

Detailed Business Case

STAGE 3: DETAILED BUSINESS CASE

Sunshine Coast Council – New Regional Gallery

July 2023



Joanne Currie Nalingu [Gungurri] | *Glasshouse Mountains Triptych 2002* | Caloundra Regional Gallery 20-year Anniversary Exhibition 2020

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Controlled Document Register

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01	First Draft – issued for comment	Project Working Group	Marcus Paget-Wilkes	07 December 2022
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06	Final version – incorporating final Working Group and PSC comments, for issue to Council	Project Working Group, Project Steering Committee, Council	Jennifer Kay/Gavin Speak	25 July 2023

Glossary of Terms

AAA: AAA refers to the highest standard an Australian museum or gallery can achieve in terms of climatic conditions, security and lighting. A rating of AAA typically supports a museum or gallery hosting international touring exhibitions and providing a high level of collections monitoring, security, space etc. but is not directly linked to a galleries ability to loan art from other institutions.

Aboriginal: A person who is a descendant of an indigenous inhabitant of Australia.

ABS: Australian Bureau of Statistics

Aggregated Arts Focal Point: Focal-point aggregation refers to the aggregation of a specific unit (focal point) with its adjacent units, given some spatial requirements. In this paper an aggregated arts focal point refers to the connectivity and collective collaboration of the proposed New Regional Gallery with other regional arts facilities.

Arts: Arts refers to the highly diverse range of human activities engaged in creating visual, auditory, or performed artifacts.

Arts Queensland: Arts Queensland is part of the Department of Communities, Housing, and Digital Economy, committed to building a strong and sustainable sector which supports the renewal and transformation of Queensland through arts, culture and creativity.

BCR: Benefit Cost Ratio

BOH: Back of House

Business Case: A business case provides justification for undertaking a project investment. It evaluates the benefit, cost and risk of alternative options and provides a rationale for the preferred solution.

CACD: Community Arts and Cultural Development

CBA: Cost Benefit Analysis

CBD: Central Business District

CCAP: Caloundra Centre Activation Project

CCCH: Caloundra Community & Creative Hub

CEA: Cost Effectiveness Analysis

Cultural Activity: For the purposes of this report 'Cultural activity' has been defined as per the UNESCO's Framework for Cultural Statistics 2009. This includes visual and performing arts, music, museums and galleries, history and heritage including the natural environment, Indigenous culture, craft, libraries, literature, publishing, digital and new media, design, architecture, food, film, fashion, television, and radio.

Cultural Tourism: For the purpose of this report the United Nations World Tourism Organisation's definition of Cultural Tourism has been adopted, which is the movements of persons for essentially cultural motivations such as study tours, performing arts and cultural tours, travel to festivals and other cultural events.

DBC: Digital Business Case

Development Approval: Refers to the regulatory approval that must be obtained prior to commencing a development.

Due Diligence: A due diligence is an investigation, audit, or review to confirm facts or details of a matter under consideration.

ELS: Environment and Liveability Strategy

EP: Equivalent Persons

First Nations: First Nations refers to the many different and distinct Aboriginal and Torres Strait Islander groups within Australia, each with their own culture, language, beliefs, and practices.

FOH: Front of House

GFA: Gross Floor Area

GRP: Gross Regional Product

HOTA: Home of the Arts (Gold Coast)

Indigenous: Indigenous refers to items produced, growing, living, or occurring natively or naturally in a particular region. In terms of people indigenous refers to the first earliest known inhabitants of a place.

Investment Logic Map: An ILM is a standardised technique to ensure that robust discussion and thinking is done up-front, resulting in a sound problem definition, before solutions are identified and before any

investment decision is made.

LGA: Local Government Area

MCA: Multi Criteria Assessment

MONA: Museum of New Art (Hobart)

NEIR: National Institute of Economic and Industry Research

NPV: Net Present Value

PAF: Project Assurance Framework

PCG: Project Control Group

PE: Preliminary Evaluation

PESTLE: Political, Economic, Science, Technology, Legal and Environment. PESTLE relates to the PESTLE analysis, which is a tool used to help companies and organisations track the environment they're operating in or are planning to launch a new project/product/service.

Planning Scheme: refers to the legal document prepared by the local council or the Minister for Planning and approved by the Minister. It contains policies and provisions that control land use and development

RAG: Redland Art Gallery (Cleveland)

RAIF: Regional Arts Infrastructure Framework 2019-2041

RG: Regional Gallery of the Sunshine Coast, based in Caloundra, in relation to which this Business Case has been written. Also referred to throughout as the New Regional Gallery, the Gallery, and the New Gallery

SAN: Services Advice Notice

SASR: Strategic Assessment of Service Requirement

SCAF: Sunshine Coast Arts Foundation

SCC: Sunshine Coast Council

SCCA: Sunshine Coast Creative Alliance

SEIFA: Socio-Economic Indexes for Areas

Trunk Infrastructure: Trunk Infrastructure refers to larger, significant infrastructure that supports growth and benefits several development sites

USC: The University of Sunshine Coast

Zoning: Zoning refers to municipal or local laws or regulations that govern how real property can and cannot be used in certain geographic areas.

Preface

This Detailed Business Case was commissioned by Sunshine Coast Council (SCC) for the purpose set out herein and prepared by Savills Project Management.

It has been developed to assess the value for money proposition of the proposed Regional Gallery of the Sunshine Coast, based in Caloundra. The SCC acknowledges that the proposed Regional Gallery (RG) is a project of both local and state significance and as such, this report has been prepared in accordance with the Queensland Government's Project Assurance Framework (PAF).

The Project Assessment Framework (PAF) sets the foundation for ensuring that project evaluation, procurement and delivery activities are undertaken effectively and efficiently across the Queensland Public Sector, and that the State Government achieves value for money from its investment in projects.

This detailed business case report captures the requisite outputs as outlined in the Strategic Assessment of Service Requirements, Preliminary Evaluation and Business Case Development guidance material under the PAF. Additional PAF content and guidance notes have been inserted into this report to provide the reader with additional context where it is deemed appropriate.

The report incorporates the Investment Logic Mapping framework contained in the Department of State Development's Business Case Development Framework.

Disclaimer

Savills Project Management has prepared this report in accordance with the terms of engagement letter dated 25 May 2021.

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This report should be read as a whole, and sections or parts of the report should not be read or relied on out of context.

Acknowledgement

This Business Case is made possible by the contributions of staff and consultants who were interviewed and assisted with its production. Thanks are due to New Regional Gallery Working Group, New Regional Gallery ILM Working Group, Caloundra Community Creative Hub Project Control Group, as well as the industry, external and internal stakeholders who participated in the extensive engagement meetings and workshops.

First Nation Australia Acknowledgement

Sunshine Coast Council acknowledges the traditional Country of the Kabi Kabi Peoples and the Jinibara Peoples of the coastal plains and hinterlands of the Sunshine Coast and recognise that these have always been places of cultural, spiritual, social and economic significance.

We wish to pay respect to their Elders – past, present and emerging – and acknowledge the important role Aboriginal and Torres Strait Islander people continue to play within the Sunshine Coast community.

1.0 Executive Summary

1.1 Introduction

A regional art gallery with a national reputation is a transformational arts and cultural piece for the Sunshine Coast and Caloundra. Arts and culture are highly valuable and esteemed from a cultural capital and economic standpoint. A general lack of understanding and appreciation is often portrayed in relation to the value of the arts and its contribution to a regional community and its economy. It is also widely recognised that a lack of investment and support in arts and cultural infrastructure contribute to artistic stagnation.

Arts experiences play an important and growing role in international tourism to Australia. They engage international visitors with the uniqueness, depth and diversity of Australian culture, support local economies and share Australian stories and perspectives with the world.

Investment in the arts and cultural sector can provide direct productivity dividends (contributing to employment and growth) as well as a range of positive externalities that can be hard to measure accurately, including:

- Supporting employment opportunities and contributing to economic and social policy outcomes including revitalised communities and solutions to individual, social or community concerns.
- Providing an opportunity for engagement between First Nations, the broader community, and cultural visitors by connecting them with the living stories and landscapes of First Nation cultures. This engagement supports cultural maintenance, economic empowerment, community connectedness and wellbeing among First Nation cultures.¹
- Engagement with arts, culture and creativity delivers benefits in a wide range of areas including health and wellbeing, positive ageing, youth justice, domestic violence, and community recovery.² This complements frontline services, reduces costs in health and community care, and creates stronger, healthier communities.³
- Greater recognition and understanding of the value of the arts and cultural sector and its potential role in strengthening the economy and broader community.

The existing Caloundra Regional Gallery has been in operation and servicing the Sunshine Coast community for over 20 years, located in the converted 1970s former library building, Felicity House. As well-loved as the current gallery is, it is considered lacking in capacity, suitable facilities and spaces to adequately provide for present and future community needs. The site faces increasing challenges in terms of attracting and hosting exhibitions and tours, generating commercial opportunities and sustainable revenues, and stimulating and supporting economic development and growth in the region.

There is significant potential and opportunity to revitalise and increase capability and reach of the arts sector on the Sunshine Coast whilst creating sustainable and resilient cultural infrastructure. This Business Case provides a clear rationale for investing in the development of a new Regional Gallery as a key element of the Caloundra Centre Activation Project. It confirms that the benefits of investment in the new Gallery are considerable in terms of economic activity generated to the region, as well as increased cultural awareness, improved sense of place and enhanced community development through increased liveability and public amenity.

¹ Living Culture: First Nations Arts Participation and Wellbeing (2017), Commonwealth of Australia, Canberra.

² All-Party Parliamentary Group on Arts, Health and Wellbeing Inquiry, 2016, Creative Health: The Arts for Health and Wellbeing, UK.

³ Fenner, P., Rumbold, B., *et al.* (2012), Is there compelling evidence for using the arts in healthcare?, Deeble Institute evidence brief no. 4. Australian Healthcare and Hospitals Association, ACT.

Rentschler, R. *et al.*, 2015, Stats and Stories – Theme 3 Social Inclusion. The impact of arts in Regional Australia. Deakin University, Melbourne.

Continued operation in its current state will not address the Gallery's challenges in the long-term, and a business-as-usual approach will result in a continued loss of profitability and a requirement for Sunshine Coast Council (SCC) to increasingly subsidise operations over time as the infrastructure reaches obsolescence and visitation falls away.

The rationale for the Gallery development is first and foremost predicated on securing a leading creative and artistic hub in the region that will be equipped to support contemporary arts and cultural growth into the future.

1.2 Current Context

The arts, cultural and creative sector is a mix of art forms and industries with a focus on the development, production, presentation, distribution and commercialisation of arts and cultural-related goods, services and activities.

Whilst the focus of this proposal is an Art Gallery, its bounds extend beyond the traditional definitions and its programming may incorporate a broad range of creative arts disciplines including visual art, craft and design, music, dance, writing, dramatic and physical theatre, media art, multi-arts, festivals, public art, community cultural development, and heritage and collections including museums, galleries, and libraries.

With rapid population growth in the Sunshine Coast region, increasing by over 79,000 people between 2011 and 2021 (30%) and forecast to grow to over 500,000 people by 2041⁴, it is vital that cultural infrastructure is in place to suit this growing demand. The demand is present and will increase into the future, particularly with the rapid population growth trend witnessed through the COVID-19 pandemic. Delaying the development of this social and cultural infrastructure risks stagnation of the arts sector in the region and / or that arts talent may move elsewhere where there is better support. It also risks developing areas of the Sunshine Coast missing out on critical social and cultural infrastructure that helps bind society together.

The proposed New Regional Gallery seeks to:

- Create a cultural focal point with gravity for the Sunshine Coast region.
- Create a celebration of First Nations Peoples art and culture.
- Leverage arts and culture for stimulus recovery from COVID-19 induced stagnation.
- Enable the sector to be agile enough to withstand the accelerated digital and industrial disruption.
- Create a place for increased cultural literacy for a growing population.
- Create a home for local emerging as well as established artists and arts workers.

1.3 Investment Rationale

Several deficiencies and constraints associated with the existing Regional Gallery have been identified. The current Gallery constraints and limitations are considered to include:

- 1) **Programming** - Resources and spatial capacity limit programming impact and reach within the Gallery. The New Regional Gallery will enable the creation of an expanded program of exhibitions and activities that position the Gallery as a significant regional cultural institution.
- 2) **Collection** - Facilities and staff resources currently limit the ability to grow and provide adequate care for the Sunshine Coast Arts Collection, valued at over \$1 million (2022). The Sunshine Coast Council art collection needs capacity to grow and align with the cultural identity and vision of the Sunshine Coast.
- 3) **Resources** – Constraints in current Gallery staffing levels (7.3 FTE), exhibition development and presentation funding limit services offering potential and impact. A sustainable operational plan will ensure that resources align with nationally accepted industry standards, increase programming impact and reach, and support and develop local artists.

⁴ <https://www.sunshinecoast.qld.gov.au/Experience-Sunshine-Coast/Statistics-and-Maps/Population-Growth>

- 4) **Gallery Storage** – Currently the gallery has insufficient artwork, equipment and material storage capability, placing the gallery’s A grade status at risk. The lack of dedicated climate-controlled storage also means the gallery has declined offers of artwork donations due to lack of available and appropriate space.
- 5) **Visitor Experience** – At present there is no food and beverage offering at the Gallery. Space and facilities are also limited for the delivery of public programs. The new Gallery design brief and operational plan (programming) will ensure that visitation is a critical indicator of success for a public art gallery and will complement a programming strategy and welcome a diverse community (cultural, age, socio-economic, locals and tourists), connecting with the rest of the Precinct and being easily accessible.
- 6) **Staff Accommodation** - There is insufficient office accommodation on-site, with staff required to work from alternate facilities in SCC’s administration building. This creates inefficiencies and inhibits professional service provision. The new Gallery design will provide suitable accommodation to ensure staff are appropriately located within the gallery and facilities are safe, secure and support the recruitment and retention of professional staff.
- 7) **Learning and Participation Resources** - The current Gallery Artroom is not of sufficient capacity to accommodate group learning and school classes, discouraging schools and groups considering visiting the gallery. The proposed Regional Gallery will have specific provision for schools, youth and families, including, workshop space/s (wet and dry) and a larger multi-arts and events space that connects with the outdoor space accommodating larger installations and performances.
- 8) **Revenue** - The current Gallery is limited in its ability to earn revenue due to commercial, spatial and staff limitations. A larger New Regional Gallery with the ability to earn revenue from other sources such as functions and events, public programs, space hire and potential admission fees for special exhibitions will contribute toward offsetting increased operating costs.
- 9) **Infrastructure and Facilities** - With only 165m² of current exhibition space, the existing Gallery sits at the lower end of the scale in terms of regional galleries. The proposed New Regional Gallery will provide total exhibition space of 1,050m² that is flexible and adaptive, all rated at nationally accepted museological standards. This will enable the New Regional Gallery to service both locally sourced exhibitions and programs, facilitating an increase in the number of longer-term exhibitions generated from the Art collection as well as access to a broad range of touring exhibitions that typically require 600m² – 800m² of space.
- 10) **Building the Brand** – Limited budget and resources, combined with limited marketability of the current Caloundra Regional Gallery means it lacks brand and identity. Investment will grow the ‘visibility’ of the Gallery within the community, tourism sector and on-street presence through a focussed marketing strategy which utilises all appropriate channels, reflecting key markets and opportunities for growth within existing resources.
- 11) **Strategic Alignment** – The New Regional Gallery development is aligned with the Caloundra Centre Activation Project, forming a key growth component of the arts community and cultural tourism sectors for the Sunshine Coast.

Continued operation of the current Gallery without significant capital investment to increase capacity and functionality is considered unsustainable, with facilities increasingly too small and not fit-for-purpose for a fast growing and younger population in a lifestyle region. It is forecast Gallery visitation will not grow in accordance with population growth, remaining constant as the building ages and newer attractions and facilities are developed in the Region.

1.4 Strategic & Policy Objectives

The proposed project is well aligned with the respective policies and the declared service needs of each level of Government.

Specifically, the project aligns with:

- Caloundra Centre Masterplan (2017)
- Sunshine Coast Arts Plan 2018 – 2038
- Regional Arts Infrastructure Framework 2019
- Environment and Liveability Strategy

- Creative Together 2020-2030 Roadmap
- Grow 2022 - 2026
- Creativity Connects Us (2020–24) 2021 – 2025
- Towards Tourism 2032
- National Cultural Policy – Revive – A place for every story, a story for every place
- Audit and Opportunities Report 2023

1.5 Demand & Opportunity

Governments across Australia invest significantly in cultural assets and services in recognition of the economic value of cultural tourism, and social value for their communities. The arts are increasingly part of the itinerary for international visitors to Australia, demonstrated by more than 8 million international tourists visiting Australia in 2017 of which 3.5 million (43%) engaged with the arts while here. Arts tourist numbers grew by 47% between 2013 and 2017, with more international tourists engaging with the arts than visit wineries or casinos or attend organised sports events⁵.

International arts tourism to Australia is growing. Visiting museums and galleries is the most popular form of international arts tourism, with museums and galleries considered a readily accessible form of arts engagement for tourists. Three in every ten international visitors to Australia in 2017 visited a museum or gallery while they were here, generating significant economic activity to the associated arts communities. The arts, cultural and creative sector plays an important role in attracting domestic and international cultural tourism to Queensland, with cultural tourism estimated to have contributed \$70 million to the Queensland economy in 2016-17⁴⁹.

The arts, cultural and creative sector in Queensland creates jobs and adds value directly through its own economic activities, which generates additional output through demand for goods and services in other sectors of the economy. In 2016-17, the Queensland art, cultural and creative sector directly contributed \$8.5 billion to the Queensland economy and employed approximately 67,000 FTE Queenslanders⁶. Through the sector's supply chain, there was an indirect contribution of \$3.8 billion, additionally employing approximately 25,500 FTE Queenslanders.

There is significant growth potential for the arts to support economic activity and local economies by driving and supporting international tourism. International arts tourists spent \$17 billion in 2017, making up 60% of the \$28.4 billion spent in Australia by all international tourists. The Brisbane 2032 Olympic and Para Olympic Games will amplify the number of international tourists coming to the region, many seeking to experience both sporting and cultural events.

New Regional Gallery Visitation

Visitation projections adopted for the New Regional Gallery indicate the new gallery could attract at least 90,000 visits per annum on average upon completion. Realisation of this level of visitation is dependent on the implementation of the new Gallery design brief and associated operating model that includes investment required to secure major and minor exhibitions.

Research suggests that current (2023) audiences are looking for free experiences that are close to home, or events that support artists⁷. Existing Caloundra Regional Gallery visitation has increased from 20,495 in 2021/2022 to 26,040 in 2022/2023 (the Pre-Covid peak was 22,869 in 2016/2017). Further increases are prevented by space limitation, and current exhibition openings depend on an outdoor marquee to accommodate attendee numbers over 200 people.

The Sunshine Coast Regional Arts Infrastructure Framework forecast visitation to art galleries on the Sunshine Coast will increase from 65,827 in 2018 to 150,374 by 2058. If the current gallery at Caloundra maintained its market share (currently around a third) of all visits to art galleries it would achieve almost 50,000 visits by 2051. With the

⁵ Australia Council for the Arts, International Arts Tourism – Connecting Cultures (2018)

⁶ Economic analysis of the arts, cultural and creative sector in Queensland Arts Queensland, December 2018 (Deloitte Access Economics)

⁷ <https://australiacouncil.gov.au/advocacy-and-research/audience-outlook-monitor/>

development of a new larger gallery with a more diverse offer, there is scope to increase this market share to at least 50% or 75,187 visitors.

Cultural Precincts and urban renewal

A worldwide trend occurring is the increase in the quantity of cultural infrastructure being developed as part of wider precinct strategies. Investment in cultural facilities helps transform neighbourhoods and supports regional economic development. The strategic use of cultural infrastructure in urban policy internationally has been a recent unpredicted phenomenon, as has the rise and importance of cultural precincts. A strong cultural precinct can make a neighbourhood safer with more events staged which in turn becomes better at attracting capital, knowledge workers and tourists.

These overarching precinct principles and urban renewal objectives are addressed through the Council supported Caloundra Centre Activation Project, which reinforces the New Regional Gallery development as a key initiative of the endorsed Caloundra Centre Masterplan (2017).

First Nations and Traditional Owners Art

This Sunshine Coast region has been the ancestral homelands of the Kabi Kabi and the Jinibara peoples and is also home to an increasing number of Aboriginal and Torres Strait Islander people from other First Nations groups, who play an important role in the social, economic, and cultural growth of its communities.

The SCC values its First Nations Peoples rich contribution and connection to the history, heritage, and culture of this region, promoting the cultural agenda which is currently limited within the Sunshine Coast region due to lack of available avenues. It is recognised by SCC that the First Nations Australians visual arts sector is a major economic contributor to the arts economy and is responsible for some of Australia's most valuable works of art.

Understanding demand for First Nations Peoples history and culture is currently being elevated⁸ in Australia, with the number of domestic tourists participating in First Nations Peoples experiences growing by 41% between 2013–2018.⁹ The Caloundra Community & Creative Hub (CCCH) provides opportunity for promoting the cultural agenda which is not considered evident or accessible in the Sunshine Coast region. First Nations / Traditional Owners partnerships and cultural infrastructure are critical to the New Regional Gallery's future success.

1.6 Service Need, Problem & Benefits

Public investments in developing and supporting cultural infrastructure such as the proposed New Regional Gallery will significantly contribute to a community's liveability. A regional art gallery with a national reputation is an important arts and culture piece for the Sunshine Coast and Caloundra's community and creative hub precinct. Arts and culture are highly valuable and valued from a cultural capital and economic standpoint.

Service Need

The identification and understanding of service need is an important step in the generation, refinement and evaluation of credible options for the New Regional Gallery. The Service Need is stated as:

"Creating an expression of creativity, culture and place that inspires and informs through enriching and highly interactive experiences"

The service need for the New Regional Gallery is further expanded through the following key points:

- The existing Caloundra Gallery is inadequate for any expansion of a permanent collection, displaying a touring exhibition of national significance or supporting a growing local arts culture.
- There isn't any significant regional arts facility in the Sunshine Coast region, in spite of the Sunshine Coast having the

⁸ Martin, M and Poole, F (2021) COVID-19 credited with rising interest in Indigenous cultural awareness and tourism. Available at: <https://www.abc.net.au/news/2021-02-11/covid-19-creates-a-boom-in-indigenous-culture-and-tourism/13140280>

⁹ Jenkins, J and Goetze, E (2021) How cultural experiences are becoming the next big travel trend. Available at: <https://www.abc.net.au/news/2020-07-03/how-cultural-experiences-are-becoming-the-next-big-travel-trend/12419102>

highest proportion of artists and working artists compared to other LGAs.

- ↘ There isn't an arts facility that matches the ambition and need for arts and culture in the Sunshine Coast region.

Problem

The overarching investment logic for development of the New Regional Gallery and securing the long-term future of the regional arts cultural community is centred around three (3) prevailing problems identified and articulated through the ILM process, and form the basis upon which this project is proposed:

- ↘ **Problem Number 1:** - Poor understanding of the value of arts and competing pressure for funds allocation across the Sunshine Coast Region causes stagnation of the arts and culture reducing the sense of belonging and reputational pride, and economic opportunity.
- ↘ **Problem Number 2:** Multiple undersized and disparately located arts facilities and disjointed small-scale collections hinders creation of an aggregated arts focal point, scaling of arts collections, and attraction to the region of AAA-rated touring exhibitions.
- ↘ **Problem Number 3:** A constrained arts vision and insufficient prioritisation to meet current and projected community and visitor needs limits the scope of gallery, programs, exhibition offerings and maturity, community connections, and attraction as a destination.

Benefit

Successful implementation of the Gallery project addressing the Service Need is envisioned to deliver initial benefits across four (4) key categories:

- ↘ **Benefit No.1** - Increased Cultural Vitality, Literacy and Appreciation
- ↘ **Benefit No.2** - Supporting Regional Economy
- ↘ **Benefit No.3** - Improved Sense of Place for the Sunshine Coast
- ↘ **Benefit No.4** - Increased Liveability and Public Amenity

1.7 New Regional Gallery – Shortlisted Development Options

This Business Case provides detailed evaluation of a Base Case and three (3) key gallery siting options, shortlisted from a potential longlist of seven (7) options, to deliver the New Regional Gallery against a business as usual or Base Case.

Option A – Base Case (maintain the status quo) - considered 'business as usual' where there is no work done and the existing gallery is retained. This option would be the result of determining that there is no economic, or cultural case for building a new gallery. This option can be immediately discounted as this process has revealed a strong business case for a new gallery, however, Option A will be used as a comparator against the other location options.

Option B – Existing Gallery site - locates the new gallery towards the north of the precinct on the existing gallery location generally in accordance with previous Council endorsement, allowing for the future sale of the library site (or other freehold land). Progressing this option incorporates demolition of the existing gallery structure to facilitate construction. Prior to commencement of construction, the existing Gallery collection and operations will require relocation to a suitable temporary facility whilst construction is completed.



Option C – Bulcock Street & Otranto Avenue – the Gallery is to be positioned to the southwest of the site on the corner of Bulcock St & Otranto Ave, replacing the existing council administration building on the site which also accommodates the Visitor Information Centre, allowing for the future sale of the library site (or other freehold land). Progressing this option incorporates demolition of the council administration building at 77 Bulcock Street, which is to be vacant premises upon completion of the repurposing of Council’s administration building at 1 Omrah Avenue in mid 2025, including the Caloundra Library (note Option D).



Option D – Existing Library site - utilises part of the existing library site for its location within the precinct, enabling the retention of the large portion of Felicity Park with potential to create a significant town square and expended open space and public realm. This option allows continued operation of the current gallery through construction period. This option restricts the potential for commercial development on the current library site, albeit the site can still be developed volumetrically providing space for the gallery within a mixed use development, or the balance part of the site can still be made available for development at some point in the future.



1.8 Economic & Financial Outcomes

The three (3) shortlisted options were analysed on individual financial and economic performance as well as against the Base Case. The cost benefit analysis, using benefits derived for non-Queensland residents, compares the net benefits from a new art gallery compared with the net benefits from current gallery, focusing on benefits for non-resident visitors (i.e., interstate and overseas visitors). This approach accepts that visits by Queensland residents may be transferring culture / leisure expenditure around the State, while visits from other States or overseas are introducing new expenditure to the State.

It is also important to note that in assessing different locations, research shows the visibility of a gallery is not the primary factor driving visitation. Having a visible gallery is helpful however as shown in below research by Museum and Gallery Services Qld shows the majority of visitors cite another reason (such as word of mouth 28%, seeing a brochure or flier 16% and/or information in a local newspaper) as the main reason for visiting an art gallery.

All figures are %

Key differences highlighted in yellow

	QLD Index <i>n=3016</i>	North-Eastern QLD <i>n=712</i>	Central-Eastern QLD <i>n=1137</i>	South-East QLD <i>n=1169</i>
Word of mouth	28	23	30	29
Brochure or flier	16	17	16	15
Newspaper (local/community)	15	13	17	13
Sign/billboard/banner	11	12	11	10
I was passing by	10	13	10	8
Tourist information/publication	10	10	11	7
Information on Internet	8	9	9	7
By invitation or free ticket	7	7	6	7
Poster	4	8	3	3
Newspaper (major metropolitan)	4	4	3	4
I live locally	3	2	3	4
Radio	2	4	3	1
I'm a regular visitor (I visit often, regularly visit exhibits)	2	1	2	2
I drive by (drove past)	2	1	1	2

Source: <https://magsq.com.au/publications/sector-publications-research/>

The findings of the economic appraisal show Option C and Option D deliver the same benefit cost ratio and are slightly better result than Option B, this is mainly due to the need for the gallery to be relocated twice if the existing gallery site was redeveloped. There may also be an opportunity to sell all or part of the existing library site, however this has not been included in the analysis as proceeds from the sale cannot be preserved for the delivery of the new gallery without Council approval.

An increase in visitation from around 22,000 to around 90,000 visitors per annum is the predominant reason for the significant increase in net benefits and large Benefit Cost Ratio.

Sensitivity testing shows the number of visitors to the gallery needs to increase to around 32,000 per annum to achieve a Benefit Cost Ratio of over 1:1.

Net present value/cost (Annual figures totalled over the 30-year assessment period)	NPV @ 7%			
	Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Capital costs				
Construction costs ¹⁰	\$0	-\$33,591,847	-\$33,144,671	-\$33,144,671
Building renewal CAPEX (lifecycle)	-\$1,760,777	-\$7,644,297	-\$7,542,536	-\$7,542,536
Building depreciation (add back)	\$354,440	\$74,958	\$74,958	\$74,958
Total capital costs	-\$1,406,337	-\$41,161,186	-\$40,612,249	-\$40,612,249
Operating costs				
Operating costs (existing gallery)	-\$10,296,275	-\$2,177,499	-\$2,177,499	-\$2,177,499
Operating costs (new gallery)	\$0	-\$23,922,566	-\$23,922,566	-\$23,922,566
Total operating costs	-\$10,296,275	-\$26,100,066	-\$26,100,066	-\$26,100,066
Total capital & operating costs	-\$11,702,611	-\$67,261,251	-\$66,712,314	-\$66,712,314
Revenues & Benefits				
Visitor benefits	\$51,073,250	\$200,244,483	\$200,244,483	\$200,244,483
Terminal Value	\$0	\$1,667,742	\$1,645,541	\$1,645,541
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$116,879	\$116,879	\$116,879
Total Revenues & Benefits	\$51,073,250	\$202,029,104	\$202,006,903	\$202,006,903
Total (net benefit)	\$39,370,639	\$134,767,853	\$135,294,589	\$135,294,589
Total compared with Base Case	N/A	\$95,397,214	\$95,923,949	\$95,923,949
Benefit Cost Ratio compared to Base Case	N/A	2.72	2.74	2.74

Source: Savills. ** Note additional costs likely in Option B to move the gallery and fit-out a new space if existing gallery building is redeveloped.

The investment in the New Regional Gallery generates a positive benefit cost ratio of at least 2.72:1 under a range of scenarios. This counts travel costs as a proxy for benefits received by extra visitors to the new art gallery including extra spending in and around the gallery from both new visitors and visitors spending more than they otherwise would have if the development hadn't occurred.

¹⁰ Construction costs have been discounted in accordance with programme and cash flow.

It is envisaged other benefits, which are difficult to quantify in an economic appraisal but are nonetheless very important, will be generated due to the new gallery development including increased cultural vitality, literacy and appreciation; increased support for the regional economy; improved sense of place and increased liveability and public amenity.

Net Operating Position

The forecast operating subsidy required for a new gallery is set out below and incorporates operating costs and forecast revenues over the first 10 years of the assessment period.

Costs & Revenues	Year 1 (\$)	Year 2 (\$)	Year 3 (opening year) (\$)	Year 4 (\$)	Year 5 (\$)	Year 6 (\$)	Year 7 (\$)	Year 8 (\$)	Year 9 (\$)
Total Annual Income	59,093	72,048	623,068	709,018	841,565	883,643	927,825	974,216	1,022,927
Total Expenditure	998,150	1,531,963	2,464,487	2,511,256	2,704,838	2,810,125	2,923,081	3,043,585	3,171,601
Subsidy**	939,057	1,459,915	1,841,419	1,802,238	1,863,273	1,926,482	1,995,256	2,069,369	2,148,674

Source: RAM. ** Excludes depreciation and in-kind contributions

Financial Impact

The three shortlisted options have been evaluated according to their total financial impact (i.e., their overall combination of the capital costs, recurrent costs and commercial opportunities), and evaluated on their incremental financial impact against the Base Case over a 20-year period.

The results show the Base Case has the lowest financial costs, although it does not generate the range of economic benefits that the new build options will deliver for the Sunshine Coast and Queensland.

The financial analysis indicates Option B is slightly more expensive compared with the other options, as this option involves relocating the gallery twice, with all options more expensive than the Base Case. The financial analysis does not clearly differentiate the options, as only the site selected varies between options. Value from potentially surplus land has been excluded from the analysis as this could not be specifically attributed to the gallery project.

Option	Net Present Value (@ 7.87% discount rate)	
	Total Financial Impact	Incremental Impact Over Base Case
Option A - Base Case	(\$11 million)	N/A
New build - Option B – Existing Gallery site**	(\$55.6 million)	\$44.6 million worse than Base Case
New build - Option C – Bulcock Street & Otranto Avenue	(\$55.1 million)	\$44.1 million worse than Base Case
New build - Option D – Existing library site	(\$55.1 million)	\$44.1 million worse than Base Case

Source: Savills. ** Note additional costs likely in Option B to move the gallery and fit-out a new space if existing gallery building is redeveloped.

1.9 Integrated Analysis and Options Ranking

A comparative and integrated analysis of the shortlisted options considered throughout this Business Case has been summarised and presented below. It compiles the results of the various analyses associated with the New Regional Gallery shortlisted Options to determine a preliminary ranking incorporating the results from the socio-economic,

environmental and financial analysis, along with the achievement of the project’s strategic objectives (established through the Multi Criteria Assessment).

The integrated analysis results for the New Regional Gallery development provide an efficient means of comparing key criteria across the options.

Table 1 - New Regional Gallery – Integrated analysis and options evaluation summary

Category / Criteria	Option A - Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Economic Performance				
Total Capital & Operating Costs	(\$11,702,611)	(\$66,666,125)	(\$66,125,111)	(\$66,125,111)
Benefits				
Visitor benefits	\$51,073,250	\$200,244,483	\$200,244,483	\$200,244,483
Terminal Value	\$0	\$1,667,742	\$1,645,541	\$1,645,541
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$116,879	\$116,879	\$116,879
Total Benefits	\$51,073,250	\$202,029,104	\$202,006,903	\$202,006,903
Total (Net Benefits)	\$39,370,639	\$135,362,979	\$135,881,792	\$135,881,792
Total – Net Benefits Incremental to Base Case	N/A	\$95,992,341	\$96,511,154	\$96,511,154
Benefit Cost Ratio (incremental to base case)	N/A	2.72:1	2.74:1	2.74:1
Financial Performance				
NPV (total financial impact)	(\$11 million)	(\$55.6 million)	(\$55.1 million)	(\$55.1 million)
Incremental Impact (Worse than Base Case)	N/A	\$44.6 million	\$44.1 million	\$44.1 million
Non-financial Performance				
Service Delivery (MCA scores)	N/A	29.75	28.25	29.75
Design & Placemaking (MCA scores)	N/A	24	24	30.75
Policy Alignment	Low	High	Low - Medium	High
Risk Analysis				
Political, Stakeholder and Project Support Risks	N/A	Medium	High	Low
Community & Environmental Risks	N/A	Medium	Medium - High	Low
Design and Construction Risks	N/A	Medium	Medium - High	Low - Medium
Operating Risks	N/A	Low - Medium	Low - Medium	Low - Medium
Financial / Revenue Risks	N/A	Medium	Medium - High	Low - Medium
Ranking of options	4	3	2	1

Based on the integrated analysis presented above, ‘Option D – Existing Library site’ is the preferred site location option for the New Regional Gallery development. Options C and D scored best for economic and financial

performance over the project appraisal period, indicating a cost benefit return of **\$2.74 to every \$1 committed** to the project incremental to the base case and a NPV (Net Present Cost) of **-\$55.1 million, which is \$44.1 million worse than the base case.**

There is marginal variance between Options determined through the commercial analysis (particularly Options C and D). In this context the difference in economic and financial indicators did not clearly distinguish between options. As such, to determine a preferred option, the value for money assessment focussed on socio-economic and environmental impacts, strategic objectives alignment and risk profiles.

The non-financial performance indicators were assessed through scoring generated within the categories Service Delivery (criteria aligned with service need stated in ILM) and Design and Placemaking (criteria aligned with the Caloundra Centre Masterplan 2017 and objectives of the Caloundra Centre Activation Project), which have been adopted from the Multi Criteria Assessment (MCA) undertaken as part of the Options shortlisting. Options B & D scored high for Service Delivery, whilst Option D scored significantly higher for Design and Placemaking qualities when compared to the other options. The superior Design and Placemaking benefits associated with Option D include:

- Connections – Enhance the Community Creative Precinct by providing visual and pedestrian access and connection throughout precinct.
- Environment – Provide a thoughtful environment, including minimising removal of significant existing trees, reduced overshadowing, landscape diversity and views.
- Plan/Amenity - Create an amenity that both enhances the current and future public realm, also taking into account logistical and functional considerations.
- Loading and Back of House – the utilisation of Carter Lane for servicing the gallery limits impact on the public realm

Option C substantially impacts connectivity through the precinct and compromises the planning intent for the Town Centre. The Option C location is at odds with the broader precinct planning and will have an impact on the establishment of a new town square, pedestrian access and connectivity through the precinct.

All three options share similar risk profiles and key risks, although on balance, risk ratings for Option D are lower than Options B and C.

Based on the analysis undertaken Option D – Existing Library Site was the recommended option. Option D has subsequently been progressed in the Detailed Business Case.

1.10 Reference Project

A Reference Project has been developed to ensure that the Detailed Business Case puts forward a robust and tested proposition. The Reference Project does not reflect the scheme that ultimately moves forward into planning and delivery phases; it rather demonstrates that an appropriate design solution exists for the site, and acts as the basis for cost and implementation planning required under Stage 3 of the PAF. It comprises a concept design based on the preferred option, Option D, and responds to the functional requirements defined within this document, providing a built form illustration of the brief that has been provided by the stakeholder group. The design itself was derived from a series of SCC stakeholder workshops and takes inspiration from the unique qualities of the Sunshine Coast region. It draws inspiration from the Glasshouse Mountains, specifically their formation. Like the mountains, the gallery's design incorporates the idea of erosion, with void spaces created around the building's perimeter, reminiscent of the imprint left behind by eroding material. These spaces serve as the entrance and verandah areas of the building.

The functional brief for the gallery ensures that it can host significant national touring exhibitions while adhering to contemporary and sustainable museum practices. It also provides space for creating and displaying community art, with a specific emphasis on the art and craftsmanship of the Traditional Owners. The gallery accommodates the City's permanent collection and can expand into temporary exhibition spaces when needed. Additionally, there are retail areas to sell locally-made art and design products, a café that extends into the landscape, and ample foyer space for hosting events and functions. Practical considerations such as loading and storage facilities and rooftop plant infrastructure are also taken into account.

The Sunshine Coast Regional Gallery's design and functional elements come together to create a space that not only celebrates art and culture but also complements the region's natural beauty and vibrant lifestyle.

1.11 Delivery Ready

An approach to planning and delivery has been prepared with the objective of putting forward a Delivery Ready project.

The total cost to deliver Option D has been estimated at \$37,060,000 (\$2023, excluding escalation). A detailed cost estimate is available at **Appendix H – Preferred Option Cost Estimate**.

The table below assumes that early works commence in November 2024 and are completed in March 2025 and Main Works commence in March 2025 and are completed at the end of 2026. The cashflow can be revised once Council has secured funding for the project and a new program is developed. With this considered, it should be noted that specific program dates outlined herein are indicative only, established for the purposes of cash flow forecasting and economic modelling.

A preliminary and indicative project capital cost cashflow is summarised below:

Total cost including escalation (nominal)	2024	2025	2026
\$37.06M	\$1.2353M	\$16.7652M	\$19.0594M

Subject to funding being secured in August 2023, it is envisaged that the new gallery can be operational in 2027, in line with the below dates:

Phase	Schedule
Council approval of Detailed Business Case	July 2023
Funding secured	August 2023
Development and Design	November 2023 to March 2025
ECI / D&C Contractor Procured	April 2024 to November 2024
Construction and Delivery	March 2025 to December 2026
Gallery operational	Early to mid 2027

The above program is based on an Early Contractor Involvement procurement approach, followed by a Design & Construct delivery.

It should be noted that if the project is delayed it may not be open and fully established during peak visitation in the pre-Olympic and Olympic period, as typically galleries take a up to 5 years to build awareness and secure major exhibitions once they have opened. Together with a construction period of just over 2 years, it is necessary to invest now to have the Gallery operating optimally before 2030 (during the cultural Olympiad preceding the Olympics).

1.12 Recommendation

The business case has determined that there is a strong socio-economic return for investment in the development of a New Regional Gallery for the Sunshine Coast and recommends that:

- SCC commit to delivery of Option D, a new Regional Gallery of the Sunshine Coast based in Caloundra
- SCC develop a funding strategy and associated State and Federal funding submissions (supported by this Detailed Business Case)

Part One – Project Need & Strategic Context

2.0 Proposal Background

2.1 Background Context

2.1.1 Sunshine Coast Region

The Sunshine Coast Council (SCC) is located in south-east Queensland, about 100 kilometres north of the Brisbane CBD. The Local Government Area (LGA) is bounded by the Gympie Regional Council in the north-west, Noosa Shire Council in the north-east, the Coral Sea in the east, the Moreton Bay Regional Council in the south, and the Somerset Regional Council in the south-west.

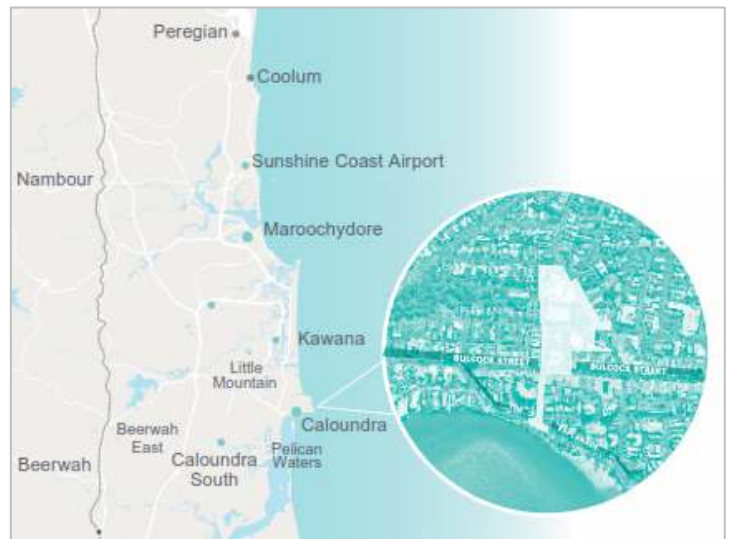
Sunshine Coast Council (SCC) was created in 2008 by the amalgamation of the City of Caloundra and the Shires of Maroochy and Noosa. The Shire of Noosa was subsequently re-established as an independent council in 2014.

The original inhabitants of the Sunshine Coast Council area were the Kabi Kabi and Jinibara Aboriginal people. However, the Sunshine Coast was named to describe the area during the 1960s to aid in the promotion of tourism. It was originally known as North Coast.¹¹

The Sunshine Coast Council area is served by the Bruce Highway, the Sunshine Motorway, Sunshine Coast Airport, and the Sunshine Coast railway line. It is a rapidly growing residential and tourist area, with substantial rural, rural-residential and parkland areas. The LGA encompasses a total land area of about 2,290 square kilometres, including significant beaches, coastline, waterways, national parks, state forests and bushland. The LGA includes coastal urban centres and rural inland towns. Much of the rural area is used for dairy farming, cattle grazing and crop growing.

Tourism is the primary industry with many resorts and holiday accommodation places. Other key industries include leisure, construction and retail, education, agribusiness, aviation, and clean technologies. The current population base of the Sunshine Coast makes it Australia's 10th largest area by population.

Figure 1 - Sunshine Coast Region (with Caloundra Community Hub inset)



2.1.2 Demographic Snapshot

The population of the Sunshine Coast is one of Australia's fastest growing local government areas, and that growth is expected to continue in the foreseeable future. Caloundra is a major centre for the area and attracting significant numbers of new residents and consequently seeing critical hard and social infrastructure projects being proposed or funded for the area.

The Sunshine Coast Council LGA is one of the largest and fastest growing local government areas in Australia over the past 10 years. The population the Sunshine Coast region was 267,241 in 2011 and 346,648 in 2021 (30% increase), estimated to grow to 518,000 by 2041, a rise of over 250,000 people (94%). The rapid growth of new suburbs such as Aura (Caloundra South), Harmony (Palmview) and imminent commencement of Beerwah East (30,000 dwellings) have contributed to the region's population ranking.

¹¹ Sunshine Coast Council community profile; Available at: <https://profile.id.com.au/sunshine-coast/about>

Influenced by the recent COVID-19 pandemic and the associated migration trend from state capitals to regional areas, Sunshine Coast has emerged as the second highest destination of choice. According to Regional Australia Institute-CBA Regional Movers Index, 6% of the total migration from state capitals to regional cities has gone to Sunshine Coast. The actual and projected population growth across the Sunshine Coast LGA is demonstrated in Table 2 below.

Table 2 - Sunshine Coast population – actuals and projections¹²

Indicator	2011 (actual)	2016 (actual)	2021 (actual)	2026 (projected)	2031 (projected)	2036 (projected)	2041 (projected)	Total (2011 – 2041)
Population	267,241	303,389	346,648	395,000	437,000	478,000	518,000	250,759
Growth % (yoy)	-	14%	14%	14%	11%	9%	8%	94%

The current population is spread between a mix of blue- and white-collar workers with families (18%), low- and middle-income retirees (29%) and a growing percentage of singles under 35 (16%). It is estimated that by 2041 the mature age groups (50-69) will decline by 5% and the population under the age of 50 will rise by the same figure. It is estimated that the population aged 0-9 will also grow. These predictions are consistent with aging population centres across the country.¹³

The Indigenous and Torres Strait Islander populations of the Sunshine Coast are also growing in the region and at roughly similar rates. Between the two Census of 2011 and 2021 the populations rose at an average of 82%, incorporating Indigenous and Torres Strait Islander population growth at 109% and 55% respectively. Within the Caloundra region the combined Indigenous and Torres Strait Islander populations make up around 2% of the overall population.

Table 3 - Sunshine Coast Indigenous and Torres Strait Islander populations¹⁴

	2011 population	2016 population	2021 population	Percentage change (2011 – 2021)
Indigenous population	3,649	5,169	7,627	109%
Torres Strait Islander population	227	307	351	55%
Total	4,046	5,714	7,978	41%

As of the 2021 Census, the population diversity of both the Sunshine Coast and Caloundra was less pronounced than much of the country. For the Sunshine Coast, the total number of people born overseas in the 2021 Census was 70,740, a rise of 20.7% from the 2016 Census. Most arrivals (68.4%) arrived over 10 years prior to 2016.

Furthermore, the English proficiency of people born overseas is roughly 98%, suggesting that most migration comes from English-speaking and European backgrounds. The top five countries of birth outside of Australia are England, New Zealand, South Africa, Germany, and Scotland.¹⁵ Only 5% of the population speak a language other than English at home.¹⁶

The Socio-Economic Indexes for Areas (SEIFA) Index of advantage and disadvantage for the Sunshine Coast is 1014.¹⁷ Caloundra is lower down slightly at 967.2.¹⁸ This is to be expected as Caloundra is a major population centre

¹² SCC-BR-New Regional Gallery Brief, June 2019.

¹³ THR-RPT-Caloundra Community and Creative Precinct Report Appendix.

¹⁴ Sunshine Coast Council community profile; <https://profile.id.com.au/sunshine-coast/indigenous-keystatistics>.

¹⁵ Australian Bureau of Statistics; Sunshine Coast - 2016 Census QuickStats; Available at:

https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/lga36720.

¹⁶ ABS Region summary: Sunshine Coast; Available at: <https://dbr.abs.gov.au/region.html?lga=sa4&rqn=316>.

¹⁷ Sunshine Coast SEIFA by Local Government Area; Available at: <https://profile.id.com.au/sunshine-coast/seifa-disadvantage>.

¹⁸ Sunshine Coast SEIFA by profile area; Available at: <https://profile.id.com.au/sunshine-coast/seifa-disadvantage-small-area>.

for the Sunshine Coast and will therefore have a higher concentration of white collar and management opportunities that will attract people with a higher education and higher income.

2.1.3 Economy and Tourism¹⁹

The National Institute of Economic and Industry Research (NEIR) 2020 statistics listed the Gross Regional Product (GRP) of the Sunshine Coast at \$17.90 billion and has grown at an average of 3.5% per annum for the last five years. There were 33,317 local businesses with 160,299 local residents employed (49% of the local population).²⁰ Household services (41.4%) and Goods related (36.6%) work account for 78% of all employment in the region.

Tourism has been greatly affected by the COVID-19 pandemic and numbers for 2020 are down on projections, however this is expected to grow as the pandemic passes. As of the NEIR 2020 report, employment numbers in tourism and hospitality were still buoyant, probably due to the Federal Government Jobkeeper Scheme.

Table 4 - Tourism and hospitality employment figures

Employment	Direct employment	Indirect employment	Total employment
Total employment	10,535	6,039	16,574
Total FTE	7,022	5,155	12,177
Growth 2014-2020	1,434	822	2,255
Growth FTEs 2014-2020	622	457	1,078

While both sales and value-added statistics for the 2019/2020 financial year were strong, they were clearly down on 2014/2015 figures.

Table 5 - Output/sales and value-added figures 2019/2020

	Direct	Indirect	Total
Output/sales (\$m)	1,122.58	1,227.57	2,350.15
Value added (\$m)	642.63	616.07	1,258.70
Output/sales decline 2014-2020 (\$m)	-28.5	-31.1	-59.6
Value added decline 2014-2020 (\$m)	-6.9	-6.6	-13.5

2.2 Caloundra Urban Overview

Caloundra is the southernmost town of the Sunshine Coast and is located 90 kilometres north of Brisbane. As well as being a suburb itself, the Caloundra urban centre consists of 18 suburbs in total.

This area extends to Pelican Waters to the south, Bells Creek to the west and Currimundi and Meridian to the north. Caloundra is an important centre for the southern part of the region, providing a range of activities which attract locals and visitors to the area.

2.2.1 Caloundra Centre Activation Project

Caloundra faces several challenges that may impact on its future prosperity, such as infrastructure provision, economic development, community engagement and investment. Opportunities exist to improve activation, attract new businesses, increase residential and visitor accommodation, and improve connectivity.²¹

¹⁹ Sunshine Coast Tourism and hospitality value; Available at: <https://economy.id.com.au/sunshine-coast/tourism-value/>.

²⁰ Sunshine Coast Economic Profile; Available at: <https://economy.id.com.au/sunshine-coast/>.

²¹ Caloundra Centre Master Plan; Sunshine Coast Council (2017)

With the development of Caloundra South, the population of the district is predicted to double from 69,699 (2016) to 130,000 (2041). It is forecast most growth will be in young family households.

In response to these challenges, Sunshine Coast Council’s Corporate Plan 2021-2025 recognises the Caloundra Centre Activation Project as a priority project to progress the design, place development and management of this centre, in addressing these challenges.

2.2.2 Caloundra Centre Masterplan (2017)

In 2017, the Caloundra Centre Master Plan²² was published following years of planning instigated initially by the Caloundra Economic Revitalisation Study in late 2014. Aligning with the new urban structure, the master plan identifies a combined seven centre-based strategies and precinct-based strategies. Together, these strategies provide a framework for the revitalisation of Caloundra Centre.

The centre-based strategies include:

- **Regional Role** - reinforce Caloundra’s role as a Major Regional Activity Centre by strengthening existing businesses, building on nearby activities to attract new investment in the business, health, education, tourism, sport, and aviation sectors and improving connections to other centres.
- **Community Connections** - capitalise on the proposed priority transit system to renew Caloundra with transit-oriented development around the corridor, create a new, centrally located transit station, provide a local people mover around the centre, improve road access into Caloundra, provide opportunities for new public carparks in central locations, develop an attractive walking and cycle network and facilities.
- **City of Beaches** - embed the colours and textures of the beach into the built form and streetscapes, showcase the spectacular views to the water and to the Glass House Mountains and celebrate the local history of Caloundra.

The precinct-based initiatives include:

- **Destination Centre** - encourage the intensification of mixed-use development in the centre to diversify the offer and create vitality both during the day and at night, connect Bulcock Street to the waterfront with active and attractive streetscapes, improve connections between Bulcock Street and the surrounding areas and embed the “City of Beaches” identity in the public realm and built form.
- **Community and Creative Hub** - identify a catalyst redevelopment opportunity for significant mixed use development focused on a new town square, develop a new library / art gallery, continue to renew The Events Centre and other facilities, connect facilities with Bulcock Street and Bulcock Beach and embed sustainability and subtropical landscape qualities into the design.
- **Gateway Precinct** - improve the built form and streetscape quality of Bowman Road, encourage new development or redevelopment of business and employment, strengthen links to the Caloundra Aerodrome and industrial estates and create an attractive gateway into Bulcock Street.

Figure 2 – Community and Creative Hub Concept (2021)



²² Caloundra Centre Master Plan; Sunshine Coast Council; 2017

- **Central Park Urban Village** - create a new medium density housing precinct focused on Central Park and adjoining parkland, education, and transport facilities, integrate the park into the urban village, build on the strengths of the existing facilities and connect housing to sports facilities, schools, other community facilities, business and employment areas via shady, green streets and pathways.

2.2.3 Caloundra Community & Creative Hub

Central to this masterplan is the Caloundra Community & Creative Hub (CCCH) that aspires to be “a place for people, arts, entertainment, and knowledge, celebrating Caloundra and the Sunshine Coast”.²³ The vibrant new Caloundra Community & Creative Hub envisages a public spaces precinct connecting The Events Centre, the new District Library, New Regional Gallery, town square, parks, and street spaces through to Bulcock Beach as depicted in **Figure 3**.

Figure 3 - Caloundra Community & Creative Hub



Source: Create Caloundra 2020 – Fact Sheet

“The new development on the existing library site is intended to activate the town square and Carter Lane with retail and dining uses at the ground and podium levels. The podium level is to be landscaped and provide opportunities for outdoor dining and entertainment which overlook the town square. The tower is intended to accommodate hotel and/or residential activities. Vehicle access is to be provided from Omrah Avenue. The built form is to incorporate colours, textures and materials which reflect Caloundra’s coastal identity.”

There are many opportunities and configurations to be contemplated for the development of this precinct, with further work required on the detailed planning and delivery of this project. As such the master plan seeks to provide a framework for this precinct which gives guidance whilst allowing flexibility for future detailed planning and delivery. Specifically, the key principles underpinning the CCCH planning, and development include²⁴:

- Create an alluring multi-use town square which caters for a range of community activities in an attractive and safe space.
- Provide strong physical and visual connections between the town square, Bulcock Street and other community activities.
- Include Smart City technology and sustainability initiatives including solar energy and water recycling to attract new

²³ Caloundra Community & Creative Precinct Vision Summary

²⁴ Caloundra Centre Masterplan (p 37) – Community & Creative Hub Projects

knowledge based activities and professional services.

- Showcase views to the water.
- Integrate existing parks into the hub with improved landscaping, community activities, park facilities and connections.
- Provide a street park along Otranto Avenue linking the transit centre to the town square and facilities to the water as a potential location for a new Eat Street.
- Embed the City of Beaches character and lush landscaping into the public realm and building design.
- Improve access into the centre with new public transport, road, cycle pedestrian and carparking solutions.

The public spaces will be supported by adjoining mixed use development which will embed the ‘City of Beaches’ character and sub-tropical landscaping into the public realm and building design. Active street frontages including shops, cafes and businesses will also activate the Caloundra Community & Creative Hub. The precinct will be brought to life with community and creative uses, events, and activation.

There are also several other current SCC projects which have influenced the master plan including the Sunshine Coast Light Rail Study as well as planning for Maroochydore, Kawana and Caloundra South (Aura). In particular, the Priority Transit Corridor (light rail) offers a significant opportunity for urban renewal in Caloundra.

The new district library, which is currently in detailed design; New Regional Gallery and the recently refurbished Events Centre combine to deliver a creative learning program for adults, families, and children. This is done in partnership with community groups and local schools and people come from across the region to access its programs.

2.2.4 Existing Library Site Opportunities

With the development of the new district Library and community space, opportunity exists for realisation of commercial potential associated with the existing library site, which is intended to activate the town centre and Carter Lane with commercial and entertainment opportunities. Accordingly, a number of options are to be considered for the existing library site such as commercial development in partnership with private investors, retail, hospitality and entertainment, and potential for hotel and residential uses. Any scheme contemplated will be subject to robust urban design, planning and commercial considerations.

2.2.5 Related Investigations & Studies

Several historical investigations and studies have been undertaken to inform the arts and culture landscape within the Sunshine Coast Region. Collectively this starts to translate a compounded message which is articulated in the service need that drives this Detailed Business Case. These include:

➤ Sunshine Coast Audience & Market Overview

Arts and culture play a major role in the liveability of the Sunshine Coast and make for a more meaningful life, according to the findings of a research study initiated by Sunshine Coast Arts Foundation (SCAF) and SCC. The research conducted by Patternmakers in conjunction with SCAF and SCC during 2020 was designed to understand and develop audiences in the region and support the Sunshine Coast Arts Plan 2018–2038.

Key findings²⁵ of the Sunshine Coast Audience and Market Research Report (2020) overview relating to arts, culture, the proposed Gallery and Caloundra Community Creative Hub include:

- 9 in 10 people agree that arts and culture make the Sunshine Coast a better place.
- Pre-COVID-19 pandemic, most people attended Sunshine Coast events occasionally and there is interest to see more on offer.
- The Sunshine Coast is still developing its reputation as a ‘creative region’.

Priority opportunities identified that relate to arts, culture, the proposed gallery and Caloundra Community & Creative Hub included:

²⁵ Patternmakers (2020), ‘Sunshine Coast – Audience and Market Research’.

- Meaningful audience development relies on a continuation of a coordinated and collaborative approach among stakeholders.
- Best practice marketing and communications will maximise opportunities for locals and visitors to enjoy the arts.
- Strategic programming will help to fill gaps in current provision for outdoor events, music events and regular creative workshops.

“Arts and culture play a major role in the liveability of the Sunshine Coast and make for a more meaningful life” - Sunshine Coast Audience & Market Overview

▾ Regional Arts Infrastructure Framework

The purpose of the project was to identify a viable, integrated and highly functional network of built infrastructure to respond to the arts and cultural needs of the Sunshine Coast (local government area) community as it grows into a major region of 500,000 people. The objectives of the project were to:

- Identify a viable and integrated network of infrastructure, including role, function, space requirements, preferred locations, co-location opportunities, priorities and required timeframes, to raise the arts and cultural profile of the Sunshine Coast and attract international, national and regional artists and audiences.
- Ensure the network supports the development of the current and future arts and cultural sector, including spaces to learn, practice, connect, collaborate, work, perform and showcase.
- Ensure the network is reflective of the Sunshine Coast landscape, character and cultural heritage, including First Nations requirements.

The study considered infrastructure needs to support arts activities that include learning, practice, connection, collaboration, work, performance, and showcase. Arts disciplines which are included in the scope of the study include: literature; music (all forms); theatre, musical theatre, opera; dance (all forms); other performing arts such as circus, comedy, puppetry; visual arts and crafts; screen – film, television, online; arts education and training; community arts and cultural development; and emerging and experimental arts.

Of particular relevance to this business case was the analysis of current supply of cultural infrastructure and arts facilities in the Sunshine Coast region, identifying that significant provision of arts infrastructure is required to meet the needs of population as it increases to 500,000 people in the coming years.²⁶ A number of strategies and actions are set out to address the infrastructure shortfall, incorporating the development of the New Regional Gallery to meet this need and demand.

Significantly, the Regional Arts Infrastructure Framework prioritised the development of an expanded Regional Gallery in Caloundra.

Since the publication of the Regional Arts Infrastructure Framework report in 2019, Council has commenced several initiatives as articulated in the Action Plan, including:

- Design development for the new library and community facility.
- Concept design for the CCH precinct and extensive internal consultation and external community engagement.
- Feasibility and constraints analysis for the wider precinct including detailed vegetation mapping and preparation of an arborist report.
- Preparation of a function design brief and design refinement of the New Regional Gallery in the context of the wider precinct.

²⁶ Sunshine Coast Council (2019), Regional Arts Infrastructure Framework – Summary Report

2.3 Current Caloundra Regional Gallery

In 1998, Bark Architects won an open competition to design the Caloundra Regional Art Gallery. This project crystallised the SCC’s vision to upgrade and convert the old Caloundra Library into an Art Gallery that could act as a hub for Caloundra’s growing civic and cultural precinct.²⁷

The New Regional Gallery was officially established in 2000 with an initial exhibition on August 11, 2000, featuring Peter Hudson, a local artist.

The gallery is situated in the cultural heart of Caloundra at 22 Omrah Avenue. It features three exhibition spaces with a combined floor space of 165sqm. It is allocated an annual budget of approximately \$900,000 to manage and maintain the facility, staff and resourcing, exhibitions, public programs and the flagship, Sunshine Coast Art Prize.

The current Business Plan (2017-2020) for the gallery sets out a vision **“to inspire, challenge and engage through art and creativity”**. This is achieved through six key goals:

- **Goal 1.** Curate a dynamic and engaging exhibition program of art reflecting contemporary Australian culture and the cultures and communities of the Sunshine Coast.
- **Goal 2.** Deliver public programs aligned with Gallery exhibitions and which achieve the Gallery’s vision.
- **Goal 3.** Develop the Sunshine Coast Art Collection to align with Art and Heritage Collection Policy.
- **Goal 4.** Contribute to the strengthening and growth of the cultural economy of the Sunshine Coast.
- **Goal 5.** Maximise SCC’s investment through developing partnerships, funding, and income streams.
- **Goal 6.** Build support and goodwill around the work of New Regional Gallery and the development of new exhibition spaces.

Figure 4 - Current Caloundra Regional Gallery



“To inspire, challenge and engage through art and creativity”

2.3.1 Achievements and Statistics

New Regional Gallery can present a limited but changing exhibition program featuring leading local and national artists. Situated in the heart of Caloundra in Felicity Park, it is a core component of a ‘green’ public realm. Among its key achievements based on data collated by the Gallery (since 2017) include:

Quality

- 92% of visitors were satisfied to very satisfied with their exhibition experience.
- Gallery exhibitions achieved a Net Promoter Score of 62 from attendees.

Impact

- 55% of visitors believed the exhibition they visited inspired them enough to consider attending an activity at the Gallery (last 5 years equates to 41,518 people).
- 23% of visitors to exhibitions believe the exhibition challenged their beliefs and values (last 5 years equates to 17,362 people).

²⁷ <https://www.sunshinecoastopenhouse.com.au/building/04-caloundra-regional-gallery>

Origins

- 30.27% of attendees to the Gallery came from outside the region and visited the gallery.
- This equates to 140,044 outside attendees from the year it was first opened in 2000.

Potential economic impact

- 7.37% of all outside attendees visited the Sunshine Coast specifically to visit a Gallery exhibition.
- This equates to 10,321 primary-purpose outside region visitors outside attendees from when the Gallery was first opened in 2000.
- Potential economic impact of \$2,456,463 from when the Gallery was first opened in 2000.
- Potential average annual economic impact over 22 years of operation is \$111,657.

Potential economic benefit

- 92.63 % of all outside attendees came from outside the region and visited a gallery exhibition as part of their visit.
- This equates to 129,723 non- primary purpose outside region attendees from the year the Gallery was first opened in 2000.
- Potential economic benefit of \$30,874,117 from when the Gallery was first opened in 2000.
- Average annual economic benefit over 22 years of operation is \$1,403,368.

General Visitation data

- Total attendees to gallery exhibitions from first opened in 2000 to date (July 2021) = 462,651.
- Most popular exhibition of last 5 years – Sunshine Coast Art Prize 2018 – 3,390 average attendees (average visitor attendees per Sunshine Coast Art Prize annual exhibition over last 5 years = 2,819).
- Last 5 years attendees to the Gallery – 75,489 (note up until August 2021).

2.3.2 Precinct Collaboration Partners

The gallery already plays a pivotal role in collaborating with arts and culture in the Caloundra area including the four pillars of the Caloundra Community Creative Hub:

- 1) Caloundra Library
- 2) The Events Centre
- 3) Sunshine Coast Council office building
- 4) The 'green' Public realm.

2.3.3 Interpretive Space and Collection Store

Consistent with Goal 3 of its Business Plan, the Caloundra Gallery is a key stakeholder in the development of a feasibility study for the Interpretive Space and Collection Store which forms part of the Regional Arts Infrastructure Framework (RAIF).

In 2019, SCC commissioned the 'Interpretive Space and Collection Store feasibility report'. It was intended to explore the creation of a Regional Interpretive Centre "that will strengthen community identity and increase the demand for heritage experiences, and the creation of a collections store to service both the Community Museums and the SCC's collections."²⁸

The study set out to determine the preferred location, size, costs and future requirements for an Interpretive Centre and Collections Store.

²⁸ Interpretive Space & Collection Store | Feasibility Report | Architectus (2019), sourced:
<https://www.sunshinecoast.qld.gov.au/Experience-Sunshine-Coast/Arts-and-Culture/Arts-Plan-Policies-and-Partnerships/RAIF>

According to the feasibility report, the proposed Interpretive Centre would provide an opportunity to develop a distinct Sunshine Coast Heritage experience at both the centre itself and at the community museums through a hub and spoke model of collaboration and operation.

The role of the Interpretive Centre is embodied in the five outcome areas of the Sunshine Coast Heritage Plan – namely:

- 1) Knowledge,
- 2) Conservation,
- 3) Support,
- 4) Communication, and
- 5) Advocacy.

The outcome reference project was an Interpretive Centre and Collection Store co-located on a site within the Foothills area of the Sunshine Coast. A high-level estimate of the capital costs was undertaken based on the estimated building areas for both the Interpretive Centre and Collection Store. The estimated total cost for both functions is \$25.5million.

It is understood that there is general support from the Traditional Owners for the Interpretive Centre and Collections Store. However, ongoing communications and consultation with the Traditional Owners and the broader Aboriginal and Torres Strait Islander community of the Sunshine Coast is required to develop the strategy for the Interpretive Centre and Collection Store.

A second stage of the project, “Feasibility Assessment for Collection Store and Interpretive Facility” (2022), focussed on the analysis and identification of a location for a Collection Store, recommendations for size, preferred options for delivery including full functional brief, preliminary/concept design, capital and operating cost estimates and implementation plan, and considered staging options, governance, locations, programming and functionality and sustainability.

Council’s arts, cultural and heritage collections are forecast to be the main users, with the greatest and most urgent need for a Collection Store. The Store will enable users to manage their collections to the highest industry standards, prevent further deterioration and potential damage to objects, and alleviate on-site storage pressures at facilities.

The proposed Collection Store will be built for purpose and house conservation spaces (for community/sector workshops and learning), receiving and decontamination areas, and a First Nations Keeping Place (discussions continuing). The store will play an important role in cultural education.

A Regional Interpretive Centre “will strengthen community identity and increase the demand for heritage experiences, and the creation of a collections store to service both the Community Museums and the Council’s collections.”

2.4 Sunshine Coast Council

Sunshine Coast Council’s vision is to be ‘Australia’s most sustainable region: Healthy. Smart. Creative’, which is supported by several overarching long term strategies that set the key strategic objectives for SCC to deliver on this Vision, being:

- 1) Sunshine Coast Community Strategy 2019 – 2041
- 2) Sunshine Coast Environment and Liveability Strategy 2017, and
- 3) Regional Economic Delivery Strategy 2013 - 2033

The desired outcomes and objectives within these strategies set the broad framework for SCC’s Corporate Plan 2022-2026. These attributes are helping SCC to provide a balanced approach to plan for the future and ensure that the region is well equipped to meet the needs of its growing population.

2.4.1 Corporate Values & Objectives

The Sunshine Coast Council Corporate Plan 2022-2026 provides the blueprint to advance SCC's Vision over five years through five strategic goals:

- 1) **'Our Strong Community** – our communities are connected and thriving places where people are included, treated with respect and opportunities are available for all.
- 2) **Our Environment and Liveability** – our natural assets, healthy environment and liveability credentials are maintained and enhanced.
- 3) **Our Resilient Economy** – our resilient, high-value economy of choice drives business performance, investment, and enduring employment.
- 4) **Our Service Excellence** – our services are consistent and accessible and provide positive experiences for our customers and value to our community.
- 5) **Our Outstanding Organisation** – Our organisation is high performing, innovative and community focused, marked by great people, good governance and regional leadership.²⁹

Notably and relevant to the proposed Caloundra Art Gallery aspiration, Sunshine Coast Council's Purpose as stated in the Corporate Plan 2022 – 2026 is to *"to serve our community with excellence, respect our past, and position our region for the future."*

Several initiatives and strategies have been specifically stated in the advancement and development of the arts community and associated cultural infrastructure to provide leading facilities to engage the local community and promote and encourage economic activity through investment, destination setting and tourism. The New Regional Gallery development is one of these initiatives to strengthen the community and drive economic development in the region.

²⁹ Sunshine Coast Council Corporate Plan 2022-2026

3.0 Arts in the Sunshine Coast Region

This section brings together general demographic data in addition to statistics of art attendance and participation in the Sunshine Coast Region, collected or projected from the 2021 National Census results and various studies.

3.1 Industry Overview

The Sunshine Coast arts and creative industry employs more than 5.4% of the region's workforce and is the home of Australia's most significant regional visual art award – the Sunshine Coast Art Prize at the New Regional Gallery – and the signature, high profile multi-arts festival, Horizon Festival, which celebrates local artists alongside Australian and international guests, building the capacity of local creative talent and exposing audiences to unique arts experiences.³⁰

The Sunshine Coast LGA has an established, dynamic, and active arts and cultural scene. The **Sunshine Coast Arts Plan 2018 - 2038** sets out some of the regional challenges and opportunities typical of regional locations:

- People living in regional Australia increasingly recognise the positive impacts of the arts on their daily lives and communities.
- Creativity is strong in the regions – residents of regional Australia are as likely to creatively participate in the arts as residents of metropolitan Australia and living in a regional area does not substantially affect overall arts attendance.
- 1 in 6 professional Australian artists live in regional cities or towns, and around 1 in 10 live in rural, remote, or very remote areas. Craft practitioners, visual artists and community arts and cultural development (CACD) artists are the most likely to live outside capital cities.
- Regionally based artists have increasingly negative perceptions about the impact of their location on their practice. Artists living in the regions earn almost a third less than their city counterparts for creative work.
- 90% of Sunshine Coast residents attended at least one cultural event (including arts venues or events, environment heritage, museums, libraries and archives and cinemas) in the 2013-14 period.
- More than 1,700 people were employed in the arts and recreation services sector on the Sunshine Coast in 2014–15.
- The Sunshine Coast offers a variety of formal education and training to support the arts and cultural sector at both USC and TAFE Queensland – 19 programs to 1083 students in 2016. Programs include Bachelor's degrees in Arts, Design, Creative Industries and Serious Games, Master qualifications in Creative Arts and Doctor of Creative Arts, as well as Diploma qualifications in Screen and Media, Music and Photography, and Certificate qualifications in Music and Fashion.

3.2 Arts, Culture and Creative Participation

The population of the Sunshine Coast follows the national trend of being engaged in arts and culture. A 2013 report for Arts Queensland showed that nine out of ten people participated in, attended an arts activity, or read creative writing. 97% engaged in at least one artform, 96% recently participated in at least one artform and 51% creatively participated in at least one art form.³¹

The Sunshine Coast Audience and Market Research Report (2020) showed that that figure has not abated in the intervening years.³² 96% of respondents to the report said they attended at least one art form as an audience member in 2019 and 47% creatively participated in the arts. 22% of respondents “earned an income from performing, teaching, or creating art themselves”.³³

³⁰ Sunshine Coast Arts Foundation - Annual Report 2019/20

³¹ AIDL South East Queensland.

³² Sunshine Coast Audience and Market Research Report (2020).

³³ Sunshine Coast Audience and Market Research Report (2020).

Table 6 - Arts and culture make the Sunshine Coast a better place³⁴

Survey Topic	% Agreement
Art makes for a more meaningful life	88
Arts & culture make the Sunshine Coast a better place to be	89
Enjoy seeing local artists achieve success	92
Children should be exposed to a variety of cultural experiences	93

While more residents attend music events, it is interesting to note that more people participate in the visual arts in some way.

Table 7 - Art form engagement and participation³⁵

Artform	% Engagement	% Participation
Musical performances	82	21
Visual arts	71	30
Theatre or dance	61	10
Indigenous art	27	2
Literature events	19	12

Finally, some statistics from the Sunshine Coast Arts and Culture Snapshot (April 2017) are worth considering. The Snapshot Survey received 488 responses. Of these, 35% of respondents were over 65 years of age and 75% were female.³⁶ It is important to recognise that in much of the local data capture (outside of ABS Census statistics), opinions are always framed by the demographics of those who responded.

3.3 First Nation Australian Arts & Culture

Australia is made up of many different and distinct Aboriginal and Torres Strait Islander groups, each with their own culture, language, beliefs, and practices. Aboriginal and Torres Strait Islander peoples are the first peoples of Australia, meaning they were here for thousands of years prior to colonisation. 'Indigenous Australian' is a very general term that covers two very distinct cultural groups: Aboriginal and Torres Strait Islander peoples.

There is a growing preference for First Nations Australians as a more encompassing term, because while it also is generic, it acknowledges the diversity of Australia's First Peoples. 'Indigenous Australian' should only ever be used when speaking about Aboriginal and Torres Strait Islander people.³⁷ Accordingly, this report uses the term 'First Nations Australians'.

³⁴ Sunshine Coast Audience and Market Research Report (2020), 4.

³⁵ Sunshine Coast Audience and Market Research Report (2020), 19.

³⁶ Sunshine Coast Arts and Culture Snapshot (2020), 5.

³⁷ The Australian Institute of Aboriginal and Torres Strait Islander Studies, Available at: <https://aiatsis.gov.au/explore/australias-first-peoples>

3.3.1 First Nation Australians in Sunshine Coast

This Sunshine Coast region has been the ancestral homelands of the Kabi Kabi and the Jinibara peoples and is also home to an increasing number of Aboriginal and Torres Strait Islander people from other First Nations groups, who play an important role in the social, economic, and cultural growth of its communities.

Today 2% of the population in the Sunshine Coast community identify as an Aboriginal and/or Torres Strait Islander person. The Sunshine Coast Council values its First Nations Australians' rich contribution and connection to the history, heritage, and culture of this region. This commitment is captured in the SCC Reconciliation Action Plan.

It is recognised by SCC that the First Nations Australians visual arts sector is a major economic contributor to the arts economy and is responsible for some of Australia's most valuable works of art.

3.3.2 First Nation Australians in Caloundra

Caloundra sits within the Aboriginal Kabi Kabi, (Cabbee, Carbi) language region. The name Caloundra is derived from Aboriginal word "cullowundoor", from Kabi language "kal/owen" indicating beech tree (*Gmelina leichhardtii*) and "dha" place.³⁸

3.3.3 First Nation Australians role in previous studies

One of the key priorities of the Queensland Government's 'Creative Together Policy 2020-2030' is to 'elevate First Nations arts'. As outlined in greater detail in **Section 6** (Government Policy Alignment) of this report, this theme has been extrapolated throughout Sunshine Coast Council's policies and strategies. The act reinforces the State Government's commitment to supporting the development and operation of 'Indigenous Arts Centres'.

'Elevate First Nations arts' - Creative Together Policy 2020-2030

3.3.4 First Nation Australians and the Caloundra Gallery (Precinct)

In March 2021, Sunshine Coast Council commissioned a workshop "that would address gaps in planning for the Caloundra Community & Creative Hub (CCCH)" and to assist in developing the necessary strategic framework and strategies to progress the Precinct Masterplan.

This workshop brought together a range of previous studies and then set about identifying key audiences for the precinct; defining Caloundra's positioning and point of difference; exploring its broader context in the CBD and examining models of place / precinct development and management.

It is therefore important to consider the workshop as a strategic assessment that consolidates various investigations. Specifically in relation to First Nations Australians the report synthesises some key themes and strategies and recommends:

- 1) As part of its 'proposition' for the precinct it identifies: "A place **where indigenous culture and stories are heard and felt and woven** into the tapestry". This was highlighted as a significant point of difference.
- 2) As part of its cultural and creative themes it looks to prioritise "**Aboriginal & Torres Strait Island culture**" among others.
- 3) It recognised the need to "**develop an Indigenous knowledge and cultural centre** at the new district library, working with other partners and offering outreach services".
- 4) In 'confirming the purpose of the Caloundra Community & Creative Hub' it identifies the need to "**address gaps in the cultural program** of the region –for example Indigenous program".
- 5) Feedback in relation to 'confirming the purpose of the Caloundra Community & Creative Hub' from the workshop noted "This **cultural agenda is not evident or easily accessible in the region**. It is a platform that

³⁸ "Caloundra – town in Sunshine Coast Region (entry 5784)". Queensland Place Names. Queensland Government. Retrieved 29 June 2017.

could be developed and housed in the precinct to benefit Indigenous and nonindigenous residents and be attractive to domestic and overseas visitors”.

- 6) In relation to positioning Caloundra Community & Creative Hub and the importance of First Nation Australians it identified **“the need and opportunity to provide an authentic Indigenous Cultural Centre / Program.** This could be housed in the new district library, have its own identity, and utilise New Regional Gallery, The Events Centre, and commercial spaces. It can provide education and visitor services, outreach to other locations and if successful develop its own facility.”

3.4 Arts Advisory Board

The Sunshine Coast Arts Advisory Board provides strategic advice to SCC in relation to collaborative opportunities to support and grow the Sunshine Coast local government region's investment in the arts including arts and cultural infrastructure.³⁹

The Board, an advisory committee of SCC, guides and informs, through the specialist expertise and network of its membership, the decision-making processes of SCC in relation to the arts, particularly the development of spaces and places that contribute to a vibrant regional arts scene.

Its strategic approach is required to ensure community and stakeholder expectations are harnessed and considered to support good outcomes in line with the vision and goals of the Sunshine Coast Arts Plan 2018-2038.

3.5 Sunshine Coast Arts Foundation

The region is poised to establish itself as a cultural destination. In response to this, the Sunshine Coast Council established the Sunshine Coast Arts Advisory Board in 2016 and endorsed its first Sunshine Coast Arts Plan 2018-38, to provide a strategic approach to the development and embedding of the arts on the Sunshine Coast.

Alongside the Arts Advisory Board, SCC also confirmed the establishment of the Sunshine Coast Arts Foundation (SCAF), tasked with securing resources to support, and accelerate the development of the arts and creative sector.

3.6 Industry and Network Partnerships

Organisations that SCC have an ongoing relationship with, either through sponsorship, in-kind support, or a formalised agreement to help strengthen and develop arts on the Sunshine Coast include⁴⁰:

- **Arts Queensland:** Arts Queensland is dedicated to growing a vibrant and sustainable arts sector in Queensland, through the advocacy, development, and empowerment of artists.
- **Sunshine Coast Creative Alliance:** The Sunshine Coast Creative Alliance (SCCA) is a not-for-profit, arts advocacy organisation, governed by a member-elected volunteer Board. They “connect the dots between creative thinkers, businesses, places, supporters, target markets, audiences and key stakeholders through advocacy, learning, networking and partnerships.”
- **Regional Arts Services Network:** A state-wide approach to increasing arts engagement in regional Queensland through building capacity, strengthening networks, and celebrating stories.
- **Sunshine Coast Screen Collective:** fostering the advancement of the screen-based industry on the Sunshine Coast.
- **Arts Connect:** Supporting Artists & Connecting communities. Sunshine Coast Arts Industry Precinct, operating as The Old Ambulance Station in Nambour connects community with artful experiences.
- **Kenilworth Arts Council:** Kenilworth Arts Council Inc. promotes arts activities and participation via exhibitions, competitions, workshops, and festival.
- **Maleny Community Centre:** The Maleny Community Centre provides a range of venues and facilities to support the arts and cultural activities of the Sunshine Coast.
- **Anywhere Festival:** A festival of performances anywhere but where you expect to find them. More information

³⁹ Sunshine Coast Arts Advisory Board Charter - January 2019

⁴⁰ <https://www.sunshinecoast.qld.gov.au/Experience-Sunshine-Coast/Arts-and-Culture/Arts-Plan-Policies-and-Partnerships/Partnerships>

- **Buderim Craft Cottage:** Buderim Craft Cottage is a community fostered by members reaching out, sharing skills, working together & caring for each other.
- **SCAIP - Old Ambulance Station:** The Sunshine Coast Arts Industry Precinct Inc (SCAIP) leases and manages the Old Ambulance Station. The Old Ambulance Station is an engine of growth, a social enterprise which sustains itself financially to enable creativity. Old Ambulance Station offers venues and facilities, free services (advice, clinics, long table dinners, creative and social enterprise projects, and professional development services.
- **Caloundra Arts Centre Association Inc. (C.A.C.A.)** currently has 20 different Arts and Crafts groups using their facility in Caloundra. There are over 560 members at the present time who share a passion, express their art, learn new techniques, and share with a friendly community.

3.7 Arts in Queensland

Queensland Government considers arts a “key to Queensland’s economic recovery, each year contributing \$8.5 billion into the state’s economy and supporting more than 92,000 Queensland jobs”⁴¹.

Between 2016-18 the most visited region in Queensland for the arts, following Brisbane, was the Sunshine Coast. The daytrip region where visitors were most likely (regardless of visitor volume) to engage with the arts was Southern Queensland Country (7% of visitors engaged with the arts).⁴²

Queensland Government considers arts a “key to Queensland’s economic recovery, each year contributing \$8.5 billion into the state’s economy and supporting more than 92,000 Queensland jobs

According to Australian Council for the Arts, (based on pre-COVID-19 data) 46% of Queensland residents who went on an arts daytrip went to Brisbane, 14% went to the Sunshine Coast and 12% went to Southern Queensland Country, the three most-visited regions in the state for daytrip arts tourists from Queensland.

6% of all daytrips taken by residents of Queensland in 2018 included an arts activity, on par with the national average of 6%.

3.8 Disruption in Arts & Culture

3.8.1 COVID-19

The COVID-19 pandemic has had a major impact on Australia’s tourism (both domestic and international) sector. The arts, cultural and creative industries are among the most adversely affected sectors of the economy in the wake of COVID-19 social distancing measures, travel restrictions and prohibition of large gatherings of people. Deloitte Access Economics estimated the cumulative impact on wages and profits of COVID-19 on arts and recreation to be AU\$6 billion, making it the second hardest-hit sector after accommodation and food services.

According to Flew and Kirkwood, of the four major regional cultural destinations in Queensland; Sunshine Coast has made the fewest investments in linking cultural tourism to a wider creative economy strategy, although it developed its first Arts Plan in 2018. It is argued that “whether post-COVID-19 opportunities emerge depends in part upon whether policy-makers can extend the Sunshine Coast region’s appeal beyond its natural assets to encompass unique cultural tourism experiences, particularly those that engage with the region’s Indigenous culture and heritage.”⁴³

⁴¹ Arts Minister Leeanne Enoch media announcement on QPAC status update 12 August 2021

⁴² Domestic Arts Tourism: Connecting the country – Australia Council for the Arts (2020)

⁴³ Richards, G (2018) Cultural tourism: a review of recent research and trends. Journal of Hospitality and Tourism Management 36: 12–21 (cited <https://journals.sagepub.com/doi/full/10.1177/1329878X20952529>)

As one of the Australian states most economically reliant upon tourism, Queensland has sought to tap into cultural tourism's potential, particularly around Indigenous arts, and culture⁴⁴

3.8.2 Indigenous Cultural Awareness

The COVID-19 pandemic and its subsequent increase in domestic travel is being credited with bringing First Nations Australians' history and culture to the fore.⁴⁵ The number of domestic tourists participating in First Nations Australians' experiences grew 41% between 2013–2018.⁴⁶

3.8.3 Communication Impacts

Another interesting disruptive development that will affect arts in the regions is COVID-19's impact upon local media, particularly regional newspaper closures. In late May 2020, News Corporation announced that 100 of its print mastheads would either discontinue production or become digital-only. While the Cairns Post and Gold Coast Bulletin will continue print production, the Sunshine Coast Daily and all papers catering to Central and Western Queensland became digital-only and may cease production altogether soon.⁴⁷ This constitutes a potentially massive blow to the communications infrastructure that enables cultural development in these communities.

⁴⁴ Flew.T and Kirkwood.K, The impact of COVID-19 on cultural tourism: art, culture, and communication in four regional sites of Queensland, Australia, 2020

⁴⁵ Martin, M and Poole, F (2021) COVID-19 credited with rising interest in Indigenous cultural awareness and tourism. Available at: <https://www.abc.net.au/news/2021-02-11/covid-19-creates-a-boom-in-indigenous-culture-and-tourism/13140280>

⁴⁶ Jenkins, J and Goetze, E (2021) How cultural experiences are becoming the next big travel trend. Available at: <https://www.abc.net.au/news/2020-07-03/how-cultural-experiences-are-becoming-the-next-big-travel-trend/12419102>

⁴⁷ Doran, M (2020) News Corp to cut jobs in restructure towards digital-only community and regional newspapers. ABC News. Available at: <https://www.abc.net.au/news/2020-05-28/news-corp-to-cut-jobs-in-restructure-towards-digital-newspapers/12294970>

4.0 Assurance

4.1 Context

Sunshine Coast Council (SCC) is a Local Government Authority (LGA) and is not considered a statutory authority or a Queensland Government agency. The capital requirement for proposed Regional Gallery is below the \$100 million threshold where Building Queensland (Department of State Development) leadership of a Detailed Business Case (DBC) is required.

Notwithstanding the above, SCC has aligned the DBC with the Queensland Government's Project Assessment Framework (PAF) and Building Queensland principles - as much as practically possible and where relevant for the nature of the infrastructure proposed - to ensure consistency with respective funding agency criteria. Accordingly:

- Peer reviews for the key project elements: economics, financial and commercial, cost, risk and technical were conducted for the DBC in consultation with Queensland Treasury.
- The peer reviews for the DBC have confirmed that the assessment of the project is appropriate and no residual material issues have been identified.
- The development of the DBC and its outcomes were shared with Commonwealth and Queensland Government representatives through the extensive engagement process, whereby concerns were raised and responded to or validated.
- Extensive and impartial targeted stakeholder and industry engagement was undertaken to seek a broad understanding and commentary to inform the DBC.

Sunshine Coast Council has aligned the DBC with the Queensland Government's Project Assessment Framework (PAF) and Building Queensland principles - as much as practically possible and where relevant for the nature of the infrastructure proposed - to ensure consistency with respective funding agency criteria.

4.2 Assurance

4.2.1 Approach

The project does not fall under the auspices of any government department and therefore the Building Queensland Act or Queensland Treasury's Project Assessment Framework are not mandated.

This DBC is therefore an independent business case funded by an independent organisation. Notwithstanding however, the Business Case has applied the principles of the PAF and BCDF as much as possible.

As further demonstration of SCC's commitment to ensuring a compliant and aligned DBC, SCC has engaged extensively with Queensland Treasury and Arts Queensland during the development of this DBC.

4.2.2 Assurance Activities

The DBC methodology and progress updates were shared and presented to the stakeholder cohorts for ongoing feedback. These meetings were minuted and any concerns and comments were addressed and discussed at each subsequent meeting, presentation, or document update.

The stakeholders who participated in the reviews and presentations are detailed in **Section 9** (Public Interest Considerations) of this report.

4.2.3 Probity

The appropriateness and appointment of a Probity Adviser will be considered and incorporated at the point of funding commitment to provide external scrutiny and ensure integrity of the procurement process.

It is intended that the Probity Adviser (if appointed) shall be external to, and independent of the procurement process. The role of the probity adviser would therefore be to work with SCC and its stakeholders to ensure their processes are defensible and can withstand internal and external scrutiny, as well as achieve value for money and optimum social outcomes for stakeholders.

Their Probity Plan would provide funding agencies, philanthropic donors and public agencies trust in the deployment and expenditure of their funding.

A Probity Adviser can also provide an independent opinion on probity issues that may arise during the process and confirm, in writing, that the concluded process has met all probity requirements.

The appropriateness and appointment of a Probity Adviser will be considered and incorporated at the point of funding commitment to provide external scrutiny and ensure integrity of the procurement process.

4.2.4 Independent Verification/Certification

The role of an Independent Certifier is significant in that it ensures that each project party meets their obligations in accordance with the requirements of the associated Contracts, Deeds, or multi-party agreements. External private partners may likely be party to some of the agreements as a direct or indirect participant and will likely require assurance of process compliance.

An Independent Verifier/Certifier assesses the acceptability and conformance of assets during construction and at the handover from the Contractor/Developer and certifies that they have been delivered as per SCC's development brief. The Independent Certifier/Verifier is appointed (and paid for) equally by all parties to the agreement and operates independently of each ensuring compliance across all parties.

The Independent Certifier role assists in limiting disputes as it also acts as the first and independent point where possible conflicts can be adjudicated. This helps to avoid time consuming and costly external arbitration or legal intervention.

5.0 Service Need

Vibrant and diverse arts and cultural activities are an important contribution to the liveliness and vitality of an urban environment. It gives a city:

- ↘ An identity, a character if you like – one that you want to live with and in, or at least visit.
- ↘ Cause to bring community together, to strengthen it.
- ↘ A sense of vibrancy and activation with a diverse range of cultural events and celebrations across the year that reflects the multifaceted character of the community.
- ↘ A range of attractive and accessible public places.

“Cultural vitality is as essential to a healthy and sustainable society as social equity, environmental responsibility and economic viability”- Jon Hawkes⁴⁸

5.1 Context

The demographic profile of the Sunshine Coast suggests that there will be a need to ensure arts infrastructure is adequate in coastal areas that will accommodate the largest growth expected; but also, that rural districts are provided with localised and multifunctional community level infrastructure to reduce the need for travel and to aid affordable access.

Greenfield growth areas such as Caloundra South offer the opportunity to embed arts infrastructure at an early stage. A mix of innovative infrastructure will also be required that may appeal to younger people, including a focus on digital technologies, as well as traditional arts infrastructure that appeals to older demographics.

Sunshine Coast residents demonstrate strong participation in the arts relative to Queensland as a whole, particularly visual and performing arts and art and/or craft. However, the Sunshine Coast has lower attendance rates for art galleries, performing arts and Classical music concerts, musicals and operas compared to Queensland'. This may be due to the infrastructure and programming on offer in the region.⁴⁹

... the Sunshine Coast has lower attendance rates for art galleries, performing arts and Classical music concerts, musicals and operas compared to Queensland'. This may be due to the infrastructure and programming on offer in the region.

Currently, arts and culture facility distribution across the LGA is unevenly distributed, with Caloundra District and Caloundra South District, Kawana District, Maroochydore, and Sippy Downs (including Palmview) District and Coolool District having the lowest number of arts and cultural facilities and other community facilities.

At the same time, Caloundra District and Caloundra South District and Maroochydore and Sippy Downs (incl Palmview) District have large populations and will have by far the highest growth by 2041. Nambour District also has a large current population and will experience substantial growth.

New arts and culture infrastructure will need to be focussed on these areas to meet growing needs. This finding aligns with the direction of the ELS which identifies increased facility provision in these districts of the LGA.

⁴⁸ Jon Hawkes, Culture as the Fourth Pillar of Sustainability: Culture's essential role in public planning 2001

⁴⁹ Regional Arts Infrastructure Framework (2019)

5.2 Service Need

5.2.1 Investment Logic Map

The endorsement of the Caloundra Centre Master Plan provided the foundation for the development of a Regional Gallery for Caloundra and the Sunshine Coast. Extensive investment logic mapping was undertaken at the outset of the Business Case through facilitated workshops with key Project Team members and stakeholders, outlining the overall logic and need for the Gallery development. An Investment Logic Map (ILM) is a standardised technique to ensure that robust discussion and thinking are undertaken upfront in the project planning process, resulting in identification of:

- The key problems associated with limitation and impact of the current Arts facilities and sector, impact to the community and economy.
- The benefits that will be delivered if these problems are solved.
- The strategic responses in solving these problems, and
- The components of the solution, in terms of asset and program investment.

The ILM informs all subsequent elements of the Business Case and project delivery to keep it focused and ensure alignment of the prime objectives and outcomes sought. The ILM therefore becomes the justification for proceeding with the project, establishing the relationships between the project drivers, strategic responses and perceived benefits.

The ILM process articulated the problems, opportunities, and benefits associated with the New Regional Gallery development, acting as an overarching framework for the project as depicted in the ILM included in **Figure 5**.

5.2.2 Definition of the problem

The overarching investment logic for development of the New Regional Gallery and securing the long-term future of the regional arts cultural community is centred around three (3) prevailing problems identified and articulated through the ILM process, and form the basis upon which this project is proposed:

Problem Number 1:	Poor understanding of the value of arts and competing pressure for funds allocation across the Sunshine Coast Region causes stagnation of the arts and culture reducing the sense of belonging and reputational pride, and economic opportunity.
Problem Number 2:	Multiple undersized and disparately located arts facilities and disjointed small-scale collections hinders creation of an aggregated arts focal point, scaling of arts collections, and attraction to the region of AAA-rated touring exhibitions.
Problem Number 3:	A constrained arts vision and insufficient prioritisation to meet current and projected community and visitor needs limits the scope of gallery, programs, exhibition offerings and maturity, community connections, and attraction as a destination.

5.2.3 The Opportunities

The following opportunities associated with the New Regional Gallery development were identified through the ILM process, which it is expected the project will deliver and capitalise on:

- Deliver a core catalyst component to revitalise Caloundra Centre.
- Support and celebrate the UNESCO Biosphere (in built form and programming).
- Build and profile the Sunshine Coast arts and cultural ecology.

- Promote and lead sustainable place-based design - Sunshine Coast Design “Yellow Book”.
- Maximise international and domestic visitations.
- Leverage connections to public transport capabilities and road network.
- Build the arts sector economy embracing investment in and commercial opportunities (incl. capex and Intellectual Property).
- Leverage and creatively enhance reputational credibility.
- Become the Region’s premier home for the visual arts.

5.2.4 The Benefits

The proposed New Regional Gallery development is expected to deliver initial benefits sought across four (4) categories as set out below. The attributable key performance indicators required for realisation of the benefits sought are detailed in the ILM (**Figure 5**):

- Benefit No.1 - Increased Cultural Vitality, Literacy and Appreciation
- Benefit No.2 - Supporting Regional Economy
- Benefit No.3 - Improved Sense of Place for the Sunshine Coast
- Benefit No.4 - Increased Liveability and Public Amenity

5.2.5 Service Need

The identification and understanding of service need is an important step in the generation, refinement and evaluation of development options for the New Regional Gallery. The Service Need is stated as:

“Creating an expression of creativity, culture and place that inspires and informs through enriching and highly interactive experiences”

The service need for the New Regional Gallery can be further expanded through the following key points:

- The existing Caloundra Gallery is inadequate for any expansion of a permanent collection, displaying a touring exhibition of national significance or support a growing local arts culture.
- There isn’t any significant regional arts facility in the Sunshine Coast region.
- There isn’t an arts facility that matches the ambition and need for arts and culture in the Sunshine Coast region.

The service need articulated in the Investment Logic Map essentially reflects the ‘Agenda 21’⁵⁰ statement and with a statement of intent, “creating an expression of creativity, culture and place that inspires and informs through enriching and highly interactive experiences”. Agenda 21 aims at setting the basis for a compromise from cities and local governments to foster cultural development.

⁵⁰ Agenda 21; United Cities and Local Governments Committee on Culture (2004)

Figure 5 – New Regional Gallery Investment Logic Map



5.3 Arts and Culture Relevance

Public investments in developing and supporting cultural infrastructure such as the New Regional Gallery are in essence cultural acts that significantly contribute to a community's liveability. They therefore require clear cultural cases, not simply economic ones. The inclusion of a new art gallery into the Caloundra Centre Activation Project⁵¹ reflects this statement of intent and the requirement for public investments to address culturally focused service needs.

A regional art gallery with a national reputation is an important arts and culture piece for Caloundra and the Sunshine Coast more broadly. Arts and culture is highly valuable and valued from a cultural capital and economic standpoint. There is currently a general lack of understanding of the value of the arts, and its contribution to a regional community. It is widely recognised that a lack of investment and support in the arts creates creative stagnation.

There is currently a general lack of understanding of the value of the arts, and their contribution to a regional community. It is widely recognised that a lack of investment and support in the arts creates creative stagnation.

Although the Sunshine Coast region has a series of smaller public and private facilities, there is no governing or benchmark institution that sets the standard for regional community arts facilities. The proposed new gallery does not aim to compete with other art spaces, but to set a new tone for the region as one element of an aggregated cultural arts landscape.

Regional councils around the country have successfully rallied for arts and culture to be at the forefront through investing in galleries that enable excellent local and national programming. Some are place making institutions that change the tourism economy of an entire state (for example MONA in Tasmania), some have exceptional international programs (Bendigo Art Gallery in regional Victoria), and some foster a great local arts culture and display it widely (Cairns Art Gallery, Newcastle Art Gallery or Tweed Gallery). The New Regional Gallery aims to cement a similar place in the regional arts landscape, unique to its place.

5.4 Strategic Drivers

With rapid population growth in the Sunshine Coast region, growing by over 79,000 people between 2011 and 2021 (30%), and forecast to grow to over 500,000 people by 2041⁵², it is vital that cultural infrastructure is in place to suit this growing demand. The demand is present and will increase into the future, particularly with the rapid population growth trend witnessed through the COVID-19 pandemic and beyond. Delaying the development of this social infrastructure risks stagnation of the arts sector in the region and/or that talent will move elsewhere where they are better supported. It also risks developing areas of the Sunshine Coast missing out on critical social and cultural infrastructure that binds society together.

The immediate drivers for the proposed New Regional Gallery are to:

- Create a cultural focal point with gravity for the Sunshine Coast region.
- Create a celebration of First Nations Australians' art and culture.
- Leverage arts and culture for immediate stimulus recovery from COVID-19 induced stagnation.
- Enable the sector to be agile enough to withstand the accelerated digital and industrial disruption.
- Create a place for increased cultural literacy for a growing population.
- Create a home for emerging and established local artists.

⁵¹ <https://www.sunshinecoast.qld.gov.au/Council/Planning-and-Projects/Major-Regional-Projects/Caloundra-CBD-Project/CBD-Project>

⁵² <https://www.sunshinecoast.qld.gov.au/Experience-Sunshine-Coast/Statistics-and-Maps/Population-Growth>

5.4.1 Addressing Current Strategic Challenges

The 2017 New Regional Gallery Business Plan identified 11 strategic challenges facing the existing Caloundra gallery. These challenges are discussed in the table below, setting out how investment in the proposed New Regional Gallery will address these issues.

Table 8 - Addressing current strategic challenges – New Regional Gallery Business Plan

Strategic Challenge	Current State	Future State
1) Programming	Resources and spaces limit programming impact and reach.	The proposed Regional Gallery will be able to create an expanded program of exhibitions and activities that position the Gallery as a significant regional cultural institution loved by both residents and visitors. This will be reflected in growing audience numbers and the diversity of markets engaging with the organisation and benefiting from its work
2) Collection	Facilities and staff resources limit the ability to grow and care for the Sunshine Coast Collection.	The proposed new Gallery will enable the growth, care and alignment of the Art Collection with the cultural identity and vision of the Sunshine Coast.
3) Resources	The current staffing levels (3.2 FTE) and exhibition development and presentation funding limit services and impact.	A sustainable operational plan will ensure that resources align with nationally accepted standards, increase programming impact and reach, and support and develop local artists.
4) Storage Needs	Currently the gallery has insufficient artwork and material storage, placing the gallery’s A grade status at risk. The lack of dedicated climate-controlled storage also means the gallery has had to decline offers of artwork donations due to lack of available space.	The design brief will ensure that there is increased storage space that meets accepted museological standards on-site and potentially off site, and for the Gallery to retain / improve its AAA rating status.
5) Visitor experience	There is no food and beverage offer at the Gallery. Space and facilities are also limited for the delivery of public programs and events.	The design brief and operational plan (programming) will ensure that visitation is a critical indicator of success for a public art gallery and should complement programming strategy and welcome a diverse community (cultural, age, socio-economic, locals and tourists). It should connect with the rest of the precinct and be easily accessible.
6) Staff Accommodation	There is insufficient office accommodation on-site. Due to the conversion of former staff offices into workshop space (The Artroom) staff now must work from across the road in SCC’s administration building. This creates an inefficiency in the time required moving back and forth to the gallery and means staff cannot always respond to enquiries from the public as well as visiting industry professionals. This also creates risk in not having suitably qualified staff immediately on hand.	The design brief will provide accommodation to ensure that staff are located within the gallery. Accommodation should be safe and secure and support the recruitment and retention of staff.
7) Learning and participation resources	The Artroom is not large enough to accommodate school classes and provides a disincentive for schools considering visiting the gallery.	The proposed Regional Gallery will have specific provision for schools and youth as well as for families. In addition, workshop space/s (wet and dry) and a larger multi-arts and events space that connects with the outdoor space and can accommodate larger installations, performances, talks and cross-artform events should be incorporated into the design brief.

Strategic Challenge	Current State	Future State
8) Revenue	The current proposed Regional Gallery is limited in its ability to earn revenue due to spatial and staff capacities.	A larger New Regional Gallery with the ability to earn revenue from other sources such as functions and events, public programs, space hire and even on occasion admission fees for special exhibition will help offset increased operating costs.
9) Infrastructure / Facilities	With only 165sqm of exhibition space proposed Regional Gallery sits at the lower end of the scale in terms of regional galleries. (Refer benchmarking section of this report).	The proposed Regional Gallery will provide total exhibitions space in the region of 1,000 to 1,200sqm that is flexible, and all rated at nationally accepted museological standards. This will enable proposed Regional Gallery to service both locally sourced exhibitions and programs as well as access to a broad range of touring exhibitions that require 600-800sqm.
10) Brand development	The current market positioning is limiting brand impact.	A fit-for purpose facility will enable visitor experience and higher engagement through improved exhibitions program and associated public programs, that ultimately improve brand and recognition of the new gallery as a premier arts hub for the region
11) Strategic Alignment	This project is aligned with the Caloundra Centre Activation Project.	The proposed Regional Gallery will grow its visibility within the community and tourism sector with a focused marketing strategy as part of the DBC operational plan. It needs a strong brand to grow the local market and develop a national presence that will enable programming development and donor support.

5.5 Additional Benefits sought

The key primary benefits sought through the implementation of the DBC recommendations are summarised as follows:

- Local artists – established, emerging, or aspiring
- To local residents of Caloundra and the Sunshine Coast more broadly.
- Benefits to the First Nations people of the Sunshine Coast (the Kabi Kabi and Jinibara People).
- To be able to begin a strong art acquisitions and commissions plan for the region.
- A sustainable business model that has multiple and far-reaching economic benefits to the region.
- To put the Sunshine Coast on the national map of successful cultural institutions.
- A compliment to the Caloundra Community Creative Hub (CCCH) cultural precinct objectives.

The key secondary benefits are summarised as follows:

- An additional attractor for local and international tourists travelling to the Sunshine Coast.
- A place to have an exceptional food and beverage or retail experience.

5.6 Detailed Business Case Scope

5.6.1 In Scope

A new regional gallery is a key project component of the Caloundra Centre Activation Project – a designated Major Project within SCC which seeks to revitalise and activate the Caloundra Centre area as envisaged by the Caloundra Centre Master Plan.

This Business Case has been commissioned to:

- Determine the feasibility of a redeveloped art gallery in the context of the Queensland Government Project Assurance Framework (PAF).
- Provide the necessary assurance to support the attraction of government and private sector funding, confirming that the recommendations for the delivery of the Project, and ongoing operation, are both realistic and viable.
- Validate the existing functional brief against an Investment Logic Map and staged PAF reviews and assessments.
- Confirm the social and economic benefits (State and region) of investing in the proposal.
- Development of a sustainable implementation plan.

5.6.2 Out of Scope

In undertaking this Business Case the following elements are excluded from the scope, however, may be referenced where relevant to substantiate elements of the PAF:

- Wider community consultation is excluded as this is currently being managed broadly under both the Caloundra Community & Creative Hub (CCCH) and Mass Transit projects by SCC. Outputs of these consultations will be used to inform the Business Case specific stakeholder engagement whilst avoiding replication.
- The DBC analysis does not extend to other elements of the Caloundra Community & Creative Hub beyond the gallery building itself.
- Overall precinct governance and the relationships of the Caloundra Community & Creative Hub cultural elements (The Events Centre, new Regional Library and proposed commercial development).
- Federal government engagement will be undertaken by the relevant SCC department.
- Grant solicitation will be managed by relevant SCC department.

6.0 Government Policy Alignment

This section discusses the rationale for State and Federal Government investment in the arts and culture sector and why Government investment in the proposed Regional Gallery is justified. This section also presents the Local, State and National strategic policies and plans which directly support or impact the proposed Regional Gallery.

6.1 What is the Arts and Culture sector?

The arts, cultural and creative sector is a mix of art forms and industries with a focus on the development, production, presentation, distribution and commercialisation of arts and cultural-related goods, services, and activities.

Whilst the focus of this proposal is an Art Gallery, its bounds extend beyond the traditional definitions and its programming may incorporate a broad range of creative arts disciplines including visual art, craft and design, music, dance, writing, dramatic and physical theatre, media art, multi-arts, festivals, public art, community cultural development, and heritage and collections including museums, galleries, and libraries

6.2 Value of Arts to the regional Queensland economy

Artists and arts workers in regional and remote places use art and culture to build strong communities, generate jobs, reimagine places and build innovative infrastructure.⁵³ One in three people in Australia live in regional and remote places and their arts and cultural contributions have a national impact.⁵⁴

Regional Australia is home to hundreds of regional galleries, museums, art centres, keeping places, societies and associations housing important works and providing access to cultural resources for education and research.

According to a Regional Arts Australia publication “Regional Arts Impacts Australia: That’s a Fact!”, arts in regional areas plays a very important role in these communities including:

- **Community:** Artists in regional and remote places don’t have access to services in the same way as metropolitan Australians. Regional arts bring people together.
- **Volunteers:** Active participation in regionally relevant, high-quality artwork can be a transformative experience that propels a community to creatively re-imagine itself.
- **Health & Wellbeing:** Some 56% of Australians believe that the arts significantly help them deal with stress, anxiety, and depression.⁵⁵
- **Education & Training:** Creative capacity in communities is increased through arts education and training.
- **Economy:** Art is a key element of many local economies. It influences employment, volunteering, tourism, partnerships, and investment. For example, 152,500 people visited ‘Grace Kelly: Style Icon’ at the Bendigo Art Gallery in a town of 100,000 generating \$16.3 million to the local economy.⁵⁶
- **Regional Art Prizes:** Many regional and remote towns host regional art prizes as part of a strategy to position themselves as cultural destinations. Regional art prizes provide financial returns, employment, and professional development opportunities for exhibitors, and have flow-on benefits to local businesses through attracting visitation.
- **Creative Businesses:** Many artists use their creative skills to build small and medium sized enterprises. Co-working spaces, design studios and creative businesses are blooming in regional Australia. With gains in technology, people are able to base their businesses in remote and regional areas. Their businesses apply creativity and innovation to freight and logistics, communications, banking, online sales, and human resources.

⁵³ Regional Arts Impact Australia: That’s a fact!, Regional Arts Australia,

⁵⁴ Australian Bureau of Statistics 2011 Australian Social Trends, June 2011, cat. No. 4102.0.

⁵⁵ Arts in Daily Life: Australian Participation in the Arts, Australia Council for the Arts, May 2014, p. 30.

⁵⁶ KPMG Economic Impact of the Victorian Arts and Cultural Sector (2013)

6.3 Why Invest in Arts & Culture?

In announcing the 2021-22 Queensland State Budget, the Minister for Arts, Leeanne Enoch was quoted as saying: “... investment in the arts will ensure Queensland emerges with strength to build back better than ever before, with a recovery that is fuelled by creativity and story-telling.”

“The arts are key to delivering our plan for economic recovery, each year contributing \$8.5 billion into the state’s economy and supporting more than 92,000 jobs for Queenslanders,” Minister Enoch said.⁵⁷

Investment in the arts and cultural sector can provide direct productivity dividends (contributing to employment and growth) as well as a range of positive externalities that can be hard to measure accurately including:

- Supporting employment opportunities and contributing to economic and social policy outcomes including revitalised communities and solutions to individual, social or community concerns.
- The arts provide an opportunity for engagement between First Nations, the broader community, and cultural visitors by connecting them with the living stories and landscapes of First Nation cultures. This engagement supports cultural maintenance, economic empowerment, community connectedness and wellbeing among First Nation cultures.⁵⁸
- Engagement with arts, culture and creativity delivers benefits in a wide range of areas including health and wellbeing, positive ageing, youth justice, domestic violence, and community recovery.⁵⁹
- This complements frontline services, reduces costs in health and community care, and creates stronger, healthier communities.⁶⁰
- Greater recognition and understanding of the value of the sector and its potential role in strengthening the economy and broader community could support the Queensland of the future.

6.4 Relevant Policies and Strategic Alignment

The proposed New Regional Gallery project is well aligned with the respective policies and the declared service needs of each level of Government. Most significantly, the project contributes to (or meets) the criteria of the main policy of each level as summarised in **Table 9**.

Table 9 - Primary Arts Policy Summary (by level of Government)

Level of government Policy	Key Policy	Key Goals & Priorities	Timeline
Local Government			
Sunshine Coast Arts Plan	A 20-year vision for the Arts: The soul of our community is our flourishing arts ecology: nurturing connections, promoting experimentation, and inspiring collaboration.	<ol style="list-style-type: none"> 1. Local artists and artistic content is developed and celebrated. 2. Arts audiences and creative opportunities flourish through investment and development. 3. A dedicated network of places and spaces for artists to connect, create and collaborate. 4. Art and creativity is embedded in the identity and experience of the Sunshine Coast. 	2018 – 2038

⁵⁷ Media statement: Investment in the arts underpins Queensland’s recover; Available at: <https://statements.qld.gov.au/statements/92405>

⁵⁸ Australia Council for the Arts, 2017, Living Culture: First Nations Arts Participation and Wellbeing, Commonwealth of Australia, Canberra.

⁵⁹ All-Party Parliamentary Group on Arts, Health and Wellbeing Inquiry, 2016, Creative Health: The Arts for Health and Wellbeing, UK.

⁶⁰ Fenner, P., Rumbold, B., Rumbold, J., Robinson, P., & Harpur, S, 2012, Is there compelling evidence for using the arts in healthcare?, Deeble Institute evidence brief no. 4. Australian Healthcare and Hospitals Association, ACT. Rentschler, R., Bridson, K. & Evans, J., 2015, Stats and Stories – Theme 3 Social Inclusion. The impact of arts in Regional Australia. Deakin University, Melbourne.

Level of government Policy	Key Policy	Key Goals & Priorities	Timeline
State Government			
Creative Together 2020-2030 Roadmap	Creative Together: A 10-Year Roadmap for arts, culture, and creativity in Queensland outlines where we want arts, culture, and creativity to be in 10 years, and how we will get there. It acknowledges the significant impact of COVID-19 on Queensland, particularly on the state's arts, cultural and creative sector.	<ol style="list-style-type: none"> 1. Elevate First Nations arts 2. Activate Queensland's local places and global digital spaces 3. Drive social change across the state 4. Strengthen Queensland communities 5. Share our stories and celebrate our storytellers. 	2020 - 2030
Commonwealth Government			
Creativity Connects Us (2020-24)	A five-year strategy Creativity Connects Us (2020-24), Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad.	<ol style="list-style-type: none"> 1. Australians are transformed by arts and creativity 2. Our arts reflect us 3. First Nations arts and culture are cherished 4. Arts and creativity are thriving 5. Arts and creativity are valued 	2021 - 2025
Australia's Cultural Policy for the next five year – REVIVE – a place for every story, a story for every place	A five-year policy structured around five interconnected pillars.	Pillar 1 – First Nations First Pillar 2 – A Place for Every Story Pillar 3 – Centrality of the Artist Pillar 4 – Strong Cultural Infrastructure Pillar 5 – Engaging the Audience	2023 - 2027

6.5 Local Government: Sunshine Coast Council Policy Alignment

The Sunshine Coast Council policy framework and heireachy is summarised in Figure 6 below, outlning the relationship between legislative governance, straegic planning and repoorting requiremtns..

Figure 6 - Strategic Planning & Reporting Framework



The following SCC policies are targeted at the arts and culture sector and community development within the LGA. It is important to note that arts and culture permeates through all levels of the policy hierarchy starting with the Corporate Plan.

6.5.1 Sunshine Coast Arts Plan (2018-2038)

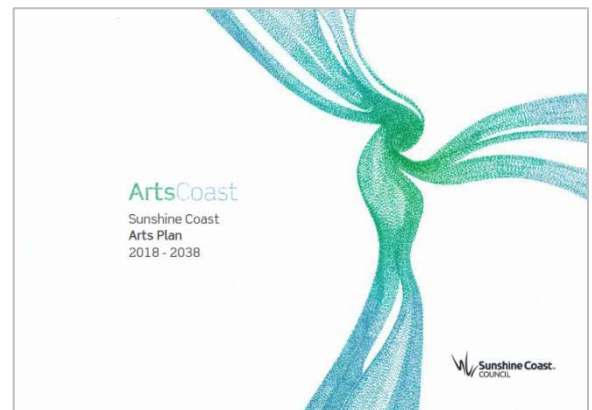
The 20-year Arts Plan sets out the aspiration that *“the soul of our community is our flourishing arts ecology: nurturing connections, promoting experimentation and inspiring collaboration.”*

Being the first of its kind for the SCC, the plan acknowledges that arts and culture help to shape and influence our sense of community, belonging and identity in a time of unprecedented growth and change. The Arts Plan is a key mechanism that provides SCC with a road map for its approach, priorities, programs, and investment in the arts.

The plan is not just about consumption but is strongly focused on building the confidence and productive capacity of the region’s artists.

Key goals of the Arts Plan include:

- **Goal 1: Local artists and artistic content is developed and celebrated.** Creating opportunities to build and profile a strong, connected, and prolific community of artists, arts practitioners, and arts organisations.
- **Goal 2: Arts audiences and creative opportunities flourish through investment and development.** Growing local participation in the arts and opportunities for world-class locally produced content to be exposed to, and experienced by, the world.
- **Goal 3: A dedicated network of places and spaces for artists to connect, create and collaborate.** Taking a strategic, collaborative approach to diverse and accessible infrastructure (physical and digital) that supports production, practice, and presentation.
- **Goal 4: Art and creativity is embedded in the identity and experience of the Sunshine Coast.** Ensuring the value, diversity, and significance of the arts on the Sunshine Coast are embraced by the community in everyday life and are a feature of our destination’s renown.



The strategies to achieve the Arts Plan’s vision are interrelated and rely on a collaborative approach between SCC, the arts sector, the community, education sector, investors, and all levels of government. Closely aligned with the Regional Arts Infrastructure Framework 2019-2041 (RAIF), the Arts Plan sets out SCC’s roles and responsibilities in achieving the 20-year vision of the plan as:

1. Providing strong leadership, setting strategic direction, and planning to support the development of the arts sector on the Sunshine Coast.
2. Engaging with the arts sector and the community to ensure:
 - a. as a custodian, that its arts assets and infrastructure are accessible and appropriately located, designed, constructed, managed, and maintained
 - b. its arts programs are accessible and delivered to strengthen the arts sector and target identified needs
 - c. it seeks innovative approaches to meeting the plan’s goals.
3. Promoting arts activities, programs, and projects to ensure they gain the exposure they require to contribute to the region’s cultural vitality.
4. Actively seeking opportunities to partner, collaborate or leverage funding, projects, and programs to achieve strong arts outcomes.
5. Advocating to all levels of government to ensure the region receives its share of investment in the arts.

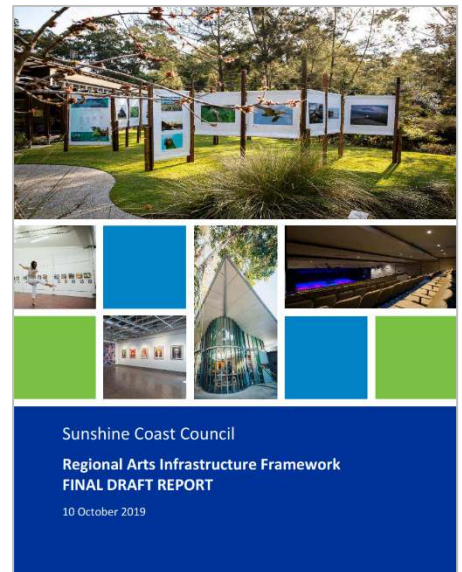
6.5.2 Regional Arts Infrastructure Framework

The Regional Arts Infrastructure Framework 2019-2041 (RAIF) aligns to one of the key actions in the Sunshine Coast Arts Plan 2018-38. The RAIF provides an agreed strategic direction for the delivery of a viable, integrated, and functional network of arts infrastructure to respond to the arts and cultural needs of the Sunshine Coast (local government area) community as it grows into a major region of over 500,000 people.

The infrastructure network aims to support the development of the current and future arts and cultural sector, by providing spaces to learn, practice, connect, collaborate, work, perform and showcase.

The RAIF makes the eight recommendations as follows:

1. Undertake a detailed audit of arts and cultural infrastructure to improve understanding of the dedicated arts and other infrastructure to better inform assessment of current supply and identify opportunities to reuse/refurbish to meet current and future demand.
2. Pursue a hub and spoke approach to the delivery of arts and cultural infrastructure at SCC -wide, district and local levels.
3. Continue to plan other arts and cultural functions in the recommended new infrastructure within the Environment and Liveability Strategy (ELS) and SCC endorsed planning and strategic documents, specifically:
 - a. Expanded Council-wide Art Gallery in Caloundra (the New Regional Gallery)
4. Consider and investigate the following cultural infrastructure additional to the ELS:
 - a. Establish artist residencies in commercial hubs in Maroochydore CBD, Nambour, and Caloundra.
 - b. Include small selling spaces in selected locations which do not compete with private providers in Caloundra, Coolum, Mooloolaba and possibly Sunshine Coast Airport.
5. Develop creative solutions to meeting specific arts and cultural infrastructure needs or opportunities outside of district centres e.g., Peregrian Springs, Doonan, Eumundi, Mooloolaba/Alexandra Headland.
6. Develop the Sunshine Coast as an arts tourism destination by pursuing growth of the high-value international (and domestic) market through celebrating the region's outstanding natural landscape with a Hinterland Cultural Facility, seeking 6-8 other arts tourism attractions [not necessarily provided by SCC], and **providing a triage of lead arts and cultural offerings in three distinct and separate locations in the region – Caloundra, Maroochydore, and the Hinterland.**
7. Develop key partnerships.
8. Hold ongoing discussions with First Nations and Indigenous arts and cultural practitioners to confirm needs and interest in a regional cultural facility including geographic location.



The infrastructure network aims to support the development of the current and future arts and cultural sector, by providing spaces to learn, practice, connect, collaborate, work, perform and showcase.

6.5.3 The Sunshine Coast Environment and Liveability Strategy 2017 (ELS)

The Sunshine Coast Environment and Liveability Strategy (ELS) sets the overarching strategic direction for the planning and delivery of the Sunshine Coast social infrastructure network. Arts and cultural facilities identified for investigation in the ELS include:

- Art gallery in Maroochydore.
- Investigate enhancing the capacity of the Caloundra Regional Art Gallery.
- SCC -wide cultural facility, being an incubator for cultural, heritage and arts development; and
- Interpretive space or precinct.

6.5.4 Other Policies and Strategies that align with the proposed New Regional Gallery

Within the Caloundra Community & Creative Hub where the proposed New Regional Gallery is to be located, exist a range of initiatives and collaborations the proposed Regional Gallery will interface with, influence and be influenced by. These are recognised in the Gallery functional brief, operational planning, programming and spatial design of the facility. These elements are aligned differently to their respective policy drivers as outlined in Table 10 below.

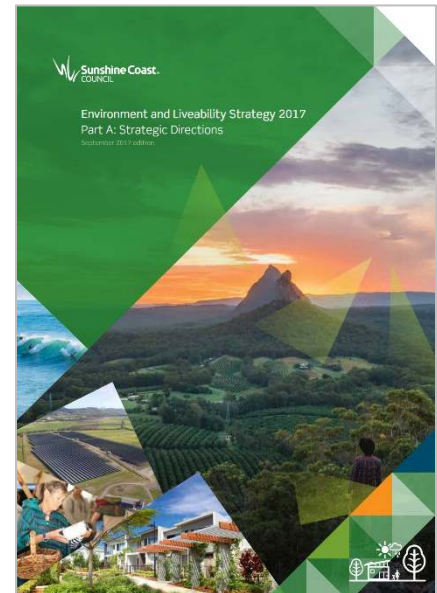


Table 10 - Policies and Strategies Impacting Caloundra Community & Creative Hub project elements

Caloundra Community & Creative Hub Project Element	LIBRARY	REGIONAL GALLERY	TOWN SQUARE	THE EVENTS CENTRE	OTRANTO AVENUE	OMRAH AVENUE	BULLCOCK STREET	PUBLIC ART	LANEWAYS ACTIVATION	INVEST AND DEVELOP	ROAD NETWORK	LIGHT RAIL	TRANSIT CENTRE	CAR PARKING	COMMUNITY MEETING SPACES	SHARED CULTURAL INFRASTRUCTURE SPACES	INTERPRETIVE SPACE	CULTURAL COLLECTIONS STORE
	ENDORSED PLANS AND STRATEGIES																	
Corporate Plan/ Operational Plan	x	X	x	x	x	x	x	x	x	x	x	x	x	x				
Caloundra Centre Master Plan	x	X	x	x	x	x	x	x	x	x	x	x	x	x				
Environment and Liveability Strategy 2017	x	X	x	x	x	x	x	x	x						x			
Sunshine Coast Community Strategy 2019-2041	x	X		x														
Sunshine Coast Libraries Network Plan 2019-2041	x																	
Sunshine Coast Arts Plan 2018-2038		X						x										x
Regional Arts Infrastructure Framework 2019		X	x															

Caloundra Community & Creative Hub Project Element	LIBRARY	REGIONAL GALLERY	TOWN SQUARE	THE EVENTS CENTRE	OTRANTO AVENUE	OMRAH AVENUE	BULCOCK STREET	PUBLIC ART	LANEWAYS ACTIVATION	INVEST AND DEVELOP	ROAD NETWORK	LIGHT RAIL	TRANSIT CENTRE	CAR PARKING	COMMUNITY MEETING SPACES	SHARED CULTURAL INFRASTRUCTURE SPACES	INTERPRETIVE SPACE	CULTURAL COLLECTIONS STORE
Caloundra Local Area Parking Plan (LAPP) 2017											x	x	x	x				
Sunshine Coast Integrated Transport Strategy 2019												x	x	x				
Caloundra Public Art Strategy (Complete)								x	x									
Heritage Plan 2015-2020																x	x	x
Cultural Development Policy 2012		x		x				x								x	x	x
Reconciliation Action Plan 2021-2022	x	x	x	x	x	x	x	x	x	x					x	x	x	x
Sunshine Coast Design Strategy	x	x	x	x	x	x	x		x	x				x				
Regional Economic Development Strategy																		
RELEVANT SUPPORT DOCUMENTATION (Status)																		
New Regional Gallery Brief		x																
New Regional Gallery Route Map		x																
Laneways Activation Strategy								x	x									
Sunshine Coast Interpretive Space and Collection Store Feasibility Study	x	x														x	x	x
Sunshine Coast Audience Analysis and Market Research report 2020		x						x								x	x	x
Bulcock Street - Streetscape Concept							x											
Caloundra Transport Corridor Planning (OM19/9)											x							
CCAP June 2019 - OM19/89	x	x	x	x	x	x	x								x			

6.6 State Government: Queensland Government Policy Alignment

6.6.1 Creative Together: A 10-Year Roadmap for arts, culture, and creativity in Queensland (2020-30)

Creative Together 2020-2030 is the Queensland Government’s 10-year vision which will see Queensland renewed and transformed through arts, culture, and creativity, with a focus on growing a strong and sustainable sector that can adapt to meet audience demand, embrace innovative delivery models, attract investors, and build financial sustainability.

The Policy's 2030 vision sees a future where:

- The Queensland sector is resilient, adapting to change and meeting audience demand.
- Queensland grows and retains its local creative talent within the state.
- The Queensland sector is driven by a strong evidence base that demonstrates audience demand and social, cultural, and economic value of arts, culture, and creativity.

6.6.1.1 Focus Areas

Creative Together recognises four key focus areas that will drive its vision as follows:

- Support the sector to grow its **skills base and increase capacity** to seek opportunities, diversify into new markets and realise innovative creative practice.
- Build **sector agility** to adapt to and leverage changing community needs and support delivery of government priorities.
- Continue to invest in the adoption of **best practice governance and business models** in organisations and businesses.
- **Enhance access and understanding of data** to support business model and programming decisions.

6.6.1.2 Creative Together priorities:

Through focused actions, the State Government will build on Queensland's strengths and deliver on the following priorities:

- **Elevate First Nations arts:** The First Nations arts sector in Queensland is built on thousands of years of practice. As the only state in Australia that is home to both Aboriginal cultures and Torres Strait Islander cultures, we have a unique opportunity to elevate the awareness, understanding and contributions of First Nations arts.
- **Activate Queensland's local places and global digital spaces:** Activating Queensland's places and spaces with arts and culture enhances the vibrancy of local communities, strengthening their attractiveness and providing more opportunities for Queenslanders to engage in arts, culture, and creativity
- **Drive social change across the state:** Queensland faces new and unexpected social challenges over the next decade. Arts, culture, and creativity will support and drive social change, benefiting Queenslanders and their communities.
- **Strengthen Queensland communities:** Arts and culture strengthen community connectedness and contribute to liveability, local identity and what makes communities different and exciting. Arts has the power to stimulate local economies and attract visitors to experience diverse cultural experiences.
- **Share our stories and celebrate our storytellers:** Queensland has many stories to tell, including those from the oldest and most enduring First Nations cultures, and the events, places and experiences that continue to shape us. Supporting and developing our talented Queensland storytellers will be critical to sharing our stories.



6.6.2 Local Government Association of Queensland Policy Statement (2020)

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. LGAQ is a key player in co-operative partnerships with Federal and State Government. The LGAQ Policy statement sets out various themes for guiding arts and culture as follows:

(i) Delivering local arts and cultural outcomes

- Local government recognises that arts and culture contribute to the identity, wellbeing, and resilience of local communities. Local government uses local and regional planning frameworks to identify and address local arts and cultural needs and aspirations, and achieve broader social, economic, and environmental outcomes. Local government develops, funds, and supports local institutions such as libraries, galleries, museums, visitor information services and performing arts venues and, as such, has an important role in the development, renewal, and maintenance of cultural infrastructure.
- State and federal governments should include arts and culture in policies, programs and funding initiatives relating to regionalisation, urban planning and the development of facilities and infrastructure.
- Local government calls on the state and federal governments to support the development of arts and culture in regional communities through funding programs such as Regional Arts Development Fund, the Indigenous Regional Arts Development Fund and Regional Arts Fund, and that funding for these programs should be maintained at least in real terms.



(ii) Building Meaningful Partnerships

- Local government supports the Protocol between state and local government in relation to arts and culture in Queensland which affirms the shared commitment to support growth and development of arts and culture in Queensland. state and local government will work collaboratively to:
 - Identify innovative solutions to state-wide arts and cultural concerns; and
 - Ensure funding and programs are responsive to local needs, build local capacity and are delivered in a coordinated manner.

(iii) Strengthening Capacity and Capability

- Local government supports local artists, arts and cultural workers and community and cultural organisations in developing relevant skills and expertise through professional development and training, information, and direct funding.

(iv) Delivering Cultural Tourism in Queensland

- Local government supports capacity building of local individuals and groups including Indigenous communities, artists, cultural organisations, businesses, community groups and other local and regional stakeholders to build a competitive visitor experience based on a destination's authentic natural and cultural assets, events, and experiences.
- Local government seeks to position culture more strongly within the broader tourism conversation by promoting the artistic, cultural, social, and economic value of cultural tourism at the local, regional, and state level.

6.7 Commonwealth Government: Australian Government Policy Alignment

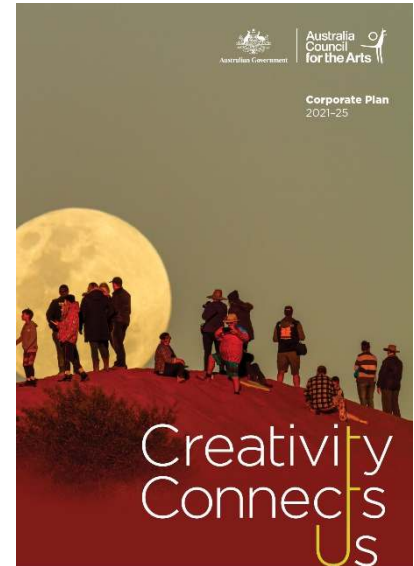
The Australia Council for the Arts is the Australian Government's principal arts investment, development, and advisory body.

6.7.1 Creativity Connects Us (2020–24)

In 2019, Australia Council for the Arts launched a five-year strategy Creativity Connects Us (2020–24), updated annually via a Corporate Plan. Within that policy framework, the SCC’s performance aligns to five strategic objectives:

Table 11 - Creativity Connects Us strategic alignment

Strategic Objectives Alignment	Key Actions & Initiatives
1. Australians are transformed by arts and creativity	<ul style="list-style-type: none"> ■ Support engaging arts experiences ■ Expand access to arts experiences ■ Support the digital mobility of Australian arts and creativity ■ Promote arts experiences in everyday life
2. Our arts reflect us	<ul style="list-style-type: none"> ■ Enable activity that connects communities ■ Support creative work that reflects contemporary Australia ■ Support increased diversity in our creative workforce ■ Promote diversity across all Australia Council activities
3. First Nations arts and culture are cherished	<ul style="list-style-type: none"> ■ Strengthen and embed First Nations arts and culture ■ Grow experiences of First Nations arts and culture ■ Support First Nations young people’s artistic and cultural expression ■ Uphold First Nations arts and cultural practitioners’ cultural rights
4. Arts and creativity are thriving	<ul style="list-style-type: none"> ■ Support viable creative careers and business models ■ Enable risk taking and experimentation in the realisation of new works ■ Develop partnerships to strengthen our cultural and creative industries ■ Promote wellbeing and a safe environment for people working in the arts
5. Arts and creativity are valued.	<ul style="list-style-type: none"> ■ Advocate for the public value of arts and creativity ■ Advise on arts matters to inform government policy development ■ Lead public discussion about matters relating to arts and creativity ■ Develop evidence that increases understanding of the cultural and creative industries.



6.7.2 Australia’s Cultural Policy for the next five year – REVIVE – a place for every story, a story for every place

In 2023 the Commonwealth Government released their new five-year cultural policy – REVIVE. Revive is structure around five interconnecting pillars which set out the Government’s strategic objectives.



7.0 Strategic Context

7.1 Civic & Arts Disruption

7.1.1 Impacts of COVID-19

Necessary measures to protect Australians, including restrictions on public gatherings and travel, have caused unprecedented disruption to social and economic life. In response to the pandemic, various levels of Government have provided support measures to provide the cultural and creative industries with adequate resilience.

There are encouraging signs that audiences are increasingly ready to re-engage with the sector. However, ongoing physical distancing, reduced consumer purchasing power and uncertainty around domestic and international travel will all have long lasting impacts.

7.2 Current Constraints

Several deficiencies and constraints in the existing Regional Gallery have been identified through internal consultation. Together with the 'problems' identified as part of the ILM process, the resolution of these issues will assist in achieving the objectives of the Business Case and satisfying the problems and realising the benefits stated in the ILM:

- **Program** – Creating a program of exhibitions and activities that position the Gallery as a leading significant regional cultural institution loved by both residents and visitors. This will be reflected in growing audience numbers and the diversity of markets engaging with the organisation and benefiting from its work.
- **Collection** – Moving to a position where the development of the Sunshine Coast Council art collection is aligned to the cultural identity and vision of the Sunshine Coast, where it is grown and managed by a clear acquisition/collection policy and is core to the program development of the New Regional Gallery. There is a potential to explore opportunities through the Art Collection with sister city galleries and their collections and expand the reach of the brand of the gallery beyond the region.
- **Resources** – Storage needs – Currently the gallery has insufficient artwork and material storage, placing the gallery's A-grade status at risk. The lack of dedicated climate-controlled storage also means the gallery has had to decline offers of artwork donations due to lack of available space.
- **Café** – Absence of a food and beverage offer at the Gallery. Increasingly this is expected by the public as an integral part of the visitor experience.
- **Staff accommodation** – More office accommodation is required. Due to the conversion of former staff offices into workshop space (The Artroom) staff now have to work from across the road in SCC's administration building. This creates an inefficiency in the time required moving back and forth to the gallery and means staff cannot always respond to enquiries from the public as well as visiting industry professionals. This also creates risk in not having suitably qualified staff immediately on hand.
- **Education space** – The Artroom is not large enough to accommodate school classes and provides a disincentive for schools considering visiting the gallery. Having either a dedicated or multi-purpose space that could accommodate school groups would provide a motivating force for school groups to visit the gallery and undertake workshops and hands on programs aligning with the exhibitions on display, a key deliverable in the Arts Plan
- **Revenue** – Growing opportunities to earn income, attract donations and commercial partnerships specifically for the Gallery but strategically to align with the new Art Foundation proposed by SCC.
- **Infrastructure** – Undertaking a program of works to ensure the business of the Gallery can run smoothly over the next two – three years whilst positioning the Gallery as a major regional institution in line with the proposed re-development of both Caloundra and Maroochydore CBD
- **Building the brand** – Growing the 'visibility' of the Gallery within the community and on-street presence, and tourism sector through a focussed marketing strategy which uses all appropriate channels, and which reflect key markets and opportunities for growth within existing resources

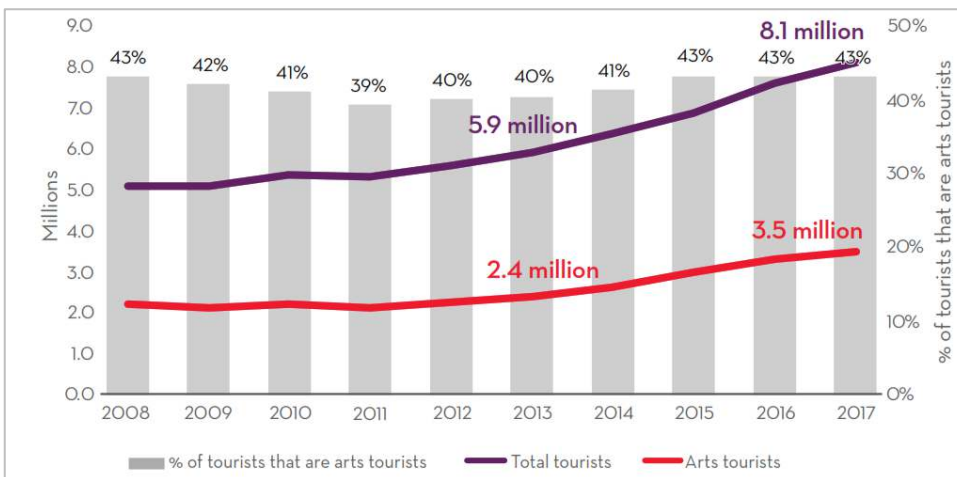
- **Strategic alignment** – Aligning plans for the New Regional Gallery (proposed) with the development of any new SCC arts plans, policies and infrastructure developments proposed or planned for the Sunshine Coast Region and, ensuring the vision for the Gallery (to inspire, challenge and engage through art and creativity) reflects the outcomes of the stakeholder engagement activities which informed the development.

7.3 Art & Culture Scale & Market

An examination of the current state of the sector is critical to understand the potential size of the market opportunities and potential failures, whilst it also is important to understand the government’s role and planned investments. Understanding current market trends and issues, and government’s current and ongoing interventions, helps to ensure future investment is targeted correctly.

Governments across Australia invest significantly in cultural assets and services in recognition of the economic value of cultural tourism, and social value for their communities. The arts are increasingly part of the itinerary for international visitors to Australia, demonstrated by more than 8 million international tourists visiting Australia in 2017 of which 3.5 million (43%) engaged with the arts while here. Arts tourist numbers grew by 47% between 2013 and 2017, a higher growth rate than for international tourist numbers overall (37%). More international tourists engage with the arts than visit wineries or casinos, or attend organised sports events⁶¹.

Figure 7 - International tourist growth trends 2008 - 2017



Source: Australia Council for the Arts, International Arts Tourism – Connecting Cultures (2018)

International arts tourism to Australia is growing, demonstrated over the last five years whereby international arts tourism has grown at a higher rate than overall international tourism. Visiting museums and galleries is the most popular form of international arts tourism, with museums and galleries considered a readily accessible form of arts engagement for tourists. Three in every ten international visitors to Australia in 2017 visited a museum or gallery while they were here, generating significant economic activity to the associated arts communities.

The arts, cultural and creative sector plays an important role in attracting domestic and international cultural tourism to Queensland, with cultural tourism to Queensland estimated to have contributed \$70 million to the Queensland economy in 2016-17⁴⁹.

7.4 Art & Culture Economic Contribution

The arts, cultural and creative sector in Queensland creates jobs and adds value directly through its own economic activities, which generates additional output through demand for goods and services in other sectors of the economy. In 2016-17, the Queensland art, cultural and creative sector directly contributed \$8.5 billion to the Queensland

⁶¹ Australia Council for the Arts, International Arts Tourism – Connecting Cultures (2018)

economy and employed approximately 67,000 FTE Queenslanders⁶². Through the sector’s supply chain, there was an indirect contribution of \$3.8 billion, additionally employing approximately 25,500 FTE Queenslanders.

There is significant growth potential for the arts to support economic activity and local economies by driving and supporting international tourism. International arts tourists spent \$17 billion in 2017, making up 60% of the \$28.4 billion spent in Australia by all international tourists. This represents an increase of 55% since 2013, a greater increase than the total international visitor spend in Australia (46%).

7.5 Art & Culture Industry Trends & Challenges

7.5.1 Cultural travel

The latest data from Tourism Research Australia shows that visiting history and heritage buildings, sites or monuments is the most popular cultural and heritage activity undertaken by international visitors, followed by going to museums or art galleries, and attending cultural events. For day trip and domestic overnight visitors, going to museums or art galleries was the second most common cultural and heritage activity after attending performances.

United Nations World Tourism Organisation (UNWTO) estimates that more than 50% of tourists worldwide are motivated by a desire to experience a country’s culture and heritage, and according to UNWTO’s 2012 global survey, cultural tourism is forecast to increase by 15% year-on-year globally.⁶³

The Goss Agency, a tourism and destination marketing agency developed a profile of the average cultural traveller. It determined that the cultural tourism market is growing, and that the cultural traveller is a sub-set of the leisure travel market. Both are growing as the baby boomer generation continues to reach retirement age and as generation-x and millennials seek ever-more authentic and immersive travel experiences.

The cultural tourism market, while skewing slightly older than the general population, is steadily getting younger. Given the relatively large size of the millennial cohort, their relative wealth, and their travel propensity, the market is getting younger and has become less dependent on the retiree.

Cultural travellers are staying longer and are more likely to travel by air. They are also more likely to spend more than \$1,000. Table 12 below outlines the differences between an average traveller and a cultural traveller.

Table 12 - Cultural tourism traveller’s profile (US)

VARIABLE	AVERAGE TRAVELLER	CULTURAL TRAVELLER	DIFFERENCE
Spending	\$457	\$623	\$166
Age	47	49	2 Years
Retired	16%	20%	4%
Graduate degree	19%	21%	2%
Use lodging	55%	62%	7%
Spend \$1,000 +	12%	19%	7%
Air Travel	16%	19%	3%
Trip Length	3.4	5.2	1.8 Days

⁶² Economic analysis of the arts, cultural and creative sector in Queensland Arts Queensland, December 2018 (Deloitte Access Economics)

⁶³ <https://culturaltourism.thegossagency.com/cultural-tourism-whitepaper/>

A comparison of visitors at an Australian level show that tourists who attended an arts/ heritage activity as part of an overnight trip had a greater average length of stay. For day trip and domestic overnight tourists, those that participated in arts/culture activities also had a higher average expenditure per night than tourists engaged in other activities as shown in Table 13. It also shows international visitors stay significantly longer than domestic overnight travellers, and international travellers that engage in arts/heritage activities have a substantially longer average length of stay, despite having a lower average expenditure per night. The lower average expenditure is in contrast to cultural travel in the United States as shown in Table 12, showing that there is potential for spending growth from cultural travellers in Australia.

Table 13 - Australian visitors comparison

CATEGORY	ARTS/HERITAGE	ALL ACTIVITIES
Day Trip		
Average expenditure	\$132.66	\$108.32
Domestic Overnight		
Average expenditure per trip per visitor	\$1,104.44	\$688.20
Average expenditure per night per visitor	\$215.35	\$189.39
Average Length of Stay (Nights)	5.12	3.73
International		
Average expenditure per trip per visitor	\$4,334.89	\$5,063.10
Average expenditure per night per visitor	\$100.07	\$149.46
Average Length of Stay (Nights)	TBC	TBC

7.5.2 Cultural Precincts and urban renewal

A worldwide trend occurring is the increase in the quantity of cultural infrastructure being developed as part of a precinct. Investment in cultural facilities helps transform neighbourhoods and supports regional economic development. The strategic use of cultural infrastructure in urban policy internationally has been a recent unpredicted phenomenon, as has the rise and importance of cultural precincts. A strong cultural precinct can make a neighbourhood safer with more events on which in turn becomes better at attracting global capital, knowledge workers and tourists. To be successful tourist attractions, cultural precincts typically require large, flagship institutions that attract artists and audiences. The precinct’s public spaces and their capacity for activation are equally important. The precincts provide a range of benefits to residents, retail and commercial sectors by encouraging visitors to spend time and money at multiple institutions in a condensed period of time.

Infrastructure NSW⁶⁴ found in their Cultural Infrastructure research (2016) that the key attributes of successful and activated cultural precincts to include:

- Compelling and high-quality programming in their flagship institutions with less formal, more organic activation of the public spaces in between.
- Shared use of spaces by inviting diverse communities to be active participants and programmers in the various spaces.
- Partnership with a broad range of businesses, foundations, donors and community groups to create a shared foundation upon which the area can grow and change.

⁶⁴ Infrastructure NSW Cultural Infrastructure Strategy 2016

- Preparation for evolution of the precinct as it responds to changing community needs and demography.
- Engagement within the precinct and its spaces.
- Flexibility by welcoming new organisations and players into the precinct once its activation is underway.

7.6 Government Expenditure & Investment

In Australia, the growth of cultural funding by governments lags population growth, with a 6.9% decrease in per capita expenditure on arts and culture in the period between the 2007–08 and 2019–20 financial years. This decline in per capita cultural funding can be attributed primarily to a decline in per capita cultural funding by the federal government.

Total expenditure on arts and culture across the three levels of government reached a new high of \$7.26 billion in the 2019–20 financial year, which included financial support for Covid-19 disruptions, increasing to \$7.71 billion in 2021–22 financial year⁶⁵.

Table 14 - Cultural funding by Government - 2019 to 2022

Level of Government	Recurrent (\$m)		Capital (\$m)		Total value of expenditure (\$m)	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Australian Government	2,482.3	2,709.5	261.6	257.5	2,743.8	2,967.0
State and territory government	1,983.9	2,297.1	697.4	658.2	2,681.3	2,955.2
Local government	1,558.9	1,482.2	281.6	303.6	1,840.5	1,785.8
Total	6,025.10	6,488.70	1240.6	1,219.30	7,265.60	7,708.00

The proportion of cultural expenditure by the Queensland and Australian Governments allocated to Cultural Heritage Infrastructure from 2015 to 2022, which includes expenditure on construction, maintenance, administration and management of public arts and gallery facilities, is presented in **Figure 8** and **Figure 9** below. The expenditure data shows increased spending by the Australian government over this period, however a plateauing of capital spending by the Queensland government in Cultural Heritage Infrastructure.

⁶⁵ Cultural funding and participation – national overview 2020 – 2021, <https://www.arts.gov.au/cultural-data-online/government-cultural-funding-and-participation/cultural-funding-and-participation-national-overview>.

Figure 8 - Australian government cultural heritage expenditure

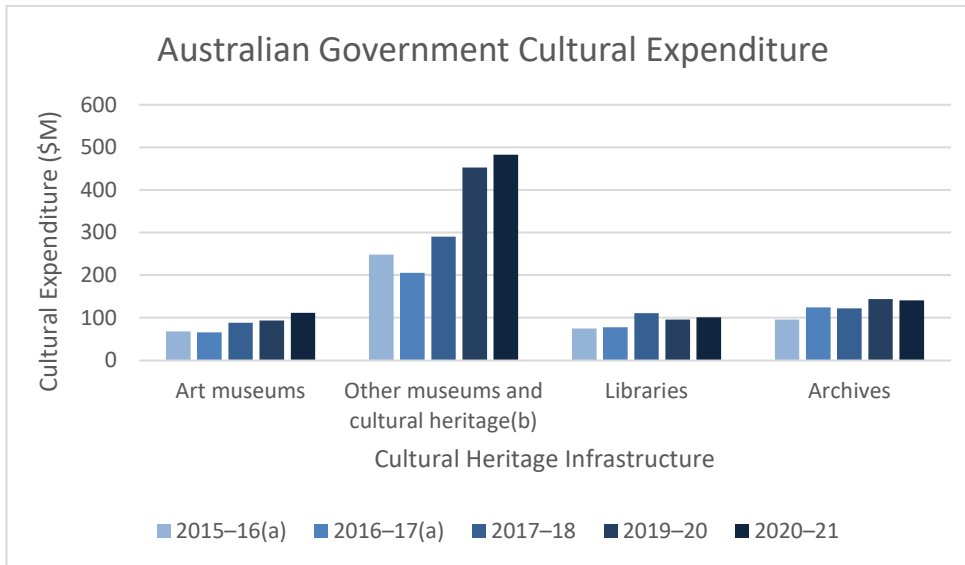
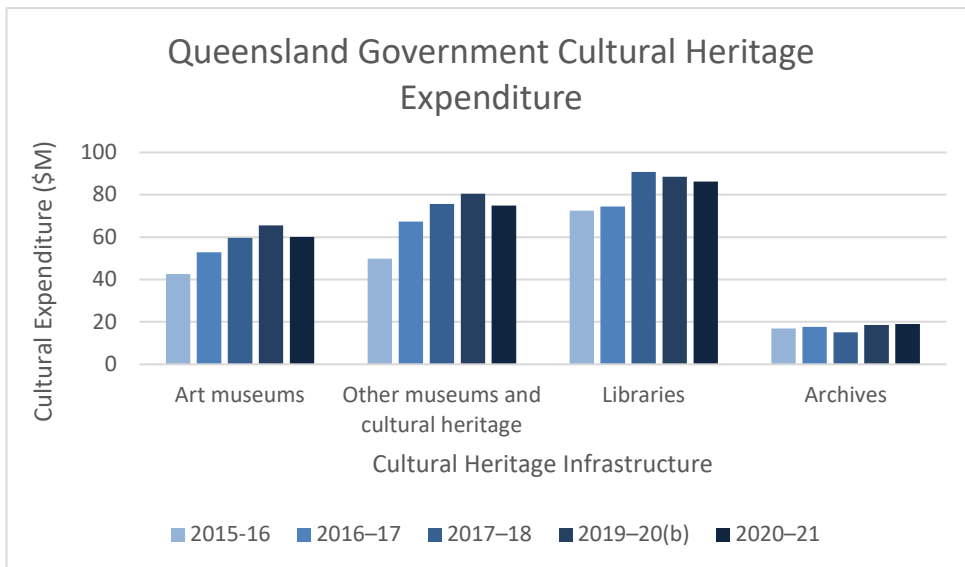


Figure 9 - Queensland government cultural heritage expenditure



Grow 2022 – 2026⁶⁶ is the second action plan of Creative Together, a Queensland Government initiative into arts funding in the State. Grow 2022-2026 is a plan focused on future opportunities, including those presented by 2032 Brisbane Olympic and Paralympic Games, and the Queensland Government’s commitment to reconciliation through Path to Treaty. The Queensland Government is supporting Grow 2022-2026 with a \$50 million investment over four years – taking the total investment in Creative Together through the arts portfolio to almost \$80 million of new money. This investment is to support new initiatives, events and experiences that will connect artists with audiences, and further accelerate the growth of Queensland’s arts, cultural and creative sector. **Opportunity exists for the New Regional Gallery to seek financial support and potential funding of the new Caloundra Gallery development from this capital allocation.**

⁶⁶ Queensland Government (2022), Grow 2022 – 2026: The second action plan for Creative Together 2020-2030, a 10 year roadmap for arts, culture and creativity in Queensland.

7.7 Benchmarking



A series of benchmark studies have been undertaken to establish an aspirational guide to comparable institutions from around Australia and New Zealand. These benchmarks have been contributed to by the SCC, Business Case, and stakeholder teams.


It is important to note that there is no one single gallery that Caloundra will seek to emulate, but this collection of galleries indicates the varying ways that institutions can bring great benefit to their region and more broadly. The aspiration themes for the nominated benchmarks will range from programming, operations, marketing, storage capability, gallery exhibition standards to collaboration partnerships (among others).




The built form of the proposed Regional Gallery will be of its unique place and therefore the physical attributes of most benchmarks are not comparable to the park location within a regional coastal city.





The following galleries are nominated as relevant case studies to the New Regional Gallery development, with key attributes and relevancies outlined in **Table 15** below.





Table 15 - Benchmark relevance table



Gallery/Museum	Location	Scale	Programming	Relevance Notes
<p>Redland Art Gallery http://artgallery.redland.qld.gov.au</p> 	<p>Two locations Cleveland CBD close to Redlands Performing Arts Centre - Capalaba site next two large mall and other retail.</p>	<p>Similar size to current.</p>	<p>Similar to New Regional Gallery currently.</p>	<p>For comparison with current.</p>
<p>HOTA Gallery https://hota.com.au</p> <p>Regional population = 711,000</p> 	<p>Gold Coast - Queensland Within Councils destination civic, arts and cultural precinct. 2kms from Surfers Paradise CBD.</p>	<p>Likely to be 2-3 times the size of the new RG.</p>	<p>Positioning itself as a major art gallery with international reach and with similar visitation to MONA Hobart but with a far more modest collection at this stage. More aligned with Bendigo Gallery.</p>	<p>Assist the team to understand where the new RG may be positioned in the market. Design and programming elements will be used to inform design solution and BC.</p>

Gallery/Museum	Location	Scale	Programming	Relevance Notes	
<p>Rockhampton Gallery (New Rockhampton Museum of Art opening Feb 22 - \$30m build budget, 4,700sqm) https://www.rockhamptonartgallery.com.au/About-Us</p> <p>Regional Population = 90,000</p>		<p>New gallery located within Rockhampton CBD.</p>	<p>2 x major spaces totalling 1,000m² likely to be similar to new RG specs</p>	<p>Likely to be a significant touring partner for the new RG. Similar public programs.</p>	<p>This is another new, contemporary gallery soon to open and a similar and ambition. Current issues in terms of governance and leadership will hold lessons for SSC.</p> <p>Qld Govt has part funded construction under its 10-year plan as well as Commonwealth BBRF funding.</p>
<p>Bendigo Regional Art Gallery https://www.bendigoregion.com.au/bendigo-art-gallery/about-us</p> <p>Regional Population = 100,000</p>		<p>Bendigo CBD and cultural precinct.</p>	<p>One of the larger regional gallery facilities in Australia.</p>	<p>Broad range of international and national exhibitions plus a full range of public and industry development programs.</p>	<p>Bendigo Gallery can still be seen to be the benchmark in terms of regional type galleries. HOTA and SAM (Shepparton) will have ambitions in that regard.</p>
<p>Shepparton Art Museum (SAM) https://sheppartonartmuseum.com.au</p> <p>Regional Population = 85,000</p>		<p>A charming lakeside location on the fringe of the Shepparton CBD. The new SAM moved from its former central location.</p>	<p>Total size is larger than expected for the new RG but touring exhibitions likely to be of a similar scale to major ones as RG i.e., 600 to 800m²</p>	<p>SAM now has a significant indigenous collection and similar national and international aspirations to Bendigo and HOTA.</p> <p>Some of its programming is more likely to align with RG's ambitions.</p> <p>Strong indigenous collection and programs relevant to future RG.</p>	<p>Also, a new gallery facility therefore relevant to design and operational research and planning. Received funding from Commonwealth and State.</p> <p>Full business case for it is a useful reference for team.</p>

Gallery/Museum	Location	Scale	Programming	Relevance Notes	
<p>Geelong Gallery https://www.geelonggallery.org.au/</p> <p>Regional Population = 250,000</p>		<p>CBD located next to city library and opposite performing arts centres and spaces.</p>	<p>Major spaces similar to a new RG.</p>	<p>Likely to be a key touring partner.</p>	<p>Geelong Gallery is currently seeking support for a business case to redevelop and expand in line with other cultural infrastructure projects taking place nearby.</p> <p>Financial operating model and staffing within the range of new RG requirements.</p>
<p>MONA https://mona.net.au/</p> <p>Hobart Population = 253,000</p>		<p>The beautiful Derwent River on one side and outer Hobart suburbs on the other. 7km from CBD</p>	<p>9500m2 total with 6000m2 of exhibition space.</p>	<p>Significant personal collection of David Walsh and one or two international touring exhibitions at a time.</p>	<p>MONA is referenced simply because its impact demands it. Every gallery/museum project in Australia since 2013 speaks of it. To that end understanding its unique development, programming and operating model is essential. It has had a dramatic impact on an entire state, a feat that must be understood, at least in part, when conceiving of a new regional gallery.</p>
<p>Tweed Regional Gallery and Margaret Olley Art Centre https://artgallery.tweed.nsw.gov.au</p> <p>Population = 98,000</p>		<p>Located 3.5 Kms from the CBD in a stunning rural setting. There is now a smaller CBD space in Murwillumbah.</p>	<p>Of a similar scale to RG requirements.</p>	<p>Likely to be an exhibition touring partner. Public programs can also help inform RG operations.</p>	<p>Given discussion around a site for the RG as well as scale and impact the Tweed Regional Gallery has been included.</p>

Gallery/Museum	Location	Scale	Programming	Relevance Notes	
MAMA – Murray Art Museum Albury https://www.mamalbury.com.au/ Population = 100,000 (Albury/Wodonga)		CBD location in major regional twin city location.	Of a similar scale to RG requirements	Likely to be an exhibition touring partner. Public programs can also help inform RG operations	Comparable reference point in terms of scale and operations.
Toitū Otago Settlers Museum https://dunedin.art.museum https://www.toituosm.com Population= 125,000		Running along the train line in the centre of Dunedin	10,500m2 total size across four buildings.	Regional history museum	Example of a small city attracting a huge number of visitors to the facility through great architecture and programming. 320,000 visitors in first year of re-opening
Govett-Brewster Art Gallery New Plymouth (NZ) https://govettbrewster.com Population = 56,000		CBD location	Similar scale	Useful reference in terms of diverse and contemporary programs	Probably twice the scale in terms of financial operations, nonetheless a useful reference in terms of programs and architectural endeavour.
Lismore Regional Gallery https://lismoregallery.org Regional population = 30,000		Located with Lismore's cultural precinct.	Similar scale to new RG	Broad range of public programs to reference in BC.	Lismore's finances require further interrogation but with 6FTE at present and a similar subsidy level there are potential alignments.

Gallery/Museum	Location	Scale	Programming	Relevance Notes	
Ipswich Gallery https://www.ipswichartgallery.qld.gov.au/ 100,000 visitors per year		CBD location	Smaller than proposed for RG	Broad range of public programs to reference in BC and potential exhibition touring partner.	A great example of solid programming and visitation. Good use of a Children's Gallery components.
Cairns Art Gallery https://www.cairnsartgallery.com.au Population = 168,449		CBD	Smaller than proposed – 1800m2	Broad range of public programs to reference in BC.	Significant programming schedule that delivers some great content. Cairns has a great permanent collection also, with contributions by Ray Cooke.
Newcastle Gallery https://www.nag.org.au/home Population = 160,000		CBD	New gallery will double exhibition space to 1600sqm.	A potential national exhibition touring partner.	It has just been announced that the \$36.5m gallery expansion will go ahead. (Artshub 2/8/21) https://www.artshub.com.au/2021/08/02/persistence-pays-off-green-light-for-newcastle-art-galleries-35-6m-expansion/
Bunjil Place Gallery https://www.bunjilplace.com.au/exhibitions Population = 300,000		Located in the major retail and Civic precinct in the City of Casey. Part of the \$150m Bunjil Place development that also features a library and performing arts and events spaces.	24,500 m2 with the gallery only one small part – 500m2	Houses the City of Casey's collection and touring exhibitions aimed at local community.	Relevant to precinct activation, governance, and co-ordination. It is a multi-hub building and as such is much larger than RG.

Gallery/Museum	Location	Scale	Programming	Relevance Notes	
<p>Townsville – Perc Tucker Gallery https://www.townsville.qld.gov.au/facilities-and-recreation/theatres-and-galleries/perc-tucker-regional-gallery</p> <p>Population = 196,800</p>		<p>Townsville CBD</p>	<p>Similar size to the proposed Caloundra Gallery</p>	<p>Possible partners</p>	<p>Further information is being sought in relation to this long-lived Qld regional gallery. Depending on results this may be dropped in the final report.</p>
<p>QAGOMA https://www.qagoma.qld.gov.au</p> <p>Population = 2.15M</p>		<p>CBD Brisbane</p>	<p>25,000m²</p>	<p>Likely to be an important industry partner and provide mentoring and training opportunities.</p>	<p>Provide a reference point for large scale museums and galleries.</p>

Part Two – Project Framework & Outcomes Sought

8.0 Legal & Regulatory Considerations

This section outlines the key legal and regulatory issues and risks, identified during preparation of the Business Case, which will need to be considered and managed for the proposed New Regional Gallery, including:

- legislative issues pertaining to land use planning approvals, environmental legislation, and land acquisition,
- statutory and development approvals required to be undertaken, and
- other legal matters relating to procurement and delivery.

8.1 Land Tenure

All 14 lots in the site area are owned by SCC. Caloundra Art Gallery is located on Lot 666 on CG4615, a land parcel held by Council under a Deed of Grant in Trust from the State of Queensland.

Table 16 below summarises the ownership of the properties/sites that currently sit within the Caloundra Community and Creative Hub precinct. The SCC owned sites highlighted by the orange border in Figure 10 overleaf have been identified as potential locations for the proposed New Regional Gallery and associated gallery amenities and are assessed for appropriateness as part of this Business Case.

Table 16 - Property ownership within Precinct

Property (Current Use)	Ownership
22 Omrah Avenue (Existing Art Gallery)	SCC <i>Held by Council under a Deed of Grant in Trust from the State of Queensland</i>
8 Omrah Avenue (Existing Library)	SCC
77 Bulcock St (Visitor Information Centre)	SCC
Felicity Park	SCC

The table above is graphically represented in Figure 10 below.

Figure 10 - Properties within the precinct



Source: Ethos urban

8.2 Legislative issues

Preliminary planning approval due diligence was investigated as part of the SASR stage of the Business Case. The Planning Act 2016 is the principal regulatory framework for development assessment in Queensland and identifies the categories of development and assessment. The purpose of the Planning Act is to facilitate the achievement of ecological sustainability by establishing an efficient, effective, transparent, coordinated and accountable system of land use planning, development assessment and related matters.

The proposed New Regional Gallery site is subject to the provisions of the Sunshine Coast Planning Scheme 2014, with the relevant provisions identified in Section 8.3 below. The applicable zoning nominates the category of development. These categories range from 'Accepted Development' that does not require Council approval, through to the more onerous Impact Assessment which requires lodgement of a development application and public notification whereby appropriately made submitters are afforded appeal rights through the Planning and Environment Court.

8.3 Regulatory issues

8.3.1 State Planning Policy

The State Planning Policy (SPP) defines the State's policies about matters of state interest in land use planning and development. A state interest is defined '*as an interest that the Planning Minister considers affects an economic or environmental interest of the state or a part of the state and/or affects the interest of ensuring that the purpose of the Planning Act 2016 is achieved*'.

Of the 17 State interests identified in the SPP, a review of the SPP Mapping System determined the following State interests apply to the Site:

- Natural Hazards and Risk Resilience: Flood Hazard Area - Local Government flood mapping, and
- Transport Infrastructure – Active Transport Corridor (as shown on Figure 11).

Since the Site is identified as being contained within a Local Government flood mapping area, the SPP requirements for flood are triggered by the flood mapping contained in SCC's planning scheme.

The SPP mapping identifies an Active transport corridor along Bulcock Street. To appropriately address this SPP transport infrastructure interest, the planning scheme must require development achieve a high level of integration with transport infrastructure and supports public passenger transport and active transport as attractive alternatives to private transport.

Figure 11 - SPP Mapping – Natural Hazards and Risk Resilience (Local Government Flood Mapping)⁶⁷



Source: Ethos urban

The SPP includes assessment benchmarks for some development applications where a planning scheme does not appropriately integrate the relevant state interest. According to Part 2.1 of the planning scheme, all the relevant state planning policies have been appropriately integrated into the planning scheme.

8.3.2 South East Queensland Regional Plan 2017 (ShapingSEQ)

ShapingSEQ is a statutory planning instrument that represents the pre-eminent strategy for managing growth within the South-East Queensland (SEQ) region. ShapingSEQ prevails to the extent of any inconsistency with individual planning schemes.

The existing gallery site is located within the Urban Footprint of ShapingSEQ, and under the Kabi Kabi traditional owner group.

ShapingSEQ identifies Caloundra as a major regional activity centre, a focal point for sub-regional employment and the delivery of sub-regional services and contain major concentrations of business and related activities, cultural and entertainment facilities, and support convenience retail uses that meet the needs of their sub-regional catchments.

The development of the site for the New Regional Gallery is consistent with the designation for urban development and the aspirations of a major regional activity centre. Furthermore, the proposed New Regional Gallery contributes towards the achievement of the instrument's goals that focus on prosperity, connection, and liveability.

8.3.3 State Development Assessment Provisions

The State Assessment and Referral Agency (SARA) was introduced on 01 July 2013 to deliver a coordinated, whole-of-government approach to the State's assessment of development applications. The State Development Assessment Provisions (SDAP) sets out matters of interest for the state in development assessment, where the Chief Executive administering the Act is the assessment manager or referral agency.

⁶⁷ Source: Department of State Development, Manufacturing, Infrastructure and Planning, 2021

Importantly, the SDAP provides assessment benchmarks for the assessment by the Chief Executive or a referral agency and provides applicants with the opportunity to address performance outcomes to demonstrate that a development appropriately manages any impacts on a matter of state interest, and/or protects a development from impacts associated with state interests.

Schedule 10 of the *Planning Regulation 2017* prescribes circumstances where development requires referral to a referral agency. This schedule also outlines the assessment benchmarks the referral agencies use to assess development applications. If a gallery proposal was to be submitted through the development assessment pathway, it is considered the development **would not** likely trigger referral to SARA for assessment⁶⁸.

8.3.4 Aboriginal Cultural Heritage Act 2003

The *Aboriginal Cultural Heritage Act 2003* binds all persons, including the Local Government, and is intended to provide effective recognition, protection, and conservation of Aboriginal cultural heritage. The act gives power to the 'Duty of Care Guidelines'. These guidelines set out requirements for landowners to undertake, prior to undertaking an activity on land which has the likelihood of causing harm to Aboriginal cultural heritage such as, disturbing surface areas, clearing, constructing new buildings or structures.

Prior to any development adjacent to Felicity Park, it will need to be confirmed that the site does not contain Aboriginal cultural heritage value. Whilst this legislation is separate to the *Planning Act 2016*, there is a need to have regard to the act as it may implicate future development pursuits over the subject site. It is recommended SCC engage a suitably qualified person and/or a representative from the local indigenous group to confirm that any future development will not cause harm to anything identified as having Aboriginal cultural heritage value.

8.4 Local Planning Requirements

8.4.1 Sunshine Coast Planning Scheme 2014

The local categorising instrument in place for Sunshine Coast Council is the Sunshine Coast Planning Scheme 2014 (the planning scheme). The current version of the planning scheme (version 23) took effect on 24 May 2021 and is the framework in which any potential development of the site is assessed.

8.4.2 Zoning

The proposed site is identified as being within the Major Centre Zone as illustrated in Figure 12 below. The purpose of the Major Centre Zone is:

To provide for Beerwah Town Centre, Caloundra Town Centre, Nambour Town Centre, and Sippy Downs Town Centre to: -

- a) Be developed as major regional activity centres for the Sunshine Coast, servicing a part of the sub-region and complementing the role of Maroochydore as the principal regional activity centre for the Sunshine Coast.*
- b) Accommodate a range of higher order business activities, entertainment activities, multi-unit residential activities and community activities in an active and vibrant mixed-use environment; and*
- c) Have a scale and intensity of development that is commensurate with the role and function of a major regional activity centre as specified in the Sunshine Coast activity centre network and the applicable local plan code.*

⁶⁸ Refer Section 7 of Ethos Urban (2021), Planning Report – Proposed new New Regional Gallery

Figure 12 - Site Zoning⁶⁹



Source: Sunshine Coast Council, 2023

The proposed New Regional Gallery within the Caloundra Community & Creative Hub aligns with the intent of major regional activity centre. The Caloundra Community & Creative Hub is envisioned to be the focal point for community activities and events in Caloundra. **Table 17** outlines how the proposal can achieve the overall outcomes and therefore the purpose of the major centre zone.

The planning scheme states that the purpose of the Zone is achieved through the overall outcomes which have been set out in detail within **Appendix D**.

8.4.3 Local Plan Area

The site is included within the Caloundra Local Plan Area and is further identified as being within the Community and Creative Hub precinct (CA: LPSP-1b) and the Caloundra Central Precinct (CAL LPP-1).

⁶⁹ Sunshine Coast Council, 2021

Figure 13 - Caloundra Local Plan Area



Source: Sunshine Coast Council, 2023

8.4.4 Height of buildings and structures overlay

The height of buildings and structures overlay seeks to “protect the distinctive character and amenity of the Sunshine Coast as a place with a predominantly low to medium-rise built form.” As shown in Figure 14 below, the site has an unspecified maximum height. It is noted that the surrounding maximum height is 30metres (light blue) and 25metres (purple) and a similar overall building height will remain consistent with the existing built form present in the locality.

The resulting height requirements for the site requires further planning to be undertaken in conjunction with facilities review/refurbishment of the Caloundra Council Administration Building and/or other land for community purposes in Caloundra Centre, as required under the local plan’s performance outcome.

Figure 14 - Height of Building and Structures Overlay



8.4.5 Flood Hazard Overlay

The existing planning scheme's flood hazard shows that the site is not impacted by flooding as shown in Figure 15 below. According to SCC's flood information search, the Defined Flood Level (AEP 1%) for the property is range between 8.31-9.16m AHD at the existing gallery and library sites.

Figure 15 - Flood Hazard Overlay



As shown in Figure 16 below, the site is impacted by current and future climate local flooding along Otranto Avenue and Omrah Avenue, and through the western side of the existing library site along Carter Lane and through the northern boundary of 77 Bulcock Street. Due to the nature of a gallery requiring sensitive storage spaces, it would be recommended that a detailed flood study is undertaken to better inform the detailed design of the proposal.

Figure 16 - Flood information search



Source: Sunshine Coast Council, 2023

8.5 Development Approvals

8.5.1 Development Approval History

According to SCC's publicly available electronic development record system (*Development.i*), there does not appear to be any historical development permits recorded over the site. However, this system only contains records lodged with the SCC since 2007. For a more detailed review of the site's history, a historical records search can be undertaken, if needed.

8.5.2 Planning Approval Pathways

There are two approval pathways for SCC to consider for the proposal being:

- Traditional development assessment; or
- Infrastructure designation.

These pathways are discussed in detail in the following sections of this report.

8.5.2.1 Planning Approval Pathway Number One - Traditional Development Assessment

The traditional development assessment pathway involves making a development application in accordance with section 51 of the *Planning Act 2016* where SCC would be the assessment manager. The development application would follow the rules set out in the *Development Assessment Rules*, as per Section 68 of the *Planning Act 2016*.

The planning scheme designates four different categories of development. These categories indicate whether a form of development is anticipated and if a development approval is required prior to the development being undertaken.

The four (4) categories are:

1. **Accepted development** – These are forms of development that can be undertaken without planning approval. Accepted development can be thought of an 'as of right' development. No application needs to be submitted to Sunshine Coast Council.
2. **Accepted development subject to requirements** – These are forms of development that can be undertaken without planning approval, avoiding lodgement of an application with Sunshine Coast Council, provided some specific criteria are met. If the requirements are not met, the development will elevate to code assessment.
3. **Code assessment** – These are forms of development that can only be undertaken after development approval is obtained (via lodgement of an application with Sunshine Coast Council).
4. **Impact assessment** – These are forms of development that can only be undertaken after development approval is obtained. The impact assessment process is more onerous and requires public notification. These applications are subject to third party appeal rights from properly made submitters. Impact assessment is identified for development that is either not anticipated within the zone or development that councils cannot easily regulate through standard codes.

These levels of assessment apply to three (3) different aspects of development:

1. Material change of use, which describes land uses.
2. Reconfiguring a lot, which describes subdivisions; and
3. Operational works, which describes earthworks and the like.

In accordance with Schedule 1 Definitions of the Planning Scheme, the proposed gallery development is defined as a 'Community Use' being "*Premises used for providing artistic, social or cultural facilities and community support services to the public and may include the ancillary preparation and provision of food and drink.*"

Table 17 below, outlines the levels of assessment for a Material Change of Use for a Community Use within the Major Centre Zone.

Table 17 Levels of Assessment

Defined Use	Category of Development and Category of Assessment	Assessment Benchmark
Community Use	Accepted development if: - (a) Located on <i>Council</i> owned or controlled land; and (b) Undertaken by or on behalf of the Council	No requirements applicable
	Accepted development if in an existing building	Transport and parking code
	Code assessment if not otherwise specified	Major centre zone code Caloundra local plan code Community activities code Prescribed other development codes

The subject site is identified as Council land and the proposed redevelopment will be considered **accepted development** if undertaken by or on behalf of Sunshine Coast Council.

The levels of assessment relating to the local plan do not alter the level of assessment for community use, however the acid sulphate soils, and airport environs overlays could increase the assessment category to code assessable depending on the full extent of the proposed development in terms of levels of excavation and extent of building height. The proposal would then be assessed against the relevant benchmarks identified in Table 18.

Table 18 - Levels of assessment according to overlays

Overlay	Benchmark	Category of assessment	Risk
Acid sulphate soils overlay	Any development if: - (a) within Area 1 as identified on an Acid Sulphate Soils Overlay Map and involving: - (i) excavating or otherwise removing 100m3 or more of soil or sediment; or (ii) filling of land with 500m3 or more of material with an average depth of 0.5 metres or greater; or	Code assessment if the development is provisionally made accepted development by another table of assessment. No change if not otherwise specified above.	Potential
Airport environs overlay – where within the outer limits of an obstacle limitation surface (operational airspace)	Material change of use if: - (a) within the outer limits of an obstacle limitation surface as identified on an Airport Environs Overlay Map; and (b) involving one or more of the following: - (i) buildings, structures or works over 12 metres in height. (ii) extractive industry. (iii) the emission of gaseous plumes, smoke, dust, ash or steam; or (iv) external lighting that includes: - (A) straight parallel lines 500 metres to 1,000 metres long; or (B) flare plumes, buildings or machinery with reflective cladding, upward shining lights, flashing or sodium lights.	Code assessment if the change of use is provisionally made accepted development by another table of assessment. No change if not otherwise specified.	Unlikely

The gallery proposal within the CCH site area would be accepted development and thus can be undertaken without planning approval. However, should the development trigger code assessment due to the above-mentioned overlay requirements, then SCC would need to obtain a development permit, which in our experience may take three (3) to six (6) months for SCC's development assessment team to process.

8.5.2.2 Planning Approval Pathway Number Two - Local Government Infrastructure Designation

The Local Government Infrastructure Designation (LGID) pathway is intended to be a higher level, more principle-based assessment process, which allows SCC to designate a premises for the development of essential infrastructure and deliver these faster, at a lower cost and without the risk of appeal. The currency period of a LGID is six (6) years in which development must have commenced but can be applied to be extended and amended as long as land remains in ownership of SCC.

A LGID removes the need for seeking planning approvals for that development under the *Planning Act 2016* – all development subject to the designation is 'Accepted Development' (i.e., no approval is required) provided it complies with any requirements for the designation. However, all works subject to the *Building Act 1975* and the *Plumbing and Drainage Act 2018*, or another Act still require relevant permits and approvals, such as building or operational works.

Chapter 8 of Minister's Guidelines and Rules 2017 (MGR) sets out the designation process a local government must follow. After preparing the LGIP proposal the local government must undertake public consultation for at least 20 business days and provide the proposal to the State for assessment. Submissions must be considered, and the extent of changes made to the proposal will determine if further targeted consultation is required. The proposal is then designated by the local government and noted in the planning scheme.

There is no LGID notations in the Sunshine Coast Planning Scheme. It is therefore assumed that this is not a used process in SCC and could therefore be timely to go through.

An overview of the key differences between the two (2) approval pathways is summarised in Table 19 below.

Table 19 - Planning approval pathway comparison

Approval Pathway Option	Application fees	Infrastructure charges	Public consultation	Appeal rights	Assessment period	Currency of approval
1) Traditional development assessment process	Yes	Only if an application is triggered to be assessed by SCC	Where any application remains code assessable, no public consultation is required	Yes, Applicant only. Third party appeal rights are not afforded on code assessable applications	3-6 months	6 years unless stated. Extensions are available on request
2) Local Government Infrastructure Designation	No	Unlikely – To be confirmed as this is subject to change.	Yes – for at least 20 business days	No	Unknown – possibly 20 business days	6 years up until construction. Extensions are available, for up to 6 years, on request. Enduring thereafter

9.0 Public Interest Considerations

9.1 Purpose

Stakeholders were nominated through Stakeholder Mapping and those identified as being potentially impacted by the project proposal in either a direct or indirect manner. An engagement strategy was established and progressive engagement across the different stakeholder groups continued throughout the Detailed Business Case development process.

Positive and negative feedback from the stakeholder groups was recorded to assist in informing the 'balancing of interest'. Feedback from each stakeholder will be taken into consideration throughout the planning and design stages of the Reference Project, to ensure that there is a suitable and equitable outcome for all parties. The primary objective of stakeholder engagement is to identify potential negative impacts or opportunities so that they are managed and realised.

Responses to interviews as well as performance, market and operational data gathered from these stakeholders will be used to assist to:

- determine specific service needs,
- establish performance benchmarks and KPI's for the new gallery,
- establish strategic alignments (and any potential conflicts) with other SCC, State and Commonwealth initiatives,
- refine functional brief requirements,
- establish options for appropriate staffing and resourcing requirements, and
- identify operational risks.

9.2 Community Consultation Findings

The SCC has undertaken community consultation over a period related to Arts and Culture on the Sunshine Coast and the Caloundra cultural precinct, otherwise known as the Caloundra Community and Creative Hub (CCCH). Community consultation is ongoing, and the business case has adopted the findings and outcomes of the consultation activities to date, which are presented below.

9.2.1 Sunshine Coast Audience Market Research

In 2020, the Sunshine Coast Arts Foundation (SCAF) and the SCC commissioned market and audience research⁷⁰ in 2020 to support the Sunshine Coast Arts Plan 2018-2038.

The research was conducted with over 600 participants and aimed to understand key audience segments in the Sunshine Coast region, identify ways to deepen engagement with the community and highlight opportunities for new arts and cultural experiences.

The market research identified the following key findings:

- 9 in 10 people agree that arts and culture make the Sunshine Coast a better place.
- 92% of respondents enjoy seeing local artists achieve success.
- 96% of respondents attended at least one type of event in 2019, with the most common being musical performances followed by visual arts.

⁷⁰ Patternmakers (2020), Sunshine Coast Audience Market Research

- The largest proportion of respondents attended the Events Centre (54%) with 32% of respondents attending the Sunshine Coast Regional Gallery.
- Respondents expressed a desire to see more arts experiences and events within the region.
- Just over half of the respondents (57%) felt satisfied with the arts and culture on the Sunshine Coast.
- Respondents indicated there is an appetite for regular, outdoor and 'incidental' events.

9.2.2 Create Caloundra – Caloundra Community and Create Hub Engagement

CCCH is a defined precinct within Caloundra that creates public spaces and connects the Events Centre, the new District Library, New Regional Gallery, town square, parks, and street spaces through to Bulcock beach.

In forming the framework for the CCCH, the SCC has undertaken two stages of community consultation to understand the needs and vision of the community, with a third stage of consultation to follow. The first stage of the consultation process occurred in November and December 2020 and was undertaken to understand the 'Values and Vision' of the community. This first stage of community consultation identified the following community values⁷¹:

- An emphasis on 'Keep it Green' through open space, gardens, and parks.
- A desire to maintain the unique nature of Caloundra.
- A rethink of the way the community moves throughout the Centre.
- Improve navigation through making the finding of spaces and events easier; and
- Create a walkable and accessible precinct that creates different arts, events, and activities in both the day and night.

The second stage of the consultation process occurred in May and June 2021, and was undertaken to validate the values identified in the first stage of community consultation. The second stage of the consultation process also included a Draft CCCH Concept Design to help underpin the development and completion of the concept design of the CCCH. This secondary community consultation identified the following key findings⁷²:

- The identified value of 'Keep it Green' was the most valued priority and there was an appreciation of green design and openness.
- A large proportion of respondents were happy with the Draft CCCH Design.
- A significant proportion of respondents highlighted a desire for more art, be it local or interactive.
- Several respondents identified a need for the incorporation of indigenous and local cultural heritage.
- Over 90% of respondents agreed with the vision statement for the CCCH.

Caloundra Community & Creative Hub Vision Statement

A place for people to enjoy and discover arts, creativity, and community in an extended shady and green public precinct. A place which connects spaces and civic buildings with accessible events and engaging creativity, social and retail opportunities that tell the stories of Caloundra old and new. A Community + Creative Hub that captures your spirit of Caloundra.

With regards to the New Regional Gallery, specific survey responses received throughout the second stage of the CCCH consultation process included:

- Retain and repurpose 77 Bulcock Street.

⁷¹ <https://haveyoursay.sunshinecoast.qld.gov.au/create-caloundra>

⁷² Caloundra Community & Creative Hub – Community Engagement – Have we got it right? (May/June 2021)

- Repurpose the current Gallery building and build a new gallery on the current library site (redevelopment site).
- Retain current Gallery building as Cafe / art sales. Lease space to assist funding of new gallery in current library space.
- There is insufficient "parkland" space with the new gallery site located on Otranto Street corner.
- Otranto Street could be eatery street like Ocean Street in Maroochydore but with more shady trees.
- Close Omrah Avenue to vehicles. Reconfigure 77 Bulcock Street as open-air Gallery space, walls for children to paint on etc. Move Regional Gallery to old library and convert Gallery to cafe with outdoor and indoor seating.
- Love the open green space and the link of civic buildings.
- Love gallery and library.
- Like artistic elements - interconnection of spaces to gallery will draw people up.
- Like interconnectivity spaces. Gallery as focus.
- I'd increase the open space even further. The new gallery impacts on the existing vegetation.

A third and final stage of community consultation for the CCCH will follow the finalisation of the concept design, forecast for completion in late 2023.

9.3 Stakeholder Engagement Methodology

Additional targeted stakeholder engagement has been undertaken with industry groups, government, and internal SCC departments, with key findings and observations set out below.

9.3.1 Internal Stakeholders

The New Regional Gallery project is part of a broader masterplan for developing a creative precinct within Caloundra that all internal stakeholders have some connection with. Therefore, it was considered essential to develop a better understanding of how the New Regional Gallery fits within current and developing SCC strategies and intentions.

To understand the complex intersections within SCC and their interplay with the New Regional Gallery project, the following questions were asked of SCC stakeholders:

1) Place

- What is your area and remit within SCC?

2) Values

- What are the problems and missed opportunities that you think the new gallery will address?
- What are the benefits to SCC and the community that you think we should be highlighting?
- What are the risks and/or potential dis-benefits that you may have identified?

3) Intersections

- Are there other projects or proposals being developed by the SCC, or by other parties of which you think we should be aware?
- How important is the development of a new gallery to other SCC strategies and plans?
- Is the new gallery likely to have any direct or indirect financial or economic impacts on your business unit's work?

The internal stakeholder consultations also included an opportunity to engage with the Integrated Community Facilities Team. This group of senior managers, which meets regularly, was constituted by SCC precisely to address the intersection across SCC.

9.3.2 External stakeholders

The external stakeholder group consisted of two broad cohorts:

- Current Gallery managers
- Directors of visual art and gallery peak bodies relevant to the New Regional Gallery.

The current gallery managers provided valuable benchmarking data, industry knowledge and on the ground experience. Peak bodies are essential knowledge keepers within any industry, as both repositories of the industry's history and watchers of the future horizon.

As these consultations attempt to draw out different perspectives depending on the participant's current role, sector experience, Queensland visual arts perspective and regional gallery perspective, the questions were necessarily more open-ended. Accordingly, they are grouped into three themes:

1) **Benchmarking data**

- Functional design and spatial analysis, e.g., size, facilities and location
- Visitation and engagements including local visitor and tourism impacts, in-person and online, communications and publications
- Financial metrics and KPI's
- Management and governance arrangements, including staffing
- Economic impacts (if known)
- Collection/s – scale, nature, and acquisitions strategy

2) **Beyond the benchmark**

- Touring Exhibitions Programs – curatorial strategy number, type, source, style, genre, target market
- Education and Public Programs – programming strategy, type, incursions/excursions, cost, delivery method, market impacts, success against program objectives and KPIs
- Local Artists Engagement – formal and informal, specific programs including exhibitions, sales, mentoring, development, representation, profiling and acquisitions
- Creative Industries engagement – broader creative industry engagements, incubators/hubs, workspaces, and studios
- Visitor Economy Impacts – tourism drivers and strategies
- Broader visitor economy impacts – flow on from other regional events
- Other Impacts - local teacher Professional Development, residencies, training (vocational and hobbyist), impact learnings from similar projects
- Commercial Businesses- retail, food and beverage, functions, and events
- Organisational impacts – impacts on organisational structures, HR

3) **Connections**

- Traditional owners
- Gallery and professional networks – nature and value
- Museum sector SIGs (Special Interest Groups), Art Educators association, business networks
- Touring Exhibitions Coordinators and sources – availability, costs and requirements
- Funding – availability, sources, and conditions
- Other galleries – locally, Qld, national and international. Public, community and commercial
- Peripheral sectors – photographers, valuers and freelancers
- Supporters – friends and the like (relationship, value and contributions)
- Government

➤ Key partnerships and sponsors

Given interviewees time constraints, desire to maintain confidentiality around more sensitive data and issues and, on occasion, a lack of knowledge and/or data, the above was used as a framework rather than a strict formula.

9.4 Targeted Stakeholder Engagement: Findings & Analysis

Stakeholder sentiment: *The precinct has the opportunity to draw in the innate creativity of the Sunshine Coast, amplify it, and launch it back out to energise the whole region.*

9.4.1 Internal Stakeholders

Internal stakeholders generally saw the new Gallery's inclusion as critical to cultural precinct activation and, therefore, success. Very strong, albeit not unanimous, support for the New Regional Gallery and the recommendations of this DBC has been provided by the PCG, Working Group, and other key internal stakeholders. It is however noted that the Community Portfolio Councillor has expressed concern in relation to the scope, scale and location of the Gallery. Detailed internal stakeholder comments and feedback are provided in **Appendix A** for review, with an overview of key points summarised in this section.

Internal stakeholders understood the strategy for the creative precinct is to be centred on the Gallery, Library and The Events Centre within a well-designed environmental setting. More than one group observed that this would bring together the three elements for which Caloundra and the broader Sunshine Coast region are known – creative cultures, seeking and learning and natural beauty. Caloundra was also repeatedly referenced as the creative heart of the region.

Activation was understood as more than just developing/increasing visitation to the precinct. There is a desire to see the CBD enlivened to enhance liveability in the region and be a business attractor.

9.4.1.1 Opportunities Identified

There were clear opportunities for Caloundra that could arise from the development of a vibrant cultural precinct:

- Promote Caloundra as a vibrant place for people to live in and drive both population growth and pro-actively the demographic changes underway.
Providing new creative learning and participation opportunities for kids and families is an essential part of improving the liveability and attraction of the region to new and younger residents looking for more than great beaches and the outdoor environment. Their children can become the next generation who will see pride in their locality and have their creative, knowledge and environmental needs satisfied. These changes can help reduce the flight to major urban centres and keep skills and knowledge within the region. It will also change the perception of some of Caloundra and the Sunshine Coast being simply a haven for retirees and grey nomads.
- The Caloundra CBD should become an aspirational centre that reflects the meaningful relationship between culture, knowledge, and the environment. Through innovative precinct design and planning, followed by collaborations between the asset managers, the precinct can broadcast the Sunshine Coast as a location that recognises the 'good life' is found at the interconnection of these elements.
- If the precinct can achieve the three steps above, it was believed that business and investment opportunities would necessarily follow.
- There was a general view amongst the groups that a vibrant precinct will attract food and beverage offerings. These should also contribute to the cultural activation of the space through music opportunities and wall spaces for local artists to hang and sell works. A vibrant night-time economy was also seen as a critical outcome. Other creative businesses should also be incentivised to locate near the precinct, such as maker spaces, design studios, independent fashion labels, music and instrument stores and book shops. It was felt that vibrancy, inside and out of SCC owned facilities was critical to increasing visitation and attracting a major hotel to the area, which is currently lacking.
- Stakeholders agreed that a clear goal should be to increase local spending on arts and culture but needed

appropriate attractions opportunities to do that. The economic benefits of this, including an improved SEIFA⁷³ Index rating, a multi-generational middle-class growth, and more disposable income, will then see a greater demand for local cultural consumption. This will serve to encourage further precinct activation to meet growing demand.

- There was some concern that the proposed size of the new building might produce a monolith that feels too big for the natural surrounds and unwelcoming to the community.

9.4.1.2 Impact Beyond the Caloundra CBD

The New Regional Gallery, and indeed the precinct, can invigorate Caloundra and the Sunshine Coast region. There was a strong sense from internal stakeholders that the Caloundra CBD and the creative precinct is the correct location to maximise the impact of the new Gallery.

Stakeholders reflected on the tensions between the impact on the immediate location – the potential for space activation and placemaking within Caloundra, and the desire to have a true regional Gallery that connects to the entire region.

9.4.1.3 Analytical Note

Rather than seeing this as an either/or set of options, there is the opportunity to reflect upon this in terms of flow. A built asset is permanently fixed in space and clearly cannot move around the region. However, there are certain aspects of a gallery that can create movement.

This can be understood as a centrifugal flow and a centripetal flow that breathes creativity into the creative centre of the region and breathes amplified creativity back out, as highlighted in the quote that begins this section. The image of the gallery as an amplifier is more powerful than considering it as a beacon. The five functions of the gallery do not just create a critical mass for the creative precinct but a living entity.

Through innovative display methods, public programming, community engagement and commercial alignment and branding, the Gallery can contribute to the flow of creativity and knowledge development across the region. In the true sense of a community node, the Gallery can also connect to other regions.

9.4.1.4 Localism and regional impact issues

There is also seen to be a risk that the New Regional Gallery only serves Caloundra and its surroundings and might fail to generate senses of engagement or civic pride across the entire region. This was expressly stated in one stakeholder consultation but constantly hinted at in other ways throughout the process. For example:

- The discussions centred on the naming of the Gallery show a strong desire for the name – and therefore brand – to represent the whole of the Sunshine Coast and not just Caloundra. However, there has been discussion about the term ‘regional’, and concerns that this may shrink the aspirations of the Gallery and precinct rather than amplify them.
- The engagement with and opportunities for local artists extended beyond the Caloundra region. It was constantly stated in the consultations that the Sunshine Coast is a region noted for its vibrant artistic and creative communities and its maker culture. There is a degree of civic pride in the region's creativity that is evidenced right across the SCC. Stakeholders want a gallery that can support and help grow this reputation of the entire region and raised concerns about a gallery that only promotes Caloundra artists or leaches funding and opportunities away from other parts of the region. Sunshine Coast artists should not have to relocate to Caloundra for career opportunities.

9.4.1.5 Impact beyond the arts community

It was stressed in numerous consultations that the SCC desires a gallery for the whole community, not just for local artists or current arts patrons. This ‘whole of community approach is echoed in the external stakeholder consultations, and a belief expressed that new cultural asset need to appeal beyond the arts community. This appeal is nuanced in several ways, including the relationship to the surrounding place and environment, the arts that the

⁷³ SEIFA is an index of relative socio-economic disadvantage, <https://profile.id.com.au/sunshine-coast/seifa-disadvantage> - a rating of 1000 is seen as average. SSC LGA was rated at 1014 in 2016 by way of comparison Brisbane was rated at 1048 and the Gold Coast at 1018.

asset hosts, the public programming, and engagement. However, we understood these comments also to imply that:

- A broad reach beyond the arts community justifies SCC's contribution to the asset's operational costs. The Gallery needs to show how it contributes to SCC's mandate to enrich the whole community.
- Impact beyond the arts opens a range of funding and marketing opportunities to contribute to the Gallery's bottom line. For example, engaging with the local disability community and branding around accessible tourism brings money into the region and allows the Gallery to source funding for accessible and mixed-ability programs from other state and federal government pools. This only enriches the cultural precinct.
- Investment and economic development are essential in this context, though the gist of this is discussed above.
- Thanks to the democratisation of technology since the 1980s, people are less siloed into a single interest and seek a broad array of knowledge and learning. Particularly true of young people and digital natives, there is no rigid divide between the arts and sport or the visual and performing arts. The Gallery must take this into account and take a Gallery + approach that is becoming more common. Bringing multiple artform collaborations into the Gallery, staying abreast of new technology developments, appreciating the wide variety of creative industries and maker cultures is essential. Equally important is engagement with non-arts communities, such as partnering with a local football club or business to create opportunities and celebrating the creativity found within non-arts pursuits – creative problem solving within business, the performativity of sport and the ballet of traffic flow. The Gallery can make small but significant contributions to ways of thinking and ways of knowing within the community that can have a lasting impact and build a solid integrative foundation. While not expressed in this way, many of the consultations focussed on this question. SCC stakeholders recognised intuitively the importance of creativity within a plethora of day-to-day activities. They were seeking a way (and a language) to recognise that the Gallery can positively contribute to this.

9.4.2 External Stakeholders

Emerging points from external stakeholder consultation include:

- It is essential to ensure a new Gallery gets built to standards that are acceptable to institutions that hold potential touring exhibitions. Failure to meet these standards in climate control, security, loading docks and back of house makes it almost impossible to secure touring exhibitions. This immediately relegates a Gallery to the second tier of relevance, impacting the financial model and intangibles such as civic pride and community engagement.
- Operational funding is essential to achieving SCC goals. Sector peak bodies have identified a correlation between insufficient operational funding, the difficulty in attaining gallery and SCC aspirations, and staff turnover. Operational funding and expectations must align for success. Councils cannot expect high returns from low investment. On the other hand, galleries cannot promise high impact on modest resources. There is a sweet spot for each gallery, and this is reached through open dialogue.
- Galleries located away from the city centre have lamented the fact and stated that exclusive locations, no matter how lush, make for a difficult business and engagement model. They would rather relocate within a vibrant CBD or a creative precinct close to high foot traffic and more opportunities to engage with secondary businesses such as food and beverage. It is also important to be close to creative areas to reach and support local artists easily and close to other cultural assets, such as performing arts centres and libraries, to make collaborations easier and programming less costly.
- A Gallery Director is a trained expert with a wealth of skills and needs a licence to act on their understanding of the sector and its role within the broader community. While cultural assets are owned by Council, some degree of independence in terms of curation and programming was seen by the industry group as essential. This situation is not unique to galleries and museums. The arms-length relationship between SCC and The Events Centre is a clear local example.)
- Securing exclusive touring exhibitions is based on relationship building and management (after the gallery has passed the necessary quality control and facility hurdles). There is strong competition among regional galleries for limited touring stock, and relationships matter in this regard. Furthermore, success breeds success. Once a gallery shows it can host a successful touring exhibition, institutions are more willing to loan collections. This opens opportunities to think outside the box and approach institutions to loan works that may not otherwise be considered. This builds brand and reputation as there is a strong appetite to see interesting and exclusive work. This

attracts more visitation to the precinct, improves activation and business development and ultimately increases civic pride.

- Successful regional galleries are built on long term sustainability. Constant changes in operational funding, management by non-experts, rapidly shifting SCC priorities all produce an unstable vision of the future. It becomes difficult to source and retain talented gallery directors, and the gallery will focus more on survival rather than activation and community engagement.
- Diversity is an essential part of any creative or cultural asset. This includes First Nations and culturally diverse voices in the curatorship process, multi-arts, and non-arts engagement. A skilled manager understands vibrancy in two ways – the vitality of the visual art and gallery sector and the vibrancy of the whole community. Diverse voices mixed with creative problem solving creates the perfect alignment for genuine placemaking right across the region.
- It is vital for regional galleries to think outside their own LGA confines. Beyond the necessary activation of the region, a smart gallery finds ways to build a brand that has state, national and even global impact. This can be difficult, but technology is making this easier to achieve. SCC support of this endeavour will pay dividends for the culture and economy of the region, and the Art Collection can help carry the brand beyond the region, including intercollegiate loans, touring shows, in-house touring exhibitions, etc.

9.5 First Nation Australians Engagement: Findings & Analysis

The Business Case incorporated engagement with First Nation Australians representatives to gain early feedback and input on the future potential role, scope and programming of the New Regional Gallery, as well as to discuss potential benefits, issues, and opportunities.

This engagement is underway and is to be completed and documented, and will include meetings with representatives from the Jinibara, Kabi Kabi and DASSI First Nation Australian tribes to understand if and how they currently use and see the New Regional Gallery, and how it might better serve their needs in the future.

1. First Nations groups noted the importance in the gallery having **a clear and genuine connection to country through the incorporating of First Nations art into the fabric of the building.**
2. First Nations groups also noted the importance of having **First Nations representation on the gallery board and in the gallery programming.**
3. Younger people and those who work with youth or emerging artists, would like to see **programming and exhibitions that attract a younger demographic.**
4. The idea of **on-site workshops or an 'artists in residence'** where works can be created was put forward by a number of stakeholders.

10.0 Gallery Options Analysis

10.1 Preliminary Long List Options Considered

A variety of preliminary gallery options were explored as part of the Preliminary Long List Options Development phase of the Detailed Business Case. Various locations around the Felicity Park site were considered as opposed to alternate locations around the Sunshine Coast.

Nominating potential gallery siting options considered aspects and attributes such as the address/front door, active edges, loading and pedestrian connections. Analysis was also undertaken on several building typologies that may be successful for varying site locations. Preliminary Long List options are essentially sited across four (4) potential areas of the Precinct, being the Existing Gallery, Existing Library, 77 Bulcock Street and Felicity Park sites. Variations of each Gallery footprint location were developed into a Long List of options for consideration by the Working Group.

Figure 17 - Potential Precinct areas for new gallery location



Source: Ethos Urban, 2023

The options presented below represent the Preliminary Long List Options considered by the Working Group for the gallery location.

10.1.1 Preliminary Long List Options

The Working Group considered several gallery location possibilities against agreed criteria, nominating preferred options to be explored further.

- Option 1: Corner of Otranto Avenue and Omrah Avenue
- Option 2: Along Otranto Avenue
- Option 3: Fronting Bulcock Street.
- Option 4: On Existing Library Site

- Option 5: On Existing Library Site – without Mixed-Use Building
- Option 6: On Existing Library Site – with Mixed-Use Building Behind
- Option 7: Gallery on Corner of Bulcock Street and Otranto Ave.

10.2 Preliminary Long List Options Feedback

A preliminary long-list options review workshop was held in October 2021. Feedback was sought in this workshop to guide the creation of the final long list options and functional requirements of the proposed project. Outcomes and feedback generated from the workshop are summarised below.

- Community comments placed open space and vegetation as high priorities in the New Regional Gallery development.
- The Events Centre to be considered an important connection to the gallery and greater precinct.
- Connection to future mass transit is important and is to be considered within the Options developed.
- Options to consider greater context of neighbouring buildings for completeness.
- Indication of views from various perspectives considered important.
- Consideration to be given to development sites located on Minchinton Street.
- Retention of existing gallery is to be considered. Potential to repurpose as Artist in Residence, restaurant/café, gallery shop or workshop.
- Scale of gallery important and at 3,300m² it may be over scaled – brief to be tested to ensure scale is appropriate.
- Green roof not supported.
- Pavilion typology great for sub-tropical environment but not for gallery operations.
- Climate control important from capital and operational cost perspective.
- Understanding of spatial and operational cost differences between various types and scale of national and local touring exhibitions, noting funding often comes with the exhibition standards required.

The Working Group identified and settled on six (6) gallery location options for further consideration.

Following the preliminary long-list options review workshop, initial technical due diligence was also undertaken of the existing project functional brief and gallery site. Stakeholder engagement (both internal and targeted external stakeholders) was also completed and an initial set of functional requirements for the proposed New Regional Gallery was developed. These functional requirements will continue to inform options and design development of the New Regional Gallery and subsequent evaluations undertaken and presented as part of this Business Case.

10.3 Final Long List Options

10.3.1 Existing Gallery Sites

Option 1A – Existing gallery site

Option 1A sites the new gallery towards the north of the precinct on the existing gallery location.

Figure 18 – Option 1A – Existing Gallery Site - Plan and Northeast views



Key features of Option 1A include:

- Gallery entry prefaces the north with landscaped interfaces around the building
- Loading from Otranto Avenue through the public realm
- Gallery has a tight interface with library and new development – public realm to the south
- Narrow connection through to the new Library / Community building and The Events Centre
- Library and commercial development do not benefit from the town square
- Removal of high value trees across the site

Option 1B – Existing Gallery location

This option is generally as per the Urban Design Concept endorsed by Council in June 2019. Located to the northwest edge of the site, towards the corner of Omrah and Otranto Avenue, Option 1B is similar to the previous option presented, with some arrangement changes.

Figure 19 - Option 1B – Existing Gallery site - Plan & Northeast views



Key features of Option 1B include:

- Gallery entry prefaces the north, with east facing landscape interface
- Loading from Otranto Avenue through the public realm
- Gallery has a tight interface with library and new development – public realm to the south
- Impact on significant high value vegetation
- Retains pedestrian connection through site with wider connection through to the new Library / Community building and The Events Centre

10.3.2 Bulcock Street Sites

Option 2 – Fronting Bulcock Street

Option 2 orientates the rectilinear building form to Bulcock Street.

Figure 20 - Option 2 - Bulcock St - plan & northeast views



Key features of Option 2 include:

- Entry will be from south and west with back of house/loading from the north
- Loading from Otranto Avenue through public realm
- Addresses retail precinct – ‘on the street’ identity
- Gallery creates the potential for a public town square between the library and commercial development
- Some impact on significant existing trees
- Possible glimpses to ocean and beyond
- Narrow connections to new library and The Events Centre
- Potential poor precinct outcomes and lack of connectivity between Bulcock Street and the Events Centre.

Option 3A - Bulcock Street and Otranto Avenue

Option 3A is sited on the corner of Bulcock Street and Otranto Avenue, and key features include:

- Loading from Otranto Avenue through public realm
- Addresses retail precinct – ‘on the street’ identity
- Gallery creates the potential for a public town square between the library and commercial development
- Some impact on significant existing trees
- Possible glimpses to ocean and beyond
- Narrow connections to new library and The Events Centre
- Potential poor precinct outcomes and lack of connectivity between Bulcock Street and the Events Centre.

Figure 21 - Option 3A - Bulcock St & Otranto Ave - Plan & northeast views



Option 3B - Bulcock Street and Carter Lane

Option 3B is similarly located on Bulcock Street, although further to the east (than Option 3A).

Key features of Option 3B include:

- Possible loading from carter lane
- Addresses retail precinct – ‘on the street’ identity
- Gallery creates the potential for a public town square between the library and commercial development
- Significant impact on high value trees in Felicity Park
- Possible glimpses to ocean and beyond
- Narrow connections to new library and The Events Centre

Figure 22 - Option 3B - Bulcock St & Carter Lane - plan & northeast views



10.3.3 Existing Library Site

Option 4 –Existing Library Site

Option 4 is located on the existing library site., and key features include:

- Through entry via landscape park space/green spine
- Building addresses landscape square but facing west
- Gallery creates a public town square between new library and potential commercial development, maximising open space and public realm
- Minimal impact on significant existing trees and Felicity Park
- Concealed loading and back of house via Carter Lane, with minimal impact on the public realm
- Optimum connectivity through precinct

Figure 23 - Option 4 - Existing Library site



10.4 Long list Options Qualitative Analysis – Multi Criteria Assessment

Multi-Criteria Assessment (MCA) is an assessment methodology used to select a preferred option, or hierarchise potential options, by evaluating the overall performance of options against a series of selected criteria. The criteria established for shortlisting three (3) preferred locations for the New Regional Gallery have been developed to align with key project objectives derived through the Investment Logic Mapping process, the Caloundra Centre Masterplan (2017) and key SCC policies and strategies as presented in **Section 6.0** of this business case.

10.4.1 Multi Criteria Assessment process

The Project Working Group undertook the MCA assessment, including setting agreed criteria for assessment that aligned with the Service Need and 2017 Masterplan. The key qualitative assessment criteria fall into four (4) broad categories, including:

- Service Delivery
- First Nations
- Economic
- Design & Placemaking

The MCA scoring methodology consisted of Project Working Group members allocating a score out of five (5) to each criterion, which has an allocated weighting applied to arrive at a weighted score. A final moderated score for each criterion is then calculated from the average across all scores and associated mean scores. The MCA moderated scores are summarised in **Table 20**.

Table 20 - Multi Criteria Assessment qualitative analysis

Objective / Criteria	Existing Gallery Site		Bulcock St Location			Existing Library Site
	Option 1a	Option 1b	Option 2	Option 3a	Option 3b	Option 4
1. Service delivery – criteria aligned with service need stated in ILM.						
1.1. Enable the delivery of a “diverse gallery program and exhibition offerings that will provide for high levels of attraction and engagement”. Enabling the gallery to be an attractive destination for domestic and international tourists.	4	4	4	4	4	4
1.2. Help address the constrained arts vision and poor understanding of arts within the Sunshine Coast region by creating spaces to support programs and exhibitions to meet community and visitor needs.	4	4	4	4	4	4
1.3. Provide spaces for community arts programs to be delivered that will increase “community connections, community support and create a sense of belonging”.	4	4	4	4	4	4
1.4. Provide spaces and amenities that will “attract AAA rated touring exhibitions”. Enabling the gallery to become the regions premier home for the visual arts.	4	4	4	4	4	4
1.5. Provide a central facility to act as a driver for the creation of an “aggregated arts focal point” within the Sunshine Coast region - as well as an activated Community Creative Precinct - where currently the region is serviced by disconnected, undersized and disparately located art facilities.	6	6.75	4.5	4.5	4.5	5.25
1.6. Provide for a size/scale that can provide a “exhibit large collections and exhibitions” including “safe storage of art and the upscaling of an arts collection”	4	4	4	4	4	4
1.7. Staging – Enable the continual operation of the existing gallery and reduced disruption to the masterplan development.	3	3	3.75	3.75	3.75	4.5
Sun-total – Service Delivery	29	29.75	28.25	28.25	28.25	29.75
2. First Nations						
2.1. Provide for a place where first nations artists can create, learn, teach, present, share and sell artistic content.	4	4	4	4	4	4
3. Economic						

Objective / Criteria	Existing Gallery Site		Bulcock St Location			Existing Library Site
	Option 1a	Option 1b	Option 2	Option 3a	Option 3b	Option 4
3.1. Provide for additional revenue to contribute to operational expenditure through the inclusion of ancillary services such as a retail shop, restaurant/café and function/exhibition space.	4	4	4	4	4	3.5
3.2. Provide for employment opportunities within the arts and cultural sector.	4	4	4	4	4	4
3.3. Provide for a cost-efficient design and operational expenditure that aligns with SCC’s objectives and expectations.	4	4	4	4	4	4
Sub-total - Economic	12	12	12	12	12	11.5
4. Design & Placemaking – criteria below align with the Caloundra Centre Masterplan (2017)						
4.1. Identity – Enhance the Community Creative Precinct, and ability of gallery to attract audiences, by creating a sense of identity, visual impact and place-making destination.	6	6	6	6	6	6
4.2. Connections – Enhance the Community Creative Precinct by providing visual and pedestrian access and connection throughout precinct.	5.25	6	2.25	1.5	2.25	6.75
4.3. Environment – Provide a thoughtful environment, including minimising removal of significant existing trees, reduced overshadowing, landscape diversity and views.	1.5	1.5	3.75	6	1.5	6
4.4. Activation – Provide optimum public interface and activation of the ground plane via community spaces, retail, food and beverage and functions.	6	6	6	6	6	6
4.5. Plan/Amenity - Create an amenity that both enhances the current and future public realm, also taking into account gallery loading and unloading considerations.	4.5	4.5	4.5	4.5	4.5	6
Sub-total – Design & Placemaking	23.25	24	22.5	24	20.25	30.75
Total Option Moderated Score (out of possible 97.5)	68.25	69.75	66.75	68.25	64.5	76
Ranking	3	2	5	3	6	1

10.1 Shortlisted Options Summary

The MCA process arrived at three (3) shortlisted options, plus a Base Case, for further consideration as part of the Business Case.

- Option A – Base Case (maintain the status quo)
- Option B – Existing Gallery Site
- Option C – Corner of Bulcock Street and Otranto Avenue
- Option D – Existing Library Site

Figure 24 - Shortlisted Options

Option A – Base Case



Option B – On Gallery Site



Option C – Bulcock Address



Option D – Existing Library Site



Source: ARM (2022)

10.1.1 Option A – Base Case (maintain the status quo)

Option A is considered ‘business as usual’ where there is no work done and the existing gallery is retained as is the former Library. This option would be the result of determining that there is no economic, or cultural case for building a new gallery. This option can be immediately discounted as this process has revealed a strong business case for a new gallery, however, will be used as a comparator against the other location options.

Figure 25 - Option A - Base Case



10.1.2 Option B – Existing Gallery site

The proposed Gallery development under this option is located on the existing Caloundra Gallery site towards the corner of Otranto Avenue and Omrah Street. Progressing this option incorporates demolition of the existing Gallery structure to facilitate construction of a new Gallery and wider Precinct activation. Following completion of the permanent and new facility, Gallery operations will be recanted to their new home.

Attributes and opportunities

- Enables a close interface with the proposed new Caloundra Library across Omrah Ave, sharing an entry preface and connectivity.
- Captures high level foot traffic from Bulcock Street through to Omrah Ave, new Caloundra Library and the Events Centre, ensuring pedestrian connectivity and permeability through the Precinct and future mass transit centre.
- Allows for co-location of public utilities / amenities for open space and town square, considered high value real estate.
- Enables the activation of Omrah Ave and Public Realm (town square) within the Precinct as part of a future Caloundra Centre Activation Precinct project.
- Provides sustainability opportunities in terms of shared systems between facilities in the Precinct.

Figure 26 - Option B - Existing Gallery site

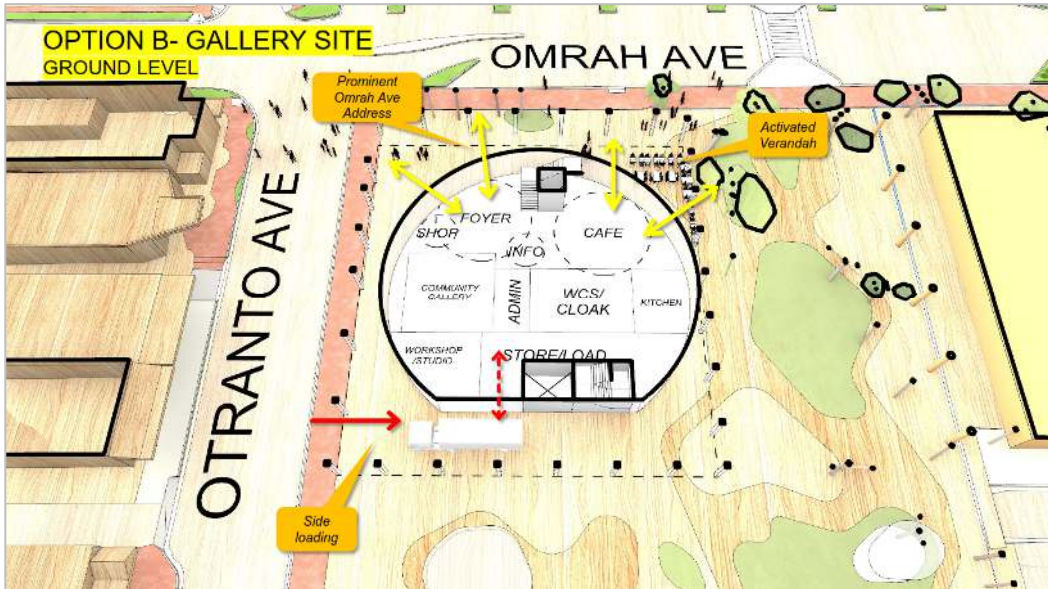


- Enables the potential sale and redevelopment of the existing library site by third party investment, generating capital to support Council operations.
- Allows for the retention of the town square between the Gallery and Bulcock Street.
- Allows for a close connection to the proposed future mass transit station.
- Aligns generally with current endorsed urban design concept.

Implications and considerations

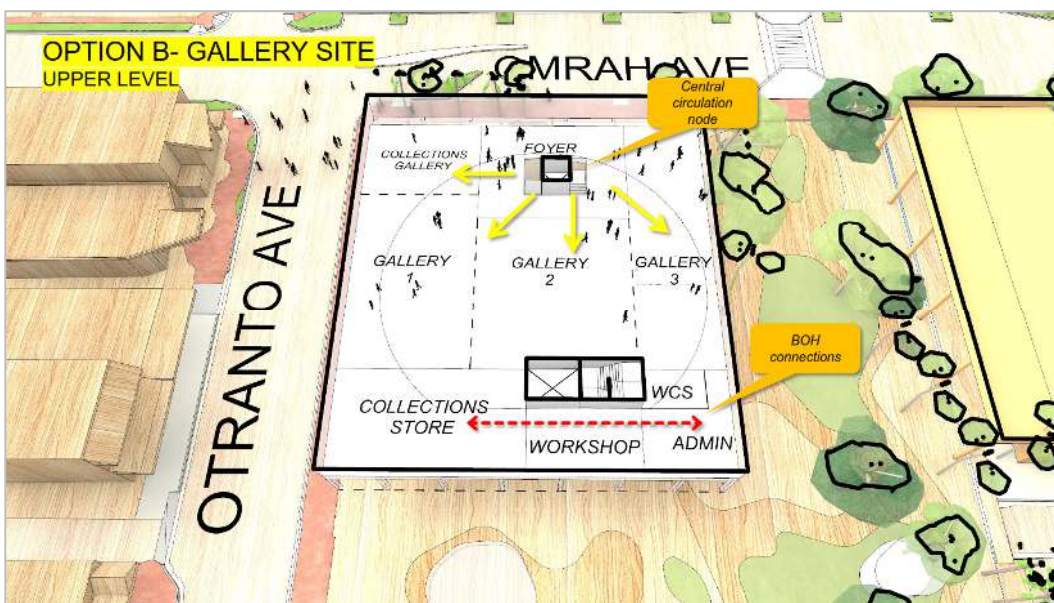
- Temporary relocation of gallery operations during construction to one or more alternate locations.
- Considerable impact to high value trees/vegetation in Felicity Park, Omrah Ave and Otranto Ave.
- Requires loading/unloading access from Omrah Ave or Otranto Ave which impacts on future street activation, pedestrian movements and public realm permeability.

Figure 27 – Option B – Existing gallery site, ground level footprint



- The gallery will be located on parts of Felicity Park, which does not align with the Master Plan (2017) intent.
- Reduced open space legacy and compromises functionality of open space/public realm.
- Requires a reduced footprint at ground level to mitigate impact on vegetation and open space/public realm connectivity, leading to increased height and operational complexity.
- Poor building scale in precinct, offering a tall blank wall to Otranto Street and its future activation.
- Leads to sale of high community value land in Major Centre Zone.
- Poor implementation and staging outcomes for delivery of the public realm until delivery of new gallery.

Figure 28 - Option B - existing gallery site, upper level



- Back of house functions will face public realm with resultant impact while loading.

- Removal of high community valued vegetation, which is likely to be poorly received and politically sensitive.
- The gallery will be located on nomination of trust land being for a library. This will require a change to the land title (noting this is the current situation).
- Council will be required to find suitable temporary accommodation to house gallery programs and art during the construction period.

10.1.3 Option C – Corner of Bulcock Street and Otranto Avenue

The proposed New Regional Gallery development under this option is located on the corner of Bulcock Street and Otranto Ave, replacing the existing community/commercial use on the site, currently accommodating the Tourism Centre. Progressing this option incorporates demolition of the existing commercial structure at 77 Bulcock Street, which is to be vacated upon completion of SCC’s new administration facility in December 2022.

Attributes and opportunities

- Allows for existing gallery to remain in operation whilst the new gallery is constructed.
- Allows possible loading/unloading via Carter Lane (with increased impacts to vegetation and open space).
- Allows for co-location of public utilities / amenities for open space and town square.
- Enables the activation of Bulcock Street and Otranto Avenue as part of the future Caloundra Centre Activation Precinct project.
- Good visibility/exposure on three (3) elevations including Bulcock Street frontage.
- Allows for a high level of foot traffic to be captured from Bulcock Street.

Figure 29 - Option C - Bulcock Street site



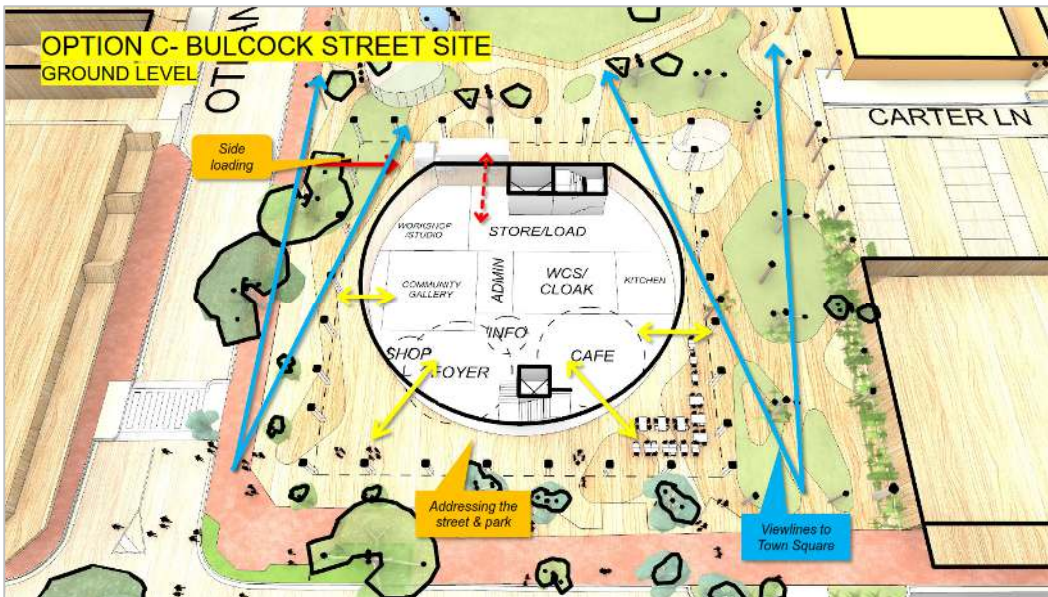
- Enables the potential sale and redevelopment of the existing library site by third party investment.
- Allows for an open green space between the corner of Bulcock Street and Otranto Ave and the new Library and the Events Centre.

Implications and considerations

- Minor impacts on high value trees/vegetation in Felicity Park and Bulcock Street.
- Greatly diminishes sight lines and pedestrian connectivity to new library, the Events Centre and Bill Venardos Park.

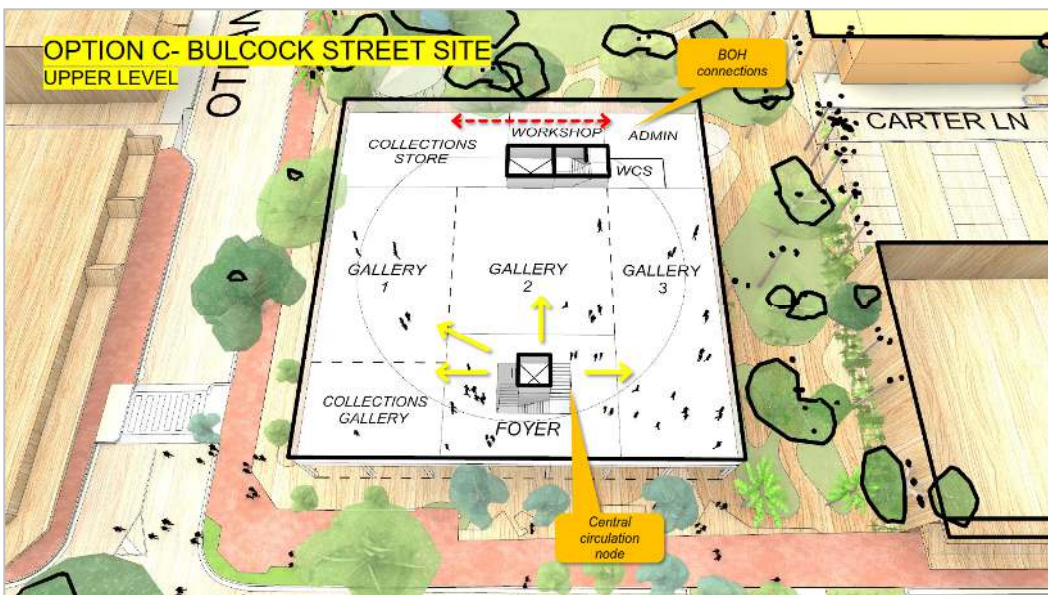
- Access for loading would be via Otranto Avenue with some impact on vegetation and public realm.
- The gallery will be located on parts of Felicity Park, which does not align with the 2017 Master Plan intent.
- Maintains narrow connection through Felicity Park to the new library and The Events Centre.
- Back of house functions facing open space/public realm with resultant impact.

Figure 30 - Option C - Bulcock St site, ground level footprint



- Reduced open space legacy and compromises functionality of open space/public realm.
- Requires a reduced footprint at ground level to mitigate impact on vegetation and open space/public realm connectivity, leading to increased height and operational complexity.
- Poor implementation outcomes for delivery of the public realm until delivery of new gallery. Reduces frontage to Bulcock Street, hindering the creation of a town square.

Figure 31 - Option C - Bulcock Street site, upper level



- Leads to sale of high community value land in Major Centre Zone.
- Removal of high community valued vegetation will be poorly received and politically sensitive.
- Gallery will be demolished and nomination of trust land for open space will be inconsistent with trust deed (noting current inconsistencies).

10.1.4 Option D – Existing Library site

The proposed New Regional Gallery development under this option utilises the existing library site for its location within the precinct, enabling the retention of the large portion of Felicity Park with potential to create a significant town square and extend open space / public realm. The option also allows the continued operation of the current gallery through construction period. This option restricts the potential for commercial development on the current library site, albeit the site can still be developed volumetrically providing space for the gallery within a mixed use development, or the balance part of the site can still be made available for development at some point in the future.

Attributes and opportunities

- Enables a close interface with the proposed new library and shares an entry preface with the new library.
- Maximises extent of town square, pedestrian linkages and sight lines, catalyst site for community/cultural purposes.
- Allows for existing gallery building to remain operational whilst new gallery is constructed.
- Provides for minimal impact on existing vegetation/trees in Felicity Park. (considered a high project risk).
- Allows for co-location of public utilities / amenities for open space and town square (lower value real estate).

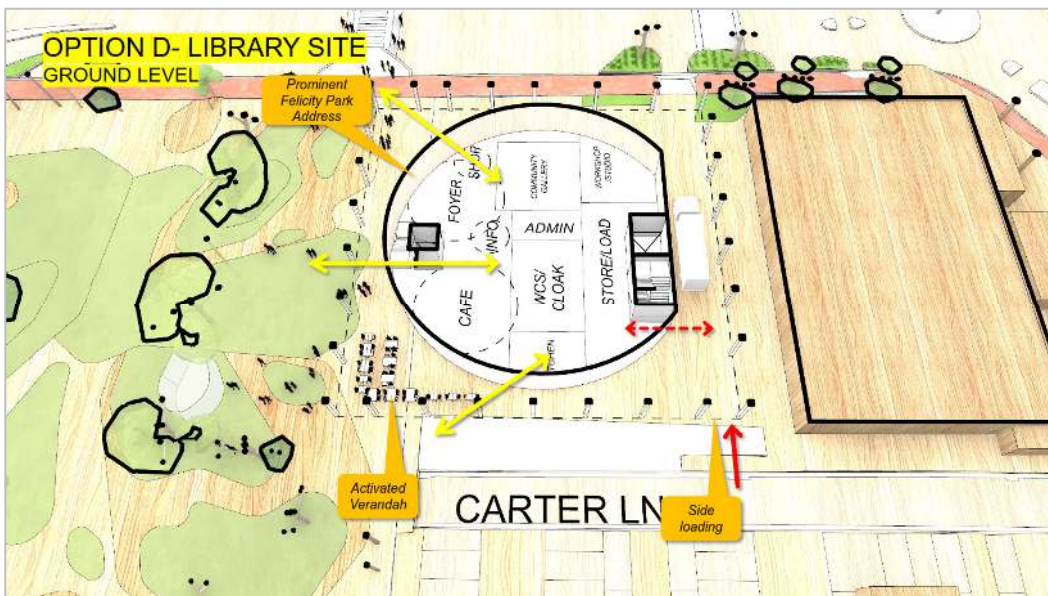
Figure 32 - Option D - Existing library site



- Maintains strong pedestrian links and sight lines from Bulcock Street and Otranto Ave to the new Library and Events Centre, Bill Venardos Park, Omrah Ave and future mass transit centre.
- Allows for temporary retention of current library for interim requirements (e.g., collection store) or activation (e.g., arts space).
- Enables the activation of Omrah Ave and extended open space/public realm.
- Good visibility on 3 elevations including Carter Lane. Omrah Avenue address with optimum linkages to the new library, The Events Centre and public realm.
- Considered close proximity to high volume pedestrian traffic into new Library and public realm.

- Allows for concealed loading and unloading via Carter Lane.
- Maintains key active frontages, resulting in back of house areas hidden from public realm.
- Location allows for maximisation of open space network/legacy.
- Provides an opportunity to combine any balance of the site with properties on Minchinton Street. This may lead to opportunities to further activate street frontages and widening of Carter Lane.
- Maintains potential to deliver the Gallery as part of a mixed use development, or sale of balance land for private investment.

Figure 33 - Option D - Existing library site, ground floor footprint

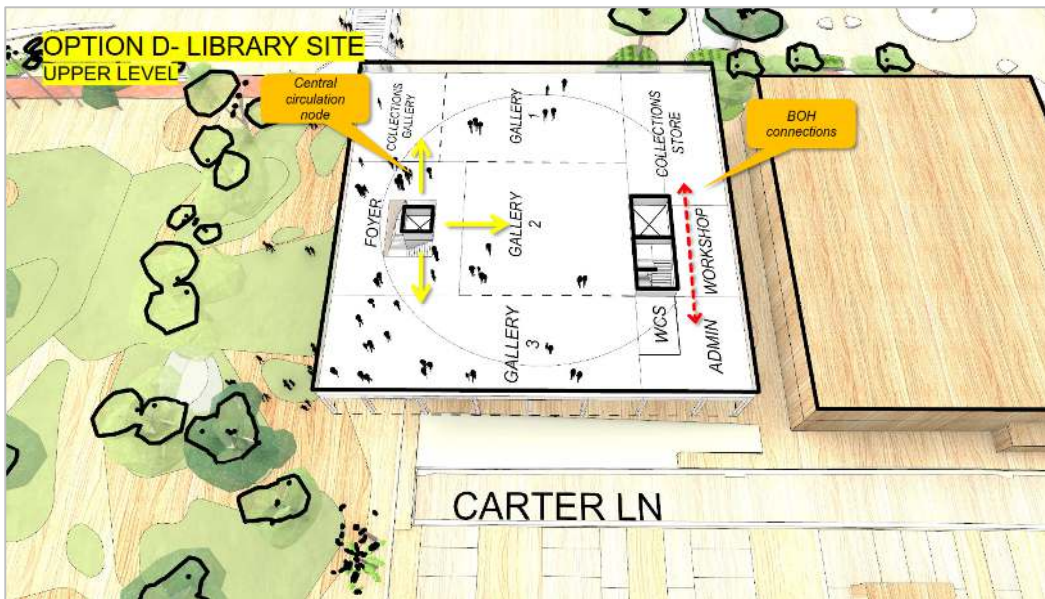


- Allows for the maximum retention of freehold land by Council in a Major Centre Zone.
- Allows for the highest level of control of development outcomes adjoining the precinct. i.e., lower built form around the town square, increasing sight/view lines.
- Concentrates SCC Cultural facilities around Bill Venardos Park and Felicity Park.
- Galleries can be located against eastern boundary/adjacent development for control of natural light.
- North facing – views to Bill Venardos Park and vistas across public realm and town square.
- Maximises the opportunity for uncompromised open space/public realm design and continuation of vegetation network through precinct.
- High degree of alignment with community feedback from Create Caloundra consultation – maximise open space and increased vegetation.
- Allows for larger ground floor footprint and flexibility in design, with reduced height and operational complexity.
- Enables existing gallery to operate, allowing design and delivery of the balance of the precinct to proceed without reliance on delivery of the new gallery.
- Allows for an expansive open green space between the corner of Bulcock Street and Otranto Ave, and the new Library and the Events Centre.
- Provides maximum flexibility for public realm and the Town Square development.

Implications and considerations

- Use of some or all the site may potentially hinder the future value of the site due to the site being undevelopable without amalgamation with adjoining properties.
- Potential for reduced site available for private development.
- Loading off Carter Lane may require some form of shared loading with a future hotel or residential site.

Figure 34 - Option D - existing library site, upper level



11.0 Gallery Operational Plan

11.1 Objective

This section outlines the proposed operations plan for the New Regional Gallery, incorporating potential operating frameworks, structures and recurrent costs, with the objective of arriving at an appropriate management model for SCC and the gallery. The detailed operations plan with associated cash flows has been provided in Appendix B for reference.

11.2 Gallery Governance Structure

New Regional Gallery’s current governance structure sits within Sunshine Coast Council (SCC) and is part of the Creative Arts and Events business unit. The Gallery is managed by a Curator/Manager who leads a team of 7 FTE staff. SCC is responsible for all financial, human resources and broader arts and cultural performance and outputs.

In some circumstances and jurisdictions, the governance and management of cultural infrastructure, such as galleries and performing arts centres, are outsourced to a separate entity operating at arms-length. In almost all Australian examples the entity is owned by the particular Council who also appoint some or all the Board members.

The Board operates within a charter developed by the relevant Council and is provided with an annual operating grant to deliver an agreed set of service outputs. The Caloundra Events Centre is a local example of this approach, and the recently opened Shepparton Arts Museum (SAM) in Victoria also operates under this arms-length model.

In a very limited number of cases in Australia, performing arts centres have been outsourced to a commercial operator. This approach however is more common for Council owned leisure facilities. There are currently no examples of any commercially outsourced, publicly owned, galleries or museums.

11.2.1 Strengths And Weaknesses of the Two Common Gallery Governance Models

The two main governance models considered for the operation of the New Regional Gallery include ‘SCC Operated model’ and ‘Outsourced Governance model’, which are presented in a high-level overview of strengths and weaknesses attributable to each in the table below.

Table 21 - Governance models strengths & weaknesses

Governance Model	Strengths	Weaknesses
SCC Operated	<ul style="list-style-type: none"> ■ Direct Control and Accountability. ■ Makes use of existing SCC administrative resources and potentially technical expertise (if SCC already operates other relevant facilities). ■ Can be made to fit within an existing management structure. ■ Potentially overall lower cost to resource. ■ The Gallery sits within SCC’s existing community cultural service framework such as Libraries and Sporting facilities. 	<ul style="list-style-type: none"> ■ Exposes SCC directly to entrepreneurial risk – culturally a risk-averse enterprise operating in a commercial manner. ■ It can be hard to recruit top-flight staff/management who wish to work in an arts focused culture rather than an administratively focussed government one. ■ Potential for programming and operations to become politicised. ■ No incentive to build up financial reserves. Any surplus returned to consolidated revenue and any deficit becomes a SCC PR liability. ■ It can be difficult to fundraise privately, as donors/sponsors often wish to be able to have a direct connection to the purpose/outcome rather than being seen to be “propping up” Government.

Governance Model	Strengths	Weaknesses
Outsourced to 'Not for Profit' Company / Trust (Arm's Length – <i>fingers touching</i>)	<ul style="list-style-type: none"> ■ Direct Risk to SCC defined and mitigated. ■ Accountabilities defined by the Articles / Memorandum of the Company and multi-year lease and funding agreements. ■ Reporting is transparent. ■ SCC owns the Company and Directors are appointed by it who are in return accountable to SCC for the Company's performance. (Fingers touching) ■ Directors appointed to meet a clear framework outlining skills, knowledge and experience needs. ■ Staffing risks and liabilities held by the Company. ■ Incentive to build up financial reserves to moderate market fluctuations across multiple periods and invest back into capital improvements. ■ Access to GST Concessions possible. ■ Fundraising potential improved as donors/sponsors more likely to give to independent NFP body than SCC. ■ Staff recruitment and motivation within an entrepreneurial, semi-independent arts focussed enterprise improved. 	<ul style="list-style-type: none"> ■ Costs involved with the establishment and on-going registration and reporting of a Company Limited by Guarantee. ■ Separate Administration staff and facilities required although making use of existing SCC resources wherever possible can mitigate this. ■ Tensions can arise between NFP Company staff and other parts of SCC's service delivery business units if differences in wages and conditions are too disparate (either way). ■ Requires a pool of willing, skilled, and experienced potential Company Directors. ■ SCC can experience a sense of loss of ownership over time for what in the end is a community owned asset. Challenge is to remain in touch and appropriately engaged.

Source: Randall Arts Management

11.2.2 The Role of Foundations and Friends/Supporter Groups

Gallery Friends and supporters/members type groups generally provide volunteer assistance and can support fundraising efforts. They may be independent of Gallery governance and management or directly operated as a Board or Council committee. If independent, there needs to be some form of agreement in place that enables the "Friends" to operate within an agreed framework.

More robust and substantial support may be given to a separately incorporated Foundation, again operating under a formal agreement with the Gallery governing body. Foundations should have a clear purpose to raise funds for Gallery programming, acquisitions, and capital improvements. The acclaimed Bendigo Gallery is an excellent example of a local government operated gallery that receives substantial support from an independent Foundation. In this example, the Foundation can more effectively and efficiently support exhibitions development and acquisitions than in a typical LGA environment.

Opportunity exists to explore options and formalise an agreement with the Sunshine Coast Arts Foundation (SCAF) to be a philanthropic arm of the gallery, noting the role of the Friends at a more localised level.

11.2.3 What is an appropriate model for the New Regional Gallery?

Given the ongoing role of the Sunshine Coast Arts Foundation, present governance strategy and our understanding of SCC's current preferences, assumptions have been made that Council will continue to exercise direct governance over the new gallery. As the project develops however, the preferred governance model may evolve to the alternate 'Outsourced' to a 'Not-for-Profit' entity. This is likely to be driven by community attitudes to donations and fundraising. In other words, people will usually want to give to a specific cause rather than what they see as a government department.

Both governance options are effective and low risk and Council's preferred option is appropriate at a time where significant change and public investments require clear accountabilities and transparencies.

11.3 Regional Collaboration

11.3.1 Relationships With Other Regional Galleries

A gallery with the ambitions of the New Regional Gallery will need to chart a careful path in terms of its relationships with other similar Queensland galleries as well as those in other states. Inspiring and nurturing productive collaborations in terms of professional development, and scheduling and resourcing touring exhibitions is considered a critically important operational goal for management.

At the same time competition for major national touring exhibitions is generally always fierce, which in context is to be recognised as a potential risk. Gallery management must take an active role in positioning the New Regional Gallery as a preferred partner for both public and private institutions and collectors.

The gallery Director and curatorial staff need to be able to act with confidence and engender personal and professional trust with regional peers rather than be seen as only acting in self-interest. Competition is understood and reputation for professionalism will assist in managing the tensions that will arise from time to time.

Working with selected peers to curate original exhibitions and programs will not only help mitigate supply risk but also position the gallery as a source of content not simply a consumer.

11.3.2 Relationships Within the Sunshine Coast Region

The New Regional Gallery will not only be positioned as the premium exhibition space in the region, but it will also be the primary visual and fine arts reference centre for all SCC business units, smaller galleries, current and future and the creative industry sector. It will set local standards in Traditional Owner engagements and partnerships, ethical practices and the development of professional standards and practices.

11.4 Role of the Commonwealth and State Governments

11.4.1 The Commonwealth Government

Whilst the Commonwealth does not offer any support to state or regional galleries in terms of general operations, it does have two arms that support artists and touring exhibitions. The Visions of Australia program supports regional touring exhibitions and is administered by the Office of the Arts (Dept. of Infrastructure, Transport, Regional Development and Communications). The Australia Council has operated several relevant programs over the years including the Contemporary Touring Initiative and specific project grants for artists and programs. A review of Australia Council Grants provided from 2019 to 2021 showed very few grants were provided to regional gallery type organisations.

11.4.2 Queensland Government (State)

The Queensland State Government supports state-based bodies that assist regional galleries in terms of exhibition touring and development, professional development, and sector representation. The Touring Queensland Fund supports exhibition touring, and the Organisations Fund supports the Museums and Galleries Queensland. In terms of multi-year support for Organisations, a review of regional gallery related grants offered for the period 2022-2025 indicates support was provided only for Townsville's Umbrella Studio and Cairns' Northside Contemporary Arts.

Like the Australia Council, potential exists for New Regional Gallery to submit applications for specific projects and programs that align with priorities.

The inclusion of a significant investment First Nations/Traditional Owners engagement and programming will provide specific opportunities from a range of Commonwealth and State sources.

11.5 Gallery Programming and Operations

Future programming is assumed to be focused on the delivery of a broad range of services and programs to the Sunshine Coast Community, both on-site and more broadly. Impact will be achieved through both direct and digital means and be based around five streams:

- 1) Exhibitions
- 2) Collections
- 3) Public Programs and Engagement

- 4) Regional Sunshine Coast Artists
- 5) Aligned Attractions and Businesses (retail, food, and beverage- “F&B”, space rentals)

Figure 35 - Developing a critical mass of programming

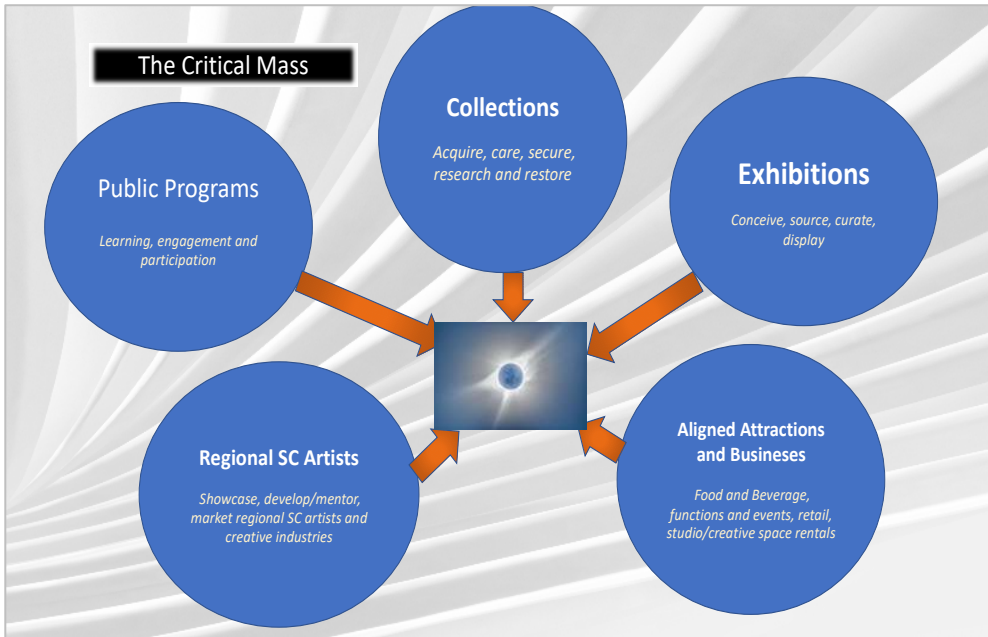


Figure 35 above provides a high-level description of how the New Regional Gallery will achieve a critical mass of programming and service delivery, whilst **Table 22 - Programme streams** describes in greater detail how each stream can be developed.

Table 22 - Programme streams

Programme Stream	Development Requirements & Attributes
Exhibitions	<ul style="list-style-type: none"> ■ 2-3 Major Touring Exhibitions PA requiring approx. 600-800m². e.g., The Archibald Prize, Kylie on Tour, Brett Whitely (AGNSW) – Some of these may be able to be charged for depending on the borrowing conditions in force. The Archibald for example has an adult general admission price of \$17 at the Gippsland (Victoria) Gallery. Kylie on Tour on the other must be a free exhibition as per Ms. Minogue’s donation conditions. ■ 3-5 Mid-scale Exhibitions PA requiring 300m² drawn from a wide range of state and national touring options or specifically curated by the Gallery itself from its own collection and other sources including SC regional. (All likely to be free.) ■ 1-2 Mid-scale regional artist showcase exhibitions (solo or group). (These may have a selling element and earn the Gallery a sales commission.) ■ Smaller exhibitions with a focus on new acquisitions and regional arts and crafts. ■ “Permanent Collection Highlights” exhibition in smaller space (100m²). ■ It is assumed that each exhibition would have some on-line presence and that items in the Collection would also be accessible this way. ■ Exhibition Development and Research \ ALIGNED TO AUDIENCE DEVELOPMENT GOALS <p>POSSIBLY within the designated First Nations space – a rolling program of local First Nations cultural exchanges both with TO and invited others; structure could be a yearly training opportunity for internships both curatorial, exhibition management etc.</p>

Programme Stream	Development Requirements & Attributes
	Also within the 'Community Space' – this could be an extension of the Maroochydore Library program with emerging artists at the MLArtspace and then an expansion into this space as a building capacity opportunity.
Collections	<ul style="list-style-type: none"> ■ Acquire – An active engagement with donors and supporters. Ideally Council would also contribute to the development of a substantial acquisitions fund in addition to private support. ■ Care, restore and secure - This requires a line in the operational budget for costs beyond climate control, energy, and security (in core overheads) ■ Research – Facilitate on-site and off-site research of the collection and regional artists. ■ Consult – provide advice internally on strategy / policy.
Public Programs	<p>Design and deliver a range of public engagement and participation programs on site and on-line, for:</p> <ul style="list-style-type: none"> ■ “On Country” – Discover regional Traditional Owners and First Nations art, heritage and stories and engage with leading and emerging artists. ■ Exhibitions – Openings, talks and presentations, workshops, guided tours, special sessions e.g. “Up Late” ■ Collection – care and maintenance, simple restoration skills, developing your own collection. ■ Kids and Families – aimed at the under 12’s, school holidays, Sunday mornings. ■ Schools - Programs designed specifically to align with school’s learning and participation needs. ■ Youth – 14–25-year-olds, have a youth committee; supported by a youth coordinator (PT); who develop and run their own programming. ■ Digital – online and social media programming and exhibition programming support.
Regional SC Artists	<ul style="list-style-type: none"> ■ Professional Development – This could range from advice and support on developing markets, seeking funding, business plan development and improving professional practices to specific courses and workshops with acknowledged sector experts. ■ Promotion – Assist in the promotion and showcasing of regional artists through exhibitions and public programs. ■ Residencies – Develop an ongoing residency program ■ Employment – Within the Gallery’s overall programming and operations.
Aligned Attractions and Businesses	<ul style="list-style-type: none"> ■ Food and Beverage (assumed outsourced) <ul style="list-style-type: none"> – Café/Bar – Functions and Event Catering ■ Retail/Shop – operated by Gallery but also option for a specialist supplier. ■ Space Rentals (possibly combined with catering contractor)

11.5.1 First Nations/Traditional Owners

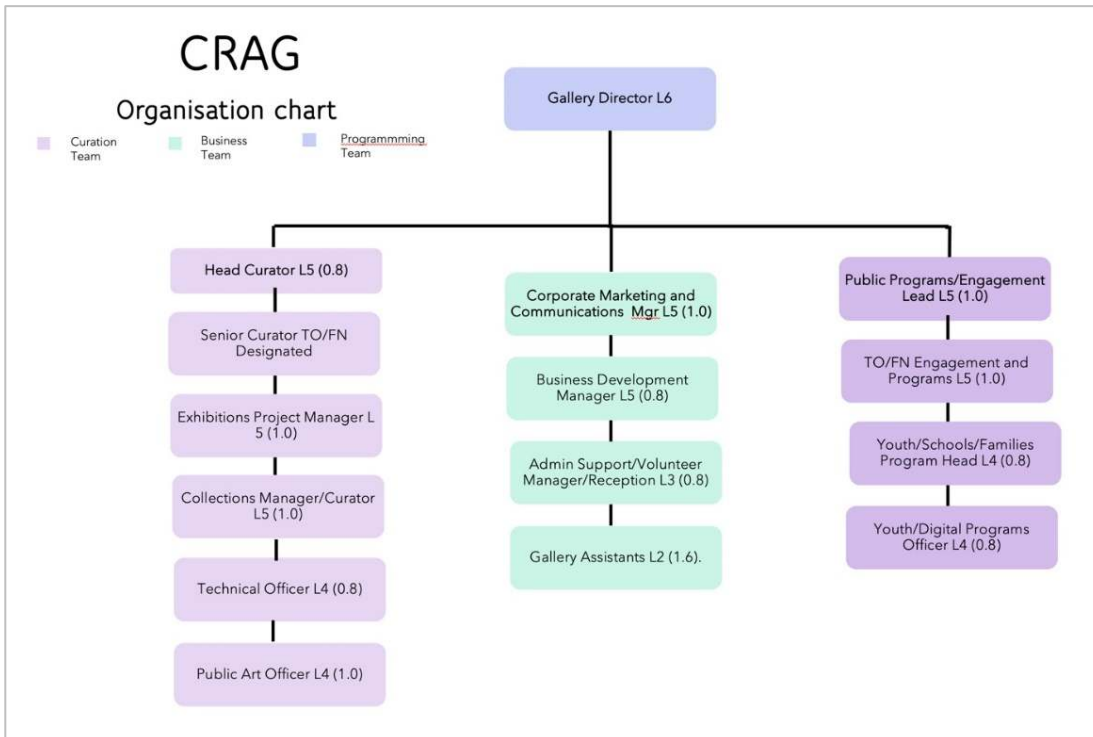
The working assumption is that the strategy to “Elevate First Nations arts” would be overarching and impact all streams. Alternatively, “Elevate First Nations arts” could be established as a stream in its own right, depending on the views of all relevant stakeholders.

11.6 Gallery Management and Organisational Structure

A proposed organisation structure has been workshopped with gallery management that can deliver the significantly increased range of programs and outputs for the new Gallery. It is based on increasing the current head count from 7.0 FTE to 14.5 FTE when the Gallery is fully operational. It includes two new, designated First Nations/Traditional Owners positions and reflects increased accountabilities and responsibilities for management.

The headcount is similar to benchmarked galleries including Tweed River Gallery, Geelong Art Gallery and Museum of Art Albury. A potential gallery organisational structure is provided below, which considers the uplift in staffing requirements commensurate with increased gallery capacity and functionality, whilst aligning with the operational budget developed for the new Gallery and adopted within the project financial analysis.

Figure 36 - Potential Gallery organisational structure



11.6.1 Compliance Management

The New Regional Gallery, as part of SCC, will be subject to the broad legal and regulatory compliance frameworks applicable to a Queensland Local Government Authority. Further, the New Regional Gallery will need to comply with nationally and internationally accepted “AAA” museological standards. These are codified by professional bodies, although not legislated or government regulated. Gallery management understands the critical importance of achieving and retaining this industry recognition. Further discussion on ‘AAA’ standards is provided under the Reference Project in Section 16.0

11.7 Operational Funding

11.7.1 Operating Model – Assumptions

This section documents the details and assumptions behind line items in the associated operating budget model and provides commentary around confidence and risks where required.

The current scenario has been based on the FY2018/19 operating budget actuals for the existing Gallery. FY2018/19 has been used as it was the last year before any COVID impacts disrupted data continuity. Forward estimates for FY2023 and beyond have not been available to us at this stage, however no significant changes from the operating model existing in FY2018/19 have been advised.

Forecasts and estimates have been based on:

- The proposed programming and operating model for the New Regional Gallery as agreed with SCC Management.
- The opportunities and impacts of the functional brief (as drafted to date).
- Current experience.
- Benchmarking and case studies.
- In-house Council management as opposed to outsourced as per The Caloundra Events Centre.

Year 5 in the project cash flow i.e., the third year after opening, is assumed to be the time when the new gallery has reached maturity in terms of typical operations an operating subsidy of \$1.79million. There is of course likely to be annual variations around this caused by factors such as supply of suitable touring exhibitions and broader economic conditions. There is a significant ramp up from Year 2 during constructions as the new Gallery is prepared for opening in Year 3. Allowances have been made in the opening year – FY2026 – for opening celebrations and launch costs.

The Year 5 (3rd year from opening, notionally FY2028) operating subsidy requirement (excluding depreciation) of \$1.7.9million is similar to appropriate benchmarked venues including Tweed River Gallery, Geelong Art Gallery and Museum of Art Albury. (refer Industry Benchmarks report in **Section 7.7**). Similarly, operating costs and revenues have different levels of confidence in terms of risk but are generally aligned with the documented industry benchmarks.

11.8 Operational Performance (Cash flow) - Likely Scenario

A cash flow model has been prepared examining the costs and revenues attributable to the New Regional Gallery, adopting FY19 actuals as a base and adjusting to reflect the increased capability and scale of the new gallery upon completion. The operational 10-year cash flow is summarised in Table 23 below, the detailed Operations model and assumptions are provided in Appendix B for reference.

Table 23 - New Regional Gallery operational 10 year cash flow

Operating P&L	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Current FY19 Actuals	Construction Year 1	Construction Year 2	Opening Year Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Grants and Contributed Revenues	\$17,829	\$500	\$10,525	\$110,000	\$130,500	\$156,025	\$163,826	\$172,018	\$180,618	\$189,649
Space Rentals	\$0	\$0	\$0	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078	\$6,381	\$6,700
Program Revenues	\$55,803	\$58,593	\$61,523	\$341,670	\$390,480	\$488,100	\$512,505	\$538,130	\$565,037	\$593,289
Other Revenues	\$22,320	\$0	\$0	\$166,398	\$182,788	\$191,927	\$201,524	\$211,600	\$222,180	\$233,289
Other Cost Recoveries/Misc Revenues	\$104	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INCOME	\$ 73,736	\$ 59,093	\$ 72,048	\$ 623,068	\$ 709,018	\$ 841,565	\$ 883,643	\$ 927,825	\$ 974,216	\$ 1,022,927
Expenditure										
Salaries & Wages	\$ 512,114	\$ 557,650	\$ 916,463	\$ 1,425,837	\$ 1,473,906	\$ 1,507,125	\$ 1,552,527	\$ 1,602,603	\$ 1,657,083	\$ 1,715,774
Internal Materials and Services	\$ 108,047	\$ 120,000	\$ 120,000	\$ 200,000	\$ 200,000	\$ 210,000	\$ 220,500	\$ 231,525	\$ 243,101	\$ 255,256
Total R and M - COCO	\$ 19,918	\$ 20,000	\$ 20,000	\$ 25,000	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	\$ 36,465	\$ 38,288
Total Materials and Services	\$ 99,199	\$ 110,000	\$ 130,000	\$ 140,000	\$ 160,000	\$ 168,000	\$ 176,400	\$ 185,220	\$ 194,481	\$ 204,205
Finance Costs	\$ 440	\$ 500	\$ 500	\$ 1,000	\$ 1,050	\$ 1,103	\$ 1,158	\$ 1,216	\$ 1,276	\$ 1,340
Total Net Programming	\$ 127,725	\$ 175,000	\$ 250,000	\$ 568,650	\$ 535,600	\$ 669,500	\$ 702,975	\$ 738,124	\$ 775,030	\$ 813,781
Collection Costs	\$ 15,160	\$ 15,000	\$ 95,000	\$ 104,000	\$ 110,700	\$ 117,610	\$ 123,491	\$ 129,665	\$ 136,148	\$ 142,956
Shop	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL EXPENDITURE	\$ 898,968	\$ 998,150	\$ 1,531,963	\$ 2,464,487	\$ 2,511,256	\$ 2,704,838	\$ 2,810,125	\$ 2,923,081	\$ 3,043,585	\$ 3,171,601
Operating Subsidy Required (excludes Depreciation Council In-kind services provided)	(\$825,232)	(\$939,057)	(\$1,459,915)	(\$1,841,419)	(\$1,802,238)	(\$1,863,273)	(\$1,926,482)	(\$1,995,256)	(\$2,069,369)	(\$2,148,674)

11.8.1 Operating model assumptions

The financial shortfall or operational subsidy derived in the Operating model above are informed by a range of inputs and variables generated through consultation with the existing gallery management team and SCC staff. These assumptions and variables have been set in Table 24 below accompanied by commentary around data risk and confidence levels.

Table 24 – Operating model revenue and costs assumptions

Model Component	Assumptions and Inputs	Confidence / Risk
Revenues		
Grants and Contributed Incomes	<ul style="list-style-type: none"> Current experience is minimal returns from these sources, but the new gallery should be capable of attracting \$150-200k PA. 	<ul style="list-style-type: none"> Confidence is based on the employment of a .8 FTE Business Development Manager and a much-enhanced range of public programs. In particular

Model Component	Assumptions and Inputs	Confidence / Risk
		the two FN/TO positions should be able to drive new opportunities for grant incomes.
Space Rentals	<ul style="list-style-type: none"> The new spaces such as the thetrette should be capable of achieving a modest level of external, non-catering/function specific utilisation. 	<ul style="list-style-type: none"> Total forecast by Year 9 is a conservative \$50k. Low-Medium risk but low consequence
Program Revenues	<ul style="list-style-type: none"> The Program Worksheet contains the detailed estimates for programming. The most significant impacts arise from the target of 3 major touring exhibitions achieving paid and unpaid attendances of 55,000 pax. Other impacts come from a wider range of smaller touring and local exhibitions, public programs, and professional development opportunities. 	<ul style="list-style-type: none"> All programs have been allocated sufficient funds to be delivered and earned revenue targets are conservative in terms of the benchmarks. The major risk is supply of major exhibitions and that wis the key challenge for the Director and their team to deliver on. Based on the experience elsewhere this is a realistic goal and sufficient resources have been made available. There is certainly likely to be variations from year to year but lead times for exhibition planning and long and therefore forward estimates can be adjusted accordingly. A key risk is the need for the Director and senior team members to be able to develop, and maintain, critical relationships with other institutions, funding bodies, local supporters, and private collectors.
Other Revenues	<ul style="list-style-type: none"> Café, restaurant, and functions operations – The assumption is that these are outsourced commercially, and that the Gallery will receive at least 10% gross turnovers as a commission. The F&B worksheet describes detailed assumptions around customer numbers, spends per head and averages per operating day. It uses the widely accepted industry guide in terms of estimated expenditures of 1/3 labour, 1/3 Cost of Goods and 1/3 overheads and profit. Shop – this is in addition to sales of project related merchandise reported in programming budgets. We have assumed a 25% profit margin. 	<ul style="list-style-type: none"> We have also assumed a modest growth rate of 5% from Year 4. Management agrees that these estimates are realistic but conservative and there could be greater opportunities on offer. We have also assumed a customer mix of gallery visitors and non-gallery patrons in the total estimates of 76k PA customers by Year 5.
Operating Costs & Expenditure		
Salaries and wages	<ul style="list-style-type: none"> The Employment Worksheet contains specific information on core staffing, and we have agreed that this is a realistic forecast given the new and expanded brief for the Gallery. It also aligns with other similar scale operations but with the notable addition of 2 FTE First Nations/Traditional Owners designated positions. We have also allowed for both projects related casual staffing costs and an amount for non-project specific casual staffing needs. 	<ul style="list-style-type: none"> This model is based on a significant increase in impact and visitation as well as a core goal to deliver 2-4 major national touring exhibition PA.
Internal Materials and Services	<ul style="list-style-type: none"> Based on current experience we have tentatively doubled these costs for the future. 	<ul style="list-style-type: none"> Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.

Model Component	Assumptions and Inputs	Confidence / Risk
	Further refinements likely as the design is progressed and any other advice received.	
Repairs and Maintenance CoCO	<ul style="list-style-type: none"> Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received. 	<ul style="list-style-type: none"> Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.
Material and Services	<ul style="list-style-type: none"> Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received. 	<ul style="list-style-type: none"> Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.
Finance Costs	<ul style="list-style-type: none"> Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received. 	<ul style="list-style-type: none"> Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.
Collection Costs	<ul style="list-style-type: none"> This is per Management advice and in addition to Collections related programming. 	
Shop Expenditure	<ul style="list-style-type: none"> This is in addition to Project related merchandise. 	

11.9 Key Metrics (KPIs)

Council will develop and adopt industry and facility specific KPI's that will be informed by those detailed in the ILM, financial operating model and programming plans. Specifically, they will include reference to:

Attendances – paid and unpaid by program and target market

Attendances are likely to fluctuate from year to year depending on programming and the ability to secure popular exhibitions. This is a typical situation faced by regional galleries; however, the new facilities and resources should enable fluctuations to be managed and forecast accurately and other targets adjusted accordingly.

Metrics should reflect:

- ↘ Total Attendances – this is a primary measure that also enables comparison with benchmarks.
- ↘ Paid Attendances – New Regional Gallery's business model requires earned revenues via box office type sales to major exhibitions and events.
- ↘ Specific Targets e.g. inbound tourists, schools and families, First Nations and Traditional Owners, local artists and related sectors.

Financial

Financial targets are reflected in the operating model however specific attention needs to be given to sponsorships and donations. Philanthropic donations of cash, bequests and artworks are a key measure for all regional galleries that reflect community engagement and support.

Arts Outputs –

The Programming strategy describes indicative forecasts for exhibitions and public programs. In addition to these quantitative measures New Regional Gallery will also undertake regular customer surveys to measure visitor satisfaction across a range of issues including specific exhibitions, facility condition and accessibility as well as customer service.

First Nations and Traditional Owners engagements

First Nations / Traditional Owners partnerships are critical to New Regional Gallery's future success. The number and nature of these and their impacts will need to be assessed and reported on.

Collections –

New Regional Gallery will develop and increase its collections therefore acquisitions, condition maintenance and security should be measured and reported on annually.

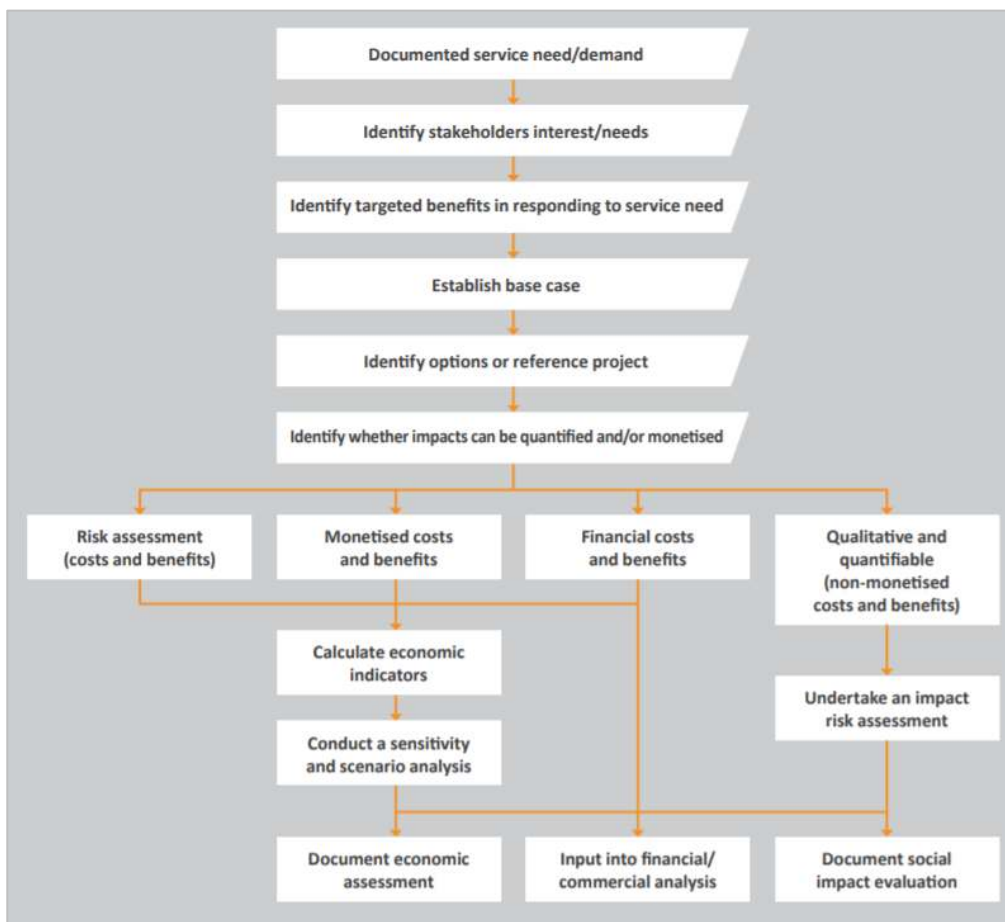
Part Three – Detailed Analysis of Shortlisted Options

12.0 Economic Analysis

12.1 Approach

An Economic Appraisal (EA) is a way of analysing all the costs and benefits associated with a proposed investment. An EA takes a broad community welfare perspective, meaning that economic, social, and environmental costs and benefits are considered. The approach adopted follows the approach provided in the EA Guideline by Building Queensland as stepped out below.

Figure 37 - Iterative parts of a CBA including subsequent related outputs⁷⁴



12.2 Service Need / Project Objectives

The Investment Logic Mapping for the Sunshine Coast Regional Art Gallery at Caloundra found the Service Need was identified as: ***“Creating an expression of creativity, culture and place that inspires and informs through enriching and highly interactive experiences.”***

The proposed New Regional Gallery development is expected to deliver initial benefits sought across four (4) categories, set out below with attributable performance indicators required for realisation of benefits:

⁷⁴ https://www.statedevelopment.qld.gov.au/__data/assets/pdf_file/0013/55030/further-guidance-04-cost-benefit-analysis-guide.pdf

Table 25 - ILM benefits sought & associated KPIs

Benefits Sought	Key Performance Indicators
Benefit No.1 - Increased Cultural Vitality, Literacy and Appreciation	<ul style="list-style-type: none"> ■ Aggregated and network offerings across the Region ■ Exhibitions of AAA-rated arts content ■ In partnership with Traditional Owners develop a place where First Nations artists can create, learn, teach, present, share and sell artistic content.
Benefit No.2 - Supporting Regional Economy	<ul style="list-style-type: none"> ■ Investment by third parties in Sunshine Coast Region ■ Tourist visitations, lengths of stay and spend ■ Employment opportunities within the arts and cultural sector
Benefit No.3 - Improved Sense of Place for the Sunshine Coast	<ul style="list-style-type: none"> ■ Community visitations and connections ■ Arts community engagement and satisfaction ■ Support community health and education through art program offerings ■ Activation of the Community Creative Precinct
Benefit No.4 - Increased Liveability and Public Amenity	<ul style="list-style-type: none"> ■ Amenity for community, visitors, and SCC staff ■ Creation of a memorable place-making destination and public realm ■ Demonstrated support for 'Yellow Book' character outcomes

12.2.1 Service need - summary

The service needs for the proposed Caloundra Art Gallery can be summarised by the following key points:

- ↘ The existing Caloundra gallery is inadequate for any expansion of a permanent collection, displaying a touring exhibition of national significance or support a growing local arts culture.
- ↘ There isn't any significant regional facility in the Sunshine Coast region.
- ↘ There isn't a facility that matches the ambition and need for arts and culture in the Sunshine Coast.

Public investments in developing and supporting cultural infrastructure such as the proposed New Regional Gallery significantly contribute to a community's liveability. The inclusion of a new art gallery into the Council endorsed Caloundra Centre Activation Project will best contribute to the liveability of the area and address service needs. A regional art gallery with a national reputation is an important arts and culture piece for the Sunshine Coast and Caloundra, as arts and culture are important and valued from a cultural capital and economic standpoint.

12.3 Key Parameters Used in the Economic Appraisal

The ultimate goal of economic appraisal or cost benefit analysis (CBA) is to assess the broad community welfare impacts of proposed projects taking a triple bottom line (i.e. an economic, social and environmental) perspective. In essence, if the assessed benefits outweigh the costs, the project is worth doing from an 'efficiency' perspective.

However, there are some important riders on this overall conclusion:

- ↘ Not all costs and benefits can be quantified and then monetised (that is, expressed in dollar terms) precisely given their inherent intangibility, often forcing decision makers to integrate quantitative and qualitative results, and
- ↘ The distribution of costs and benefits or the 'equity' of outcomes may be unevenly experienced throughout the community, rendering a potentially 'efficient' outcome unworkable, assuming those adversely affected cannot be appropriately compensated for their losses.

By convention, the CBA does not include interest payments, as these are considered to be transfers of wealth between parties, not net changes to aggregate level of wealth. The CBA builds on the financial analysis by monetising benefits adopting the analysis parameters set out below.

Table 26 - Parameters used in the Economic Appraisal

Parameter	Value	Reason
Discount rate	7% real (with sensitivity at 4% and 10%)	Consistent with Queensland Government Guidance
Period	30 years	Research by Savills and QUT has found the average age of a commercial building in Queensland is 30 years.
Nominal or real values	Real (\$2022)	Consistent with Queensland Government Guidance

12.4 Approach To Measuring Benefits

The most common benefits of cultural infrastructure investment fall within the following categories:

- Consumer benefits, and
- Producer benefits



Consumer benefits can be categorised into the two broad categories: use benefits and non-use benefits.

- **Use benefits:** include the value that individuals place on consuming the cultural good / service enabled by cultural infrastructure. This includes the direct ‘enjoyment’ value provided by the cultural goods/services to the consumer, as well as any indirect benefits that might be enjoyed (for example education, wellbeing, prestige etc.)
- **Non-use benefits:** are enjoyed by residents who don’t use the cultural good / service directly. These residents value some or all of the following discrete elements of non-use benefits:
 - Existence benefits – knowing the good / service is available
 - Option benefits - knowing that the good /service is available for their use at a future date
 - Altruistic benefit - knowing that the good / service is available for others to use
 - Bequest benefit - knowing that the good / service is available for future generations, and
 - Vicarious benefit - the value obtained from the indirect consumption of the cultural infrastructure / good / service, often gained through media, reviews, etc.

In practice, the distinction between the various categories of private non-use values (for example, option benefit) and social use values (for example, bequest benefit, altruism benefit) is very difficult to determine for the purpose of estimating economic benefits. For this reason, private non-use values and social use values are normally included in a single estimate. Any attempt to treat these benefits as mutually exclusive is likely to lead to significant risk of double counting of economic benefits.

Producer benefits can also fall into the categories of direct and indirect producer benefits. However, given that cultural infrastructure generally requires government or philanthropic subsidies to operate, direct producer benefits are generally not relevant. Indirect producer benefits are often experienced by producers outside of the cultural infrastructure (venue). That is, cultural infrastructure can attract cultural tourists to an area, and the expenditures made by these tourists enable higher returns (surpluses) to be earned by producers in servicing their needs.

Producer benefits (or surpluses) can be derived by labour and capital resources:

- Labour surpluses are the difference between the after-tax earnings from the additional work generated by incremental tourism expenditures, minus the opportunity cost of worker's time.
- Capital surpluses are the additional after-tax operating profits derived by businesses from the incremental tourism expenditures experienced.

Relevant expenditures include those made by:

- International and interstate tourists that come to Caloundra because of the cultural infrastructure, i.e., it is their main reason for visiting, and
- Queensland residents who substitute interstate / international travel with local cultural trips, i.e., because of the cultural infrastructure.

12.4.1 Measuring Consumer Benefits

The price consumers pay to use (consume) cultural goods and services available in cultural infrastructure is not a good indicator of the benefit they derive, because entry fees to cultural infrastructure are often heavily subsidised, if not free. Effectively this means that consumers are likely to enjoy a 'consumer surplus' as they are willing to pay (WTP) more than the entry fees. Well established techniques can be used to establish use values. The most common of these are the Revealed Preference Method (travel cost method), Stated Preference Surveys and Benefit Transfer.

Revealed preference methods measure WTP based on what a consumer would be likely to actually pay, usually measured through controlled experiments. For this reason, measures of WTP based on revealed preference techniques tend to be more reliable and valid than Stated Preference Survey methods. For example, measuring consumers' WTP indirectly by observing their actions such as by the travel cost method (TCM).

The price consumers pay to use (consume) cultural goods and services available in cultural infrastructure is not a good indicator of the benefit they derive, because entry fees to cultural infrastructure are often heavily subsidised, if not free.

The TCM basically assumes that the benefit derived by consumers must at least outweigh the time and out of pocket expenses consumers bear to travel to and use cultural infrastructure.

To use the TCM the following data is generally used:

- a. Number and origins of visitors (number by origin)
- b. Out-of-pocket travel costs to/from these origins (dollars by origin)
- c. Duration of travel time to/from infrastructure location (hours by origin)
- d. Value of travel time (dollars per hour)
- e. Duration of stay at cultural infrastructure (hours), and
- f. Value of leisure time (dollars per hour).

The TCM sums the time and out of pocket travel costs borne by visitors to get to and from the infrastructure, i.e. $(a \times b) + (a \times c \times d)$, with the value of time spent at the infrastructure, i.e., $(a \times e \times f)$. While the TCM approach is not complex, some complexities exist in terms of adjusting for non-resident visitors, multi-purpose trips and entry fees when they exist.

Non-use benefits can also be gauged using stated preference surveys, revealed preference and/or benefit transfer techniques.

12.4.2 Measuring producer benefits

To value labour and business surpluses, the following data is used to enable the calculation of the increase in factor incomes (returns to providers of labour and capital) based on incremental visitor expenditure:

- Incremental interstate and international visitor expenditures (that are specifically attributable to the cultural infrastructure investment)
- The cost and ownership structures of the array of industries that experience incremental tourism expenditures.

12.4.3 Measuring Residual Property Values and Property Revenues

A building residual value is included in sensitivity testing for the CBA, with the depreciated replacement cost used as the valuation method.

Other Benefits

There have been many studies on the economic value of museums and galleries in Australia and internationally, which show galleries and museums generate significant social and economic value. This section briefly discusses the results of major relevant studies in Australia, focused most on studies completed on areas outside the capital cities.

A report⁷⁵ prepared by Museums and Galleries NSW on regional galleries and museums in Orange LGA, Bathurst LGA and Dubbo LGA found that the venues in these LGAs added over \$14.8 million per annum to Gross Regional Product (local value added) and 8.5 jobs outside the cultural sector for every 10 full time positions within the cultural sector. Surveys also found arts venues contribute positively to social capital by helping people to think differently, enhance their connections, build trust between people, and develop a “sense of place”. Surveys at the Caloundra Art Gallery found 23% of visitors believed the exhibition they visited challenged their beliefs and values.

Further, art galleries are valued by the community with households in regional areas willing to pay on average \$57 per household per annum to maintain current levels of service. This is similar to results from comparable studies such as the State Library of NSW (\$58.20) and Queensland Museum (\$44.27 – aggregated to a per household amount)⁷⁶.

Museums and Galleries of NSW authored a report⁷⁷ titled Adding Value (2014) on regional galleries and museums in Wagga LGA, Albury LGA, Armidale LGA, Tamworth LGA, Orange LGA, Bathurst LGA and Dubbo LGA found that the venues in these LGAs added over \$32.35 million per annum to Gross Regional Product (local value added); \$15.4 million extra household income and 293 additional FTE jobs.

A study into the small to medium art spaces in the City of Sydney⁷⁸ (2016) found they generated an additional \$115 million per annum in Gross Regional Product and \$50 million in producer surplus.

A Creative Victoria study⁷⁹ on the Shepparton Art Museum, Bendigo Art Gallery and Linden Centre for Contemporary Art found stakeholders and visitors reported these public art museums are a means of creative stimulation, learning and thinking and that galleries contribute to social cohesion, decrease social isolation, and encourage a strong community identity. Further, 56% of Australians believe that the arts significantly help them deal with stress, anxiety, and depression.⁸⁰

A study on the Shepparton Art Museum, Bendigo Art Gallery and Linden Centre for Contemporary Art found stakeholders and visitors reported these public art museums are a means of creative stimulation, learning and thinking and that galleries contribute to social cohesion, decrease social isolation, and encourage a strong community identity.

⁷⁵ https://mgnsww.org.au/wp-content/uploads/2019/01/Value_Added_V8_for_Web_131126.pdf

⁷⁶ https://mgnsww.org.au/wp-content/uploads/2019/01/Value_Added_V8_for_Web_131126.pdf

⁷⁷ https://mgnsww.org.au/wp-content/uploads/2019/01/Adding_Value_-_for_publication_1.pdf

⁷⁸ The Economic and Cultural Contributions of Small-to-Medium Arts-spaces in the City of Sydney, 2016

⁷⁹ https://creative.vic.gov.au/_data/assets/word_doc/0005/56363/Demonstrating_Impact_in_Public_Art_Museums_Report.docx

⁸⁰ <https://regionalarts.com.au/uploads/files/RAA%E2%80%94Thats-a-fact1.pdf>

The Small Art Organisations Research and Evaluation, précis of research (2007) into regional art galleries⁸¹ found that:

“the regional and remote arts and cultural economy is made up of direct and indirect employment, audiences and tourists, earnings through export, touring, sales, intellectual property and the built and natural environments”

The report quotes a Deloitte study which reports that the economic benefits of arts businesses conclude that they:

“are significant generators of new ideas and work; attract and engage new and diverse audiences and participants to the arts, including disadvantaged groups; stimulate economic activity; provide significant employment opportunities for artists and arts workers; promote professionalism in the arts, providing training and skills development opportunities; and make a significant contribution to cultural export and tourism”.

The report gives the example of the Bendigo Art Gallery where 152,500 people visited ‘Grace Kelly: Style Icon’ in a town of 100,000 generating \$16.3 million to the local economy.

12.5 Economic Appraisal for The Sunshine Coast Regional Art Gallery at Caloundra

12.5.1 Base Case Approach

Business cases are built on the ability to identify a range of genuine, viable, alternative options to be analysed. With foresight into all possible outcomes, SCC can greatly improve its financial planning and modelling, allowing management to make decisions with confidence associated with use of capital and resources.

A ‘do nothing’ or ‘business as usual’ option provides the base case against which the incremental costs and benefits of each alternative are determined. In some cases, doing nothing may be the best option available. Only costs and benefits that would not have occurred in the base case are included in the Cost Benefit Analysis (CBA).

The base case does not simply assume that nothing will change over time. Changes that can be reasonably expected such as repairs, maintenance, minor refurbishments considered lifecycle costs are recognised when identifying impacts of each option. By doing so the base case is forward-looking, recognising that the world in which the project will be implemented may differ from the current situation (key variables may change in the future, meaning that current or historical parameters may not be the most relevant benchmark).

12.5.2 The Base Case

The Base Case is a business-as-usual situation where the gallery continues to operate but is increasingly too small and not fit-for-purpose for a fast growing and younger population in a lifestyle region.

As previously highlighted in this document, the population of the Sunshine Coast LGA is forecast to grow by 215,000 people in the 25 years between 2016 and 2041. The Base Case assumes gallery visitation does not grow in line with the population and remains constant as the building ages and newer attractions and facilities are developed in the region. As shown in Table 27, visitor numbers to the Caloundra Art Gallery have been fairly consistent prior to the impact of COVID in 2020 and 2021.

Table 27 - Visitor numbers - current Caloundra Art Gallery

⁸¹ Small Arts organisations research and evaluation: précis of research conducted by Deloitte for Arts Victoria, September 2007.

Year	2015/16 (visitors pa)	2016/17 (visitors pa)	2017/18 (visitors pa)	2018/19 (visitors pa)	2019/20 (visitors pa)	2020/21 (visitors pa)
Exhibition visitors	17,144	15,859	16,064	15,198	12,242	12,421
Events/program visitors	4,777	7,010	6,053	5,484	4,261	3,381
All Visitors	21,921	22,869	22,117	20,682	16,503	15,802

Source: Sunshine Coast Regional Art Gallery

A sensitivity test was undertaken to forecast potential visitation scenarios impacting the gallery, including:

- Sensitivity – Pessimistic Base Case - where the number of visitors declines by around 5% every 5 years.
- Sensitivity – Optimistic Base Case – where the number of visitors increases in line with the rate of population growth and tourism growth. This result is highly unlikely unless additional investment is made in the gallery and in securing exhibitions.

The outcomes of the visitation sensitivity modelling are set out in Table 28 below.

Table 28 - Base Case projections visitor numbers Caloundra Art Gallery

Year	Pre-COVID average visitation (p.a.)	2022-27 average visitors (p.a.)	2028-33 average visitors (p.a.)	2034-45 average visitors (p.a.)	2046-51 average visitors (p.a.)
All Visitors (Base Case)	21,897	22,000	22,000	22,000	22,000
All Visitors (Sensitivity – Pessimistic Base Case)	21,897	20,900	19,800	18,700	16,503
All Visitors (Sensitivity – Optimistic Base Case) *	21,897	23,996	27,580	37,520	46,606

Source: Savills. * Savills forecasts this scenario would only be possible if there was additional investment in the gallery and extra money allocated to secure exhibitions.

The assumptions incorporated in the Base Case state that the origins of visitors to the Gallery remain unchanged. Although there is a risk that the number of tourists who visit the Gallery will decline as word of mouth and trip reviews report that the Gallery is becoming more dated and less relevant.

The Caloundra Gallery currently receives 40% of visitors from Caloundra, 31% of visitors from the rest of the Sunshine Coast LGA; 20% of visitors from the rest of Queensland; almost 8% of visitors from the rest of Australia and 1% of visitors from overseas.

The Base Case assumes other projects would proceed although there would be no catalyst to help the arts and cultural sector flourish in Caloundra, supporting the Caloundra Centre Activation Project. Both business and residents would not receive the tangible and intangible benefits generated by the gallery and benefits are not maximised as patronage and reputation declines.

12.5.3 Base Case Benefits

A Travel Cost Method (TCM) was used to calculate the economic benefits of the Caloundra Gallery under a Base Case, which involved assessing:

- a. Number and origins of visitors (number by origin)
- b. Out-of-pocket travel costs to/from these origins (dollars by origin)
- c. Duration of travel time to/from infrastructure location (hours by origin)
- d. Value of travel time (dollars per hour)

- e. Duration of stay at cultural infrastructure (hours), and
- f. Value of leisure time (dollars per hour).

The TCM sums the time and out of pocket travel costs borne by visitors to get to and from the infrastructure, i.e. $(a \times b) + (a \times c \times d)$, with the value of time spent at the infrastructure, i.e., $= (a \times e \times f)$.

The out-of-pocket travel costs have been based on distances travelled x vehicle operating costs from the ATO and average airfares to calculate expenditure of visitors getting to Caloundra.

The travel time durations have been calculated using average travel times using Google and Near Maps, flight durations use information from airlines and the value of travel time and vehicle occupancy rates use data from the Australian Transport Assessment and Planning Framework⁸².

The duration of stay and value of leisure time at the Caloundra Gallery was not included as this information was not available, however an allowance has been included for visitor and tourist expenditure based on data from Tourism Research Australia.

12.5.4 Base Case Operating Costs

Average operating costs have been used in the Base Case for the existing gallery provided by SCC annualised for the past 5 years. As the analysis uses real dollars (\$2022) inflation escalation has not been applied to these figures, however it is likely that maintenance and operating costs will increase as the building ages and could increase by more than CPI based inflation.

Table 29 - Base Case operating costs Caloundra Art Gallery

Item	2016/17	2017/18	2018/19	2019/20	2020/21
Total	(\$617,333)	(\$716,561)	(\$876,452)	(\$928,007)	(\$875,391)

Source: Sunshine Coast Regional Art Gallery

12.6 Approach To Measuring Costs

12.6.1 New Build Options - Capital Costs

A summary of capital costs for the New Regional Gallery development options is set out in

Table 30 as prepared by Slattery, which include demolition of existing facilities relevant to each option, and relocation costs where this is contemplated in each option and allowance for FF&E (furniture, fixtures and equipment). The analysis assumes that early works commence in November 2024 and are completed in March 2025 and Main Works commence in March 2025 and are completed at the end of 2026. The cashflow can be revised once Council has secured funding for the project and a new program is developed.

- Option B Existing gallery site - Works include demolition of existing Gallery, a new build double storey Art Gallery and all associated external landscaping works within 5m outside of the gallery. This option also includes double decanting costs, but no allowance to fit-out a new temporary gallery.
- Option C Bulcock Street and Otranto Avenue - Works include demolition of existing administration building, a new build double storey Art Gallery and all associated external landscaping works within 5m outside perimeter of the gallery, inclusive of single decanting costs.
- Option D Existing library site – Works include demolition of existing Library, a new build double storey Art Gallery and

⁸² <https://www.atap.gov.au/>

all associated external landscaping works within 5m outside perimeter of the gallery, inclusive of single decanting costs.

For the purpose of this economic appraisal, Council requested Savills assume that the three (3) development sites will be vacant, therefore demolition costs of existing buildings have been excluded from the total capital cost.

Table 30 - Capital costs new build options for the Caloundra Regional Art Gallery no cost escalation

Option	Total Cost (excl. GST)	Cost (excl. GST, demolition, costs)
Option B - Existing gallery site	\$ 37,707,005	\$ 37,560,000
Option C - Bulcock Street and Otranto Avenue	\$ 37,340,005	\$ 37,060,000
Option D - Existing library site	\$ 37,324,005	\$ 37,060,000

Source: Slattery

12.6.2 New Build Options – Benefits

For the purpose of this economic appraisal, the number of visitors to the gallery remains the same between the new build options, as the size of the gallery and quantity of programs will be consistent.

Option B incurs higher costs as the gallery requires to be relocated twice. This represents a difference in net benefits between this option and Options C and D.

It is acknowledged that Options B and C may allow SCC to sell the land that the existing library currently occupies (8 Omrah Ave). Even though developing the new gallery on the library site represents an opportunity cost since land could potentially be sold, any sale proceeds from this transaction have not been taken into consideration in the CBA. This is because the revenue generated by any disposal of Council land is not able to be allocated entirely to the Gallery, as instructed by SCC.

The operating model for the new gallery also indicates that SCC is to charge an entry fee for some major exhibitions. Within the Travel Cost Model, it has been allowed for visitors to be spending money in Caloundra, and while it likely the new gallery would induce visitors to spend more money than under a Base Case, Savills has not included the extra 'entry fee' spending in the economic appraisal.

12.6.3 New Build Options – Visitation

The projections used for visitation for the new art gallery at Caloundra are set out in Table 31 below, showing the new art gallery could attract at least 87,000 visits per annum on average upon completion.

Table 31 - Visitor inputs Base Case and New Build Options

Year	Pre-COVID average visitation (p.a.)	2022-27 average visitors (p.a.)	2028-33 average visitors (p.a.)	2034-45 average visitors (p.a.)	2045-51 average visitors (p.a.)
Base Case ⁽¹⁾	21,897	22,000	22,000	22,000	22,000
New Build ⁽²⁾	21,897	37,167	87,000	87,000	87,000

Source: (1) Sunshine Coast Council and (2) Randall Arts Management

This level of visitation depends on SCC implementing the operating model developed for this business case, including making the investment to secure major and minor exhibitions.

A Travel Cost Method (TCM) was adopted to calculate the economic benefits of a New Regional Gallery, using the same method as described in the Base Case, but applied higher visitor numbers and a slightly different visitor mix (see Table 31 and Table 33).

Recent research found that most visitors to the Sunshine Coast want an art experience or to visit an art gallery as part of their visit. The proportion of respondents that want an art experience or to visit a gallery as part of their trip was the 6th highest percentage of all participating Local Government Areas in Australia and 2nd highest in Queensland.

If the new gallery at Caloundra maintained its share (around a third) of all visits to art galleries it would attract almost 50,000 visits by 2051. The new gallery would increase this to around 90,000 visits with 5 years of opening as it would attract more tourists and visitors to Caloundra.

The Sunshine Coast Regional Arts Infrastructure Framework forecast visitation to art galleries on the Sunshine Coast will increase from 65,827 in 2018 to 150,374 by 2058. However, forecasts suggest that a new gallery would be able to help grow the overall number of visitors to the Sunshine Coast particularly those who make travel decisions accounting for the art, culture and creative experiences in a destination. It is noted in other locations major exhibitions such as the Grace Kelly exhibition attracted over 100,000 people to Bendigo and the Archibald Exhibition in Geelong is reported to have attracted 280,000 visitors in 2017 and 2018. Further, the Gippsland Gallery achieved 30,000 visitors in a month in 2021 hosting the Archibald Exhibition (noting the impacts of COVID).

Other projects that would increase accessibility and visitation in Caloundra include the potential introduction of local mass transit⁸³, Caloundra City Centre Activation Project and further internationalisation of Sunshine Coast Airport⁸⁴.

Research on visitation to precincts in Australia shows that having more people in a precinct does typically translate to increased sales for retail outlets particularly those selling food and beverage items. However, it generally does not increase patronage at paid attractions.

The research reveals that a visit to a precinct is often seen as having a sense of freedom about it. Freedom to wander and browse as whims dictate at the time. In contrast, a visit to an attraction that requires a fixed commitment of time and money tends to be planned well in advance of reaching the precinct. So even though both visits occur in the same physical geography, they occupy quite different parts of people's minds where leisure decisions are really made. The idea that people will drift happily through a precinct and then suddenly decide to hand over money and allocate a substantial block of time to an attraction is, by and large, an inaccurate image of what actually happens⁸⁵.

The results of a survey of directors and curators in other galleries and museums around Australia where in their opinion, proximity to other cultural attractions is deemed important but not as important as other factors in attracting people to their facility is set out in Table 32.

Other projects that would increase accessibility and visitation in Caloundra include the potential introduction of local mass transit, Caloundra City Centre Activation Project, and further internationalisation of Sunshine Coast Airport.

⁸³ <https://www.sunshinecoast.qld.gov.au/Council/Planning-and-Projects/Major-Regional-Projects/Sunshine-Coast-Mass-Transit-Project/Mass-Transit-Options>

⁸⁴ <https://www.sunshinecoastairport.com.au/2021/07/19/first-international-flight-arrives-on-new-runway/>

⁸⁵ See LeisureScope research surveys <http://www.environmentics.com.au/> and Precinct Research completed by Destination NSW <https://www.destinationnsw.com.au/wp-content/uploads/2014/01/Sydney-Precincts-Research-Factsheet.pdf>

While visitation to a precinct has a mixed impact on unplanned visitation to a paid venue, it is well established that being in a well-connected and well managed public precinct, is beneficial for venues with free entry. Places thrive when users have a range of reasons (10+ reasons) to be there. These might include beaches to visit, playgrounds to enjoy, art to see or touch, music to hear, food to eat, history to experience, and people to meet. Ideally, some of these activities will be unique to that particular place, reflecting the culture and history of the surrounding community. This idea of needing 10+ reasons to be in a place applies at a city, precinct or place scale⁸⁶.

Further, tourism surveys show that tourism is a 'linked activity'. The visitors experience comes from interaction with a wide range of activities / facilities in an area. Together these separate elements influence the length of stay and the likelihood of subsequently recommending the location. Additionally, the Federal Government has suggested that clustering (locating venues together) facilitates the emergence of art and culture organisations which are more robust, both creatively and financially⁸⁷

Table 32 - Relative importance of factors in destination attractiveness according to directors of seven other cultural facilities

Factor contributing to destination attractiveness	Perceived importance in generating visitation (5=most important)
Perceived quality of the product	4.86
Customer service attitude	4.29
Awareness of product	4.14
Perception of product uniqueness	4.14
Marketing	3.85
Relevance of product to local history	3.85
Facilities and features	3.71
Management commitment and capability	3.71
Convenience	3.29
Community support	3.14
Quality of building / facility	3.14
Proximity to other cultural attractions	3.00

Table 33 - Visitor mix inputs Base Case and New Build Options

Year	Sunshine Coast	Brisbane	Queensland Other	Other Australia	Overseas
Base Case Visitor Mix	71.6%	12.8%	6.8%	7.8%	1.0%
New Build Visitor Mix	70.95%	12.0%	6.8%	9.0%	1.3%

Source: Savills

A comparison of visitor mixes for the Sunshine Coast Gallery and other galleries in Queensland is shown in Table 34 below. This highlights an opportunity to increase the proportion of visitors to the gallery from interstate and overseas.

Table 34 - Comparison of visitor mix to other Queensland Galleries

Year	Local area	Brisbane	Queensland Other	Other Australia	Overseas
Base Case Visitor Mix ⁽¹⁾	71.6%	12.8%	6.8%	7.8%	1.0%

⁸⁶ See further work in the Power of Ten Framework <https://www.pps.org/article/the-power-of-10>

⁸⁷ Major Performing Arts Inquiry - Securing the Future

Year	Local area	Brisbane	Queensland Other	Other Australia	Overseas
New Build Visitor Mix ⁽²⁾	70.95%	12.0%	6.8%	9.0%	1.3%
Central Eastern Queensland average ⁽³⁾	63%	19%		13%	5%
Queensland average ⁽³⁾	59%	22%		11%	7%

Source: (1) Sunshine Coast Council (2) Savills (3) Queensland Museum and Gallery Services⁸⁸

Table 35 shows the producer surplus generated by the new gallery are relatively small as the number of the labour surplus and business surplus is modest.

Table 35 - Producer surplus new build options

Visitor origin	Number of incremental visitors	Labour surplus	Business surplus	Average spending per night	Total producer surplus (p.a.)
Interstate	6,122	12%	8%	\$178	\$10,461
International	869	15%	9%	\$82	\$1,484

Source: Savills

12.6.4 New Build Options - Operating Costs

Operating costs were forecast for the New Regional Gallery incorporating building operating costs, staff costs and other gallery operating costs such as exhibitions and education etc. This was also informed by information from other galleries and benchmarking. Depreciation costs were deducted from the operating costs prepared by SCC as these are not included in an economic appraisal.

Building renewal or capital expenditure for the new art gallery was also forecast at 2% of building replacement costs per annum.

The projected net operating income for a new art gallery used for the first five (5) years in the Economic Appraisal is set out in Table 36 below. Details of the breakdown of the operating costs and operating income and basis for the projections are presented earlier in the report and at Appendix B. It is important to note the figures in the table below are 2022 dollars (i.e., the inflation allowance in the operating model is removed as the Economic Appraisal uses a real discount rate).

Table 36 - New build net operating costs for the new art gallery

Item	2024	2025	2026	2027	2028
Total	-\$939,057	-\$1,459,915	-\$1,841,419	-\$1,802,238	-\$1,863,273

Source: ARM with Savills adjustments to convert to real \$ 2022.

An allowance of 2% of the building capital replacement cost per annum for ongoing lifecycle costs (CAPEX and maintenance) on the new gallery was factored in the Economic Appraisal.

⁸⁸ <https://magsq.com.au/wp-content/uploads/2021/02/Guess-whos-going-to-the-gallery-Queensland.pdf>. Central Eastern Queensland included Bundaberg Regional Art Gallery; New Regional Gallery; Gladstone Regional Art Gallery and Museum; Gympie Regional Gallery; Hervey Bay Regional Gallery and Noosa Regional Gallery

12.6.5 Results and Sensitivity Modelling

This section compares the Base Case with the three (3) shortlisted options, with Table 37 showing the results of the cost benefit analysis using benefits derived for non-Queensland residents. This compares the net benefits from a new art gallery compared with the net benefits from current gallery, focusing on benefits from non-resident visitors (i.e., interstate, and overseas visitors). This approach accepts that visits by Queensland residents may be transferring culture / leisure expenditure around the State, while visits from other States or overseas are introducing new expenditure to the State. This does not include the costs of a temporary use (such as fit-out) of another site if the existing gallery site is redeveloped.

With the size of the gallery and quantity of programs being consistent across the new build options, the number of visitors to the gallery remains the same and so does the preliminary construction cost estimate for the three options (see breakdown cost in Section 13.3). As a result, consumer and producer surplus are the same in the three alternatives, however, Options C and D have a Cost Benefit Ratio that is slightly better than Option B due to the extra relocation costs associated with redeveloping the existing gallery site.

Following advice from SCC, the gallery operations can potentially be relocated to an existing facility, therefore, the costs related to leasing an alternate gallery space have been left out of this analysis for Option B. Moreover, the likely fit-out costs necessary for establishing a new space have not been accounted for. Fitting out a temporary space could be as high as \$3,700 per m² with a spatial requirement of approximately 400m² to 500m² of alternate gallery space required, based on the fit-out costs for the new gallery.

The increase in interstate and international visitation is the main reason for the significant increase in net benefits and large Benefit Cost Ratio.

Table 37 - Economic Appraisal results, 2021-2051, counting all project costs and benefits generated by interstate and overseas visitors to the new art gallery.

Net present value/cost (Annual figures totalled over the 30-year assessment period)	NPV @ 7%			
	Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Capital costs				
Construction costs ⁸⁹	\$0	-\$33,591,847	-\$33,144,671	-\$33,144,671
Building renewal CAPEX (lifecycle)	-\$1,760,777	-\$7,644,297	-\$7,542,536	-\$7,542,536
Building depreciation (add back)	\$354,440	\$74,958	\$74,958	\$74,958
Total capital costs	-\$1,406,337	-\$41,161,186	-\$40,612,249	-\$40,612,249
Operating costs				
Operating costs (existing gallery)	-\$10,296,275	-\$2,177,499	-\$2,177,499	-\$2,177,499
Operating costs (new gallery)	\$0	-\$23,922,566	-\$23,922,566	-\$23,922,566
Total operating costs	-\$10,296,275	-\$26,100,066	-\$26,100,066	-\$26,100,066
Total capital & operating costs	-\$11,702,611	-\$67,261,251	-\$66,712,314	-\$66,712,314
Revenues & Benefits				
Visitor benefits	\$51,073,250	\$200,244,483	\$200,244,483	\$200,244,483
Terminal Value	\$0	\$1,667,742	\$1,645,541	\$1,645,541
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$116,879	\$116,879	\$116,879

⁸⁹ Construction costs have been discounted in accordance with programme and cash flow.

Net present value/cost (Annual figures totalled over the 30-year assessment period)	NPV @ 7%			
	Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Total Revenues & Benefits	\$51,073,250	\$202,029,104	\$202,006,903	\$202,006,903
Total (net benefit)	\$39,370,639	\$134,767,853	\$135,294,589	\$135,294,589
Total compared with Base Case	N/A	\$95,397,214	\$95,923,949	\$95,923,949
Benefit Cost Ratio compared to Base Case	N/A	2.72	2.74	2.74

Source: Savills. ** Note additional costs likely in Option B to move the gallery and fit-out a new space if existing gallery building is redeveloped.

Sensitivity analysis has been undertaken showing only the benefits for visitors that travel to Caloundra primarily due to the gallery which are included in Table 38. Currently around 8% of visitors state the primary reason for visiting the gallery is to see an exhibition. Upon completion of the gallery development, it is forecast around 50,000 people may attend major events at the gallery, such as the Archibald on Tour and Kylie on Tour. As such, it is considered that in the future 20% of visitors (circa 17,400 pa) are primarily visiting Caloundra to see an exhibition at the new gallery.

Table 38 - Economic Appraisal results, 2021 – 2051, counting all project costs but only benefits generated by visitors whose primary purpose is to visit the gallery.

Option	Net Present Value ⁹⁰ (@ 7% discount rate)	Net costs (Incremental to Base Case)	Net benefits (Incremental to Base Case)	Benefit Cost Ratio (incremental to Base)
Base Case	-\$5.7million	Not applicable	Not applicable	Not applicable
Option B - Existing gallery site**	-11.95million (\$6.25 million worse than Base)	\$55.6 million higher	\$49.4 million higher	0.88:1
Option C - Bulcock Street & Otranto Avenue	-\$11.4million (\$5.7 million worse than Base)	\$55.1 million higher	\$49.4million higher	0.89:1
Option D - Existing library site	-\$11.4million (\$5.7 million worse than Base)	\$55.1 million higher	\$49.4 million higher	0.89:1

Source: Savills. ** Note additional costs likely in Option B to move the gallery and fit-out a new space if existing gallery building is redeveloped.

12.6.6 Economic Analysis Summary

In summary the investment in the New Regional Gallery generates a positive benefit cost ratio under a range of scenarios. This counts travel costs as a proxy for benefits received by extra visitors to the new art gallery including extra spending in and around the gallery from both new visitors and visitors spending more than they otherwise would have if the development hadn't occurred.

The brief review of other studies on art galleries in other areas outside capital cities (see Section 0) also finds benefits which are difficult to quantify in an economic appraisal but are nonetheless very important. These include increased cultural vitality, literacy, and appreciation; increased support for the regional economy; improved sense of place and

⁹⁰ It should be noted the NPV calculations in Table 37 are based on Economic costs and benefits over 30 years, and are not comparable with the NPV analysis undertaken in the Financial Appraisal which considers slightly different inputs and cash flow.

increased liveability and public amenity. Whilst it is possible perform sensitivity tests (Table 39-40) to show the impact of say a n increase or decrease in capital costs or operating costs, these will be relatively immaterial in the economic appraisal (i.e., the benefit cost ratio will be well above 1:1) as the increased visitation generates the most benefits by a considerable amount. The capital costs and operating costs may be considered more material for SCC in the financial appraisal, however in terms of benefit for the Sunshine Coast and visitors the economics revolves around the ability to attract more people to visit the gallery particularly from outside Queensland.

Table 39 - Sensitivity analysis - economic appraisal using a 4% discount rate.

Net present value/cost (Annual figures totalled over the 30-year assessment period)	NPV @ 4%			
	Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Capital costs				
Construction costs	\$0	-\$35,779,234	-\$35,302,939	-\$35,302,939
Building renewal CAPEX (lifecycle)	-\$2,536,710	-\$11,341,332	-\$11,190,356	-\$11,190,356
Building depreciation (add back)	\$493,913	\$79,265	\$79,265	\$79,265
Total capital costs	-\$2,042,797	-\$47,041,301	-\$46,414,030	-\$46,414,030
Operating Costs				
Operating costs (existing gallery)	-\$14,347,887	-\$2,302,603	-\$2,302,603	-\$2,302,603
Operating costs (new gallery)	\$0	-\$34,201,057	-\$34,201,057	-\$34,201,057
Total operating costs	-\$14,347,887	-\$36,503,660	-\$36,503,660	-\$36,503,660
Total capital & operating costs	-\$16,390,684	-\$83,544,961	-\$82,917,690	-\$82,917,690
Revenues & Benefits				
Income	\$71,170,716	\$292,486,097	\$292,486,097	\$292,486,097
Terminal Value	\$0	\$3,914,192	\$3,862,086	\$3,862,086
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$173,405	\$173,405	\$173,405
Total Revenues & Benefits	\$71,170,716	\$296,573,694	\$296,521,588	\$296,521,588
Total	\$54,780,032	\$213,028,733	\$213,603,898	\$213,603,898
Total compared with Base Case	N/A	\$158,248,701	\$158,823,866	\$158,823,866
Cost Base Ratio compared to Base Case	N/A	3.36	3.39	3.39

Table 40 - Sensitivity analysis - economic appraisal using a 10% discount rate.

Net present value/cost (Annual figures totalled over the 30-year assessment period)	NPV @ 10%			
	Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Capital costs				
Construction costs	\$0	-\$31,607,968	-\$31,187,201	-\$31,187,201
Building renewal CAPEX (lifecycle)	-\$1,297,663	-\$5,421,910	-\$5,349,733	-\$5,349,733
Building depreciation (add back)	\$269,261	\$71,032	\$71,032	\$71,032
Total capital costs	-\$1,028,401	-\$36,958,845	-\$36,465,902	-\$36,465,902
Operating costs				
Operating costs (existing gallery)	-\$7,821,886	-\$2,063,440	-\$2,063,440	-\$2,063,440
Operating costs (new gallery)	\$0	-\$17,700,669	-\$17,700,669	-\$17,700,669
Total operating costs	-\$7,821,886	-\$19,764,109	-\$19,764,109	-\$19,764,109
Total capital & operating costs	-\$8,850,287	-\$56,722,954	-\$56,230,011	-\$56,230,011
Revenues & Benefits				
Visitor benefits	\$38,799,385	\$144,602,834	\$144,602,834	\$144,602,834
Terminal Value	\$0	\$727,548	\$717,863	\$717,863
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$82,899	\$82,899	\$82,899
Total Revenues & Benefits	\$38,799,385	\$145,413,282	\$145,403,596	\$145,403,596
Total	\$29,949,098	\$88,690,327	\$89,173,585	\$89,173,585
Total compared with Base Case	N/A	\$58,741,229	\$59,224,487	\$59,224,487
Benefit Cost Ratio compared to Base Case	N/A	2.23	2.25	2.25

13.0 Financial & Commercial Analysis

13.1 Approach

A financial appraisal (FA) has been undertaken of the New Regional Gallery development options in accordance with the requirements outlined within the relevant QLD Treasury guidance material and PAF guidelines. The overarching objective of the financial appraisal involves robust examination of cash flows in order to identify cash flow impacts over the project horizon and calculation of net present values, incorporating consideration of budgetary impacts, potential funding sources, capital costs, revenues and whole of life costs to compare shortlisted options.

The FA focuses only on the costs and revenues attributable to the Sunshine Coast Council due to the implementation of the project.

13.2 Key Parameters used in the Financial Appraisal

In order to undertake the financial analysis, a range of financial assumptions were made in consultation with SCC and Queensland Government. These assumptions enable the assessment to be undertaken and define the expectations for the commercial environment within which the gallery development is to be delivered as set out below:

- All development options have been assessed over a 20-year period.
- Nominal cash flows have been used for the evaluation, and by applying an annual inflation rate of 2.5% to real cash flows
- A nominal discount rate of 7.87% has been used in this Discounted Cash Flow (DCF) analysis.
- Construction costs have been escalated at a rate of 4% per annum up to 2024, as advised by Slattery.
- The DCF has been determined as at June 2023.
- A residual (or terminal) value has been assumed for the asset generated under each option.

Table 41 - Parameters used in the Financial Appraisal

Parameter	Value	Reason
Discount rate	7.87% nominal	Consistent with WACC calculation
Period	20 years	As per recent advice from Queensland DSILP CEM Team
Nominal or real values	Nominal (with 2.5% per annum inflation assumed)	Consistent with Queensland Government Guidance

13.2.1 Revenues

Revenue forecasts were derived by Randall Arts Management (RAM) in conjunction with SCC, which include revenues from attendance at major events, café and merchandise sales.

A terminal value for the art gallery was also included in Year 20, based on a straight-line depreciated replacement cost method.

13.2.2 Operating costs

Sunshine Coast Council provided information on the cost of operating the current New Regional Gallery including building operating costs, staff costs and other gallery operating costs including exhibitions and education etc.

These costs have been refined in conjunction with SCC to forecast the operating costs attributable to the New Regional Gallery, inclusive of building operating costs, staff costs and other gallery operating costs including exhibitions and education programs etc. The operating costs were also informed by data collected from other similar galleries and benchmarking.

Building renewal expenditure or lifecycle costs for the new gallery are forecast at 2% of building replacement costs per annum which is consistent with industry benchmarks for galleries.

13.3 Preliminary Capital Costs - Shortlisted Options

Capital costs have been prepared by Slattery Australia for each of the three (3) shortlisted New Regional Gallery development options. The costs have been developed on the basis of preliminary Gallery accommodation schedule developed by architects ARM and market conditions based on an estimate date of June 2023.

The overall capital costs for each of the shortlisted options are set out in **Table 42** below and have been utilised in the detailed financial and economic analyses to arrive at a preferred option for further consideration as part of the detailed business case.

Table 42 - Summary of capital costs no cost escalation

Capital costs (\$ June 2023)	Option B – Existing Gallery site (\$)	Option C– Bulcock St & Otranto Ave (\$)	Option D – Existing Library site (\$)
Site Preparation & Demolition	1,013,000	1,013,000	1,013,000
Substructure	1,743,000	1,743,000	1,743,000
Subtotal – Early works & substructure	2,756,000	2,756,000	2,756,000
Ground Floor Construction	5,429,000	5,429,000	5,429,000
Level 1 Construction	12,868,000	12,868,000	12,868,000
Stairs & Transportation	695,000	695,000	695,000
Plant	439,000	439,000	439,000
External Works & Art	2,225,000	2,225,000	2,225,000
outdoor covered area	150,000	150,000	150,000
Total Building and External Cost	24,562,000	24,562,000	24,562,000
Environmentally Sustainable Design	1,264,000	1,264,000	1,264,000
Design Contingency	2,654,000	2,654,000	2,654,000
Contract Contingency	2,919,999	2,919,999	2,919,999
Total Construction	31,399,999	31,399,999	31,399,999
Consultants Fees	3,211,000	3,211,000	3,211,000
Consultants Fees IFC	562,000	562,000	562,000
Planning & Legal fees	100,000	100,000	100,000
Authority & Headwork's Charges	353,000	353,000	353,000
QLeave	185,000	185,000	185,000
Land, Finance, Legal, Letting Costs, etc.	Excluded	Excluded	Excluded
Audio Visual / IT (Structured Cabling included)	250,000	250,000	250,000
Commercial kitchen	250,000	250,000	250,000
Client management / Direct costs	400,000	400,000	400,000
Decanting allowance	700,000	200,000	200,000
Total (\$2023)	\$ 37,560,000	\$ 37,060,000	\$ 37,060,000

13.3.1 Capital costs - assumptions and qualifications

All costs are reported exclusive of GST and the project cost plan is based on costs current at June 2023. The preliminary cost estimate is based on concept design documentation and functional brief area schedule as detailed in Section 16.8. Costs for each option are based on the following:

- Base Case – Works include maintaining current gallery condition and capital upgrades as building assets become obsolescent.
- Option B Existing Gallery - Works include a new build double storey Art Gallery and all associated external landscaping works within 5m outside of the gallery. Option requires the gallery to be relocated to a temporary facility throughout the construction period, therefore the gallery is to be decanted twice and these costs have been included in the estimate. Costs for the rental of another facility and any refurbishment works for a temporary gallery space have not been included in the cost estimate.
- Option C Bulcock St - Works include a new build double storey Art Gallery and all associated external landscaping works within 5m outside of the gallery.
- Option D Existing Library – Works include a new build double storey Art Gallery and all associated external landscaping works within 5m outside of the gallery.

For all options, landscaping and hardscaping have been incorporated. The delineation between the gallery and public realm has not been determined at this stage of the design process and as such a nominal amount has been factored. Demolition costs of the building currently occupying the subject sites have not been accounted for in the financial analysis.

Costs assume that the project will be competitively tendered, and no allowances have been made for negotiated, staged or construction management forms of procurement, and also include design contingencies, covering allowances for resolution of design items prior to tender and a construction contingency.

Construction costs have been escalated at a rate of 4% per annum up to construction commencement in 2024.

13.4 Financial appraisal for the Sunshine Coast Regional Art Gallery at Caloundra

13.4.1 Base Case

The Base Case is a business-as-usual situation where the gallery continues to operate but is increasingly too small and not fit-for-purpose for a fast-growing lifestyle region.

Gallery visitation considered under the Base Case does not grow in line with the population but remains constant as the building ages and newer attractions and facilities are developed in the region. As shown in Table 43, visitor numbers to the Caloundra Art Gallery have been fairly consistent since 2015 and 2016, until they were impacted by COVID in 2020 and 2021.

Table 43 - Visitor numbers from 2015 to 2021 at the Caloundra Art Gallery

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Exhibition visitors	17,144	15,859	16,064	15,198	12,242	12,421
Events/program visitors	4,777	7,010	6,053	5,484	4,261	3,381
All Visitors	21,921	22,869	22,117	20,682	16,503	15,802

Source: Sunshine Coast Regional Art Gallery

A sensitivity test was also run to determine potential visitation numbers under the Base Case, set out in Table 44 and factoring the following scenarios:

- Sensitivity – Pessimistic Base Case – where the number of visitors declines by around 5% every 5 years.
- Sensitivity – Optimistic Base Case – where the number of visitors increases in line with the rate of population growth and tourism growth. Savills believes this result is highly unlikely unless additional investment is made in the gallery and in securing exhibitions.

Table 44 - Base Case projections visitor numbers Caloundra Art Gallery

Scenario / Year	Pre-COVID average visitation (p.a.)	2022-27 average visitors (p.a.)	2028-33 average visitors (p.a.)	2034-45 average visitors (p.a.)	2046-51 average visitors (p.a.)
All Visitors (Base Case)	21,897	22,000	22,000	22,000	22,000
All Visitors (Sensitivity – Pessimistic Base Case)	21,897	20,900	19,800	18,700	16,503
All Visitors (Sensitivity – Optimistic Base Case)*	21,897	23,996	27,580	37,520	46,606

Source: Savills. * Savills forecasts this scenario would only be possible if there was additional investment in the gallery and extra money allocated to secure exhibitions.

Under the Base Case scenario, gallery projects would proceed in other centres outside the Sunshine Coast. There would be no catalyst to help the arts and cultural sector flourish in Caloundra to support the Caloundra Centre Activation Project, with the tangible and intangible benefits generated by a fit-for-purpose gallery not maximised as patronage and reputation declines.

13.4.2 Base Case Operating Costs

Savills used average operating costs in the Base Case for the existing gallery provided by Sunshine Coast Council for the past 5 years as set out below.

Table 45 - Base Case operating costs Caloundra Art Gallery

Item	2016/17	2017/18	2018/19	2019/20	2020/21
Operating Costs Total	(617,333)	(716,561)	(876,452)	(928,007)	(875,391)

Source: Sunshine Coast Regional Art Gallery

13.5 Revenues & Commercial Opportunities

13.5.1 New Build Options – Revenues

For the purpose of the financial appraisal, the number of visitors to the gallery is considered to be the same across the three (3) new build options, as the size of the gallery and spatial requirements are consistent, and programs will be the same. The first 10 years of revenues adopted in the operational cash flow have been set out below, showing minimal revenues through the construction period and increasing upon the gallery opening in 2026. It is assumed gallery revenues will continue to increase as visitation grows and operational capacity and capability are realised.

Table 46 - Forecast revenues – first 10 years cash flow.

Operating Revenue	2024 – Year 1 (\$)	2025 – Year 2 (\$)	2026 Year 3 (\$) (opening year)	2027 – Year 4 (\$)	2028 – Year 5 (\$)	2029 – Year 6 (\$)	2030 – Year 7 (\$)	2031 – Year 8 (\$)	2032 – Year 9 (\$)
Grants and Contributed Revenues	500	10,525	110,000	130,500	156,025	163,826	172,018	180,618	189,649
Space Rentals	-	-	5,000	5,250	5,513	5,788	6,078	6,381	6,700
Program Revenues	58,593	61,523	341,670	390,480	488,100	512,505	538,130	565,037	593,289
Other Revenues	-	-	166,398	182,788	191,927	201,524	211,600	222,180	233,289
Other Cost Recoveries/Misc Revenues	-	-	-	-	-	-	-	-	-
Total Annual Income	59,093	72,048	623,068	709,018	841,565	883,643	927,825	974,216	1,022,927

Source: RAM

It is acknowledged that Options B and C allow SCC to sell the land that the existing library currently occupies (8 Omrah Ave). Even though developing the new gallery on the library site represents an opportunity cost since land could potentially be sold, any sale proceeds from this transaction have not been taken into consideration in the financial appraisal. This is because the revenue generated by any disposal of Council land is not able to be allocated entirely to the Gallery, as instructed by SCC.

13.5.2 New Build Options - Operating Costs

The projected net operating costs for the new gallery as derived in the Operations Plan and adopted for the first 10 years in the Financial Appraisal are set out in Table 47. Costs are assumed to increase at 2.5% pa beyond year 10.

Table 47 - New build net operating costs for the new art gallery

Operating Costs	2024 – Year 1 (\$)	2025 – Year 2 (\$)	2026 Year 3 (\$) (opening year)	2027 – Year 4 (\$)	2028 – Year 5 (\$)	2029 – Year 6 (\$)	2030 – Year 7 (\$)	2031 – Year 8 (\$)	2032 – Year 9 (\$)
Salaries & Wages	557,650	916,463	1,425,837	1,473,906	1,507,125	1,552,527	1,602,603	1,657,083	1,715,774
Internal Materials and Services	120,000	120,000	200,000	200,000	210,000	220,500	231,525	243,101	255,256
Total R&M - COCO	20,000	20,000	25,000	30,000	31,500	33,075	34,729	36,465	38,288
Total Materials & Services	110,000	130,000	140,000	160,000	168,000	176,400	185,220	194,481	204,205
Finance Costs	500	500	1,000	1,050	1,103	1,158	1,216	1,276	1,340

Operating Costs	2024 – Year 1 (\$)	2025 – Year 2 (\$)	2026 Year 3 (\$) (opening year)	2027 – Year 4 (\$)	2028 – Year 5 (\$)	2029 – Year 6 (\$)	2030 – Year 7 (\$)	2031 – Year 8 (\$)	2032 – Year 9 (\$)
Total Net Programming	175,000	250,000	568,650	535,600	669,500	702,975	738,124	775,030	813,781
Collection Costs	15,000	95,000	104,000	110,700	117,610	123,491	129,665	136,148	142,956
Shop	-	-	-	-	-	-	-	-	-
Total Expenditure	998,150	1,531,963	2,464,487	2,511,256	2,704,838	2,810,125	2,923,081	3,043,585	3,171,601

An allowance for ongoing CAPEX and maintenance on the new art gallery has been adopted into the Financial Appraisal at 2% of the building capital replacement cost per annum.

13.5.3 New Build Options – Net operating position

The forecast operating subsidy required for a new gallery is set out in Table 48. This includes some allowances for staff costs and operating costs before the new gallery is fully operational. This should be further investigated by SCC according to when the new gallery opens and the existing gallery transitions to a new venue and also when new staff are employed.

Table 48 - Operating subsidy new gallery

Costs & Revenues	2024 Year 1 (\$)	2025 Year 2 (\$)	2026 Year 3 (opening year) (\$)	2027 – Year 4 (\$)	2028 – Year 5 (\$)	2029 – Year 6 (\$)	2030 – Year 7 (\$)	2031 – Year 8 (\$)	2032 – Year 9 (\$)
Total Income	59,093	72,048	623,068	709,018	841,565	883,643	927,825	974,216	1,022,927
Total Costs	998,150	1,531,963	2,464,487	2,511,256	2,704,838	2,810,125	2,923,081	3,043,585	3,171,601
Shortfall / Subsidy**	(939,057)	(1,459,915)	(1,841,419)	(1,802,238)	(1,863,273)	(1,926,482)	(1,995,256)	(2,069,369)	(2,148,674)

Source: RAM. ** Excludes depreciation and in-kind contributions

13.6 Financial analysis Outcomes

This section compares the Base Case with the shortlisted new gallery Options B, C and D, setting out the incremental financial position of each option.

The FA has two components. Firstly, the options are evaluated according to their total financial impact (i.e., their overall combination of the capital costs, recurrent costs, and commercial opportunities). Secondly the options are evaluated on their incremental financial impact over the Base Case.

The results of the financial analysis are set out in Table 49 below, examining project cash flows over a 20-year period. This shows the Base Case has the lowest financial costs, however as explained in the Economic Assessment, the new build options deliver a range of economic benefits for the Sunshine Coast and Queensland which are not captured in the Financial Appraisal.

Table 49 - Financial analysis results over 20 years

Option	Net Present Value (@ 7.87% discount rate)	
	Total Financial Impact	Incremental Impact Over Base Case
Option A - Base Case	(\$11 million)	N/A
New build - Option B – Existing Gallery site**	(\$55.6 million)	\$44.6 million worse than Base Case
New build - Option C – Bulcock Street & Otranto Avenue	(\$55.1 million)	\$44.1 million worse than Base Case
New build - Option D – Existing library site	(\$55.1 million)	\$44.1 million worse than Base Case

Source: Savills. ** Note additional costs likely in Option B to move the gallery and fit-out a new space if existing gallery building is redeveloped.

The financial appraisal calculates Options C and D are slightly better than Option B with a Net Present Cost of \$55.1 million, which is \$44.1 million worse than the Base Case.

14.0 Risk Analysis and Management

The consideration of key risks potentially impacting the New Regional Gallery project and development of a strategy to address these project risks is a core requirement of this Detailed Business Case. As such, SCC and the consultant team have undertaken preliminary risk identification and analysis associated with the New Regional Gallery redevelopment and put forward a range of risk management activities in accordance with requirements of the ISO31000 *Risk Management*.

14.1 Overall approach to risk

SCC appreciates the importance of identifying, reviewing and managing risk throughout the project development and delivery process to actively minimise risk occurrence and impact.

The project risk management approach is to continuously identify risks, develop strategies to manage the risks, monitor effectiveness of these strategies and update these strategies as required. This approach, outlined below will closely follow ISO31000 *Risk Management*., which sets out general risk management and business continuity planning process, management accountabilities and approach to systematically manage risk.

14.2 Risk framework

The risk analysis has been completed factoring the following activities for each shortlisted option being considered:

- *Identification* – identifying and documenting the key risks to which each option could be exposed
- *Assessment (qualification and quantification)* – conducting an initial assessment of the materiality of the risks (qualification) and the likelihood and consequences of the risks occurring (quantification).
- *Allocation* – giving some initial consideration to identifying the parties likely to be best able to manage the identified risks
- *Mitigation* – developing preliminary strategies to mitigate the risks.

14.3 Risk analysis

An Initial high level risk review was undertaken as part of the Long List Options assessment carried out in the SASR (Stage 1) process. A detailed risk analysis has subsequently been undertaken on the resultant short-listed options determined by the Multi Criteria Assessment process.

The risk assessment for each individual option has been undertaken and incorporated within the Project Risk Register located in Appendix C for reference. This Detailed Business Case document summarises the key findings from the risk analysis of each shortlisted option and sets out a comparative analysis of each, being:

- Option B – Existing Gallery site
- Option C – Corner of Bulcock Street and Otranto Avenue
- Option D – Existing Library site

As part of the risk assessment process, the Project Team comprising SCC members and consultant team conducted a risk assessment workshop which considered the likelihood and consequence of risks allocated across a number of categories, establishing mitigation and management outcomes. The main risk categories included:

- Political, Stakeholder and Project Support Risks
- Community & Environmental Risks
- Design and Construction Risks
- Operating Risks
- Financial / Revenue Risks

14.4 Key project risks – comparative analysis

A risk analysis was conducted to identify and assess the risks associated with each shortlisted project option. A summary of key risks, including all risks identified as ‘catastrophic’ and a selection of notable ‘high’ risks is set out in Table 50 - Comparative risk analysis below. The analysis compares risk profiles for each shortlisted Project Option factoring the risk treatment / mitigation strategy and residual / controlled risk rating.

Table 50 - Comparative risk analysis

Risk Ref.	Risk Description	Cause & Consequence	Mitigation Strategy	Residual / Controlled Risk Rating		
				Option B	Option C	Option D
1.0 Political, Stakeholder and Project Support Risks						
1.01	Loss of Mayor or SCC support for the gallery project	A loss of SCC support for the gallery project can occur as a result of a change in SCC staff, a change in SCC priorities or the gallery project not aligning with SCC policies. This may result in the gallery project not proceeding.	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies. This is to include the creation of an engagement strategy, which will require briefing and discussions with a broad range of Council staff and Councillors to inform of the objectives and benefits of the gallery.	Medium	Medium	Medium
1.05	Capital investment failure – SCC unable to provide funding for the gallery	SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities. This may result in the gallery project not proceeding in accordance with proposed project plan.	Establish the gallery project as a priority project for Council, ensuring funds are committed within Council forecast budgets for the project. Following completion of the business case, embark on an advocacy program to identify and secure funding from other sources including state and federal governments.	High	High	High
1.10	Reputational risk for SCC through inability to deliver on public commitments	Through endorsement of the business case and subsequent funding award, SCC is publicly committing to delivering the project benefits identified. Inability to achieve these benefits carries significant reputational and public relations damage potential.	SCC is to clearly articulate the select project benefits and commitments to be made public, ensuring the project is fully funded and committed prior to releasing details publicly.	Medium	Medium	Medium
1.14	Stakeholders dissatisfied with precinct outcome upon completion	The final project deliverables and perceived benefits do not achieve or meet stakeholder expectations of precinct outcomes due to a shift in project scope or drivers, resulting in lack of benefits realisation for stakeholders.	Establish a stakeholder engagement strategy to identify and consult key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits clearly communicated, reporting progress against the benefits management	Medium	High	Low

Risk Ref.	Risk Description	Cause & Consequence	Mitigation Strategy	Residual / Controlled Risk Rating		
				Option B	Option C	Option D
			plan developed in the business case on a cyclical basis.			
1.15	Business case is not supported by SCC	SCC does not support the business case due to the forecast operational costs and capital costs. This may result in the business case failing to proceed.	Establish a project governance framework and stakeholder engagement strategy to identify key Council stakeholders. Undertake continual briefing and consultation, ensuring business case information is constantly reviewed and approved by SCC at each project gateway.	Medium	Medium	Medium
2.0 Community & Environmental Risks						
2.07	Loss of environmental assets within precinct.	The gallery development results in a loss of natural assets within the precinct due to building footprint and operational activities impacting green spaces and established vegetation.	Engage Ecology consultant to establish significant vegetation and devise management plan to minimise impact of development on loss of vegetation and high value assets, prepare landscape plan to offset loss of significant assets.	High	Low	Low
2.20	Negative impact on neighbouring land uses and business.	The development of a new gallery may have detrimental impacts on surrounding land uses and businesses due to built form implications, planning outcomes, loss of commercial activity and increased competition.	Project team to undertake comprehensive consultation on precinct users, developing a detailed project and staging plan that is widely communicated and incorporates input from external stakeholders to minimise impact.	Low	Low	Low
2.21	Development staging impacts on precinct operations and land uses	The continuity of precinct operations is disrupted due to construction activities resulting in loss of commercial activity for local businesses and reduced amenity across the precinct.	Contingency and staging plans to be developed, particularly focussed on minimising disruption to commercial activities and user needs in the Precinct.	Medium	High	Low
2.08	Land use controls constrain development potential.	The current Queensland Government Titles Registry identifies that the site is located on Lot 666 on CG4615, a land parcel held by Council under a Deed of Grant in Trust from the State of Queensland, which presents a risk in terms of SCC providing owner's consent for development of the existing gallery site.	SCC to consult with relevant planning authorities on the process and time implications for removal of land use constraint on title, developing a plan for removal of caveat.	Medium	Low	Low
3.0 Design and Construction Risks						
3.03	Gallery building does not align with SCC	The gallery building design does not align with SCC 's sustainability requirements and policies due building	Design phase to incorporate SCC ESD standards and sufficient time for ESD issues to be resolved and	High	Medium	High

Risk Ref.	Risk Description	Cause & Consequence	Mitigation Strategy	Residual / Controlled Risk Rating		
				Option B	Option C	Option D
	sustainability requirements	designers not understanding SCC requirements or policies. This may cause delays in authority approvals.	provide adequate clauses in construction contract and tender documents to ensure timeframes are met. The project cost plan is to also factor sufficient allowance for ESD design and implementation to reduce risk of removal from scope due to budget constraints.			
3.21	Building not fit for purpose once project completed	The gallery building is not fit for purpose due to building requirements not being defined and accepted. This may cause negative support by the local community for the gallery.	Mitigate by thorough detailed stakeholder consultation both project planning and delivery, whilst incorporating sufficient flexibility into gallery spaces for future use and growth.	Medium	Low	Low
3.22	Construction delays	Building contractor and project consultants do not achieve contract completion dates, delaying occupancy and use.	Incorporate sufficient time in programme and provide adequate provisions / penalties in construction contract and tender documents to ensure timeframes are met	Medium	Medium	Medium
4.0 Operating Risks						
4.02	Unable to fund operating costs on an ongoing basis	SCC unable to fund ongoing operating costs due to cost escalation and exceedance of SCC budgets. This may result in the gallery programming and exhibitions not meeting identified service needs.	SCC to endorse budget commitment for funding of operational shortfall for a nominated period of time with built in review and revise hurdles based on actual performance data of gallery operations.	Medium	Medium	Medium
4.09	Unable to secure national touring exhibitions	Demand from other galleries for touring exhibitions may exceed supply lines. This may cause damage to the gallery's public image and a loss in revenue.	Design of the gallery is to include sufficient flexibility in spatial functionality and capacity to facilitate and attract varying size touring exhibitions with differing technical requirements, ensuring gallery conditions remain recognised as suitable for major national touring needs. Ensure gallery leadership is properly resourced to proactively engage with the sector.	Low	Low	Low
4.15	Damage to gallery collection	Risk of damage incurred to gallery collection during decanting process.	Develop storage and relocation plans for the collection, ensuring handling is kept to a minimum and storage facilities provide adequate environment for art collection.	Low	Low	Low
5.0 Financial / Revenue Risks						
5.02	Exhibition and programming numbers do not	The forecast visitation does not eventuate due to inability to attract patrons through inappropriate spatial design of the facility and precinct activation that discourages suitable exhibitions, resulting in reduced new and repeat visitors that	Ensure adequate use of benchmarking data to inform the exhibition and programming estimates, appropriate	Medium	Medium	Medium

Risk Ref.	Risk Description	Cause & Consequence	Mitigation Strategy	Residual / Controlled Risk Rating		
				Option B	Option C	Option D
	achieve sufficient commercial activity	negatively impact the ability of the Gallery to generate commercial activity and attract commercial investment and partnership in the gallery.	contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.			
5.11	Inability to attract private sector investment / participation	The development model / concept fails to attract and secure private sector involvement in the planning, delivery and operation of the facility, which increase financial burden on SCC resources and potential increased government funding required.	Market consultation to be undertaken prior to project financial commitment to gauge commercial interest and market capacity to financially contribute to the project, with a targeted engagement strategy to be developed to secure private sector pre commitment.	Medium	Medium	Medium
5.18	Long term viability of the precinct if not future proofed.	The gallery development is one element in precinct activation, with additional initiatives required to ensure long term sustainable outcomes across the precinct such as transport, open spaces, resilient built form and interdependent businesses and adaptive land uses. Failure to adequately factor urban design principles for sustainable and resilient communities may potentially limit commercial and wider economic benefits in the medium to long term.	The Caloundra Centre Activation Plan sets the overarching masterplan and implementation guide for the precinct which is to be adhered with to enable sustainable and resilient activity. Endorsed land uses and development initiatives in the Plan provide flexibility and momentum for sustainable outcomes.	Medium	High	Low
5.19	Precinct activation fails to deliver commercial opportunities and investment	Lack of precinct activation due to an incohesive planning policy and poorly implemented masterplan may result in inadequate levels of commercial investment and activity required for the sustainable operation of the gallery.	Ensure SCC endorsement and prioritisation of projects specified in the Caloundra Community Creative Hub vision, with particular emphasis on delivering the Town Centre which will activate the precinct.	Medium	Medium	Low
5.20	Forecast project benefits and returns do not meet minimum investment hurdles.	The modelled returns on investment do not achieve SCC's minimum financial hurdles and therefore cause concern around project viability and ultimate endorsement to proceed.	Sensitivity and scenario analysis to be undertaken on the development feasibility model, establishing minimum thresholds for commercial and operational inputs to meet requirements.	Medium	Medium	Medium

14.5 Key Project Risks – Mitigation Strategy

Based on the project risk register, a range of key risks have been identified for the gallery development and discussed in greater detail below, outlining the proposed mitigation measures applicable to each risk.

Capital investment failure – SCC unable to provide full funding for the gallery

In order for the New Regional Gallery to proceed, sufficient capital will need to be secured and committed to deliver the project. The initial untreated risk rating identified for this risk was considered to be ‘Critical’, as capital allocation or funding of the project has not been confirmed. SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities, which may result in the gallery project not proceeding in accordance with proposed project plan.

The mitigation measure proposed for this risk seeks to reduce the potential likelihood and consequence through establishing the gallery project as a priority project for SCC, ensuring funds are approved and committed within forecast budgets for the project. Implementation of the mitigation strategy is considered to reclassify the risk as ‘High’, due to the consequence of the risk being reduced from Catastrophic to Major and the likelihood of the risk occurring being reduced to Possible.

Business case is not supported by SCC

The successful implementation of the new gallery is dependant securing SCC Councillor support and financial commitment. The initial untreated risk rating identified for this risk was considered to be ‘Critical’, as SCC approval of the project has not yet been secured, which is the aim of this business case. If SCC does not support the business case due to the forecast operational and capital costs, this may result in the business case failing to proceed.

The mitigation measure proposed for this risk seeks to reduce the potential consequence from ‘Catastrophic’ to ‘Moderate’ through establishing a project governance framework and stakeholder engagement strategy to identify key Council stakeholders to undertake continual briefing and consultation, ensuring business case benefits are clearly communicated and information is constantly reviewed and approved by SCC at each project gateway. It is considered implementation of this mitigation strategy would reduce this risk rating from Critical to Medium.

Loss of environmental assets within precinct.

All three (3) shortlisted gallery options being considered as part of this Preliminary Evaluation will result in a loss of natural assets and significant vegetation within the precinct due to building footprint and operational activities impacting green spaces and established vegetation. The initial untreated risk rating identified for this risk was considered to be ‘High’ for Option B and ‘Low’ for Options C and D.

The mitigation measure proposed for this risk seeks to reduce the potential Consequence through engagement of an Ecology consultant to establish significant vegetation values and devise management plan to minimise impact of development on loss of vegetation and high value assets. The preparation of a detailed landscape plan to offset loss of significant assets is also to be developed, resulting in a reduction in the Consequence of the risk. Each development option will result in loss of vegetation, however implementing the mitigation strategy aims to minimise and offset any impact to amenity and environment.

Land use controls constrain development potential

The current Queensland Government Titles Registry identifies that Lot 666 on CG4615 (the library site), is for “local government library purposes and for no other purpose whatsoever”, which presents a potential risk in terms of SCC providing owner’s consent for development of the existing library site. Whilst this constraint presents a untreated risk for Option D due to the library site being required for development of the gallery, it also presents as a risk for Options B and C due to the revenues from divestment of the library site for commercial purposes adopted within the financial analysis.

The mitigation measure proposed for this risk seeks to consult early with relevant legal advisors on the process and time implications for removal of the land use constraint on title.

Unable to fund operating costs on an ongoing basis

The ability to meet operating costs shortfall is a critical risk to sustaining the ongoing operation of the gallery. The consequence of the inability to meet annual operating costs is considered Catastrophic and likelihood Possible across all three options. SCC's inability to fund ongoing operating costs may be due to cost escalation and or exceedance of budgets allocations, resulting in gallery programming and exhibitions potentially not meeting identified service needs.

The mitigation measure proposed for this risk seeks for SCC to endorse budget commitment for funding of operational shortfall as forecast in the Operation Plan set out in this Business Case for a nominated period with programmed review and revise mechanisms factored into the funding model, reviewed against actual performance and benchmark data of gallery operations. It is also recommended a commercial revenue plan be developed that identifies alternate sources of commercial benefits in the event of a shortfall or budget exceedance, enabling future flexibility for revenue generation. Implementation of the mitigation measures would result in the risk rating reduced to Medium across the Options.

14.6 Risk Assessment Outcome

The treated or controlled risk classification of project risks have been assessed and summarised for the three (3) development options to distinguish and determine their risk profiles, arriving at a risk classification across each of the risk categories. The risk ratings in Table 51 below have also been set out in the Integrated Options analysis in **Section 15.1**.

Table 51 - Risk profile summary

Risk Category	Option B – Existing Gallery site	Option C – Bulcock Street	Option D – Existing Library Site
Stakeholder and Project Support Risks	Medium	High	Low
Community and Environmental Risks	Medium	Medium - High	Low
Design and Construction Risks	Medium	Medium - High	Low - Medium
Operating Risks	Low - Medium	Low - Medium	Low - Medium
Financial / Revenue Risks	Medium	Medium - High	Low - Medium

14.7 Risk allowances

In accordance with QLD Treasury guidance and consultations, the following project risks have been factored into the financial and economic analysis on the basis of the definitions outlined within Table 52 below.

Table 52 – Risk allowances

Risk	Description
Discount Rate	<ul style="list-style-type: none"> ■ The discount rate is provided by QLD Treasury and is calculated from a risk free rate that is standard for all Government projects and a real risk premium that is sector specific. ■ The discount rate is designed to cover all risks that occur at the industry or sector level and which are considered market or 'systematic' risks. ■ These risks are usually unavoidable and impact on the overall position of the business (particularly in terms of risks to revenues and expenditure). ■ These risks are not directly attributable to the project however have the potential to impact on the project cash flows.
Contingency	<ul style="list-style-type: none"> ■ These are allowances which consider uncertainties in the base cost estimates developed for the project. ■ They are usually expressed in dollar terms, though can also be expressed as a percentage of the overall project cost, and are added as a line item within the cost estimate. ■ The discount rate is applied to both the base costs and contingency.

Risk	Description
	<ul style="list-style-type: none"> There is a direct correlation between the contingency allowance and the uncertainty associated with the cost estimate (i.e., the higher the uncertainty the higher the contingency).
Dollar Value	<ul style="list-style-type: none"> This is the direct dollar cost that is associated in the managing of a specific risk to the project. Examples of dollar value risks could include additional construction costs required to manage environmental risks, insurance premiums required to manage specific risks, or additional budget allocation required to secure a site over and above the book valuation.
Managed Risks	<ul style="list-style-type: none"> Some project risks can be adequately managed with the need for an allowance within the financial model. These risks are specific to the particular project and are likely to include matter such as gaining development planning or other regulatory approvals.

14.7.1 Discount rate

A nominal Discount Rate of 7.87% has been used for this business case. This is based on a nominal risk-free rate of 4.87% and plus a nominal risk premium of approximately 3% identified in accordance with QLD Treasury guidance material.

14.7.2 Dollar value and contingency allowances

A 10% design and construction contingency has been identified by the project Quantity Surveyor as being appropriate for the New Regional Gallery development options. As a result, this contingency has been applied to the net construction costs incurred for each redevelopment option.

15.0 Preferred Options Summary

15.1 Integrated Analysis and Options Ranking

A comparative and integrated analysis of the shortlisted options considered throughout this Business Case have been summarised and presented in Table 53 below. The integrated analysis compiles the results of the various analyses associated with the New Regional Gallery shortlisted options to determine a preliminary ranking incorporating the results from the socio-economic (set out in **Section 12**), and financial analysis (set out in **Section 13**) along with the achievement of the project and strategic objectives established through the Multi Criteria Assessment (set out in **Section 10.4**).

The financial and economic figures provided below represent total values summed over the project cash flow period, i.e. 30 years. Construction costs are shown as discounted total of distributed project costs in accordance with the cash flow timings and construction period.

The integrated analysis results for the New Regional Gallery development provide an efficient means of comparing key criteria across the options for consideration.

Table 53 - New Regional Gallery – Integrated analysis and options summary evaluation

Category / Criteria	Option A - Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Economic Performance				
Costs				
Construction costs ⁹¹	\$0	(\$32,996,721)	(\$32,557,468)	(\$32,557,468)
Building renewal CAPEX (lifecycle)	(\$1,760,777)	(\$7,644,297)	(\$7,542,536)	(\$7,542,536)
Building depreciation (add back)	\$354,440	\$74,958	\$74,958	\$74,958
Operating costs (existing gallery)	(\$10,296,275)	(\$2,177,499)	(\$2,177,499)	(\$2,177,499)
Operating costs (new gallery)	\$0	(\$23,922,566)	(\$23,922,566)	(\$23,922,566)
Total Capital & Operating Costs	(\$11,702,611)	(\$66,666,125)	(\$66,125,111)	(\$66,125,111)
Benefits				
Visitor benefits	\$51,073,250	\$200,244,483	\$200,244,483	\$200,244,483
Terminal Value	\$0	\$1,667,742	\$1,645,541	\$1,645,541
Surplus assets (library land)	\$0	\$0	\$0	\$0
Producer surplus	\$0	\$116,879	\$116,879	\$116,879
Total Benefits	\$51,073,250	\$202,029,104	\$202,006,903	\$202,006,903
Total (Net Benefits)	\$39,370,639	\$135,362,979	\$135,881,792	\$135,881,792
Total – Net Benefits Incremental to Base Case	N/A	\$95,992,341	\$96,511,154	\$96,511,154
Benefit Cost Ratio (incremental to base case)	N/A	2.72:1	2.74:1	2.74:1
Financial Performance				
NPV (total financial impact)	(\$11 million)	(\$55.6 million)	(\$55.1 million)	(\$55.1 million)
Incremental Impact (Worse than Base Case)	N/A	\$44.6 million	\$44.1 million	\$44.1 million
Non-financial Performance				
Service Delivery (MCA scores)	N/A	29.75	28.25	29.75
Design & Placemaking (MCA scores)	N/A	24	24	30.75
Policy Alignment	Low	High	Low - Medium	High
Risk Analysis				
Political, Stakeholder and Project Support Risks	N/A	Medium	High	Low
Community & Environmental Risks	N/A	Medium	Medium - High	Low
Design and Construction Risks	N/A	Medium	Medium - High	Low - Medium
Operating Risks	N/A	Low - Medium	Low - Medium	Low - Medium
Financial / Revenue Risks	N/A	Medium	Medium - High	Low - Medium

⁹¹ Construction costs are shown as discounted at 7.87%

Category / Criteria	Option A - Base Case	Option B – Existing Gallery	Option C – Bulcock St & Otranto Ave	Option D – Existing Library
Ranking of options	4	3	2	1

15.2 Integrated analysis outcomes

The three (3) shortlisted options have been analysed against a series of criteria to determine a preferred location for the New Regional Gallery.

Based on the integrated analysis presented above, ‘**Option D – Existing Library site**’ is considered to be the preferred site location option for the New Regional Gallery development. Options C and D scored best for economic and financial performance over the project appraisal period, indicating a cost benefit return of **\$2.74 to every \$1 committed** to the project incremental to the base case and a NPV (Net Present Cost) of **-\$55.1 million, which is \$44.1 million worse than the base case**.

There is marginal variance between Options determined through the commercial analysis (particularly Options C and D). In this context the difference in economic and financial indicators did not clearly distinguish between options. As such, in order to determine a preferred option, the value for money assessment focussed on socio-economic and environmental impacts, strategic objectives alignment and risk profiles.

The non-financial performance indicators were assessed through scoring generated within the categories Service Delivery (criteria aligned with service need stated in ILM) and Design and Placemaking (criteria aligned with the Caloundra Centre Masterplan 2017), which have been adopted from the Multi Criteria Assessment (MCA) undertaken as part of the Options shortlisting. Options B & D scored high for Service Delivery, whilst Option D scored significantly higher for Design and Placemaking qualities when compared to the other options. The superior Design and Placemaking benefits associated with Option D include:

- Connections – Enhance the Community Creative Precinct by providing visual and pedestrian access and connection throughout precinct.
- Environment – Provide a thoughtful environment, including minimising removal of significant existing trees, reduced overshadowing, landscape diversity and views.
- Plan/Amenity - Create an amenity that both enhances the current and future public realm, also taking into account logistical and functional considerations.
- Loading and Back of House – the utilisation of Carter Lane for servicing the gallery limits impact on the public realm

Option C substantially impacts connectivity through the precinct and compromises the planning intent for the Town Centre. The Option C location is at odds with the broader precinct planning and will have an impact on the establishment of a new town square, pedestrian access and connectivity through the precinct.

All three options share similar risk profiles and key risks, although on balance, risk ratings for Option D and lower than for Options B and C.

Based on the above and the subsequent analysis undertaken in the Detailed Business Case, Option D – Existing Library Site is the recommended option.

16.0 Reference Project

16.1 Approach

The approach of the design team has been to build upon the existing endorsed Caloundra Centre Masterplan (2017) and New Regional Gallery brief. Through the process of engagement with the stakeholders, a number of options have been tested around the Precinct, to determine both building location and typology, taking into consideration the surrounding site factors in assessing the options. As detailed in Section 10.0, the process has established a Long List of Options that has then been considered and consolidated to a shortlist of preferred options for detailed evaluation, leading to a preferred option (Option D – Existing Library Site) defined as the Reference Project.

16.2 Objectives, outcomes, and benefits

The objectives of the Reference Project are to provide a robust, but flexible project for the purpose of a Business Case. One that has a level of price certainty, and that represents the functional brief. The key benefit of the Reference Project is that it represents the aspirational brief of the stakeholders. It is conceptually based and encourages support from the community, rather than simply a ‘block and stack’ of the functional brief.

16.3 Project Fit

The Reference Project is a great fit for the Sunshine Coast, for Caloundra and its surroundings on the Bulcock Street site. Its mass fits with its surroundings, whilst creating a sense of significance that this cultural institution requires. It’s not grand but scaled appropriately for its context. It fits with the rest of the cultural infrastructure on the Sunshine Coast, now and into the future.

16.4 Gallery Distinction

The proposal for New Regional Gallery is distinctive, as it must be. It’s not one of the benchmarks and needs to occupy its unique place in the gallery landscape of Australia and New Zealand. The building and programming of exhibitions and events must be distinctive and the Reference Project achieves this aim.

16.5 State and National Relevance

The Reference Project for the New Regional Gallery, although modest compared to others, fulfils an important role in Queensland and to Australia. It’s part of a suite of high-quality arts institutions in regional areas that make monumental impacts on the people, and culture of the places they live in. Understanding the benchmarks from other regional places in Australia has ensured that the Reference Project for New Regional Gallery is not designed in a vacuum but is informed by the strengths and weaknesses of others.

16.6 Reference Project Scope

The scope of developing the Reference Project covers the gallery building and the landscape that supports it. This landscape is important in maintaining and enhancing the existing established landscape that it sits in. It also needs to activate the building through art and events.

16.7 Functional Brief Drivers

The functional brief positions the New Regional Gallery in an optimal position to grow a permanent collection, to accept national touring exhibitions of significance and support and display local artistic endeavour and talent. Benchmarked against other regional galleries around Australia and New Zealand, the New Regional Gallery functional brief has been developed to match and exceed the programming ambition of others, and to knit into the creative arts fabric of the Sunshine Coast.

The functional spaces have also been determined through stakeholder engagement workshops with various groups from the SCC and Arts Advisory Board. The spatial areas nominated through the SASR process were indicative and have been further tested through the Stage Two – Preliminary Evaluation and options analysis process. The Stage 3 Detailed Business Case also considers adjacencies, flexibility, costs, resilience etc. and have been tested and

refined, with comparisons made to the original brief to build in more programming potential and flexibility. The core components are driven by the programming and curatorial aspirations of New Regional Gallery, the commercial spaces that support the economics and the experience of the gallery and the functional spaces that ensure the gallery performs well.

Several core drivers have informed the functional brief, including:

16.7.1 Driver No.1 - Exhibition Spaces:

Touring Exhibition Galleries

Three smaller touring exhibition spaces that can be used together or separately to a total of 850sqm. This arrangement offers the most flexibility for most national touring exhibitions to be accepted into these spaces and could also accommodate fully immersive digital exhibitions. Typically, in regional galleries, touring shows will be on for two to three months at a time with an overlap. The advantage of using three smaller spaces is that there is the opportunity to always have one or two exhibitions running while the other is being refit, thus preventing revenue gaps and ensuring smoother cashflows. The three smaller spaces also allow for greater flexibility of use as one of the spaces can be used for other types of display, performance or a function. This would need to be programmed into the exhibition calendar and can't easily be booked with little notice.

The touring galleries will have a flexible lighting and power grid to enable different configurations. It would also utilise a temporary wall system. A suggested system is the Pod Freestanding Modular Wall System, which is 2,400mm high and in various configurations. The perimeter walls will have plywood behind them for artwork hanging.

Permanent Exhibition Gallery

In support of a growing permanent collection, a gallery space for a display of a rotating showcase of pieces owned or bequeathed to SCC. Most regional galleries around Australia have a proud and expanding permanent collection. The collections are often developed over decades due to the age of the gallery (Bendigo, Geelong and HOTA) and others have been bequeathed a collection (Tweed Gallery and Shepparton Art Museum). Most regional galleries run prizes annually in order to build a collection in a particular area.

The permanent gallery is 100m² and located in conjunction with a significant foyer space. This enables the space to expand into the foyer as the collection expands. It will require a flexible lighting grid and some flexible power and data but not to the same extent as the touring gallery. This space utilises a temporary wall system, that will be left in place for longer periods of time than the touring galleries.

Community Exhibition Gallery

One of the most exciting and inspiring spaces in the gallery will be the Community Gallery, showcasing emerging and established local artists. There is a real opportunity to capitalise on the Sunshine Coast creative arts sector, that currently is under serviced for making and displaying space.

This space will be equipped for various types of display from wall hung, 3D works, performance, light and projection. It is proposed at 100m² and in close proximity to the production space so that the making and display of the art is a shared experience. In this case it's next to the workshop space that can be accessed directly from the landscape.

This gallery also presents opportunities for use by First Nations artists or indigenous groups.

16.7.2 Driver No.2 - Production Space:

Workshop / Studio

The workshop or studio space will be a hardworking and multifunctioning space, not bound by the cleanliness that exhibition spaces require. It will be used for artist-in-residence programs, workshops, small school groups and functions. It will have access to the outdoor green space that can be programmed in association with it. It will have natural light but be positioned toward the south edge of the building to limit direct exposure to sunlight.

It will be complete with art making equipment like plinths, easels, layout tables and fume extraction to accommodate different art production techniques. It will also have wash up facilities for paint and clay. This space is proposed at 110m² to accommodate for school groups, classes, artist in residence etc.

16.7.3 Driver No.3 - Commercial Spaces:

Retail Store

The retail store has close proximity to the exhibition galleries. The driver for this is so that it's programmed alongside the touring exhibitions. It is also intended to showcase local artisans and to generate revenue for the Gallery.

Café

This component of the brief aims to enhance social wellbeing and culture, and to create a unique space to meet, dine and socialise. Trading into the outdoor space, the café will be part of the gallery experience. It might be part of the morning ritual of gallery visitors or the general public. It might be a perfect meeting place for a morning muffin with the parents group. It could also be a great destination for an afternoon wine in the sun. It doesn't need to be just for the gallery, but independent and part of the experience of the gallery all at once. It is recommended to be approximately 60m² inside and up to 150sqm outside. This space will need to be flexible as to the fitout and operating model. It could be delivered as 'cold shell', 'warm shell' or full fitout.

16.7.4 Driver No.4 - Front of House:

Foyer

A clear and impressive front door to the building. It has one clear entry point off the town square and is a central meeting spot. It will be the orienting feature of the building where all journeys start and end. It is important that people enter and exit from the same location for security reasons. The foyer will be utilised for gallery openings, functions, performances and events. It should connect to community gallery and workshop space so that they can be programmed together, and a large number of people can occupy these spaces for events. This space is 250m² which will allow for it to be multifunctioning for around 200-250 people.

Cloaking

A self-cloaking locker system will be employed for the gallery. This will not require staff to assist. Electronic lockers are easy to use and fail safe. Consideration will also be given to larger item storage like prams.

Reception

The reception is the welcome point to the gallery. It will be central to the foyer and be staffed for ticketing and information. The desk will be flexible so that it can be used in different ways depending on the time of day or the function that is being serviced in the foyer.

Amenities

The amenities will be functional and logical but also high quality. A parenting room will be included, alongside ambulant-friendly bathroom facilities. These will have close proximity to the foyer and the cloaking but also will have amenities scattered throughout the gallery.

Breakout space

Careful consideration is given to the space outside of the galleries. It is important to provide space to sit, for respite and contemplation. To encourage people to dwell longer and experience the gallery more completely.

16.7.5 Driver No.5 - Back of House:

Storage

A storage facility to house a small number of artworks from the permanent collection, and for crates from touring exhibitions is included. It is 180m² with flexible racking to accommodate crates, paintings and 3D works as well as other exhibition material such as lights, plinths, stands and moveable walls. It is noted that a separate project is being undertaken for a storage facility, that may house a larger permanent art collection for the Sunshine Coast and as such, it is understood that the New Regional Gallery will only need to house small quantities of the collection, mostly immediately prior to installation. It also includes a quarantine area so as to enable incoming artworks donated from private collectors to screen for pests before being added to the collection store, and for touring shows to acclimatise in their crates before being installed. This space offers the same temperature and humidity conditions as the touring gallery.

Loading and handling

Covered and secure loading and unloading bay with access from Carter Lane. Direct access to lift core for vertical movement of goods and artwork. This is directly connected to the loading yard, a secure area for loading, for setdown, loading or parking of art vehicles.

Plant and Services

Plant and services spaces will not be visually or acoustically intrusive. Locations are selected that maximises the best real estate for front of house spaces. Spaces will allow for flexibility of exhibitions, and will be near to where they service not completely decentralised.

16.7.6 Driver No.6 - Staff Accommodation

Office

Workspaces for administration staff and volunteers to cater for growing organisational needs. Flexible enough to change over time, but will suit the needs from day one. This space will also be used to meet with sponsors and donors and will present as a high quality space to visitors. The workspace will be naturally ventilated and well-lit where possible.

Preparation/workshop

This space allows for building and preparing exhibitions, framing/presentation of artworks, for an artist in residence or another public workshop space. It has access off the foyer to be used for either public or private functionality. This will enable more revenue streams and better programming as a back of house workshop won't be required permanently.

16.7.7 Driver No.7 - Gallery Standards

A vital part of managing compliance in a gallery is the standards that the gallery aims to meet from a conservation, handling, and security point of view. The important parts that require briefing and design are the control of temperature and humidity, lighting, and security. These elements affect the capital and operating costs and may have some impact on the reputation and ability to loan artworks from other institutions. The current literature states that wider controls for temperature and humidity should be considered to balance conservation efforts, with sustainability, cost, and operational realities.

ARM has prepared a Technical Note that seeks to define a standard for New Regional Gallery to meet. By researching best practice in Australia and guidelines written by trusted organisations, a recommendation has been reached for consideration by the stakeholder group. A temperature set point of 22° and Relative Humidity of 50% for winter and 60% for summer is proposed. Daily fluctuations should be accepted by up to ±4° and ±5% in temperature and relative humidity. The system should also be allowed to be switched off or control downgraded when required.

Refer to **Appendix I** – Gallery Standards Technical Note for more information.

16.8 Functional Brief schedule

Functional requirements for the New Regional Gallery are a key focus for the Detailed Business Case as a result of their relationship with the Gallery's ability to host significant national touring exhibitions and need to adhere to contemporary and sustainable museum practices. The functional brief also includes a requirement to provide space for creating and displaying community art, with a specific emphasis on the art and craftsmanship of the Traditional Owners. The gallery accommodates the City's permanent collection and can expand into temporary exhibition spaces when needed. Additionally, there are retail areas to sell locally-made art and design products, a café that extends into the landscape, and ample foyer space for hosting events and functions. Practical considerations such as loading and storage facilities and rooftop plant infrastructure are also taken into account.

Table 54 - Functional Brief Schedule

Space	Spatial Requirement – Nov 2022 Brief (m ²)	Proposed Building Level	Comments
Community Gallery	100	Ground	Should be on ground floor and with some connection to outside for visibility
Collections Gallery	100	Level 1	Can be part of main gallery space to merchandise for gallery
Main Gallery (divisible into 3)	850	Level 1	On first floor and ideally all one space
Subtotal - Gallery	1,050		
Flexible Workshop / Studio Space	65	Ground	Desire for this to be larger if there is space available from BOH or circulation etc
Meeting Room / Auditorium	0	-	No space allowed, but could be setup with seats in another space when required
Subtotal - Workshop / Studio	65		
Retail	15	Ground	Part of foyer and cafe space – may expand into foyer or café sometimes
Cafe	150	Ground	Inside space + includes kitchen. Likely to seat 50 people. 100m ² FOH and 50m ² kitchen.
	300	Ground	Outside + undercover – Alongside green space. 200m ² undercover and 100m ² not covered
Subtotal - Food, Beverage & Retail	465		
Restaurant / Function Space	0	-	No inclusion – café areas, colonnade and outdoor areas have been designed to meet function requirements with cost efficiency.
	0	-	
Subtotal – Restaurant / Function Space	0		
Entry Foyer + multi- function space	130	Ground	On ground floor and expand out to the landscape
Reception + Cloaking	30	Ground	Self cloaking and kiosk style reception – not a desk
Upper Foyer + Events Space	100	Level 1	Alongside the main galleries
Foyer Space	260		
Offices	75	Ground	Centrally located
Collections Store	150	Ground	Racking + shelving
Workshop	80	Ground	Visible while being able to program space and could be used by the public at times if secure from the BOH. Ideally would have secured external entrance.
Administration	305		
Storage / Handling / Loading	130	Ground	Loading dock, processing etc. Collection store should have 'Storage on Show' element
BOH Yard	100	Ground	A portion undercover with dock leveler

Space	Spatial Requirement – Nov 2022 Brief (m ²)	Proposed Building Level	Comments
Amenities (General)	100	Ground + level 1	Review numbers and locations
Circulation (General)	130	Ground + level 1	Keep to a minimum and redistribute area to other spaces
Plant	260	Ground + level 1	Portion inside and outside
BOH, Services, Plant and Amenities	720		
GROSS GFA	2,865		
EXTERNAL GFA	400		
NET GFA	2,465		

Source: ARM

16.9 Technical Requirements Brief

The Technical Requirements Brief is centred around the following outcomes:

AAA Capable

Certain areas of the gallery should be capable of delivering AAA conditions with regard to environmental conditions, light and security, however the intent is to engage this mode on an as need basis only. Areas likely to be provided with this infrastructure will be the Touring Exhibition Galleries, Permanent Exhibition Gallery and Art Storage. Consideration of loading and handling pathways are subject to more detailed design.

Environmental Sustainability

The building form, technology and systems should support the SCC's objectives for NetZero carbon emissions by 2041. Opportunities to minimise future offsets through energy efficiency and on-site renewable generation are to be included. The building should consider the Sunshine Coast climatic conditions and lifestyle by embracing opportunities for natural ventilation, radiant temperature control of surfaces and general "turn down" capability of energy consuming systems such as lighting and air conditioning.

Sustainability should go beyond carbon emissions and consider how the gallery will manage waste streams and support local procurement during construction and throughout its operation.

Flexible and Adaptable

The engineering systems and structure will support a range of operational configurations both within the gallery and also externally for the surrounding precinct. The modes of operation are to be defined as part of the design process and shall consider event types and exhibition configurations in the design of structural support systems, lighting flexibility, power adaptability and digital infrastructure. Adaptability shall consider gallery configurations particularly where temporary walls allow different combinations of spaces to be provided in the Touring Exhibition Galleries and Permanent Exhibition Gallery/Foyer.

Safe and Secure

The gallery should be safely operated and maintained by staff and accessed safely by all visitors.

Fire and security measures shall meet International Museum Standards. A CCTV and access control system is required to ensure security of art installations including consideration of how the security system responds in the event of a fire or other crisis event. Duress facilities and response is to be considered. CCTV coverage should include perimeter monitoring and integration with the Smart City framework.

The gallery shall respond adequately to defined failure or crisis scenarios. These are to include smoke haze events, power outages and civil unrest. Flood risk is managed by the elevated nature of the preferred design and ensuring critical infrastructure remains at safe locations.

Smart and Connected

The technologies embraced by the gallery will allow efficient management of the building, contribute to community engagement and facilitate smart integration of systems. This will necessarily require consideration of cyber security strategies and data collection standards. Metering systems are to support management of retail tenants and should be granular enough to support ongoing operational improvement.

Infrastructure that supports a range of digital media (both interactive and passive), animation of lighting and presence activated displays will be provided. Permanent audio visual systems are to be defined.

16.10 Reference Design

ARM (masterplanning architect) has presented preferred Option D – existing library site in more detail and begun consideration of a suitable design narrative, giving rise to the Reference Design shown in Figure 38 onwards. Although this is usually reserved for later in the design phases, it is appropriate to start to progress the aspirational brief for the gallery, and the form of which goes hand in glove with this idea. Although some consideration has been given to design in this DBC, it will again become a key component of the next stage, once funding has been confirmed.

ARM looked for inspiration from the surrounding area: the Glass House Mountains and the Pumicestone Passage. These together provided ARM with the opportunity to explore an undercroft model for the Reference Design. The main mass of the building raised above the ground plane, propped up by sloping columns. This provides for a great sub-tropical shaded verandah. It closely and carefully follows the design principles of the Sunshine Coast Yellow Book, from points 1 to 10. It's less intrusive to the street level, and takes up less space at ground level, ensuring great access to the town square on the other side of the gallery. The raised main portion of the building also allows for an enlarged floor plate, rather than three small ones. It co-locates a large portion of gallery and foyer space to one level, meaning that only one level needs to be fully climate controlled, rather than all.



Figure 38 - Artists Impression of the Reference Design from along Omrah Av



Figure 39 - Artists Impression of the Reference Design from along Omrah Av (high view)



Figure 40 - Artists Impression of the Reference Design from across Felicity Park



Figure 41 - Artists Impression of the Community and Creative Hub (overview)

16.11 Elemental Cost of Preferred Option

Table 55 - Cost Plan of Preferred Option

Functional Area	Total (\$)
Site Preparation & Demolition	1,013,000
Substructure	1,743,000
Ground	
Entry / Multi Function space / Circulation	1,362,000
Café Kitchen + indoor seating Including Furniture	1,059,000
Flexible Workshop / Studio	315,000
Community Gallery	677,000
Retail	90,000
Reception & Cloak	197,000
Offices	157,000
Storage / Handling / Loading	1,064,000
Amenities	389,000
Plant	119,000

Level 1	
Collections Gallery & Store	2,193,000
Main Gallery	7,472,000
Upper Foyer & Event Space & Circulation	1,842,000
Amenities	183,000
Workshop	551,000
Offices	327,000
Plant	300,000
Roof Top	
Outdoor Covered Area	150,000
Roof top plant	439,000
Photovoltaics	100,000
Stairs	
Feature Internal Staircase	195,000
Transportation Services	
One Goods Lift (3t)	200,000
Two Passenger Lifts	350,000
Total Building Cost (at May 2023)	22,487,000
Consultants Fees to IFC	562,000
External Works	1,225,000
Public Art	1,000,000
Total Building and External Works & Services Cost (at May 2023)	25,274,000
Environmental Sustainable Design	1,264,000
Design Contingency	2,654,000
Contract Contingency	2,919,000
Cost Escalation Allowance	Excluded
Total Construction Cost (at May 2023)	32,111,000
Consultants Fees to Tender	3,211,000
Authority & Headwork's Charges	353,000
QLeave	185,000
Planning & Legal Fees	100,000
Land, Finance, Letting Costs, etc.	Excluded
Audio Visual / IT (Structured Cabling included)	250,000

Commercial Kitchen	250,000
Decanting allowance	200,000
Client Management / Direct Costs	400,000
Goods & Services Tax	Excluded
Total End Cost (at May 2023)	\$ 37,060,000

Part Four – Project Implementation

17.0 Funding Options Considered

17.1 Context

A funding framework has been established to support the implementation of the preferred option, identifying the timing, mechanisms and sources for cash flows, and budgetary impacts over the full life of the preferred option (whole-of-life analysis). The funding framework informs the decision on how to source the funds required for the New Regional Gallery investment and the impacts of various funding scenarios on project cash flows.

17.2 Approach to Funding

The benefits demonstrated by the New Regional Gallery development could reasonably justify funding by a combination of Council, Queensland Government, Australian Government and or philanthropic/private sector resources. The extent to which governments may elect to fund the project will be determined by the alignment of the project's outcomes to government policy and the competition for limited funding from other proposals, particularly given the increased infrastructure spend for the 2032 Brisbane Olympics. The extent to which the private sector may elect to fund or contribute to the project is determined by the extent that the investment can deliver a return at a required rate or socio-economic benefit to the community.

Australian Government funding at present is competitive and constrained. Subdued rates of economic growth and outlook have led to pressure on spending. Whilst the Commonwealth does not offer any support to state or regional galleries in terms of general operations, it does provide two streams that support artists and touring exhibitions. The Visions of Australia program supports regional touring exhibitions and is administered by the Office of the Arts (Dept. of Infrastructure, Transport, Regional Development and Communications). The Australia Council has operated several relevant programs over the years including the Contemporary Touring Initiative and specific project grants for artists and programs. A review of Australia Council Grants provided from 2019 to 2021 showed very few grants were provided to regional gallery type organisations.

The Queensland Government through the *'Creative Together 2020-2030: A 10-Year Roadmap for arts, culture and creativity in Queensland'* has recognised the need for investment in the Queensland arts sector to activate communities, encourage growth and economic activity the arts sector. The Queensland Government supports state-based bodies that assist regional galleries in terms of exhibition touring and development, professional development, and sector representation. The Touring Queensland Fund supports exhibition touring, and the Organisations Fund supports the Museums and Galleries Queensland. In terms of multi-year support for Organisations, a review of regional gallery related grants offered for the period 2022-2025 indicates support was provided only for Townsville's Umbrella Studio and Cairns' Northside Contemporary Arts.

Like the Australia Council, potential exists for New Regional Gallery to submit applications for specific projects and programs that align with priorities, such as the Growing Regions Fund (which replaces the Building Better Regions Fund). The inclusion of a significant investment First Nations/Traditional Owners engagement and programming will provide specific opportunities from a range of Commonwealth and State sources. The ability of SCC to contribute funding using other land use revenues and disposal of surplus assets should also be examined, such as disposal of the surplus former Caloundra Library site.

17.2.1 Private sector market appetite

Private sector investors or developers will get involved in funding of projects if profit sources or non-monetary returns can be identified. These may come in a variety of forms including user charges, site or project specific tax benefits and levies or simply the sale of land for development. Long term commercial arrangements or leases may offer further opportunities for private sector investment in the New Regional Gallery project, however generally revenues generated by arts galleries or similar are not sufficient to encourage significant private sector involvement such as a PPP type arrangement, i.e. where returns are achievable allowing private capital to flow.

The private sector will be looking for acceptable risk adjusted returns from any project investment, and in the current market there is good evidence to suggest Australia generally and government supported projects with a general value threshold of \$100 million are attractive to both domestic and overseas capital, although investors must be able to see returns and understand risk in any proposition.

Recent projects sponsored by various state governments around Australia have been able to attract significant volumes of capital, particularly when the project is well planned, and the service need is justified. A number of factors will determine the extent of private sector interest in the New Regional Gallery project, primarily;

- **Returns** - The quality of the available risk adjusted returns.
- **Risks** - The clarity with which project risks and opportunities can be identified and assessed.
- **Timing** - Infrastructure projects are a national market and bid teams move from state to state. Various State and Australian Government projects in Queensland (Brisbane 2032), mean that there is a substantial pipeline of large projects in planning. Given the relatively small size of the New Regional Gallery project in terms of value, the timing of procurement and delivery will be an important consideration to avoid being displaced by larger State driven projects.
- **Size** - Some commercial structures have effectively a minimum “flag fall” size. The complexity and overhead associated with the procurement and closure of the deal requires a project to exceed a threshold value for that approach to be efficient. There are no hard and fast rules on this and factors such as scarcity or abundance of opportunities will move the threshold. Generally, as a rule of thumb it is usually difficult to efficiently privately fund a project much under \$100 million.

Opportunity exists for smaller commercial agreements with operators and or tenants for the utilisation of space and facilities that may contribute to operational costs and required operational subsidies, such as food and beverage, catering, function hire and retail tenants.

An assessment has been undertaken on the potential funding sources that are able to deliver and support the development of the New Regional Gallery. This assessment is outlined in **Table 56** below and shows that a broad approach to funding application should be employed. This would involve submissions to Federal, State and Local Governments as well as private investors. State Government funding is however the most likely primary funding source, with government subsidies potentially providing some secondary funding.

Table 56 - Assessment of potential funding sources

Potential sources of redevelopment funding	Funding source description	Funding source assessment
Federal or State Government new asset funding	<ul style="list-style-type: none"> ■ Obtain a funding grant (capital, recurrent or both) through the QLD Government <i>Local Governments Grants</i> model or <i>Creative Together 2020 - 2030</i>. 	<ul style="list-style-type: none"> ■ Due to the capital costs associated with the new gallery development, Federal or State Government capital funding would be beneficial. ■ A joint funding agreement between SCC and relevant government agency(ies) is considered an optimal scenario.
Reduction in recurrent costs / enhanced commercial arrangements	<ul style="list-style-type: none"> ■ Contribute to the ongoing facility recurrent / operating costs through Private sector / commercial tenants. 	<ul style="list-style-type: none"> ■ Opportunity to create commercial opportunities in the new facility for private operators and businesses to help reduce annual operating costs by generating revenues for SCC.

Potential sources of redevelopment funding	Funding source description	Funding source assessment
SCC funding	<ul style="list-style-type: none"> SCC is the sole provider of capital and operational funding. 	<ul style="list-style-type: none"> Funding the operating cost shortfall annually is not optimal for the gallery viability. Financial assistance in lowering the annual subsidy requirement is to be explored.
Contributions from other Government agencies (subsidies) for exhibitions / touring programs	<ul style="list-style-type: none"> Obtaining development contributions (capital, recurrent or both) from State or Commonwealth Government agencies to encourage First Nations art and cultural sector in the region. 	<ul style="list-style-type: none"> Potential exists for funding of exhibitions and touring from the QLD Government Touring Queensland fund to assist with offsetting operational costs. This would be considered a secondary funding opportunity.
Private philanthropy	<ul style="list-style-type: none"> Obtain private philanthropic contributions from private organisations or individuals 	<ul style="list-style-type: none"> There is an opportunity for philanthropic benefactors to contribute to capital or operational funding. This is more likely a secondary funding opportunity.
Additional / increased charges	<ul style="list-style-type: none"> Increasing or introducing commercial framework for gallery entry and event revenues 	<ul style="list-style-type: none"> Commercial opportunities realised through the introduction of increased entry fees and event revenues, generating income for the gallery.

17.3 Funding Analysis

This section outlines the relevant financial information to be considered across the life of the asset, identifying capital and recurrent funding requirements, whilst sensitivity testing individual scenarios to factor impacts of changing variables on funding constraints, such as timing of cash flow inputs, gallery visitation forecasts and increased capital costs.

17.3.1 Capital Costs Budget Impact

The real capital costs (including inflation) for the preferred New Regional Gallery development option commencing from 2022/23 are presented in **Table 57** below. It should be noted that this analysis depends on a nominated start date so makes reference to 2024 as Year 1, noting that this is heavily dependent on Council endorsement of the DBC and subsequent funding confirmation. The table shows that **\$38.5 million** of escalated capital funding is required for the delivery of the New Regional Gallery development preferred option, with a further **\$13.1 million** required for building renewal (CAPEX) over the project horizon, equating to **\$51.5 million** in capital costs.

Table 57 - Capital budget requirement over 20-year project outlook

Preferred option capital expenditure	Current Year	Forward 5-Year Budget Requirement					Remainder (\$M)	Total
	21/22	FY24 / Year 1	FY25 / Year 2	FY26 / Year 3	FY27 / Year 4	FY28 / Year 5	FY29 – 43 Years 6 - 20	\$Million
Project Capital Costs	-	(1,284,734)	(17,432,728)	(19,821,776)	-	-	-	(38.5)
Building Renewal (CAPEX)	-	-	-	-	(770,848)	(770,848)	(11.5)	(13.1)
Building Depreciation (add back)	28,563	28,563	28,563	28,563	-	-	-	0.08
Total capital budget funding required	-	(1,256,171)	(17,404,165)	(19,793,213)	(770,848)	(770,848)	(11.5)	(51.5)

Source: RAM & Savills Economics

17.3.2 Recurrent Costs Budget Impact

The total recurrent costs and revenues associated with the preferred option across the first nine (9) years of the project horizon are set out in Table 58 below. It is noted that recurrent costs will ramp up from 2025-26 as the new facility becomes fully operational and the amount and frequency of exhibitions increase.

Examination of a common year of operations, in 2028-29 (year 5), shows a net recurrent shortfall of approximately \$1.926 million in nominal terms. Sponsorship and funding of specific exhibits and tours may assist SCC in managing this recurrent budget shortfall. However, this is contingent upon securing funding from government sources. It should be noted that this shortfall does not reflect the true operating position over the life of the asset, as there are years over the next few decades in which there will be significant lifecycle costs associated with replacement activities.

Table 58 - Recurrent cost budget impact

Recurrent / Operating Costs	2024 – Year 1 (\$)	2025 - Year 2 (\$)	2026 Year 3 (\$) (opening year)	2027 - Year 4 (\$)	2028 - Year 5 (\$)	2029 - Year 6 (\$)	2030 - Year 7 (\$)	2031 - Year 8 (\$)	2032 - Year 9 (\$)
Total Revenues / Income	59,093	72,048	623,068	709,018	841,565	883,643	927,825	974,216	1,022,927
Total Recurrent / Operating Costs	(998,150)	(1,531,963)	(2,464,487)	(2,511,256)	(2,704,838)	(2,810,125)	(2,923,081)	(3,043,585)	(3,171,601)
Recurrent Cost Shortfall	(939,057)	(1,459,915)	(1,841,419)	(1,802,238)	(1,863,273)	(1,926,482)	(1,995,256)	(2,069,369)	(2,148,674)

Source: RAM & Savills Economics

17.3.3 Funding Requirement - Sensitivity Analysis

To understand the potential impact to the viability of the project and funding requirements as a result of changes to key variables (such as capital costs, recurrent expenditure and revenue, cash flow timing etc.), a financial sensitivity analysis has been undertaken. This analysis has focused on the project viability due to changes in individual variables whilst other variables are held constant. The key individual project variables that have been modified during the financial sensitivity analysis were:

- ↳ **Capital costs** – SCC receive capital funding for construction activities to the value of \$5m, \$10m and \$20m distributed across the delivery phase.
- ↳ **Total recurrent revenue / expenditure** – Varied by -15% and + 25% to reflect increased / decreased visitation, partial funding of the required subsidy / shortfall, and
- ↳ **Project commencement** – Project delayed by one, two and three years.

For this project the financial sensitivity analysis has focused on the potential impact on the project viability and funding requirements due to increases and decreases in the cash flows associated with the capital and recurrent costs, with the results presented in **Table 59** below.

Table 59 - Funding sensitivity testing

Option D – Former Library Site NPV no sensitivity	Sensitivity test	Option D – Former Library Site NPV with sensitivity
	<i>Changes to financial input variables</i>	
-\$55.1M	\$5m in capital funding	-50.8M
-\$55.1M	\$10m in capital funding	-46.5M
-\$55.1M	\$20m in capital funding	-37.9M
-\$55.1M	15% reduction in total recurrent costs	-52.1M
-\$55.1M	25% increase in total recurrent costs	-60.1M
	<i>Changes to project delivery timeframes</i>	
-\$55.1M	Project start delayed by one (1) year	-56.5M
-\$55.1M	Project start delayed by two (2) years	-57.8M
-\$55.1M	Project start delayed by two (3) years	-59.2M

17.4 Conclusion

The sensitivity analysis shows the project becomes more expensive if it is delayed and less expensive for Council if Council can secure additional capital contributions from other Government and/or private individuals or companies. The impact of delays on costs depends on changes in building prices during the delay and when the project starts. Most forecasts show tourism returning to pre-COVID levels in 2024-25; the lead up to the 2032 Olympic Games is when tourism to Queensland is expected to be close to its peak. There is a risk that if the project is delayed it may not be open and fully established during peak visitation in the pre-Olympic and Olympic period, as typically galleries take a up to 5 years to build awareness and secure major exhibitions once they have opened. Together with a construction period of just over 2 years, it is necessary to invest now to have the Gallery operating optimally before 2030 (during the cultural Olympiad preceding the Olympics).

18.0 Implementation Plan

This section evaluates potential procurement and delivery models, setting out the preferred contracting and staging solution associated with the preferred option as identified in the integrated options analysis in Section 15.0.

18.1 Commercial Delivery Model

Based on the specific characteristics of the New Regional Gallery project, the opportunity for private sector investment (including the potential as a PPP project or whether traditional delivery is most appropriate), has been evaluated through a qualitative assessment process against a range of possible procurement and delivery options. The assessment of potential procurement and delivery options involving the private sector factor a range of whole-of-life considerations (construction and operations), with emphasis on the overall cost and risk profile that may be achieved.

18.1.1 Context and Value for Money

Achieving value for money in the context of the project environment typically involves comparing alternatives for the supply of goods and services to get the best mix of quality and effectiveness for the lowest cost over the required term. Importantly, it involves an appropriate allocation of risk and trade-offs, making the selection of a suitable procurement strategy and contract critical factors in determining whether value for money is achieved. This includes a contemporary awareness of market and external forces that may be outside of SCC's control although may severely impact project outcomes.

In terms of developing a procurement strategy and selecting an appropriate delivery methodology, there are several factors that typically contribute to value-for-money outcomes, including:

- ↘ determination of opportunity for private sector investment in the project,
- ↘ optimising risk allocation between the parties,
- ↘ using performance specifications, where appropriate, to encourage maximum innovation,
- ↘ ensuring the flexibility to secure scope changes at a reasonable cost,
- ↘ using incentives to reward 'better than business as usual' outcomes,
- ↘ setting an appropriate contract period,
- ↘ ensuring participants have the required skills and capabilities to deliver the planned project outcomes, and
- ↘ adopting a procurement strategy appropriate to the complexity of the project.

18.1.2 Procurement Objectives and Drivers

The impact of these factors on the achievement of value for money will depend upon the nature and specific circumstances of each building project. In discussions with SCC and in the context of risk apportionment, the primary procurement drivers and objectives for the project include:

- ↘ flexibility around staging and existing gallery operations,
- ↘ satisfying design expectations, reflecting the outcome of collaboration with and inputs by user groups and project stakeholders,
- ↘ achieve certainty of project budget and delivery program,
- ↘ whole of life costs, and
- ↘ reducing risk at all stages of the procurement process, including mitigating supply-chain issues that may delay completion of the project.

As such, a long list of potential delivery models has been identified for the New Regional Gallery development project in line with QLD Government procurement selection guidelines and with regard to the project priorities and objectives. The procurement models considered as part of the initial preliminary evaluation for this business case include:

- ↳ Construct only
- ↳ Design and construct
- ↳ Construction management
- ↳ Managing contractor
- ↳ Alliance
- ↳ PPP

Figure 42 - Traditional procurement models - trade offs

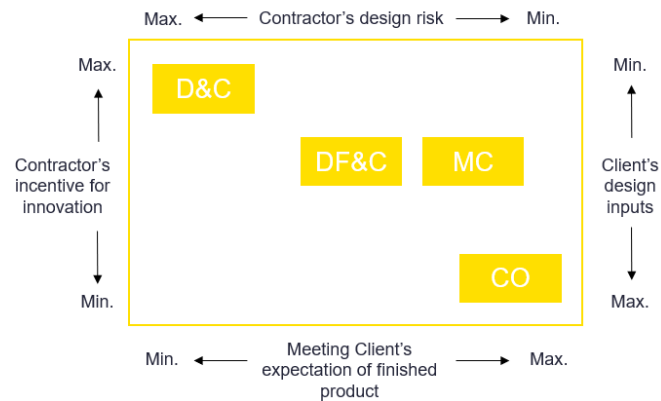


Figure 42 demonstrates the trade offs that exist with traditional procurement models in terms of design risk, client inputs and expectations, and innovation, positioning each model on the scale to reflect the inherent qualities of each.

Table 60 - Procurement model summary

Delivery Models	Model description
Traditional Delivery Models	
Construct only (lump sum or fixed price)	<ul style="list-style-type: none"> ■ Under the construct only procurement model the Owner directly and separately engages the Design Consultant and Contractor for the development of the desired facility. ■ As there is no contractual connection between the Design Consultant and Contractor and only limited time for Contractors to undertake design activities during the Tender Period there is limited potential for the Contractor to influence the design. ■ Hence ultimately the design risk under this model is taken by the Owner, with the Contractor only taking on construction risk. ■ This procurement model is therefore best for the development of standard, simple or relatively straight forward projects where the complexities that are involved in the use of other procurement methods do not deliver any substantial benefits.
Design and construct (D&C)	<ul style="list-style-type: none"> ■ The Contractor is appointed by the Owner to provide both the design and construction for the desired facility under this procurement model. ■ The design is usually undertaken by an external Design Consultant that is appointed by and reports to the Contractor, however in some cases in-house Contractor design teams are used. ■ Because the design control is with the Contractor they have much larger control on project staging, design innovation and construction / delivery efficiencies and the number of contractual interfaces are reduced. ■ Under this model the Contractor takes on both the design and construction risks. ■ The model of procurement is as a result generally suitable for projects that are more complex and demanding which also tend to have higher capital development values. ■ Several variations of this model exist, including: <ul style="list-style-type: none"> - Design, novate and construct, - Design, develop and construct, - Design, construct and maintain. ■ A guaranteed maximum price is also often part of a D&C offer.

Delivery Models	Model description
Construction Management	<ul style="list-style-type: none"> ■ A Construction Management contract is where the ‘traditional builder’ is replaced by a Construction Management organisation, with their responsibility to work directly for the client in the management of the construction phase. The works are completed by a series of trade contracts between the client and each contractor. ■ The Construction Manager does not take any cost risk or design risk although the construction manager may be paid to assist the client with cost control and design advice. ■ A significant aspect of construction management is that the Construction Manager has no direct involvement in the payments to the trade subcontractors. ■ The advantage is that they allow the early stages of construction to commence while the design and documentation of later trade packages are being finalised. ■ The Construction Manager performs a purely management and coordination role without the same risk in terms of delivery and is generally paid an agreed fee. The fee may be a fixed lump sum, a percentage of the building cost, or an agreed hourly rate. ■ Construction management is appropriate where the client needs to start work on the early stages of construction while the design and documentation of later trade packages are being finalised, where the client needs to retain direct control over works, and for complex projects where it is not possible for design of some elements to be started before work is undertaken on others.
<i>Non-Traditional (alliancing / partnership) Delivery Models</i>	
Managing Contractor (MC)	<ul style="list-style-type: none"> ■ This form of procurement involves the Owner appointing a Managing Contractor who is responsible for the delivery, including the engagement of the design consultants and construction sub-contractors, for the delivery of the facility. ■ The Managing Contractor is paid a fixed management fee for the project and is also often able to receive incentive payments if a range of key parameters are achieved. These parameters typically include a target delivery price, key delivery schedules and the like. ■ The Managing Contractor is engaged early in the process to manage the scope definition, design documentation and construction of the facility. The Managing Contractor may undertake some or all of the design and/or construction activities, or may subcontract out. ■ This procurement model is hence most appropriate for projects that are complex or high risk with uncertain scope, risks or technology, where earlier contractor involvement is beneficial, and the Owner wants to have significant control over design development.
Alliance	<ul style="list-style-type: none"> ■ Under the Alliance procurement model the Owner collaborates with one or more non-owner partners (typically the Contractor and Designer) in order to share the risks and responsibilities for the delivery of the facility. ■ All delivery risks are shared by the Alliance partners and the Alliance contract and supporting structures promote a positive culture based on ‘no fault and no blame’ and unanimous decision making that requires all participants to find the ‘best for project’ solutions. ■ Because the behavioural culture is crucial to the success of the Alliance the selection of the right participants is paramount. ■ Reimbursement of direct costs and corporate overheads of the non-owner parties are typically guaranteed in an open book arrangement and there is a pain / gain sharing between parties depending on the achievement of the jointly developed and agreed delivery parameters. ■ The Alliance procurement model is considered most useful for projects that are complex and high risk, where the solution is not clear and a high level of innovation is required, where risks are unpredictable and best managed collectively, and the Owner wants to be closely involved.

Delivery Models	Model description
Public Private Partnership (PPP)	<ul style="list-style-type: none"> ■ The PPP form of procurement is based on the development of a service contract between the public and private sectors where the Government pays the private sector (typically a consortium) to deliver facilities and services over the longer term rather than the straight delivery of facilities for Government management. ■ The private sector provider not only builds the facility but also operates and maintains the facility for the term of the contract and at the end of the contract the asset ownership and responsibility for operation and maintenance is transferred back to the Owner. ■ In some PPP models the private sector also provides the finance for part or all of the facility construction costs, this however tends to vary from sector to sector. ■ There are a number of different PPP models currently in use including Design Build Operate (DBO), Design Build Finance Operate (DBFO) and Design Build Finance Maintain (DBFM). ■ The PPP form of procurement is most applicable for large scale and complex projects where there is significant scope for innovation, the outputs can be clearly defined and linked to a payment mechanism, and whole of life asset management is achievable and cost effective.

Variants of the above that can be incorporated to Traditional Delivery Models in some form of hybrid arrangement include:

- Early Market Sounding - going to the market early to test the “appetite” for a project, gain early advice around key issues such as buildability, innovation, program, budget, risks, etc.
- Early Contractor Involvement (ECI) - engaging a contractor to provide buildability advice and cost certainty as part of the design phase of the project.
- Guaranteed Maximum Price (GMP) - engaging a contractor to coordinate the delivery of the works in a similar manner to MC, up to an agreed maximum price.

There are strengths and weaknesses of each contract and delivery method. Identifying project drivers is crucial in selecting the most appropriate methodology.

18.2 Qualitative Evaluation – Delivery / Procurement Models

A preliminary evaluation of the range of potential procurement methodologies for the New Regional Gallery development has been undertaken as part of this business case. This evaluation has been undertaken in accordance with the Project Assessment Framework procurement guidance notes. The key outcomes from this process are the consideration of the project potentially being delivered under an alliance type model (PPP, Managing Contractor), or whether traditional delivery is most appropriate, identifying 2 (two) shortlisted models for further detailed consideration.

18.2.1 Evaluation criteria for procurement options

The list of potential delivery models as outlined above have been assessed for their suitability in procurement for the delivery of the New Regional Gallery development and level of private sector involvement in accordance with the methodology set out in the PAF guidelines.

The key evaluation criteria categories adopted include:

- | | |
|--|---------------------------------------|
| 1) Quality | 7) Risk management |
| 2) Timeline | 8) Variations |
| 3) Budget | 9) Cost minimisation |
| 4) Whole of life design and maintenance | 10) Innovation |
| 5) Market appetite, capability & competition | 11) Complexity of staging & decanting |
| 6) Stakeholder & scope management | |

To facilitate the ranking of delivery models against the criteria above, the following rating scale has been adopted.

Table 61 - Procurement model rating scale

Rating Scale	Description
4	Procurement model fully or almost fully satisfies the evaluation criteria by meeting all or substantially all criteria requirements.
3	Procurement model is effective in satisfying the criteria requirements.
2	Procurement model just satisfies the evaluation criteria by meeting minimum criteria requirements.
1	Procurement model is ineffective in meeting the criteria requirements.
0	Not applicable.

18.2.2 Qualitative evaluation – delivery / procurement models

Evaluation of potential delivery / procurement models attributable to the New Regional Gallery project has been summarised in **Table 62** below, adopting the Reference Project (as described in Section 16.0) for functionality, spatial planning and technical capacity. Detailed commentary for each model against the criteria is provided in **Appendix F**.

Table 62 – Preliminary delivery / procurement model qualitative assessment

Preliminary Procurement Model Evaluation Criteria	Procurement Model / Rating						
	Priority	CO	D&C	CM	MC	Alliance	PPP
1. Quality (a) The ability of the model to deliver the required outcomes in terms of: <ul style="list-style-type: none"> ■ quality of the design and the constructed facility ■ meeting service specifications/requirements ■ robustness and functionality of the design ■ allowing for future proofing and flexibility 	High	3.5	2	1.5	3	2.5	1.5
2. Timeline (a) the ability of the model to deliver the project in the required timeframes and enable effective management of risk around delays.	Medium	2.5	4	3.5	3	1.5	3
3. Budget (a) The ability of the model to provide budget certainty in respect of the construction and maintenance of the facility and remove unexpected funding requirements.	High	3	3	1.5	3	1.5	1
4. Whole of life design & maintenance (a) The extent to which the model promotes a whole-of-life management solution, including incentive to optimise life-cycle, general maintenance and inter-related service provision.	High	3	2	2	3	1	3

Preliminary Procurement Model Evaluation Criteria	Procurement Model / Rating						
	Priority	CO	D&C	CM	MC	Alliance	PPP
5. Market appetite, capability & competition (a) Market appetite (i.e. existence of players with the relevant skills, expertise and capacity). The extent to which the model achieves competitive tension.	Medium	3	3.5	2	2	1	1
6. Stakeholder & scope management (a) Ability of the model to ensure that delivery of the project is consistent with stakeholder interest and stakeholder expectations are effectively managed. Ability of the model to effectively manage scope change requests by stakeholders and to minimise impact on cost, time and quality.	Medium	3	2.5	2	3	3	2
7. Risk management – (a) the extent to which the procurement model allows for: <ul style="list-style-type: none"> ■ appropriate allocation of risks to the party best placed to manage the risk at the lowest cost ■ efficient risk management and/or mitigation ■ ability to manage the procurement process and contractual arrangements. (b) Are there unquantifiable risks that could have a material impact on project costs and objectives?	High	2.5	4	1.5	3	1	2.5
8. Variations (a) Ability of the model to deal effectively with any future changes and development due to changed operational needs.	Medium	3.5	1.5	2	2.5	2.5	2
9. Cost minimisation (a) The ability of the model to reduce capital cost and where appropriate reduce operational costs.	Medium	3	3	2.5	3	3	3
10. Innovation (a) The ability of the model to achieve innovation in design, construction methods, construction program, life-cycle and ESD considerations, achievement of requirements, etc.	Low	3	3.5	2.5	2.5	3	4
11. Complexity of staging & decanting (a) Ability of the model to deal with complexity and potential flexibility of construction program in respect of staging and decanting.	High	2	3	2.5	3	3	3.5
Rating Total		31.5	32	23.5	31	23	26.5
Ranking		2	1	5	3	6	4

The qualitative evaluation of potential delivery / procurement models for the new gallery project has scored three models within a variance of 1 point, indicating their potential suitability for the project. To establish the two preferred shortlisted models for further assessment, construction sector feedback has been factored to establish market preferences and appetite for the project adopting the shortlisted models.

18.3 Market Considerations

Validation of assumptions relating to private sector involvement in the new gallery project have been determined through market sounding. Market sounding was undertaken to explore the potential range of solutions, procurement models and determine the market appetite for involvement in the potential project. Feedback has been summarised and presented in this section to inform the selection of a preferred procurement / delivery model.

18.3.1 Industry Insights

The construction and infrastructure sector has experienced sustained turbulence over the past 2 years, grappling with a number of unique economic and environmental challenges as well forthcoming implications of the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022.

A combination of rising material costs, global supply chain disruptions, labour shortages and extreme weather events has continued to test the resilience and profitability of contractors working in the sector. Exponential increases in some material and labour costs are currently having a severely negative impact on the construction industry for both contractors and developers.

For projects currently on foot, an uptick in contractual claims for time and cost relief is evidenced, as contractors seek to minimise the impact of having committed to projects on a fixed lump sum basis prior to encountering the pressures referred to above. For projects in the tender phase, more collaborative contracting models are being utilised (for instance, Early Contractor Involvement, alliancing and modified Design & Construct models), together with a trend towards a more balanced risk allocation.

18.3.2 Market Sounding Approach

To validate assumptions made about potential private sector involvement and/or investment and market conditions, a market sounding exercise was undertaken with the aim to further explore the potential range of solutions to a service proposal and determine the actual market capacity and appetite for involvement in the new gallery project.

During the period of 10 to 17 March 2022, a confidential and selective soft market sounding exercise with multiple contractors of varying sizes was undertaken. The consultation was limited to those contractors who would be capable of tendering and delivering a project of the scale of the New Regional Gallery.

The purpose of the consultation was to understand how these contractors are navigating the market, the procurement processes dictating their pricing and importantly key risks emerging in the market.

18.3.3 Summary and Outcomes

The market sounding activities and subsequent analysis determined several key emerging themes, which are outlined below for reference:

- Sub-contractors and not head contractors are determining what jobs to price and the rates on them.
- Unavailability of Sub-contractors and selected trades are due to volume of projects or company collapses.
- Specialist trades are extremely difficult to procure, especially in regional Queensland.
- Sub-contractors and trades are not interested in pricing “speculative” work and are currently only interested if the Head Contractor is in a preferred or guaranteed position to win the project.
- Margins for trades vary but are much higher (up to double digit percentage increases) than normal due to lack of availability. Premium to relocate trades to regional Queensland considered even more expensive.
- Mobilisation to site from contract award has taken longer due to material and labour lead times.
- Contractor’s preferred procurement model is ECI and D&C hybrid model, with minimal interest in tendering a standard lump sum D&C or fully documented lump sum project due to the risks and issues (as outlined above).
- Long lead times on materials especially piling, steel, plaster, aluminium and timber currently being experienced. Piling contractors have extensive delays, with some experiencing delays of up to 8 months.
- D&C consultants are also difficult to secure, and turnaround times are considered much slower.

- ECI and D&C hybrid tender duration preferred by the market is currently 4 – 6 weeks for preliminaries, margin, programme, methodology only. No trade costs being allowed for, otherwise this duration is extended or if they agree to price.
- Prices are only being held for approximately 30 days maximum.
- Sub-contractors are not interested in an open tender and restricting their attention to select or sole tender work, due to shortage of labour (estimators) and volume of work.

18.3.4 Potential Mitigation Strategies

Analysis of the market sounding outcomes revealed some potential mitigation strategies to overcome the key emerging themes and market constraints:

- Undertaking an Expression of Interest (EOI) process and shortlisting preferred contractors for a select tender reduces the risk factor for all parties and provides increased possibility of winning the contract which may increase interest in project tender involvement.
- Partnering early with a contractor and sub-contractors ensures greater certainty of lead times and prices through collaboration with clients and mitigation of risk on contractors.
- Undertake an ECI and D&C hybrid procurement process to ensure that contractors and subcontractors are involved early to de-risk the project and provide fair and reasonable pricing through collaboration.
- Identify long lead procurement items in collaboration with the market and commence procurement early (ideally in parallel with design phase) where possible, to ensure no programme delays or alternate product selections are required.
- Accelerated tender review and approval process to ensure contractors are engaged quickly and avoid price increases for delayed consignment confirmations in step with market fluctuations.
- Novation of design consultants to ensure consistent design intent and ensure stability of available design consultants during D&C phase. PPRs to be finalised and representative of SCC's
- Flexibility in procurement model and design process to work collaboratively with the contractor, sub-contractors, and suppliers.
- Drafting of the D&C Contract is not onerous or resents an unbalanced risk allocation, incentivises good design collaboration with the client...
- Rigorous financial checks on contractors and consultants will ensure that those with precarious financials are not considered for tender. This can be incorporated into an EOI phase.

18.4 Procurement / Delivery Model Recommendation

18.4.1 Qualitative evaluation outcome

The qualitative evaluation of potential procurement models for the RG project has established two shortlisted models that align with the project principles and objectives, being **Construct Only (lump sum)** and **Design and Construct** as set out in **Table 62**. The ultimate selection of the preferred model is subject to further consideration of the two shortlisted models, reaffirming SCC's preferences and project objectives subsequent to approval of the detailed business case and confirmation of funding allocation.

Discussion of the two shortlisted procurement models has been outlined below, examining each delivery / procurement model against SCC project priorities and objectives, incorporating input from the project risk assessments and market sounding exercises undertaken as part of this business case.

18.4.2 Construct Only Model (Traditional Lump Sum)

The Construct Only or Traditional Lump Sum model can lend itself to significant cost exposure on a fixed project budget, which is considered a 'significant' project risk for SCC. This model may also enable greater control of the design for SCC, ensuring greater control over quality and function, and provide for a simpler tender assessment and contract administration process.

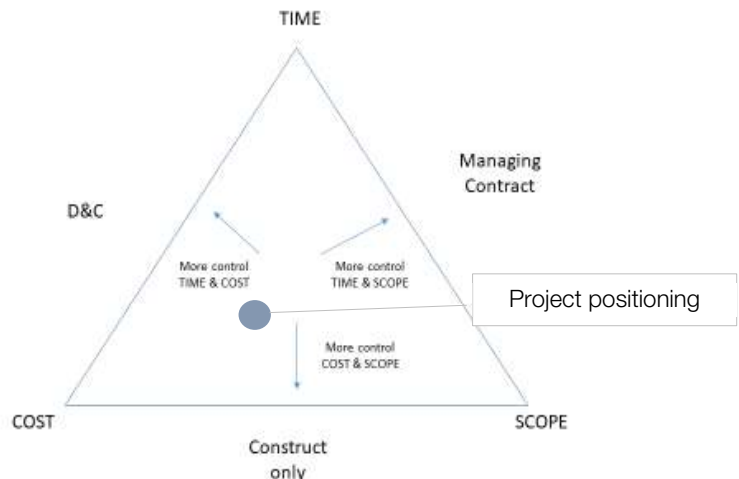
This model would enable a practical completion date of mid 2027, driven by the extended time period required to produce tender documentation.

Market feedback suggests there is potential for delays once tender is awarded prior to commencement of construction, with lead times impacted. Each of these delays would carry significant cost implications for the project budget.

Based on the general feedback from industry peers and professionals, a stand-alone Construct Only (traditional Lump Sum) procurement model is not the preferred contractual arrangement and has potential to deter building contractors (including sub-contractors) from tendering the project. The market is now averse to carrying client design risk on projects that they have had no input to.

18.4.3 Design & Construct Model

The Design and Construct (D&C) model offers benefits if reducing the programme duration is a key consideration. However, greater risk exists with quality and function of the built form should the PPR not be comprehensive and fully representative of SCC’s final design objective and requirements. Shortening program minimises the market risks being protracted and potential exposure to cost increase compounded. Further benefits include the enabling of early works and early lead time procurement to create further efficiencies in the programme. The introduction of Early Contractor Involvement would further enhance the benefits delivered under this model.



Potential exists for a wide range in tender pricing and submissions due to interpretation of the documentation provided at tender time and the level of detail considered (i.e. 30% or 70% complete). Market feedback indicated a stand-alone D&C Lump Sum procurement model may not represent the preferred methodology and has potential to deter building contractors (including sub-contractors) from tendering the project.

18.4.4 Delivery Model Recommendation - Early Contractor Involvement and Design & Construct Model (Hybrid)

Engagement with the market has provided additional items for consideration associated with the two preferred procurement models proposed for the new gallery. The D&C model offers benefits over the Construct Only model when compared against risk and project objectives. To further reduce risk exposure and address SCC’s project priorities, the D&C model can be enhanced through the introduction of Early Contractor Involvement (ECI), which would assist in reducing cost and time risks.

An ECI arrangement (structured around a Design & Construct Model) has been presented as it offers procurement benefits based on the current market conditions and emerging project risks. Through this multi-phase procurement model, the Contractor would be engaged initially to assist with the undertaking of planning and design services via an ECI Deed of Agreement. This would include:

- Advice regarding the packaging of the works (between Early Works and Main Works) with flow-on impact on the scope of the Concept SSD application and Detailed SSD application.
- Advice on buildability during the competitive design process and design development
- Advice on long-lead items and strategies to minimise supply-chain issues

At the completion of the planning and design phase, the Contractor would submit a Works Offer and if value for money can be demonstrated, the Contractor can then be engaged to undertake the following for a fixed lump sum:

- Complete the design of the works

➤ Construct the works

This methodology allows the planning and delivery of multiple works packages (typically Early Works and Main Works), with the Contractor required to submit separate Works Offers and demonstrate value for money for each package. The justification for adoption and key benefits offered by this procurement model in the context of New Regional Gallery include:

- Provides the ability to engage early with building contractors (including sub-contractors) in an extremely volatile market.
- Greater appetite from the market to engage in select tenders utilising ECI stage.
- Collaboration between the builder and client in crafting the design, market alignment of the build and resourcing alignment as the design evolves.
- Ability to undertake procurement of long lead items early to ensure programme is maintained.
- The building contractors and SCC have the ability to de-risk the project early through an ECI stage inputs.
- Construction works can commence earlier with the opportunity to undertake early / enabling works if required, including the decanting of the existing gallery collection; and
- Based on the general feedback from the industry, a hybrid ECI and D&C Lump Sum procurement model is the preferred contractual methodology.

It is therefore proposed a hybrid model of ECI and D&C be adopted for the project. The D&C and ECI procurement methods are best aligned with the new gallery procurement objectives and provide:

- A high degree of control over the design and finished product.
- Opportunities to accelerate the completion of the project.
- An adequate risk sharing between the Principal and Contractor(s).

18.5 Proposed Project Procurement Strategy

18.5.1 Procurement principles

The procurement of the RG development will be undertaken in accordance with QLD Government procurement guidelines and principles, in addition to SCC's internal procurement policies, procedures and arrangements. As such, the following points are guiding principles in the procurement activities for the New Regional Gallery development:

- **Achieving value for money** – Obtaining the required goods and services at optimal cost having regard to policy, performance standards, lifecycle costs, reputation and customer service.
- **Open and fair competition** – Maximising the opportunities for organisations and individuals to compete to provide goods and services to SCC.
- **Accountability** – Defining, allocating and achieving best practice regarding policy compliance and responsibilities.
- **Risk management** – Adopting a pro-active and integrated approach to risk management.
- **Probity and transparency** – Ensuring fairness, impartiality, consistency and transparency at all stages within the procurement cycle.

18.5.2 Proposed procurement arrangement

SCC will undertake competitive tenders for the provision of Project Management Consultant, Quantity Surveyor and Architectural services in the role of Principal Consultant, supported by a team of Technical / Specialist Consultants. SCC will assume contractual responsibility for Project Management, Quantity Surveying and Architectural Consultants, with the Architect (as Principal Consultant) to manage and coordinate the design process in accordance with SCC's direction and project objectives. With specialist inputs provided by the consultant team, SCC will prepare specifications and briefs for each of these appointments based on the information set out within this business case and subsequent approvals. Noting the recommended procurement model of Early Contractor Involvement / Design & Construct (ECI/D&C), novation of the consultant design team to the head contractor at 80% completion of design

development is a key consideration in cost planning, contract structuring and developing Principal's Project Requirements (PPRs).

Due to the early status of this project, SCC has yet to decide on the exact form of tenders, however, expect that a two-stage process is likely to be adopted particularly for the larger elements of work and service provision such as the appointment of the Head Contractor. This two-stage process may consist of an Expression of Interest (EOI) to organisations registered under the QLD Government's procurement panel to develop a short list of organisations considered best able to deliver on SCC's project objectives. Following short listing a Request for Tender (RFT) will be issued to the remaining bidders for the final selection. The consultants for the commission could be invited to participate from a pool of Government Panel registered organisations or consultants with suitable project experience / reputation, current RG project knowledge and quality performance. A single stage selection process may be appropriate for these tenders and appointments.

The exact form of contract to be used for the delivery of the RG project will be agreed subsequent to the approval of this business case and procurement method adopted. Typically, Australian Standard contract documents are used for projects of this nature, with any specific contractual modifications and negotiations to be facilitated by SCC's legal advisors.

18.6 Project Management Plan

18.6.1 Project Phasing Considerations and Implementation Timelines

It should be noted that specific program dates outlined herein are indicative only, established for the purposes of cash flow forecasting and economic modelling. Actual commencement dates for each of the stages is subject to availability of funding to deliver the New Regional Gallery, the library, and wider project components.

Implementation of the preferred option requires project phasing and staging considerations be factored into the gallery master programme with a view to identifying development sequencing and potential constraints for planning and delivery. The current use of the development site, associated decanting and demolition play a significant role in this level of planning.

The development site is currently functioning as Caloundra Library, with planning and design for the new Caloundra District Library underway. The new library is anticipated to be completed in 2025, at which point the current library will cease operating, decant into the new facility, and free up the development site for a possible early works program. The demolition works can be completed independently of the head contract for the gallery construction, with temporary site garden or pop-up retail potential short-term uses for the development footprint whilst planning, design, tendering and approvals are sought and confirmed. It is envisaged the existing Art Gallery would remain operational until the New Regional Gallery is complete, and therefore only a single relocation of the collection is required with no temporary storage requirements.

The proposed new gallery delivery model of ECI/D&C hybrid allows for elements of the programme to be completed in parallel, offering programme efficiencies that will reduce the duration and likely project costs. The consultant team, including Principal Consultant (Architect) and Project Management Consultant, can be procured early in the project with the aim of novating the design team at some point during design development and once SCC's principal project requirements (PPRs) have been finalised and endorsed by SCC Councillors. An Expression of Interest (EOI) process for the procurement of a construction contractor(s) is to be undertaken, enabling a select tender invitation for progression to Request for Proposal (RFP) stage.

It is anticipated programme efficiencies created by the adoption of the recommended ECI/D&C model will enable SCC to undertake meaningful community consultation on the preferred option at the Masterplan and Concept Design phase.

A summary of the detailed master programme and key milestones has been provided in Table 63 below, with the detailed programme provided in **Appendix G** for review.

Table 63 - Project implementation staging & milestones

It should be noted that specific program dates outlined herein are indicative only, established for the purposes of cash flow forecasting and economic modelling. Actual commencement dates for each of the stages is subject to availability of funding to deliver the New Regional Gallery, the library, and wider project components.

Activity	Timing	Responsibility / Comments
Project Approvals		
Detailed Business Case completion	June 2023	SCC to complete DBC with the assistance of the consultant team.
Detailed Business Case approval	July 2023	DBC to be presented to Councillors (workshop no.2) and endorsed.
Funding confirmed	August 2023	Considered earliest start scenario. Although uncertain at the time of writing the DBC, for forward planning purposes we have assumed that funding will be confirmed in August 2023.
Project Development and Design		
Consultant team selection	November 2023	SCC to complete procurement of the project consultant team, including initially Principal Consultant and Project Management Consultant to drive design team.
Phase 1 – Masterplanning & Concept Design	March 2024	SCC Councillor endorsement of the concept design, incorporating community consultation input.
Phase 2 – Schematic Design for Development Approval (DA)	November 2024	This phase includes issuance of the DA and Councillor approvals.
Phase 3 – Detailed Design (DD)	January 2025	DD can be progressed whilst the DA is being considered and can be refined once conditions of the DA are known. Novation of the design team to the ECI contractor is scheduled during this phase.
Phase 4 – Contract Documentation	March 2025	Contract documentation will be completed by the appointed ECI contractor.
Construction & Delivery		
Procurement – ECI Expression of Interest	April 2024	SCC to shortlisted ECI contractors from the EOI process.
Procurement – ECI Tender	November 2024	ECI contractor to be endorsed by SCC following select tender process.
Decanting & Early Works	March 2025	Incorporates permits and approvals for construction and demolition activities, relocation of the current business uses on the development site and demolition.
Mobilisation & site establishment	March 2025	Head contractor to mobilise and establish the site and asset protection.
Construction works	December 2026	Contractor to complete construction activities, overseen by PM consultant.
Practical Completion	December 2026	Contractor to ensure certification and demonstrate design compliance
Operations		
Handover to SCC	December 2026	SCC and contractor to facilitate handover protocol in accordance with contract.

Activity	Timing	Responsibility / Comments
Gallery Operational	Early 2027	SCC to commence operations

18.7 Project Governance & Resources

Governance arrangements for the management and delivery of the New Regional Gallery project are set out in accordance with Sunshine Coast Council’s project management framework and responsibilities as a Statutory Authority. This business case outlines some of the principles on which the Governance arrangements are based, noting that detailed Terms of Reference for each Governance entity and stated delegations will need to be established as part of the RG Project Management Plan to be endorsed by SCC prior to commencement. The Governance Framework and relationships between the entities has been depicted in Figure 43 below, with corresponding roles and responsibilities of the project governance entities summarised in Table 64.

Figure 43 - Project Governance Structure

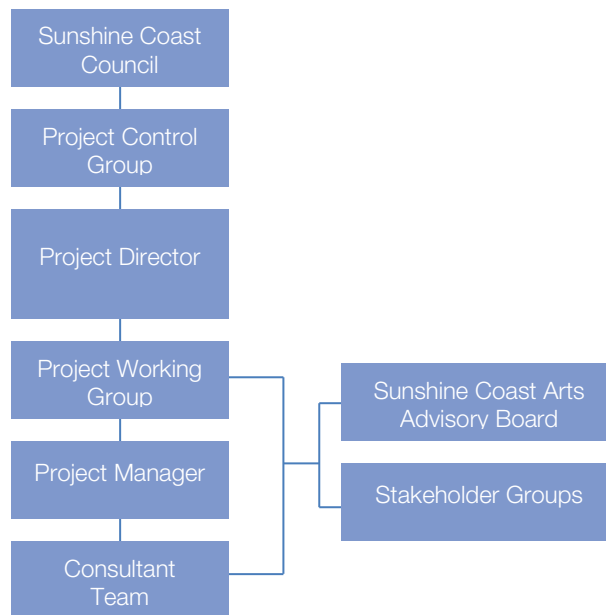


Table 64 - Governance roles

Governance entity	Roles & Responsibilities
Sunshine Coast Councillors	As the prospective owner / municipal manager of the RG and key land owner in the Precinct, SCC is accountable for decisions to commit public funds and for the outcomes of that public investment. SCC will take responsibility for delivering the program as the capital works program in liaison with the relevant funding partners and Government stakeholders.
Project Control Group	<p>An internal Project Control Group will be formed within SCC to oversee the implementation of the project and ensure its ongoing alignment with strategic objectives and project principles, accountable to the Sunshine Coast Councillors. The PCG also ensures the project is designed and delivered with the agreed RG project budget as agreed by SCC and will minimise adverse impacts to the Precinct and surrounding land uses on the whole.</p> <p>The PCG is the formal point of accountability and control for the Program Director, and reports through the Chair to the Councillors. The PCG also ensures that Councillors</p>

Governance entity	Roles & Responsibilities
	have full and complete understanding of program status there is the opportunity to provide feedback.
Project Director	<p>A Project Director will be appointed by SCC to manage the planning and delivery of the RG project, providing general project guidance and approvals for the Project Management Consultant in regard to the engagement of consultants and contractors, development of tender documentation, management of the tender process and contract negotiations, appoint approved suppliers, make project decisions and generally represent SCC's interests during the project.</p> <p>The project director will be responsible for reporting to the Councillors through the PCG.</p>
Project Working Group	A Project Working Group, consisting of team members from relevant SCC Departments and (if appropriate) other project delivery organisations, will be formed during the initial project planning stage and will oversee the delivery of the project, from consultant appointment right through to practical completion.
Project Management Consultant	Due to the size and value of the project an external Project Management Consultant is be appointed to coordinate the delivery of the project. The consultant will report directly to the SCC project director, manage and coordinate stakeholder and other consultants inputs, coordinate project reporting requirements, and generally undertake a range of project management and coordinate activities.
Architect (Principal Consultant)	An Architect will be appointed as the Principal Consultant to coordinate and undertake the architectural designs and prepare / coordinate all design documentation for the project. The Architect will initial report to the Project Director, however, may be novated across to the Contractor upon their appointment, if considered appropriate.
Quantity Surveyor	SCC will appoint an independent quantity surveyor for the project to provide cost assessment advice and information to both SCC and the Project Management Consultant.
Other Technical / Specialist Consultants	The Architect, as part of their integrated design team, will manage and engage with a range of other technical and specialist consultants that are required for the successful delivery of the project designs and documentation.

18.7.1 Project delivery structure

SCC has considered a range of project delivery structures for the RG development taking into account the requirements to fully satisfy the overarching governance arrangements and the requirement to maximise project outcomes. To achieve this, two project delivery structures are proposed, one prior to appointment of the ECI / D&C Contractor, shown in Figure 44, and a subsequent structure to be implemented upon appointment of the ECI / D&C Contractor, shown in Figure 45 below.

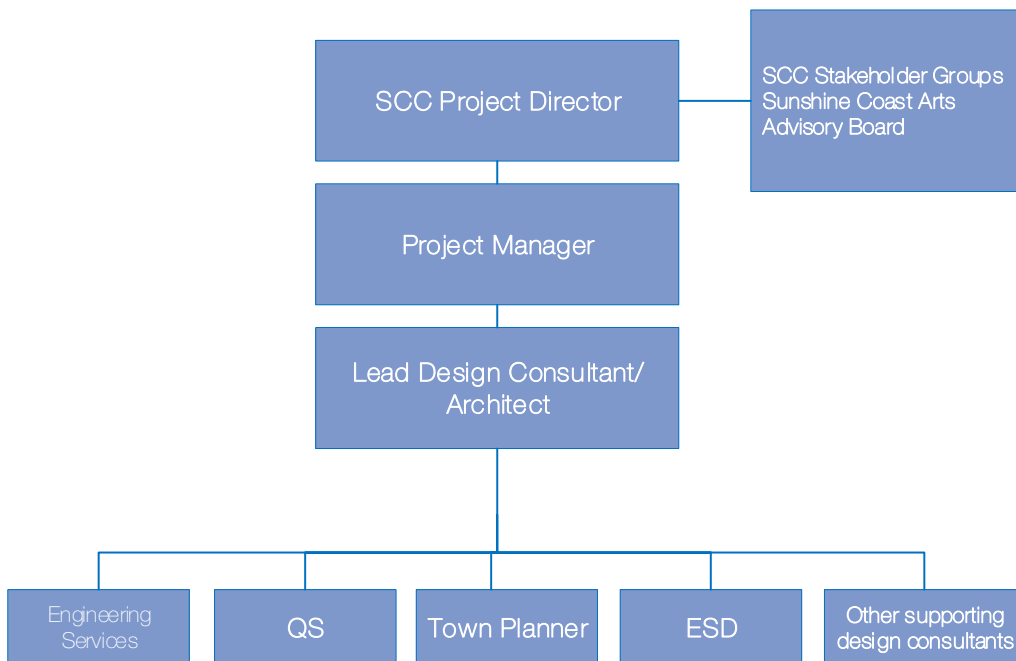


Figure 44 - Planning Phase Project Delivery Structure

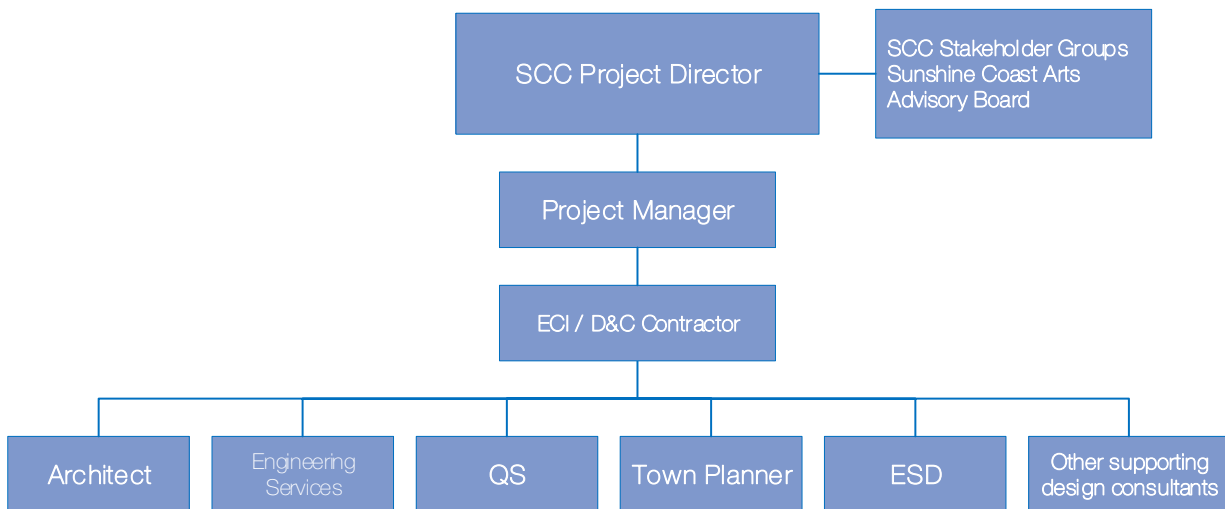


Figure 45 - Construction Phase Project Delivery Structure

18.8 Change management

Change is inevitable over the course of a project with extended implementation timelines for a variety of reasons. Some of the more common reasons are as follows:

- Shift in SCC / Government priorities, policies and subsequent infrastructure planning.
- Change in project personnel.
- Response to shifting precinct dynamics and latent site conditions.
- Response to budget limitations when design estimate exceeds project budget.
- Stakeholder responses to built forms that don't align with previously endorsed concepts.

- Opportunities realised by any party that improve the utilisation and/or efficiencies of the operations or functionality of the facility, including design, functionality and operations.

As noted, changes proposed can be of great benefit to the project however “change” can also pose one of the greatest risks to a project. To mitigate the risk, appropriate management processes need to be implemented and closely followed. The key change instigators and mitigation processes are outlined below.

18.8.1 Project change control

Changes to the endorsed project scope, budget or programme must be presented to the Project Working Group for consideration and endorsement in the first instance prior to presentation to the Project Control Group (PCG) for approval. Subject to the Terms of Reference and delegated authority set out for the Working Group and PCG, recommendations for change may require Councillors approval prior to implementation such as significant budget variations, termination of contracts etc. Decisions made by the PCG including endorsements received for formal recommendation are to be tabled by the Working Group and included in the monthly PCG report for presentation to internal stakeholders.

Change requests presented to the PCG are to detail the time, cost and quality implications the change would effect on the project, including background, issues and final recommendation relating to the scope change.

18.8.2 Issues management

Key project issues will be managed by the project team and reported to the Project Working Group officially via the Project Director and documented in meeting minutes and PCG reports to establish status and any time and cost implications.

19.0 Benefits Management Plan

19.1 Benefits Realisation

The New Regional Gallery project aims to deliver four key benefits, identified through the Investment Logic Mapping (ILM) process. KPIs for each of these benefits are listed below, as are measures of their current and target results, alongside the data source for these KPIs and responsibility for collection. The initial benefits sought include the following categories:

19.1.1 Benefit No. 1 - Increased cultural vitality, literacy, and appreciation

Table 65 - Increased cultural vitality, literacy & appreciation KPIs

Benefit KPI	Measure	Current	Target	Source	Responsibility
KPI 1: Aggregated and network offerings across the Sunshine Coast	Number of events/programs/exhibitions	130 pa	Years 1 – 4 >130 pa Year 5 onwards: 260 pa	Council Sector Audit Survey	SCC (Arts & Culture team)
KPI 2: Exhibitions of AAA-rated arts content	Number and value of exhibitions of AAA-rated content	9 pa	Years 1- 4 > 9 pa Year 5 onwards: 18 pa	Council Sector Audit Survey	SCC (Arts & Culture team)
KPI 3: Increased involvement and exhibitions of indigenous art	Number of First Nations Artists Involved/Profiled	38 pa	Year 1 – 4 > 38 pa Year 5 onwards: 57 pa	Council Sector Audit Survey	SCC (Arts & Culture team)

19.1.2 Benefit No. 2 - Supporting regional economy

Table 66 - Supporting regional economy KPIs

Benefit KPI	Measure	Current	Target	Source	Responsibility
KPI 1: Investment by third parties in Sunshine Coast Region	Cost of construction	Not applicable	Refer final QS estimate	Project reports	SCC (Project Delivery)
	Creative and Performing Arts sector analysis employment and value added	14.6% employment 13.9% value added	Increase/increase relative to Queensland average	https://economy.id.com.au/sunshine-coast/industry-sector-analysis?IndkeyNieir=24702	SCC (Arts & Culture) to record this
KPI 2: Tourist visitations,	Tourist visitations	7,384 pa, i.e. 28.4% of 26,000	Years 1 – 4: 10,555 pa	Gallery visitation records	SCC (Arts & Culture)

Benefit KPI	Measure	Current	Target	Source	Responsibility
lengths of stay and spend		annual visitors	(28.4% of total visitors) Year 5 onwards: 22,152 pa, i.e. (28.4% of 78,000 annual visitors)		
KPI 3: Employment opportunities within the arts and cultural sector	Number of jobs generated by the Gallery	7.3 FTE	14.4 FTE	Gallery administrative records	SCC (Arts & Culture)

Notes / assumptions:

1. We have assumed no change to the split of resident and tourist visitations from current levels

19.1.3 Benefit No. 3 - Improved sense of place for the Sunshine Coast

Table 67 - Improved sense of place for the Sunshine Coast KPIs

Benefit KPI	Measure	Current	Target	Source	Responsibility
KPI 1: Community visitations and connections	Resident visitation	18,616 pa, i.e.71.6% of 26,000 annual visitors	55,848 pa, i.e. 71.6% of 78,000 annual visitors	Gallery visitation records	SCC (Arts & Culture)
KPI 2: Arts community engagement and satisfaction	Survey rating satisfaction level	80%	80%	5-yearly Sector Audit Survey	SCC (Arts & Culture)
	# of local artists engaged in gallery program	190	Years 1 – 4 >190 pa Year 5 onwards: 270 pa		
KPI 3: Support community health and education through art program offerings	Number of health and education/school program visits	746 pa	Years 1 – 4 > 746 pa Year 5 onwards: 1,492 pa (100% increase)	Gallery administrative records	SCC (Arts & Culture)
KPI 4: Activation of the Community Creative Precinct	Total visitation to the gallery	26,000 pa	Years 1 – 4 >26,000 pa Year 5 onwards: 78,000	Gallery Visitor Surveys	SCC (Arts & Culture)

Notes / assumptions:

1. We have assumed no change to the split of resident and tourist visitations from current levels

19.1.4 Benefit No. 4 - Increased liveability and public amenity

Table 68 - Increased liveability & public amenity KPIs

Benefit KPI	Measure	Current	Target	Source	Responsibility
KPI 1: Amenity for community, visitors, and SCC staff	Satisfaction levels of attendees	80%	80%	Gallery Visitor Surveys	SCC (Arts & Culture)
KPI 2: Creation of a memorable place-making destination and public realm	Net Promoter Score	60	65	Gallery Visitor Surveys	SCC (Arts & Culture)
KPI 3: Demonstrated support for 'Yellow Book' character outcomes	Number of examples of each outcome in the design	Not applicable	Each outcome being demonstrated in the design with 1-2 examples	Architectural Design Report	SCC (Project Delivery) via architect

20.0 Recommendations

The business case has determined that there is a strong socio-economic return for investment in the development of a New Regional Gallery for the Sunshine Coast. The proposed new development will enrich the cultural identity of the Sunshine Coast, providing residents and tourists with access to exhibitions, collections and tours of significance and scale. It will provide meaningful opportunities for First Nations artists. The economic appraisal for the New Regional Gallery concluded that for every dollar invested in the new build, at least \$2.72 in economic benefits would be generated.

However, it is acknowledged that the initial capital cost requirement is significant. The **project total development cost has been estimated at \$37,060,000**. It should be noted this figure is provided in 2023 prices and excludes escalation. The cash flow forecast considers escalated costs.

Given the outcome of the assessment, it is recommended that:

- In recognition of the socio-economic outcomes, SCC commit to delivery of Option D, a new Regional Gallery of the Sunshine Coast, in the former Caloundra library site.
- SCC develop a funding strategy and associated State and Federal funding submissions (supported by this business case).



Figure 46 Artists impression of the New Regional Gallery. Source: ARM Architecture

21.0 Referenced Appendices

Appendix A – Stakeholder Consultation – Detailed Notes

Name	Position	Interview date	Key discussion points
Representative	Art, Heritage & Libraries	16/08/2021	<ol style="list-style-type: none"> 1. Importance of SCC support for the project 2. High percentage of practicing artists in SC – need pathways to showcase local talent 3. SC is a community of communities – gallery needs to be able to address this in engagement & programming. Gallery 4. SC strong connection between environment & art 5. Operating budget is key to success of gallery brand 6. Need good management & governance to build brand & attract exhibitions that can have positive impact on community & local economy 7. Multipurpose space is important – like the idea of opening onto park.
Representative	Art, Heritage & Libraries	19/08/2021	<ol style="list-style-type: none"> 1. Engaging local First Nations groups is essential to the arts in SC 2. 2 groups – Kabi Kabi & Jinibara – quite different & different stages of development. Kabi Kabi more engaged with the arts 3. Important to include First Nations voice on programming 4. Would like First Nations FTE as part of operational plan
Representative	Strategic Planning	23/08/2021	<ol style="list-style-type: none"> 1. RG is part of revitalisation of key centre in the region 2. Strong developmental catalyst in the area 3. Caloundra is important to the arts community in SC 4. Common perception – Caloundra – arts & creative industries, Maroochydore – principal business centre 5. Important too spread community investment that both speaks to local differences but stops siloing 6. Gallery business case is not really based on visitor economy, more about cultural & local economic stimulation 7. RG plays a role in placemaking & revitalising parts of the Caloundra CBD 8. Precinct will be a sum of its parts, so new cultural assets – gallery, library etc – must work together to produce a true creative precinct
Representative	Environment & Sustainability	23/08/2021	<ol style="list-style-type: none"> 1. RG sits above a community infrastructure network 2. Level of investment in social infrastructure is dropping off – at risk of a gallery trying to engage with community while depleting community infrastructure precludes capacity for engagement 3. All facilities have an impact that is both positive and negative – need to ensure RG has more positives 4. New Caloundra South PDA will be the 4th major centre for SC – expect population to hit 50k – need to think of the impact of this development on that area AND this about how funding the gallery will impact development of infrastructure and services 5. Gallery needs clear statement on how it benefits the community beyond the arts sector 6. Concern that gallery will negatively impact business area – community needs approx. \$700mil – gallery costs must come from somewhere 7. Opportunity for gallery to address lack of community spaces & provide opportunities for participation.
Representatives	Community Services, Sport and Recreation Economic Development (including Tourism)	24/08/2021	<ol style="list-style-type: none"> 1. Requested to share consultation 2. Importance of a true cultural precinct 3. Event centre is closest thing to a cultural centre, but not really focussed on arts etc – more MICE 4. Precinct can contribute to attracting investment in the region, support local businesses & keep money in the region 5. Public perception matters to achieve this – cultural infrastructure can play an important economic development role, but is best when is it viewed as a community asset

Name	Position	Interview date	Key discussion points
			<ol style="list-style-type: none"> 6. Gallery profile matters – people may come to SC for other things but visit the gallery while there. Can increase stay time & spend 7. As the percentage of higher income earners grows in SC, the demand for cultural activities grows with it – gallery will benefit from this growth, but the two need to work in tandem 8. SC highest proportion of artists & working artists compared to other LGAs – network includes sole traders, markets, makers etc – not just an ‘arts scene’ 9. Understand the importance of a realistic operating budget to contribute to economic development desires of SCC 10. If this is done right, will lead to lively precinct & will benefit Caloundra and SC region – will also build brand & opportunities to get exclusive touring exhibitions 11. Desire for precinct to activate business opportunities in the surrounding area 12. Recognise that Caloundra lacks a true hotel – hoping precinct & other developments in the CBD will attract a major brand 13. Economic development for SC – 7 high value industries being courted – not interested in being seen as a place for tourists & retirees 14. Gallery can address the broadening of the economy beyond tourism & better integrate the region – may have to overcome some strong localisms to make this work, but is possible
Representative	Placemaking	25/08/2021	<ol style="list-style-type: none"> 1. Cultural precinct is her main remit – design manager, Ben Stevenson is design coordinator 2. Work with Jacobs 3. Design is holistic – design as placemaking – buildings need to connect in numerous ways to create a precinct 4. Sculpture garden is critical to good space activation and community engagement – can borrow works in & out & encourage people who engage with the park to engage further with the precinct – library & gallery 5. Aware of risk of disconnect between buildings & with the surrounding park – need to ensure this doesn’t happen in the design & build phases – good programming can’t fix spaces that struggle to activate 6. Current gallery is seen as an iconic design & speaks to what SC is – new building has that opportunity. Iconic buildings imprint into local consciousness as wayfinding devices 7. Risk that imposing size of new building will feel like a monolith/fortress & not be very inviting – needs a sense of character 8. Masterstroke of the precinct is to open up what is awkward topographical space – opportunity to create an inviting stretch from the plaza to the beach 9. The Park is loved by locals & heavily frequented – community voice very strong in wanting minimal impact to vegetation in precinct development 10. Caloundra developing a critical civic triumvirate – library, gallery, event centre – creates a tangible centre for arts, culture & knowledge. This is important in the identity of any city or region 11. Important to ensure that the 3 venues work together to activate place & help create a strong community presence 12. Relationship with the region is important – precinct can draw in, amplify, and bounce back out the innate creativity of the region 13. The region is changing – precinct needs to think about how it will service the communities of the future, not just current needs.
Integrated Community Facilities Team	Various	20/08/2021	<ol style="list-style-type: none"> 1. Understand the importance of high ratings (climate control, security etc) for exhibitions and obtaining touring exhibitions 2. Revitalisation of the precinct – gallery to contribute to Caloundra identity but want to connect to regional identity as well 3. Caloundra considered a holiday destination but developing a new identity for living & working – new gallery needs to connect to the changing identity. More than grey nomad touring

Name	Position	Interview date	Key discussion points
			<ol style="list-style-type: none"> 4. Opportunity to become a true regional gallery – current gallery is not fit for that purpose on several levels 5. New gallery will give local emerging artists a slingshot towards a bigger profile – this will be good for the region as locals become better known nationally 6. Risk that the term ‘regional’ implies small. Need to think bigger 7. Economic benefits around a true regional gallery – attract business opportunities within the precinct, but trying to think about economic benefits for the region as a whole 8. Potential for social outcomes – for the arts and beyond 9. A chance to be more thoughtful in place activation & creating a sense of place 10. Opportunity for young people to have a space for creative activation – good public programming is essential 11. Risk to existing vegetation – locals love the park & are concerned about losing important trees etc 12. Potential strengthening of community activation through relationship with library.

Appendix B – Operations Plan & Model

New Regional Art Gallery - Operations Model - Summary of Outputs

Revised Version November 22

Operating P&L	FY2024 FY2025 FY2026 FY2027 FY2028 FY2029 FY2030 FY2031 FY2032									
	Current FY19 Actuals	Construction Year 1	Construction Year 2	Opening Year Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Grants and Contributed Revenues	\$17,829	\$500	\$10,525	\$110,000	\$130,500	\$156,025	\$163,826	\$172,018	\$180,618	\$189,649
Space Rentals	\$0	\$0	\$0	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078	\$6,381	\$6,700
Program Revenues	\$55,803	\$58,593	\$61,523	\$341,670	\$390,480	\$488,100	\$512,505	\$538,130	\$565,037	\$593,289
Other Revenues	\$22,320	\$0	\$0	\$166,398	\$182,788	\$191,927	\$201,524	\$211,600	\$222,180	\$233,289
Other Cost Recoveries/Misc Revenues	\$104	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INCOME	\$ 73,736	\$ 59,093	\$ 72,048	\$ 623,068	\$ 709,018	\$ 841,565	\$ 883,643	\$ 927,825	\$ 974,216	\$ 1,022,927

Expenditure										
Salaries & Wages	\$ 512,114	\$ 557,650	\$ 916,463	\$ 1,425,837	\$ 1,473,906	\$ 1,507,125	\$ 1,552,527	\$ 1,602,603	\$ 1,657,083	\$ 1,715,774
Internal Materials and Services	\$ 108,047	\$ 120,000	\$ 120,000	\$ 200,000	\$ 200,000	\$ 210,000	\$ 220,500	\$ 231,525	\$ 243,101	\$ 255,256
Total R and M - COCO	\$ 19,918	\$ 20,000	\$ 20,000	\$ 25,000	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	\$ 36,465	\$ 38,288
Total Materials and Services	\$ 99,199	\$ 110,000	\$ 130,000	\$ 140,000	\$ 160,000	\$ 168,000	\$ 176,400	\$ 185,220	\$ 194,481	\$ 204,205
Finance Costs	\$ 440	\$ 500	\$ 500	\$ 1,000	\$ 1,050	\$ 1,103	\$ 1,158	\$ 1,216	\$ 1,276	\$ 1,340
Total Net Programming	\$ 127,725	\$ 175,000	\$ 250,000	\$ 568,650	\$ 535,600	\$ 669,500	\$ 702,975	\$ 738,124	\$ 775,030	\$ 813,781
Collection Costs	\$ 15,160	\$ 15,000	\$ 95,000	\$ 104,000	\$ 110,700	\$ 117,610	\$ 123,491	\$ 129,665	\$ 136,148	\$ 142,956
Shop	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL EXPENDITURE	\$ 898,968	\$ 998,150	\$ 1,531,963	\$ 2,464,487	\$ 2,511,256	\$ 2,704,838	\$ 2,810,125	\$ 2,923,081	\$ 3,043,585	\$ 3,171,601
Operating Subsidy Required (excludes Depreciation Council In-kind services provided)	(\$825,232)	(\$939,057)	(\$1,459,915)	(\$1,841,419)	(\$1,802,238)	(\$1,863,273)	(\$1,926,482)	(\$1,995,256)	(\$2,069,369)	(\$2,148,674)

Attendances	Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9									
	F2019	Opening			Full Ops					
Programs	20,682	0	0	0	0	87,500	0	0	0	0
Café					0	42,420	0	0	0	0
Restaurant					0	0	0	0	0	0
Functions and Events										
Total	20,682	0	0	0	0	129,920	0	0	0	0
per head cost	\$ 43.47					\$ 20.82				

FYI 21/22 attendees 43,321
 \$ 20.75

Caloundra Regional Gallery

Operating Model – Assumptions

This section details the assumptions behind line items in the associated operating budget spreadsheet and provides commentary around confidence and risks where required.

It has been updated to reflect changes to the functional spaces that are being considered, notably the removal of a restaurant/functions space and smaller footprint overall plus more clarity around programming intentions. Changes in the earlier Feb version included:

- No Restaurant/Bar and associated Functions and Events business.
- Small reduction in “café” – Food and Functions space to 120 pax – assumed outsourced.
- Minor changes to Exhibitions and Programming.
- Reduction of core staff by .7FTE
- Reduced maintenance and operating costs based on smaller footprint (\$120k)
- No Theatrette.
- Main exhibitions spaces essentially maintained to support proposed programming.

July 2022 Update Version

The major changes to the earlier February version are:

- Added a Retail section to reflect a modest gallery Shop operation.
- Updated the Programming budgets to better reflect advice from Gallery management on the proposed programming strategy. The significant change was the reduction in major Exhibitions from 3 to 2 per year.
- Increased allowances for maintenance and operating costs – I was concerned that the previous reductions may not be adequate for the overall increase in size.
- Increased annual inflation from 2% to 5%.

The new estimated Year 3 annual operating subsidy is \$1.78M – this is very close to the two previous versions.

The current case has been based on the F2018/19 operating budget actuals for the existing Gallery. F2018/19 has been used as it was the last year before any Covid impacts came into play. Forward estimates for F2023 and beyond have not been available to us at this stage however no significant changes from the operating model existing in F2018/19 have been advised.

General

Forecast and estimates have been based on:

- The proposed programming and operating model for the new CRG as agreed with Management.
- The opportunities and impacts of the functional brief (as drafted to date).
- Current experience.
- Benchmarking and case studies.
- In-house Council management as opposed to outsourced as per The Events Centre.

Assumptions

Sheet/Item	Cell/Row	Assumption	Confidence/Risk	Changes
Summary			<u>Notes for December Version</u>	New version
Operating Subsidy Required	G22	<p>Year 5 i.e. the third year after opening is assumed to be the time when the new gallery has reached maturity in terms of typical operations. There is of course likely to be annual variations around this caused by factors such as supply of suitable touring exhibitions and broader economic conditions.</p> <p>There is a significant ramp up from Year 2 during construction as the new Gallery is prepared for opening in Year 3. Allowances have been made in the opening year – FY2026 – for opening celebrations and launch costs.</p>	<p>The year 5 (3rd year from opening, notionally F2028) operating subsidy requirement (excluding depreciation) of \$1.78 m is similar to appropriate benchmarked venues including Tweed River Gallery, Geelong Art Gallery and Museum of Art Albury. (refer Industry benchmarks report). Similarly operating costs and revenues have different levels of confidence in terms of risk but are generally aligned with benchmarks.</p>	\$1.86K Subsidy (from \$843k previous)
Detailed P&L				

Sheet/Item	Cell/Row	Assumption	Confidence/Risk	Changes
Revenues				
Grants and Contributed Incomes	Row 16	Current experience is minimal returns from these sources, but the new gallery should be capable of attracting \$150-200k PA.	Confidence is based on the employment of a .8 FTE Business Development Manager and a much-enhanced range of public programs. In particular the two FN/TO positions should be able to drive new opportunities for grant incomes.	No Change
Space Rentals	Row 21	The new spaces such as the theatrette should be capable of achieving a modest level of external, non-catering/function specific utilisation.		Theatrette removed, Function and events space rental reduced from \$20k to a nominal \$5k
Program Revenues	Row 25 and the Program Worksheet	<p>The Program Worksheet contains the detailed estimates for programming. The most significant impacts arise from the target of 2 major touring exhibitions achieving paid and unpaid attendances of 45,000 pax. Other impacts come from a wider range of smaller touring and local exhibitions, public programs and professional development opportunities.</p> <p>NOTE: The content in the major exhibitions stream is indicative only. This mix may change year to year subject to curatorial choices, market interest and availability.</p>	<p>All programs have been allocated sufficient funds to be delivered and earned revenue targets are conservative in terms of the benchmarks. The major risk is supply of major exhibitions and that is the key challenge for the Director and their team to deliver on.</p> <p>Based on the experience elsewhere this is a realistic goal and sufficient resources have been made available. There is certainly likely to be variations from year to year but lead times for exhibition planning are ongoing and therefore forward estimates can be adjusted accordingly.</p> <p>A key risk is the need for the Director and senior team members to be able to</p>	Reduction of one major exhibition. Minor updates to other streams to reflect management advice.

Sheet/Item	Cell/Row	Assumption	Confidence/Risk	Changes
			develop, and maintain, critical relationships with other institutions, funding bodies, local supporters and private collectors.	
Other Revenues	Row 32 And the FandB (Food and Beverage) worksheet.	<p>Café, restaurant and functions operations – The assumption is that these are outsourced commercially and that the Gallery will receive at least 10% gross turnovers as a commission.</p> <p>The FandB worksheet describes detailed assumptions around customer numbers, spends per head and averages per operating day. It uses the widely accepted industry guide in terms of estimated expenditures of 1/3 labour, 1/3 Cost of Goods and 1/3 overheads and profit.</p> <p>Shop – this is in addition to sales of project related merchandise reported in programming budgets.</p>	<p>We have also assumed a modest growth rate of 5% from Year 4.</p> <p>Management agrees that these estimates are realistic but conservative and there could be greater opportunities on offer.</p> <p>We have also assumed a customer mix of gallery visitors and non-gallery patrons in the total estimates of 42k PA customers by Year 5.</p>	<p>Restaurant removed;</p> <p>Cafe revenues adjusted to take into account reforecast of 120 Pax per day up from 100 and small increase in per head spend from \$15 to \$20 based on advice of workshop held 18/2/22.</p> <p>Functions catering revenues reduced from \$20k PA to \$5k PA.</p>
Other costs recoveries/Misc Revenues	Row 37	A small target of \$10 PA has been included. This could come from ticketing charges, commissions on sales, hire of equipment and similar.	Low impact, low risk.	No Change
Expenditure				
Salaries and wages	Row 50 and the Employment worksheet	The Employment Worksheet contains specific information on core staffing, and we have agreed that this is a realistic forecast given the new and expanded brief for the Gallery. It also aligns with other similar scale operations but with the notable addition of 2 FTE First Nations/Traditional Owners designated positions.	This model is based on a significant increase in impact and visitation as well as a core goal to deliver 2-4 major national touring exhibition PA.	Small decrease of .7 FTE in programs area. Subject to client discretion.

Sheet/Item	Cell/Row	Assumption	Confidence/Risk	Changes
		<p>We have also allowed for both project related casual staffing costs and an amount for non-project specific casual staffing needs.</p> <p>NOTE- The Base Case reflects F2019 actuals – Management advises that this has now increased in F2023 to 7.3 FTE and a total slary budget – excluding on-costs is \$696k (F2019 was \$512 INCL on-costs. See table below for F2023:</p>		
Internal Materials and Services	71	Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received.	Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.	Increased to \$200k by Year 5 – F2019 = \$108k
Repairs and Maintenance CoCO	Row 80	Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received.	Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.	Forecast = \$30,000 F2019= \$20,000.
Material and Services	Row 128	Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received.	Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.	Forecast = \$140,000 F2019 = \$99k
Finance Costs	Row134	Based on current experience we have tentatively doubled these costs for the future. Further refinements likely as the design is progressed and any other advice received.	Whilst there may be some differences of opinion in relation to operating costs overall the sum is in line with benchmarks.	No Change
Program Expenditure	Row 145	<p>This reflects the detailed programming costs shown in the “Programs” spreadsheet.</p> <p>This proposes an annual set of programs and services including:</p> <ul style="list-style-type: none"> The major exhibitions stream is indicative only. It is meant to reflect: An exhibition focussed on popular culture e.g. fashion, design or similar. 		<p>Total Program Exp is now reduced to \$568k/Year 3.</p> <p>Discretionary changes and programming is expected to change from year to year but</p>

Sheet/Item	Cell/Row	Assumption	Confidence/Risk	Changes
		<ul style="list-style-type: none"> • A major national exhibition focussed on an annual/biennial event e.g. The Archibald. • A exhibition focused on a particular artist, school, theme or movement. • This mix may change year to year subject to curatorial choices. market interest and availability. • Other Touring Exhibitions x 5 • Local Artist Exhibitions x 4 • Smaller exhibitions x 4 • Professional development • Residencies • Collection related exhibitions • Prizes • Public Programs <p>"On Country" - TO/FN focussed Exhibitions Related - In Exhibitions Projects Collection Related - non-exhibition Other Adult/General Public Schools and Education Kids and Families Youth</p> <p>Exhibition Research and Development</p>		fit within the overall parameters forecast.
Collection Costs	Row 178	This is per Management advice and in addition to Collections related programming.		No Change
Shop Expenditure	Row 201	This is in addition to Project related merchandise.		Refer FandB/Retail Sheet

Previous Versions For Information Only

Summary Revised Version July 22

Operating P&L	Revised Version July 22									
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Construction	Construction	Opening Year							
Current										
FY19 Actuals	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	
Grants and Contributed Revenues	\$329	\$500	\$10,525	\$110,000	\$130,500	\$156,025	\$163,826	\$172,018	\$180,618	\$189,649
Space Rentals	\$0	\$0	\$0	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078	\$6,381	\$6,700
Program Revenues	\$55,803	\$58,593	\$61,523	\$341,670	\$390,480	\$488,100	\$512,505	\$538,130	\$565,037	\$593,289
Other Revenues										
Other Cost Recoveries/Misc Revenues	\$22,320	\$0	\$0	\$166,398	\$182,788	\$191,927	\$201,524	\$211,600	\$222,180	\$233,289
TOTAL INCOME	\$ 56,236	\$ 59,093	\$ 72,048	\$ 623,068	\$ 709,018	\$ 841,565	\$ 883,643	\$ 927,825	\$ 974,216	\$ 1,022,927

Expenditure										
Salaries & Wages	\$ 512,114	\$ 557,650	\$ 916,463	\$ 1,425,837	\$ 1,473,906	\$ 1,507,125	\$ 1,552,527	\$ 1,602,603	\$ 1,657,083	\$ 1,715,774
Internal Materials and Services	\$ 108,047	\$ 120,000	\$ 120,000	\$ 200,000	\$ 200,000	\$ 210,000	\$ 220,500	\$ 231,525	\$ 243,101	\$ 255,256
Total R and M - COCO	\$ 19,918	\$ 20,000	\$ 20,000	\$ 25,000	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	\$ 36,465	\$ 38,288
Total Materials and Services	\$ 99,199	\$ 110,000	\$ 130,000	\$ 140,000	\$ 160,000	\$ 168,000	\$ 176,400	\$ 185,220	\$ 194,481	\$ 204,205
Finance Costs	\$ 440	\$ 500	\$ 500	\$ 1,000	\$ 1,050	\$ 1,103	\$ 1,158	\$ 1,216	\$ 1,276	\$ 1,340
Total Net Programming	\$ 127,725	\$ 175,000	\$ 250,000	\$ 568,650	\$ 535,600	\$ 669,500	\$ 702,975	\$ 738,124	\$ 775,030	\$ 813,781
Collection Costs	\$ 15,160	\$ 15,000	\$ 15,000	\$ 20,000	\$ 22,500	\$ 25,000	\$ 26,250	\$ 27,563	\$ 28,941	\$ 30,388
Shop	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL EXPENDITURE	\$ 898,968	\$ 998,150	\$ 1,451,963	\$ 2,380,487	\$ 2,423,056	\$ 2,612,228	\$ 2,712,884	\$ 2,820,979	\$ 2,936,377	\$ 3,059,033
Operating Subsidy Required (excludes Depreciation Council In-kind services provided)	(\$842,732)	(\$939,057)	(\$1,379,915)	(\$1,757,419)	(\$1,714,038)	(\$1,770,663)	(\$1,829,241)	(\$1,893,153)	(\$1,962,161)	(\$2,036,106)

Attendances	Revised Version July 22									
	F2019	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
		Opening	Opening	Opening	Opening	Full Ops	Full Ops	Full Ops	Full Ops	Full Ops
Programs	20,682	0	0	0	0	87,500	0	0	0	0
Café					0	42,420	0	0	0	0
Restaurant					0	0	0	0	0	0
Functions and Events										
Total	20,682	0	0	0	0	129,920	0	0	0	0

Summary

Councillor Workshop Version 21/2/22

Operating P&L	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	
	Construction	Construction	Opening Year							
	Current									
	FY19 Actuals	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Grants and Contributed Revenues	\$329	\$500	\$10,510	\$110,000	\$130,200	\$155,404	\$158,512	\$161,682	\$164,916	\$168,214
Space Rentals	\$0	\$0	\$0	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892
Program Revenues	\$55,803	\$56,919	\$58,057	\$417,270	\$476,880	\$596,100	\$608,022	\$620,182	\$632,586	\$645,238
Other Revenues										
Other Cost Recoveries/Misc Revenues	\$22,320	\$25,000	\$25,500	\$183,900	\$204,390	\$224,769	\$234,164	\$243,992	\$254,273	\$265,030
TOTAL INCOME	\$ 56,236	\$ 82,419	\$ 94,067	\$ 736,170	\$ 836,970	\$ 1,002,283	\$ 1,027,228	\$ 1,052,917	\$ 1,079,377	\$ 1,106,837
Expenditure										
Salaries & Wages	\$ 512,114	\$ 555,760	\$ 899,385	\$ 1,383,741	\$ 1,409,380	\$ 1,416,287	\$ 1,432,143	\$ 1,450,610	\$ 1,471,320	\$ 1,493,971
Internal Materials and Services	\$ 108,047	\$ 120,000	\$ 135,000	\$ 150,000	\$ 160,000	\$ 163,200	\$ 166,464	\$ 169,793	\$ 173,189	\$ 176,653
Total R and M - COCO	\$ 19,918	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473	\$ 33,122
Total Materials and Services	\$ 99,199	\$ 110,000	\$ 130,000	\$ 140,000	\$ 160,000	\$ 163,200	\$ 166,464	\$ 169,793	\$ 173,189	\$ 176,653
Finance Costs	\$ 440	\$ 500	\$ 500	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082	\$ 1,104	\$ 1,126
Total Net Programming	\$ 127,725	\$ 175,000	\$ 250,000	\$ 673,650	\$ 655,600	\$ 819,500	\$ 835,890	\$ 852,608	\$ 869,660	\$ 887,053
Collection Costs	\$ 15,160	\$ 30,000	\$ 30,000	\$ 30,000	\$ 40,000	\$ 45,000	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709
Shop	\$ -	\$ 20,000	\$ 20,400	\$ 30,000	\$ 35,000	\$ 45,000	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709
TOTAL EXPENDITURE	\$ 898,968	\$ 1,056,260	\$ 1,510,685	\$ 2,463,391	\$ 2,526,000	\$ 2,728,827	\$ 2,770,934	\$ 2,816,177	\$ 2,864,198	\$ 2,914,707
Operating Subsidy Required (excludes Depreciation Council In-kind services provided)	(\$842,732)	(\$973,841)	(\$1,416,618)	(\$1,727,221)	(\$1,689,030)	(\$1,726,544)	(\$1,743,706)	(\$1,763,260)	(\$1,784,821)	(\$1,808,070)

Appendix C – Project Risk Register



Register Type:	PROJECT
Project No.:	New Regional Gallery
Project Name:	Option B - Existing gallery site
Client:	Sunshine Coast Council
Register Rev Date:	26-Jul-23
Register Revision:	5

- Notes:
- 1 This risk register has been prepared to document hazards and risks associated with the project
 - 2 The full lifecycle of the project has been considered including design, construction (including commissioning), operation, maintenance, modification and demolition phases
 - 3 Residual risks which are high or critical require action by various stakeholders
 - 4 This risk register does not replace the need for other stakeholders to complete their own hazard identification and risk assessment for the project in due course

Show Risk Rating represented as
Risk Rating Name

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
1. Political, Stakeholder and Project Support Risks										
1.01	Loss of Mayor or Council support for the gallery project	A loss of SCC support for the gallery project can occur as a result of a change in SCC staff, a change in SCC priorities or the gallery project not aligning with SCC policies. This may result in the gallery project not proceeding..	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies. This is to include the creation of an engagement strategy, which will require briefing and discussions with a broad range of Council staff and Councillors to inform of the objectives and benefits of the gallery.	Unlikely	Major	Medium	
1.02	Regional Development Australia Sunshine Coast (RDA) and Federal Members do not support gallery project	RDA and Federal Members may not support the gallery project if they are not informed of the project or importance of the project. This may result in the gallery project not obtaining federal funding.	Possible	Moderate	Medium	Undertake extensive and early consultation with the RDA and Federal Members, ensuring project requirements and benefits are communicated and understood.	Unlikely	Moderate	Medium	
1.03	Organisational changes during the course of the project	Organisational changes during the course of the project (by both Council and the project team) can occur as a result of staff turnover. This may result in a loss of project knowledge.	Possible	Moderate	Medium	Establishment and maintaining of a master document register that contains all relevant project documents and communication, ensuring all project members contribute documents and correspondence.	Unlikely	Minor	Low	
1.04	Change in city/regional priorities	A change in city/regional priorities may be caused by a change in economy, change in government or a change in population growth within the region. This may result in the gallery project no longer being supported by Council and the gallery project no longer proceeding.	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies.	Unlikely	Moderate	Medium	
1.05	Capital investment failure – SCC unable to provide funding for the gallery	SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities. This may result in the gallery project not proceeding in accordance with proposed project plan.	Possible	Catastrophic	Critical	Establish the gallery project as a priority project for Council and seek funding from private sector and government following completion and SCC endorsement of the PAF/Business Case.	Possible	Major	High	
1.06	Unable to secure State Government funding	Funding from the State Government may not occur due to gallery project not aligning with State Government funding requirements, in particular the Arts QLD roadmap. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with State Government staff/representatives and undertake continual reviews of the gallery project, ensuring alignment with State Government policies.	Possible	Moderate	Medium	
1.07	Unable to secure Federal Government funding	Funding from the Federal Government may not occur due to the gallery project not aligning with Federal Government funding requirements. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with Federal Government staff/representatives and Federal Members and undertake continual reviews of the gallery project, ensuring alignment with Federal Government policies.	Possible	Moderate	Medium	
1.08	Unable to secure philanthropic contributions	Philanthropic contributions to the gallery may not occur due to the local community and local businesses not supporting the gallery. This may result in Council having to contribute additional funds to the gallery capital expenditure and/or operational expenditure.	Possible	Moderate	Medium	Undertake extensive and early local community and business consultation, ensuring project requirements are communicated and understood by the local community and businesses.	Possible	Minor	Medium	
1.09	Proposed commercial site (existing library site) is unsellable	The proposed commercial site may be unsellable due to change in market appetite for development sites within Caloundra or the site has too many encumbrances.	Possible	Major	High	Undertake a soft market sounding exercise to understand market appetite prior to listing the site for sale. Ensure site encumbrances and restrictions are minimised prior to taking the site to market for sale.	Possible	Moderate	Medium	
1.10	Reputational risk for SCC through inability to deliver on public commitments	Through endorsement of the business case and subsequent funding award, SCC is publicly committing to delivering the project benefits identified. Inability to achieve these benefits carries significant reputational risk.	Possible	Major	High	SCC is to clearly articulate the select project benefits and commitments to be made public, ensuring the project is fully funded and committed prior to releasing details publicly.	Possible	Moderate	Medium	
1.11	Lack of First Nations engagement and involvement	A lack of First Nations engagement may be caused by an incorrect identification of relevant First Nations groups (stakeholders) or First Nations groups (stakeholders) not being available. This may result in a lack of support of the gallery project by Council and the public and the gallery project not aligning with both the Council and State Government First Nations Arts requirements/policies.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key First Nations groups to engage with. Undertake continual consultation, ensuring project requirements are communicated and understood.	Possible	Moderate	Medium	
1.12	Adverse movement in inflation / market cycle impacting funding need	The proposed budget inadequately provides for movement in goods/services prices, resulting in need for additional funds.	Possible	Major	High	Appoint an experienced quantity surveyor that allows for adequate contingency throughout the gallery project. In addition any funding applications must include contingency and risk provisions.	Possible	Moderate	Medium	
1.13	Public benefit of project not clearly articulated	Public benefit of the gallery is not clearly articulated due to insufficient community engagement. This may lead to a negative perception of the gallery by the community.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits communicated and understood.	Unlikely	Moderate	Medium	
1.14	Stakeholders dissatisfied with precinct outcome upon completion	The final project deliverables and perceived benefits do not achieve or meet stakeholder expectations of precinct outcomes due to a shift in project scope or drivers, resulting in lack of benefits realisation for stakeholders.	Possible	Major	High	Establish a stakeholder engagement strategy to identify and consult key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits clearly communicated, reporting progress against the benefits management plan developed in the business case on a cyclical basis.	Unlikely	Moderate	Medium	
1.15	Business case is not supported by SCC	SCC does not support the business case due to the forecast operational costs and capital costs. This may result in the business case failing to proceed.	Possible	Catastrophic	Critical	Establish a project governance framework and stakeholder engagement strategy to identify key Council stakeholders. Undertake continual briefing and consultation, ensuring business case information is constantly reviewed and approved by SCC at each project gateway.	Possible	Moderate	Medium	
1.16	Business case does not work	The business case analysis does not support the creation of a viable business case. This may result in the business case no longer proceeding.	Unlikely	Catastrophic	High	Ensure rigorous analysis is undertaken in line with the QLD Government PAF framework.	Possible	Moderate	Medium	
2. Community & Environmental Risks										
2.01	Availability of site for development	The proposed site may not be available to be redeveloped due to existing tenants/leases being in place, preventing the proposed site from being available. This may cause project delays.	Possible	Major	High	Ensure delivery of gallery project aligns with existing leases/tenant agreements. Ensure new leases/tenant agreements align with the proposed delivery schedule of the gallery project.	Unlikely	Moderate	Medium	
2.02	Delay in other Council projects	A delay in other Council projects may prevent Council from having resources available to deliver the gallery project. This may cause project delays.	Possible	Major	High	Establish the gallery project as a priority project for Council, ensuring resources are committed within Council for the project.	Unlikely	Moderate	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
2.03	Absence of a cohesive precinct vision	The absence of a cohesive precinct vision may be caused by the lack of an overarching vision document and a committee/authority in place to manage the delivery of a precinct vision. This may result in a delay in the delivery of the precinct and a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Engagement of a precinct vision manager to create and oversee precinct vision and management strategies, ensuring all assets, buildings and infrastructure within the precinct are considered and in alignment.	Unlikely	Moderate	Medium	
2.04	Absence of a cohesive precinct delivery plan	The absence of a cohesive precinct delivery plan may be caused by the lack of a committee/authority in place to manage the creation of a precinct delivery plan. This may result in a delay in the delivery of the precinct and a disconnection of Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Establishment of a precinct strategy/delivery plan, which will detail the timing of various precinct projects. Establishment of a precinct working committee, with representatives from the various precinct project.	Unlikely	Moderate	Medium	
2.05	Absence of a collective visible leadership and decision-making authority for the precinct	An absence of a collective visible leadership and decision-making authority for the precinct can occur as a result of a lack of precinct governance and a precinct authority/committee. This may result in a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Creation of a Precinct Governance Model, which will establish a decision-making authority for precinct related matters.	Unlikely	Moderate	Medium	
2.06	Possible cultural significance of Felicity Park	Felicity Park may have cultural or heritage significance, resulting in the inability to develop over the parkland.	Possible	Major	High	It is recommended suitably qualified persons and/or representatives from the local heritage groups are engaged to confirm that any future development will not cause harm to anything identified as having cultural heritage value.	Possible	Minor	Medium	
2.07	Loss of environmental assets within precinct.	The gallery development results in a loss of natural assets within the precinct due to building footprint and operational activities impacting green spaces and established vegetation.	Almost Certain	Moderate	High	Engage Ecology consultant to establish significant vegetation and devise management plan to minimise impact of development on loss of vegetation and high value assets, prepare landscape plan to offset loss of significant assets.	Likely	Moderate	High	
2.08	Land use controls constrain development potential.	The current Queensland Government Titles Registry identifies that the site is located on Lot 666 on CG4615, a land parcel held by Council under a Deed of Grant in Trust from the State of Queensland, which presents a risk in terms of SCC providing owner's consent for development of the existing gallery site.	Almost Certain	Major	Critical	SCC to consult with relevant planning authorities on the process and time implications for removal of land use constraint on title, developing a plan for removal of caveat.	Possible	Moderate	Medium	
2.20	Negative impact on neighbouring land uses and business.	The development of a new gallery may have detrimental impacts on surrounding land uses and businesses due to built from implications, planning outcomes, loss of commercial activity and increased competition.	Possible	Major	High	Project team to undertake comprehensive consultation on precinct users, developing a detailed project and staging plan that is widely communicated and incorporates input from external stakeholders to minimise impact.	Unlikely	Minor	Low	
2.21	Development staging impacts on precinct operations and land uses	The continuity of precinct operations is disrupted due to construction activities resulting in loss of commercial activity for local businesses and reduced amenity across the precinct.	Likely	Major	Critical	Contingency and staging plans to be developed, particularly focussed on minimising disruption to commercial activities and user needs in the Precinct.	Possible	Moderate	Medium	
3. Design and Construction Risk										
3.01	Delay in project commencement	Delay in project commencement arising from issues such as delays in Government decisions, including delays in Government funding. This may lead to a shift in the completion date of the project and capital cost increases due to price escalation.	Possible	Moderate	Medium	Establishment and maintaining of a master delivery program, ensuring appropriate project governance is followed to minimise project delays.	Unlikely	Minor	Low	
3.02	Delay in design development process	Delay in the design development process due to design changes arising from stakeholder requests. This may lead to a shift in the completion date of the project and capital cost increases due to additional consultant fees and escalation.	Likely	Moderate	High	Selecting an appropriate model of delivery for the design development process and ensuring design contracts have inbuilt flexibility to allow for design delays.	Possible	Minor	Medium	
3.03	Gallery building does not align with Council sustainability requirements	The gallery building design does not align with SCC 's sustainability requirements and policies due building designers not understanding SCC requirements or policies. This may cause delays in authority approvals	Possible	Major	High	Design phase to incorporate SCC ESD standards and sufficient time for ESD issues to be resolved and provide adequate clauses in construction contract and tender documents to ensure timeframes are met. The project cost plan is to also factor sufficient allowance for ESD design and implementation to reduce risk of removal from scope due to budget constraints.	Possible	Minor	Medium	
3.04	Gallery building setbacks do meet Council requirements.	Gallery building setbacks do not align with Council Local Area Plan due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the Local Area Plan.	Unlikely	Minor	Low	
3.05	Gallery building does not align with the Sunshine Coast Design Guide	Gallery building setbacks do not align with the Sunshine Coast Design Guide due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with the Sunshine Coast Design guide and ensure building aligns with objectives in the design guide.	Unlikely	Minor	Low	
3.06	Gallery building does not align with Council RAIF and Arts Plan	The gallery building design does not align with Council's RAIF and Arts plan policies due building designers not understanding Council specific policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the RAIF and Arts plan and ensure these documents are constantly referred to during the design development process.	Unlikely	Minor	Low	
3.07	Building design and material selection does not align with Council's asset maintenance funding ability.	The gallery building design and materiality selection does not align with Council's ongoing asset maintenance funding ability due to insufficient engagement with Council asset maintenance and operations teams. This may cause insufficient maintenance to be undertaken on the gallery.	Possible	Major	High	Ensure Council asset maintenance and operations teams are engaged with throughout the design process to ensure the buildign design and materiality selection aligns with proposed asset maintenance budgets.	Unlikely	Minor	Low	
3.08	Delay in authority approvals (including planning approvals)	Delay in obtaining authority approvals due to design implications. This may lead to project delays.	Likely	Moderate	High	Undertake early consultation with relevant authorities ensuring authority requirements are integrated into the project design.	Possible	Minor	Medium	
3.09	Inground or existing building conditions	Additional capital expenditure or a delay to the project due to unknown inground or existing building conditions.	Possible	Major	High	Undertake reasonable inground and existing building investigations to ensure inground and existing building conditions are understood and allow for sufficient time within the	Possible	Minor	Medium	
3.10	Misaligned project expectations	Project size and scale may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project design and requirements are communicated and understood by the community.	Possible	Minor	Medium	
3.11	Misaligned environmental and ecological expectations	Removal of trees and other ecological items of concern may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project requirements (in particular tree removal) are communicated and understood by the community.	Likely	Moderate	High	
3.12	Damage to adjacent buildings/properties	Damage to adjacent buildings and properties during the construction process due to mismanagement of the construction process.	Possible	Moderate	Medium	Ensure Contractors establish appropriate procedures and dilapidation reports for building works taking place adjacent to existing buildings and near property boundaries.	Unlikely	Minor	Low	
3.13	Functional brief and cost plan misalignment	Adequate brief definition is not available in time for finalisation of cost plan, resulting in a cost misalignment.	Likely	Moderate	High	Define brief before finalising the cost plan.	Possible	Moderate	Medium	
3.14	Project scope verse precinct scope misalignment	Precinct planning around gallery interface unavailable, resulting in a cost misalignment.	Likely	Moderate	High	Convene specific coordination meetings with precinct designers and project teams.	Unlikely	Minor	Low	
3.15	Inadequate capital cost estimate	Capital costs are higher than estimated due to incorrect cost estimates. This may lead to a change in the project requirements and cause the project to be delayed.	Possible	Major	High	Ensure project requirements are fully resolved and understood to enable inclusion in project cost estimates. Build in appropriate project contingency.	Unlikely	Moderate	Medium	
3.16	Increase in construction escalation rates	Construction escalation rates vary more than anticipated, which may lead to an increase in capital costs.	Possible	Moderate	Medium	Ensure the construction contract has inbuilt flexibility to allow for cost escalation. Build in appropriate project contingency.	Possible	Minor	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
3.17	Low market interest from contractors	The project does not generate interest from Tier 1 construction contractors. This may lead to a lower quality building.	Possible	Major	High	Undertake a market sounding process and a rigorous procurement process to ensure a suitable contractor is engaged.	Unlikely	Minor	Low	
3.18	Delay in construction process	Incorrect or inadequate management of the construction process may lead to project delays.	Possible	Major	High	Selecting an appropriate model of delivery for the construction process and ensuring the construction contract has inbuilt flexibility to allow for construction delays.	Possible	Minor	Medium	
3.19	Construction Insolvency	Contractor engaged to undertake building works becomes insolvent or cannot deliver on agreed scope. This may lead to a shift in the completion date or additional capital cost increases.	Possible	Major	High	Undertake a rigorous due diligence and tender process, ensuring the contractor has the financial capability to undertake the project.	Unlikely	Major	Medium	
3.20	Noise and light pollution impact on neighbouring buildings and properties	The size and scale of the gallery may impact surrounding buildings by contributing additional noise and/or light pollution. This may cause negative support by the local community for the gallery.	Possible	Major	High	Adopt design principals that will minimize the gallery's impact on surrounding buildings and properties. Undertake extensive and early community consultation, ensuring building size and scale are communicated and understood by the community.	Possible	Minor	Medium	
3.21	Building not fit for purpose once project completed	The gallery building is not fit for purpose due to building requirements not being defined and accepted. This may cause negative support by the local community for the gallery.	Possible	Catastrophic	Critical	Mitigate by thorough detailed stakeholder consultation both project planning and delivery, whilst incorporating sufficient flexibility into gallery spaces for future use and growth.	Possible	Moderate	Medium	
3.2	Construction delays	Building contractor and project consultants do not achieve contract completion dates, delaying occupancy and use	Possible	Major	High	Incorporate sufficient time in programme and provide adequate provisions / penalties in construction contract and tender documents to ensure timeframes are met.	Possible	Moderate	Medium	
4. Operating Risk										
4.01	Inadequate lifecycle cost estimate	Lifecycle costs differ to those estimated as a result of: - Fit out becomes obsolete and requires replacement more frequently - ICT and equipment fails, becomes obsolete or does not provide the functionality required over the expected term - Building fit out costs need replacement at higher rates than anticipated. This may lead to lifecycle costs being higher than expected and Council requiring to provide additional operating funds.	Possible	Major	High	Develop cost estimate based on benchmarking data and condition assessment reports. Build flexibility in the design for future refurbishment.	Possible	Minor	Medium	
4.02	Unable to fund operating costs on an ongoing basis	SCC unable to fund ongoing operating costs due to cost escalation and exceedance of SCC budgets. This may result in the gallery programming and exhibitions not meeting identified service needs.	Possible	Catastrophic	Critical	SCC to endorse budget commitment for funding of operational shortfall for a nominated period of time with built in review and revise hurdles based on actual performance data of gallery operations.	Possible	Moderate	Medium	
4.03	Relationships with key partners and stakeholders, including regional First Nations and Traditional Owner communities, local artists, supporters and/or donors, become ineffective or hostile.	Promises made to stakeholders and key partners not being kept. This may result in less support than for the gallery from key partners, stakeholders and donors.	Possible	Major	High	Maintain effective communication strategies that are reviewed for effectiveness and quality. Establish formal and informal lines of communication where disagreements and disputes can be managed.	Unlikely	Minor	Low	
4.04	Inflexible design in changing operational environment	Design solution does not allow for future changes. This can be caused by cost reduction exercises through the value management process, which will reduce building functionality and flexibility.	Possible	Major	High	Ensure design and construction processes maintain alignments with functional brief requirement in terms of future proofing.	Unlikely	Minor	Low	
4.05	Increase in operating cost escalation rates	Market competition increases costs of exhibition supply, energy costs exceed projections and market demand for key staff drive wage costs higher than forecast. This may cause a decrease funds available for gallery programming.	Possible	Major	High	Galleries have only limited exposure to revenue risks and changes in costs structures are likely to be able to be controlled either before impacts or in the short term.	Unlikely	Minor	Low	
4.06	Shortage of appropriately skilled staff	Qualified staff are unwilling to relocate from major CBD centres to the Sunshine Coast. This may hinder the growth of the gallery, due to insufficient staff.	Rare	Major	Medium	Council to review existing employment policies and develop more attractive salary and conditions packages for critical positions.	Unlikely	Minor	Low	
4.07	Unable to secure a food and beverage operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.08	Unable to secure a function hire operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.09	Unable to secure national touring exhibitions	Demand from other galleries for touring exhibitions may exceed supply lines. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Design of the gallery is to include sufficient flexibility in spatial functionality and capacity to facilitate and attract varying size touring exhibitions with differing technical requirements, ensuring gallery conditions remain recognised as suitable for major national touring needs. Ensure gallery leadership is properly resourced to proactively engage with the sector.	Unlikely	Minor	Low	
4.10	Unable to secure local programs	Local artists, due to issues of quality and/or interest, are not able to be programmed at the levels forecast. This may cause damage to the gallery's public image and a loss in revenue.	Rare	Major	Medium	Ensure gallery leadership maintains a positive engagement with existing and emerging artists and offers attractive levels of support and development opportunities for SSC artists.	Unlikely	Moderate	Medium	
4.11	Organisation changes during operation	Changes in Council leadership lead to a change in long-term strategic direction and support for arts and culture generally or for the Gallery in particular.	Rare	Catastrophic	High	Council has strong record in terms of supporting arts and cultural infrastructure and programs over a long period. Given the unusual situation that has occurred in Rockhampton in terms of their new Gallery, Council will need to ensure clear, positive and unequivocal messaging.	Unlikely	Minor	Low	
4.12	Asset maintenance	Budget pressures on Council caused by other events or out of scope maintenance requirements. The impacts could include loss of AAA rating capability, poor visitor experience and pressures from commercial partners.	Possible	Major	High	Council to ensure that Gallery needs are properly reflected in long term facility management plans.	Unlikely	Minor	Low	
4.13	Absent Governance Model	An absent governance model for the proposed gallery may be caused by a lack of insight in creating the model prior to operations. This may lead to mismanagement of the gallery and additional operating costs.	Possible	Major	High	Creation of a Gallery Governance Model, which will establish a decision-making authority for a gallery related matters.	Possible	Moderate	Medium	
4.15	Damage to gallery collection	Risk of damage incurred to gallery collection during decanting process.	Possible	Major	High	Develop storage and relocation plans for the collection, ensuring handling is kept to a minimum and storage facilities provide adequate environment for art collection.	Unlikely	Minor	Low	
5. Revenue Risk										
5.01	Patronage numbers lower than expected	The number of patrons is lower than the estimated numbers due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the patronage estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	
5.02	Exhibition and programming numbers do not achieve sufficient commercial activity	The forecast visitation does not eventuate due to inability to attract patrons through inappropriate spatial design of the facility and precinct activation that discourages suitable exhibitions, resulting in reduced new and repeat visitors that negatively impact the ability of the Gallery to generate commercial activity and attract commercial investment and partnership in the gallery.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the exhibition and programming estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
5.03	Ramp up numbers lower than expected	The assumptions relating to the increase in audience numbers is not met over the 5 year transition period due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken, suitable benchmarking data is utilised to create forecast estimates and economic modelling and analysis is undertaken.	Possible	Moderate	Medium	
5.04	Revenue from function hire lower than expected	Revenue generated by the gallery from function sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.05	Food and beverage revenue lower than expected	Revenue generated by the gallery from food and beverage sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.06	Merchandise sales lower than expected	Revenue generated by the gallery from merchandises sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.11	Inability to attract private sector investment / participation	The development model / concept fails to attract and secure private sector involvement in the planning, delivery and operation of the facility, which increase financial burden on SCC resources and potential increased government funding required.	Possible	Major	High	Market consultation to be undertaken prior to project financial commitment to gauge commercial interest and market capacity to financially contribute to the project, with a targeted engagement strategy to be developed to secure private sector pre commitment.	Possible	Moderate	Medium	
5.18	Long term viability of the precinct if not future proofed.	The gallery development is one element in precinct activation, with additional initiatives required to ensure long term sustainable outcomes across the precinct such as transport, open spaces, resilient built form and interdependent businesses and adaptive land uses. Failure to adequately factor urban design principles for sustainable and resilient communities may potentially limit commercial and wider economic benefits in the medium to long term.	Possible	Major	High	The Caloundra Centre Activation Plan sets the overarching masterplan and implementation guide for the precinct which is to be adhered with to enable sustainable and resilient activity. Endorsed land uses and development initiatives in the Plan provide flexibility and momentum for sustainable outcomes.	Possible	Moderate	Medium	location impacts precinct connectivity to some degree. loading and unloading and back of house fronting public realm is a poor outcome
5.19	Precinct activation fails to deliver commercial opportunities and investment	Lack of precinct activation due to an incohesive planning policy and poorly implemented masterplan may result in inadequate levels of commercial investment and activity required for the sustainable operation of the gallery.	Possible	Major	High	Ensure SCC endorsement and prioritisation of projects specified in the Caloundra Community Creative Hub vision, with particular emphasis on delivering the Town Centre which will activate the precinct.	Possible	Moderate	Medium	low to medium - back of house and loading fronting public realm is a concern.
5.2	Forecast project benefits and returns do not meet minimum investment hurdles.	The modelled returns on investment do not achieve SCC's minimum financial hurdles and therefore cause concern around project viability and ultimate endorsement to proceed.	Possible	Major	High	Sensitivity and scenario analysis to be undertaken on the development feasibility model, establishing minimum thresholds for commercial and operational inputs to meet requirements.	Possible	Moderate	Medium	



Register Type:	PROJECT
Project No.:	New Regional Gallery
Project Name:	Option C - Bulcock Street
Client:	Sunshine Coast Council
Register Rev Date:	26-Jul-23
Register Revision:	5

- Notes:
- 1 This risk register has been prepared to document hazards and risks associated with the project
 - 2 The full lifecycle of the project has been considered including design, construction (including commissioning), operation, maintenance, modification and demolition
 - 3 Residual risks which are high or critical require action by various stakeholders
 - 4 This risk register does not replace the need for other stakeholders to complete their own hazard identification and risk assessment for the project in due course

Show Risk Rating represented as:
Risk Rating Name

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation			Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls			Likelihood	Consequence	Risk Rating	
1. Support and Financial Risks												
1.01	Loss of Mayor or Council support for the gallery project	A loss of SCC support for the gallery project can occur as a result of a change in SCC staff, a change in SCC priorities or the gallery project not aligning with SCC policies. This may result in the gallery project not proceeding..	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies. This is to include the creation of an engagement strategy, which will require briefing and discussions with a broad range of Council staff and Councillors to inform of the objectives and benefits of the gallery.			Unlikely	Major	Medium	
1.02	Regional Development Australia Sunshine Coast (RDA) and Federal Members do not support gallery project	RDA and Federal Members may not support the gallery project if they are not informed of the project or importance of the project. This may result in the gallery project not obtaining federal funding.	Possible	Moderate	Medium	Undertake extensive and early consultation with the RDA and Federal Members, ensuring project requirements and benefits are communicated and understood.			Unlikely	Moderate	Medium	
1.03	Organisational changes during the course of the project	Organisational changes during the course of the project (by both Council and the project team) can occur as a result of staff turnover. This may result in a loss of project knowledge.	Possible	Moderate	Medium	Establishment and maintaining of a master document register that contains all relevant project documents and communication, ensuring all project members contribute documents and correspondence.			Unlikely	Minor	Low	
1.04	Change in city/regional priorities	A change in city/regional priorities may be caused by a change in economy, change in government or a change in population growth within the region. This may result in the gallery project no longer being supported by Council and the gallery project no longer proceeding.	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies.			Unlikely	Moderate	Medium	
1.05	Capital investment failure – SCC unable to provide funding for the gallery	SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities. This may result in the gallery project not proceeding in accordance with proposed project plan.	Possible	Catastrophic	Critical	Establish the gallery project as a priority project for Council and seek funding from private sector and government following completion and SCC endorsement of the PAF/Business Case.			Possible	Major	High	
1.06	Unable to secure State Government funding	Funding from the State Government may not occur due to gallery project not aligning with State Government funding requirements, in particular the Arts QLD roadmap. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with State Government staff/representatives and undertake continual reviews of the gallery project, ensuring alignment with State Government policies.			Possible	Moderate	Medium	
1.07	Unable to secure Federal Government funding	Funding from the Federal Government may not occur due to the gallery project not aligning with Federal Government funding requirements. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with Federal Government staff/representatives and Federal Members and undertake continual reviews of the gallery project, ensuring alignment with Federal Government policies.			Possible	Moderate	Medium	
1.08	Unable to secure philanthropic contributions	Philanthropic contributions to the gallery may not occur due to the local community and local businesses not supporting the gallery. This may result in Council having to contribute additional funds to the gallery capital expenditure and/or operational expenditure.	Possible	Moderate	Medium	Undertake extensive and early local community and business consultation, ensuring project requirements are communicated and understood by the local community and businesses.			Possible	Minor	Medium	
1.09	Proposed commercial site (existing library site) is unsellable	The proposed commercial site may be unsellable due to change in market appetite for development sites within Caloundra. This may result in Council maintaining ownership of the site and a shortfall in funding for the gallery project.	Possible	Major	High	Undertake a soft market sounding exercise to understand market appetite prior to listing the site for sale. Ensure site encumbrances and restrictions are minimised prior to taking the site to market for sale.			Possible	Moderate	Medium	
1.10	Reputational risk for SCC through inability to deliver on public commitments	Through endorsement of the business case and subsequent funding award, SCC is publicly committing to delivering the project benefits identified. Inability to achieve these benefits carries significant reputational risk.	Possible	Major	High	SCC is to clearly articulate the select project benefits and commitments to be made public, ensuring the project is fully funded and committed prior to releasing details publicly.			Possible	Moderate	Medium	
1.11	Lack of First Nations engagement and involvement	A lack of First Nations engagement may be caused by an incorrect identification of relevant First Nations groups (stakeholders) or First Nations groups (stakeholders) not being available. This may result in a lack of support of the gallery project by Council and the public and the gallery project not aligning with both the Council and State Government First Nations Arts requirements/policies.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key First Nations groups to engage with. Undertake continual consultation, ensuring project requirements are communicated and understood.			Possible	Moderate	Medium	
1.12	Adverse movement in inflation / market cycle impacting funding need	The proposed budget inadequately provides for movement in goods/services prices, resulting in need for additional funds.	Possible	Major	High	Appoint an experienced quantity surveyor that allows for adequate contingency throughout the gallery project. In addition any funding applications must include contingency and risk provisions.			Possible	Moderate	Medium	
1.13	Public benefit of project not clearly articulated	Public benefit of the gallery is not clearly articulated due to insufficient community engagement. This may lead to a negative perception of the gallery by the community.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits communicated and understood.			Unlikely	Moderate	Medium	
1.14	Stakeholders dissatisfied with precinct outcome upon completion	The final project deliverables and perceived benefits do not achieve or meet stakeholder expectations of precinct outcomes due to a shift in project scope or drivers, resulting in lack of benefits realisation for stakeholders.	Possible	Major	High	Establish a stakeholder engagement strategy to identify and consult key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits clearly communicated, reporting progress against the benefits management plan developed in the business case on a cyclical basis.			Likely	Moderate	High	Option C is high risk due to poor precinct outcomes and previous consultation.
1.15	Business case is not supported by SCC	SCC does not support the business case due to the forecast operational costs and capital costs. This may result in the business case failing to proceed.	Possible	Catastrophic	Critical	Establish a project governance framework and stakeholder engagement strategy to identify key Council stakeholders. Undertake continual briefing and consultation, ensuring business case information is constantly reviewed and approved by SCC at each project gateway.			Possible	Moderate	Medium	
1.16	Business case does not work	The business case analysis does not support the creation of a viable business case. This may result in the business case no longer proceeding.	Unlikely	Catastrophic	High	Ensure rigorous analysis is undertaken in line with the QLD Government PAF framework.			Possible	Moderate	Medium	
2. Community & Environmental Risks												

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
2.01	Availability of site for development	The proposed site may not be available to be redeveloped due to existing tenants/leases being in place, preventing the proposed site from being available. This may cause project delays.	Possible	Major	High	Ensure delivery of gallery project aligns with existing leases/tenant agreements. Ensure new leases/tenant agreements align with the proposed delivery schedule of the gallery project.	Unlikely	Moderate	Medium	
2.02	Delay in other Council projects	A delay in other Council projects may prevent Council from having resources available to deliver the gallery project. This may cause project delays.	Possible	Major	High	Establish the gallery project as a priority project for Council, ensuring resources are committed within Council for the project.	Unlikely	Moderate	Medium	
2.03	Absence of a cohesive precinct vision	The absence of a cohesive precinct vision may be caused by the lack of an overarching vision document and a committee/authority in place to manage the delivery of a precinct vision. This may result in a delay in the delivery of the precinct and a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Engagement of a precinct vision manager to create and oversee precinct vision and management strategies, ensuring all assets, buildings and infrastructure within the precinct are considered and in alignment.	Unlikely	Moderate	Medium	
2.04	Absence of a cohesive precinct delivery plan	The absence of a cohesive precinct delivery plan may be caused by the lack of a committee/authority in place to manage the creation of a precinct delivery plan. This may result in a delay in the delivery of the precinct and a disconnection of Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Establishment of a precinct strategy/delivery plan, which will detail the timing of various precinct projects. Establishment of a precinct working committee, with representatives from the various precinct project.	Unlikely	Moderate	Medium	
2.05	Absence of a collective visible leadership and decision-making authority for the precinct	An absence of a collective visible leadership and decision-making authority for the precinct can occur as a result of a lack of precinct governance and a precinct authority/committee. This may result in a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Creation of a Precinct Governance Model, which will establish a decision-making authority for precinct related matters.	Unlikely	Moderate	Medium	
2.06	Possible cultural significance of Felicity Park	Felicity Park may have cultural or heritage significance, resulting in the inability to develop over the parkland.	Possible	Major	High	It is recommended suitably qualified persons and/or representatives from the local heritage groups are engaged to confirm that any future development will not cause harm to anything identified as having cultural heritage value.	Possible	Minor	Medium	
2.07	Loss of environmental assets within precinct.	The gallery development results in a loss of natural assets within the precinct due to building footprint and operational activities impacting green spaces and established vegetation.	Almost Certain	Moderate	High	Engage Ecology consultant to establish significant vegetation and devise management plan to minimise impact of development on loss of vegetation and high value assets, prepare landscape plan to offset loss of significant assets.	Unlikely	Minor	Low	
2.08	Land use controls constrain development potential.	The current Queensland Government Titles Registry identifies that the site is located on Lot 666 on CG4615, a land parcel held by Council under a Deed of Grant in Trust from the State of Queensland, which presents a risk in terms of SCC providing owner's consent for development of the existing gallery site.	Almost Certain	Major	Critical	SCC to consult with relevant planning authorities on the process and time implications for removal of land use constraint on title, developing a plan for removal of caveat.	Unlikely	Minor	Low	
2.20	Negative impact on neighbouring land uses and business.	The development of a new gallery may have detrimental impacts on surrounding land uses and businesses due to built from implications, planning outcomes, loss of commercial activity and increased competition.	Possible	Major	High	Project team to undertake comprehensive consultation on precinct users, developing a detailed project and staging plan that is widely communicated and incorporates input from external stakeholders to minimise impact.	Unlikely	Minor	Low	
2.21	Development staging impacts on precinct operations and land uses	The continuity of precinct operations is disrupted due to construction activities resulting in loss of commercial activity for local businesses and reduced amenity across the precinct.	Likely	Major	Critical	Contingency and staging plans to be developed, particularly focussed on minimising disruption to commercial activities and user needs in the Precinct.	Likely	Moderate	High	
3. Design and Construction Risk										
3.01	Delay in project commencement	Delay in project commencement arising from issues such as delays in Government decisions, including delays in Government funding. This may lead to a shift in the completion date of the project and capital cost increases due to price escalation.	Possible	Moderate	Medium	Establishment and maintaining of a master delivery program, ensuring appropriate project governance is followed to minimise project delays.	Unlikely	Minor	Low	
3.02	Delay in design development process	Delay in the design development process due to design changes arising from stakeholder requests. This may lead to a shift in the completion date of the project and capital cost increases due to additional consultant fees and escalation.	Likely	Moderate	High	Selecting an appropriate model of delivery for the design development process and ensuring design contracts have inbuilt flexibility to allow for design delays.	Possible	Minor	Medium	
3.03	Gallery building does not align with SCC sustainability requirements	The gallery building design does not align with SCC 's sustainability requirements and policies due building designers not understanding SCC requirements or policies. This may cause delays in authority approvals	Possible	Major	High	Design phase to incorporate SCC ESD standards and sufficient time for ESD issues to be resolved and provide adequate clauses in construction contract and tender documents to ensure timeframes are met. The project cost plan is to also factor sufficient allowance for ESD design and implementation to reduce risk of removal from scope due to budget constraints.	Possible	Minor	Medium	higher risk due to lack of alignment with Sunshine coast design / Yellow Book
3.04	Gallery building setbacks do meet Council requirements.	Gallery building setbacks do not align with Council Local Area Plan due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the Local Area Plan.	Unlikely	Minor	Low	
3.05	Gallery building does not align with the Sunshine Coast Design Guide	Gallery building setbacks do not align with the Sunshine Coast Design Guide due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with the Sunshine Coast Design guide and ensure building aligns with objectives in the design guide.	Unlikely	Minor	Low	
3.06	Gallery building does not align with Council RAI and Arts Plan	The gallery building design does not align with Council's RAI and Arts plan policies due building designers not understanding Council specific policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the RAI and Arts plan and ensure these documents are constantly referred to during the design development process.	Unlikely	Minor	Low	
3.07	Building design and material selection does not align with Council's asset maintenance funding ability.	The gallery building design and materiality selection does not align with Council's ongoing asset maintenance funding ability due to insufficient engagement with Council asset maintenance and operations teams. This may cause insufficient maintenance to be undertaken on the gallery.	Possible	Major	High	Ensure Council asset maintenance and operations teams are engaged with throughout the design process to ensure the building design and materiality selection aligns with proposed asset maintenance budgets.	Unlikely	Minor	Low	
3.08	Delay in authority approvals (including planning approvals)	Delay in obtaining authority approvals due to design implications. This may lead to project delays.	Likely	Moderate	High	Undertake early consultation with relevant authorities ensuring authority requirements are integrated into the project design.	Possible	Minor	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
3.09	Inground or existing building conditions	Additional capital expenditure or a delay to the project due to unknown inground or existing building conditions.	Possible	Major	High	Undertake reasonable inground and existing building investigations to ensure inground and existing building conditions are understood and allow for sufficient time within the	Possible	Minor	Medium	
3.10	Misaligned project expectations	Project size and scale may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project design and requirements are communicated and understood by the community.	Possible	Minor	Medium	
3.11	Misaligned environmental and ecological expectations	Removal of trees and other ecological items of concern may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project requirements (in particular tree removal) are communicated and understood by the community.	Possible	Moderate	Medium	
3.12	Damage to adjacent buildings/properties	Damage to adjacent buildings and properties during the construction process due to mismanagement of the construction process.	Possible	Moderate	Medium	Ensure Contractors establish appropriate procedures and dilapidation reports for building works taking place adjacent to existing buildings and near property boundaries.	Unlikely	Minor	Low	
3.13	Functional brief and cost plan misalignment	Adequate brief definition is not available in time for finalisation of cost plan, resulting in a cost misalignment.	Likely	Moderate	High	Define brief before finalising the cost plan.	Possible	Moderate	Medium	
3.14	Project scope verse precinct scope misalignment	Precinct planning around gallery interface unavailable, resulting in a cost misalignment.	Likely	Moderate	High	Convene specific coordination meetings with precinct designers and project teams.	Unlikely	Minor	Low	
3.15	Inadequate capital cost estimate	Capital costs are higher than estimated due to incorrect cost estimates. This may lead to a change in the project requirements and cause the project to be delayed.	Possible	Major	High	Ensure project requirements are fully resolved and understood to enable inclusion in project cost estimates. Build in appropriate project contingency.	Unlikely	Moderate	Medium	
3.16	Increase in construction escalation rates	Construction escalation rates vary more than anticipated, which may lead to an increase in capital costs.	Possible	Moderate	Medium	Ensure the construction contract has inbuilt flexibility to allow for cost escalation. Build in appropriate project contingency.	Possible	Minor	Medium	
3.17	Low market interest from contractors	The project does not generate interest from Tier 1 construction contractors. This may lead to a lower quality building.	Possible	Major	High	Undertake a market sounding process and a rigorous procurement process to ensure a suitable contractor is engaged.	Unlikely	Minor	Low	
3.18	Delay in construction process	Incorrect or inadequate management of the construction process may lead to project delays.	Possible	Major	High	Selecting an appropriate model of delivery for the construction process and ensuring the construction contract has inbuilt flexibility to allow for construction delays.	Possible	Minor	Medium	
3.19	Construction Insolvency	Contractor engaged to undertake building works becomes insolvent or cannot deliver on agreed scope. This may lead to a shift in the completion date or additional capital cost increases.	Possible	Major	High	Undertake a rigorous due diligence and tender process, ensuring the contractor has the financial capability to undertake the project.	Unlikely	Major	Medium	
3.20	Noise and light pollution impact on neighbouring buildings and properties	The size and scale of the gallery may impact surrounding buildings by contributing additional noise and/or light pollution. This may cause negative support by the local community for the gallery.	Possible	Major	High	Adopt design principals that will minimize the gallery's impact on surrounding buildings and properties. Undertake extensive and early community consultation, ensuring building size and scale are communicated and understood by the community.	Possible	Minor	Medium	
3.21	Building not fit for purpose once project completed	The gallery building is not fit for purpose due to building requirements not being defined and accepted. This may cause negative support by the local community for the gallery.	Possible	Catastrophic	Critical	Mitigate by thorough detailed stakeholder consultation both project planning and delivery, whilst incorporating sufficient flexibility into gallery spaces for future use and growth.	Possible	Major	High	medium-high = level changes on this site (east-west) will be an issue to balance with public realm permeability and access as well as loading
3.22	Construction delays	Building contractor and project consultants do not achieve contract completion dates, delaying occupancy and use.	Possible	Major	High	Incorporate sufficient time in programme and provide adequate provisions / penalties in construction contract and tender documents to ensure timeframes are met.	Possible	Moderate	Medium	
4. Operating Risk										
4.01	Inadequate lifecycle cost estimate	Lifecycle costs differ to those estimated as a result of: - Fit out becomes obsolete and requires replacement more frequently - ICT and equipment fails, becomes obsolete or does not provide the functionality required over the expected term - Building fit out costs need replacement at higher rates than anticipated. This may lead to lifecycle costs being higher than expected and Council requiring to provide additional operating funds.	Possible	Major	High	Develop cost estimate based on benchmarking data and condition assessment reports. Build flexibility in the design for future refurbishment.	Possible	Minor	Medium	
4.02	Unable to fund operating costs on an ongoing basis	SCC unable to fund ongoing operating costs due to cost escalation and exceedance of SCC budgets. This may result in the gallery programming and exhibitions not meeting identified service needs.	Possible	Catastrophic	Critical	SCC to endorse budget commitment for funding of operational shortfall for a nominated period of time with built in review and revise hurdles based on actual performance data of gallery operations.	Possible	Moderate	Medium	
4.03	Relationships with key partners and stakeholders, including regional First Nations and Traditional Owner communities, local artists, supporters and/or donors, become ineffective or hostile.	Promises made to stakeholders and key partners not being kept. This may result in less support than for the gallery from key partners, stakeholders and donors.	Possible	Major	High	Maintain effective communication strategies that are reviewed for effectiveness and quality. Establish formal and informal lines of communication where disagreements and disputes can be managed.	Unlikely	Minor	Low	
4.04	Inflexible design in changing operational environment	Design solution does not allow for future changes. This can be caused by cost reduction exercises through the value management process, which will reduce building functionality and flexibility.	Possible	Major	High	Ensure design and construction processes maintain alignments with functional brief requirements in terms of future proofing.	Unlikely	Minor	Low	
4.05	Increase in operating cost escalation rates	Market competition increases costs of exhibition supply, energy costs exceed projections and market demand for key staff drive wage costs higher than forecast. This may cause a decrease funds available for gallery programming.	Possible	Major	High	Galleries have only limited exposure to revenue risks and changes in costs structures are likely to be able to be controlled either before impacts or in the short term.	Unlikely	Minor	Low	
4.06	Shortage of appropriately skilled staff	Qualified staff are unwilling to relocate from major CBD centres to the Sunshine Coast. This may hinder the growth of the gallery, due to insufficient staff.	Rare	Major	Medium	Council to review existing employment policies and develop more attractive salary and conditions packages for critical positions.	Unlikely	Minor	Low	
4.07	Unable to secure a food and beverage operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.08	Unable to secure a function hire operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.09	Unable to secure national touring exhibitions	Demand from other galleries for touring exhibitions may exceed supply lines. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Design of the gallery is to include sufficient flexibility in spatial functionality and capacity to facilitate and attract varying size touring exhibitions with differing technical requirements, ensuring gallery conditions remain recognised as suitable for major national touring needs. Ensure gallery leadership is properly resourced to proactively engage with the sector.	Unlikely	Minor	Low	
4.10	Unable to secure local programs	Local artists, due to issues of quality and/or interest, are not able to be programmed at the levels forecast. This may cause damage to the gallery's public image and a loss in revenue.	Rare	Major	Medium	Ensure gallery leadership maintains a positive engagement with existing and emerging artists and offers attractive levels of support and development opportunities for SSC artists.	Unlikely	Moderate	Medium	
4.11	Organisation changes during operation	Changes in Council leadership lead to a change in long-term strategic direction and support for arts and culture generally or for the Gallery in particular.	Rare	Catastrophic	High	Council has strong record in terms of supporting arts and cultural infrastructure and programs over a long period. Given the unusual situation that has occurred in Rockhampton in terms of their new Gallery, Council will need to ensure clear, positive and unequivocal messaging.	Unlikely	Minor	Low	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
4.12	Asset maintenance	Budget pressures on Council caused by other events or out of scope maintenance requirements. The impacts could include loss of AAA rating capability, poor visitor experience and pressures from commercial partners.	Possible	Major	High	Council to ensure that Gallery needs are properly reflected in long term facility management plans.	Unlikely	Minor	Low	
4.13	Absent Governance Model	An absent governance model for the proposed gallery may be caused by a lack of insight in creating the model prior to operations. This may lead to mismanagement of the gallery and additional operating costs.	Possible	Major	High	Creation of a Gallery Governance Model, which will establish a decision-making authority for a gallery related matters.	Possible	Moderate	Medium	
4.15	Damage to gallery collection	Risk of damage incurred to gallery collection during decanting process.	Possible	Major	High	Develop storage and relocation plans for the collection, ensuring handling is kept to a minimum and storage facilities provide adequate environment for art collection.	Unlikely	Minor	Low	
5. Revenue Risk										
5.01	Patronage numbers lower than expected	The number of patrons is lower than the estimated numbers due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the patronage estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	
5.02	Exhibition and programming numbers do not achieve sufficient commercial activity	The forecast visitation does not eventuate due to inability to attract patrons through inappropriate spatial design of the facility and precinct activation that discourages suitable exhibitions, resulting in reduced new and repeat visitors that negatively impact the ability of the Gallery to generate commercial activity and attract commercial investment and partnership in the gallery.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the exhibition and programming estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	
5.03	Ramp up numbers lower than expected	The assumptions relating to the increase in audience numbers is not met over the 5 year transition period due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken, suitable benchmarking data is utilised to create forecast estimates and economic modelling and analysis is undertaken.	Possible	Moderate	Medium	
5.04	Revenue from function hire lower than expected	Revenue generated by the gallery from function sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.05	Food and beverage revenue lower than expected	Revenue generated by the gallery from food and beverage sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.06	Merchandise sales lower than expected	Revenue generated by the gallery from merchandies sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.11	Inability to attract private sector investment / participation	The development model / concept fails to attract and secure private sector involvement in the planning, delivery and operation of the facility, which increase financial burden on SCC resources and potential increased government funding required.	Possible	Major	High	Market consultation to be undertaken prior to project financial commitment to gauge commercial interest and market capacity to financially contribute to the project, with a targeted engagement strategy to be developed to secure private sector pre commitment.	Unlikely	Moderate	Medium	
5.18	Long term viability of the precinct not future proofed.	The gallery development is one element in precinct activation, with additional initiatives required to ensure long term sustainable outcomes across the precinct such as transport, open spaces, resilient built form and interdependent businesses and adaptive land uses. Failure to adequately factor urban design principles for sustainable and resilient communities may potentially limit commercial and wider economic benefits in the medium to long term.	Possible	Major	High	The Caloundra Centre Activation Plan sets the overarching masterplan and implementation guide for the precinct which is to be adhered with to enable sustainable and resilient activity. Endorsed land uses and development initiatives in the Plan provide flexibility and momentum for sustainable outcomes.	Likely	Moderate	High	location creates poor connectivity to other cultural assets and divides the public realmloading and unloading and back of house fronting public realm is a poor outcome
5.19	Precinct activation fails to deliver commercial opportunities and investment	Lack of precinct activation due to an incohesive planning policy and poorly implemented masterplan may result in inadequate levels of commercial investment and activity required for the sustainable operation of the gallery.	Possible	Major	High	Ensure SCC endorsement and prioritisation of projects specified in the Caloundra Community Creative Hub vision, with particular emphasis on delivering the Town Centre which will activate the precinct.	Possible	Moderate	Medium	Medium-high. Activation of town square at risk
5.20	Forecast project benefits and returns do not meet minimum investment hurdles.	The modelled returns on investment do not achieve SCC's minimum financial hurdles and therefore cause concern around project viability and ultimate endorsement to proceed.	Possible	Major	High	Sensitivity and scenario analysis to be undertaken on the development feasibility model, establishing minimum thresholds for commercial and operational inputs to meet requirements.	Possible	Moderate	Medium	



Register Type:	PROJECT
Project No.:	New Regional Gallery
Project Name:	Option D - Existing library site
Client:	Sunshine Coast Council
Register Rev Date:	26-Jul-23
Register Revision:	5

- Notes:**
- 1 This risk register has been prepared to document hazards and risks associated with the project
 - 2 The full lifecycle of the project has been considered including design, construction (including commissioning), operation, maintenance, modification and demolition phase
 - 3 Residual risks which are high or critical require action by various stakeholders
 - 4 This risk register does not replace the need for other stakeholders to complete their own hazard identification and risk assessment for the project in due course

Show Risk Rating represented as
Risk Rating Name

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation		Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls		Likelihood	Consequence	Risk Rating	
1. Support and Financial Risks											
1.01	Loss of Mayor or Council support for the gallery project	A loss of SCC support for the gallery project can occur as a result of a change in SCC staff, a change in SCC priorities or the gallery project not aligning with SCC policies. This may result in the gallery project not proceeding..	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies. This is to include the creation of an engagement strategy, which will require briefing and discussions with a broad range of Council staff and Councillors to inform of the objectives and benefits of the gallery.		Unlikely	Moderate	Medium	
1.02	Regional Development Australia Sunshine Coast (RDA) and Federal Members do not support gallery project	RDA and Federal Members may not support the gallery project if they are not informed of the project or importance of the project. This may result in the gallery project not obtaining federal funding.	Possible	Moderate	Medium	Undertake extensive and early consultation with the RDA and Federal Members, ensuring project requirements and benefits are communicated and understood.		Unlikely	Moderate	Medium	
1.03	Organisational changes during the course of the project	Organisational changes during the course of the project (by both Council and the project team) can occur as a result of staff turnover. This may result in a loss of project knowledge.	Possible	Moderate	Medium	Establishment and maintaining of a master document register that contains all relevant project documents and communication, ensuring all project members contribute documents and correspondence.		Unlikely	Minor	Low	
1.04	Change in city/regional priorities	A change in city/regional priorities may be caused by a change in economy, change in government or a change in population growth within the region. This may result in the gallery project no longer being supported by Council and the gallery project no longer proceeding.	Possible	Major	High	Establish the gallery project as a priority project for Council and undertake continual reviews of the gallery project, ensuring alignment with Council policies.		Unlikely	Moderate	Medium	
1.05	Capital investment failure – SCC unable to provide funding for the gallery	SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities. This may result in the gallery project not proceeding in accordance with proposed project plan.	Possible	Catastrophic	Critical	Establish the gallery project as a priority project for Council and seek funding from private sector and government following completion and SCC endorsement of the PAF/Business Case.		Possible	Major	High	
1.06	Unable to secure State Government funding	Funding from the State Government may not occur due to gallery project not aligning with State Government funding requirements, in particular the Arts QLD roadmap. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with State Government staff/representatives and undertake continual reviews of the gallery project, ensuring alignment with State Government policies.		Possible	Moderate	Medium	
1.07	Unable to secure Federal Government funding	Funding from the Federal Government may not occur due to the gallery project not aligning with Federal Government funding requirements. This may result in the gallery project not proceeding.	Possible	Major	High	Undertake early engagement with Federal Government staff/representatives and Federal Members and undertake continual reviews of the gallery project, ensuring alignment with Federal Government policies.		Possible	Moderate	Medium	
1.08	Unable to secure philanthropic contributions	Philanthropic contributions to the gallery may not occur due to the local community and local businesses not supporting the gallery. This may result in Council having to contribute additional funds to the gallery capital expenditure and/or operational expenditure.	Possible	Moderate	Medium	Undertake extensive and early local community and business consultation, ensuring project requirements are communicated and understood by the local community and businesses.		Possible	Minor	Medium	
1.09	Lack of stakeholder engagement, both internal and external stakeholders	A lack of stakeholder engagement may be caused by an incorrect identification of stakeholders or stakeholders being unavailable. This may result in a lack of support of the gallery project by Council and the public.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key internal and external stakeholders. Undertake continual internal and external stakeholder consultation, ensuring project requirements are communicated and understood.		Possible	Moderate	Medium	
1.10	Reputational risk for SCC through inability to deliver on public commitments	Through endorsement of the business case and subsequent funding award, SCC is publicly committing to delivering the project benefits identified. Inability to achieve these benefits carries significant reputational risk.	Possible	Major	High	SCC is to clearly articulate the select project benefits and commitments to be made public, ensuring the project is fully funded and committed prior to releasing details publicly.		Possible	Moderate	Medium	
1.11	Lack of First Nations engagement and involvement	A lack of First Nations engagement may be caused by an incorrect identification of relevant First Nations groups (stakeholders) or First Nations groups (stakeholders) not being available. This may result in a lack of support of the gallery project by Council and the public and the gallery project not aligning with both the Council and State Government First Nations Arts requirements/policies.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key First Nations groups to engage with. Undertake continual consultation, ensuring project requirements are communicated and understood.		Possible	Moderate	Medium	
1.12	Adverse movement in inflation / market cycle impacting funding need	The proposed budget inadequately provides for movement in goods/services prices, resulting in need for additional funds.	Possible	Major	High	Appoint an experienced quantity surveyor that allows for adequate contingency throughout the gallery project. In addition any funding applications must include contingency and risk provisions.		Possible	Moderate	Medium	
1.13	Public benefit of project not clearly articulated	Public benefit of the gallery is not clearly articulated due to insufficient community engagement. This may lead to a negative perception of the gallery by the community.	Possible	Major	High	Establish a stakeholder engagement strategy to identify key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits communicated and understood.		Unlikely	Moderate	Medium	
1.14	Stakeholders dissatisfied with precinct outcome upon completion	The final project deliverables and perceived benefits do not achieve or meet stakeholder expectations of precinct outcomes due to a shift in project scope or drivers, resulting in lack of benefits realisation for stakeholders.	Possible	Major	High	Establish a stakeholder engagement strategy to identify and consult key community stakeholders. Undertake continual community stakeholder consultation, ensuring project benefits clearly communicated, reporting progress against the benefits management plan developed in the business case on a cyclical basis.		Unlikely	Moderate	Low	
1.15	Business case is not supported by SCC	SCC does not support the business case due to the forecast operational costs and capital costs. This may result in the business case failing to proceed.	Possible	Catastrophic	Critical	Establish a project governance framework and stakeholder engagement strategy to identify key Council stakeholders. Undertake continual briefing and consultation, ensuring business case information is constantly reviewed and approved by SCC at each project gateway.		Possible	Moderate	Low	
1.16	Business case does not work	The business case analysis does not support the creation of a viable business case. This may result in the business case no longer proceeding.	Unlikely	Catastrophic	High	Ensure rigorous analysis is undertaken in line with the QLD Government PAF framework.		Possible	Moderate	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
2. Community & Environmental Risks										
2.01	Availability of site for development	The proposed site may not be available to be redeveloped due to existing tenants/leases being in place, preventing the proposed site from being available. This may cause project delays.	Possible	Major	High	Ensure delivery of gallery project aligns with existing leases/tenant agreements. Ensure new leases/tenant agreements align with the proposed delivery schedule of the gallery project.	Unlikely	Moderate	Medium	
2.02	Delay in other Council projects	A delay in other Council projects may prevent Council from having resources available to deliver the gallery project. This may cause project delays.	Possible	Major	High	Establish the gallery project as a priority project for Council, ensuring resources are committed within Council for the project.	Unlikely	Moderate	Medium	
2.03	Absence of a cohesive precinct vision	The absence of a cohesive precinct vision may be caused by the lack of an overarching vision document and a committee/authority in place to manage the delivery of a precinct vision. This may result in a delay in the delivery of the precinct and a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Engagement of a precinct vision manager to create and oversee precinct vision and management strategies, ensuring all assets, buildings and infrastructure within the precinct are considered and in alignment.	Unlikely	Moderate	Medium	
2.04	Absence of a cohesive precinct delivery plan	The absence of a cohesive precinct delivery plan may be caused by the lack of a committee/authority in place to manage the creation of a precinct delivery plan. This may result in a delay in the delivery of the precinct and a disconnection of Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Establishment of a precinct strategy/delivery plan, which will detail the timing of various precinct projects. Establishment of a precinct working committee, with representatives from the various precinct project.	Unlikely	Moderate	Medium	
2.05	Absence of a collective visible leadership and decision-making authority for the precinct	An absence of a collective visible leadership and decision-making authority for the precinct can occur as a result of a lack of precinct governance and a precinct authority/committee. This may result in a disconnection between Council assets, buildings and infrastructure within the precinct.	Possible	Major	High	Creation of a Precinct Governance Model, which will establish a decision-making authority for precinct related matters.	Unlikely	Moderate	Medium	
2.06	Possible cultural significance of Felicity Park	Felicity Park may have cultural or heritage significance, resulting in the inability to develop over the parkland.	Possible	Major	High	It is recommended suitably qualified persons and/or representatives from the local heritage groups are engaged to confirm that any future development will not cause harm to anything identified as having cultural heritage value.	Possible	Minor	Medium	
2.07	Loss of environmental assets within precinct.	The gallery development results in a loss of natural assets within the precinct due to building footprint and operational activities impacting green spaces and established vegetation.	Almost Certain	Moderate	High	Engage Ecology consultant to establish significant vegetation and devise management plan to minimise impact of development on loss of vegetation and high value assets, prepare landscape plan to offset loss of significant assets.	Unlikely	Minor	Low	
2.08	Land use controls constrain development potential.	The current Queensland Government Titles Registry identifies that the site is located on Lot 666 on CG4615, a land parcel held by Council under a Deed of Grant in Trust from the State of Queensland, which presents a risk in terms of SCC providing owner's consent for development of the existing gallery site.	Almost Certain	Major	Critical	SCC to consult with relevant planning authorities on the process and time implications for removal of land use constraint on title, developing a plan for removal of caveat.	Unlikely	Minor	Low	
2.20	Negative impact on neighbouring land uses and business.	The development of a new gallery may have detrimental impacts on surrounding land uses and businesses due to built from implications, planning outcomes, loss of commercial activity and increased competition.	Possible	Major	High	Project team to undertake comprehensive consultation on precinct users, developing a detailed project and staging plan that is widely communicated and incorporates input from external stakeholders to minimise impact.	Unlikely	Minor	Low	
2.21	Development staging impacts on precinct operations and land uses	The continuity of precinct operations is disrupted due to construction activities resulting in loss of commercial activity for local businesses and reduced amenity across the precinct.	Likely	Major	Critical	Contingency and staging plans to be developed, particularly focussed on minimising disruption to commercial activities and user needs in the Precinct.	Unlikely	Minor	Low	
3. Design and Construction Risk										
3.01	Delay in project commencement	Delay in project commencement arising from issues such as delays in Government decisions, including delays in Government funding. This may lead to a shift in the completion date of the project and capital cost increases due to price escalation.	Possible	Moderate	Medium	Establishment and maintaining of a master delivery program, ensuring appropriate project governance is followed to minimise project delays.	Unlikely	Minor	Low	
3.02	Delay in design development process	Delay in the design development process due to design changes arising from stakeholder requests. This may lead to a shift in the completion date of the project and capital cost increases due to additional consultant fees and escalation.	Likely	Moderate	High	Selecting an appropriate model of delivery for the design development process and ensuring design contracts have inbuilt flexibility to allow for design delays.	Possible	Minor	Medium	
3.03	Gallery building does not align with SCC sustainability requirements	The gallery building design does not align with SCC 's sustainability requirements and policies due building designers not understanding SCC requirements or policies. This may cause delays in authority approvals..	Possible	Major	High	Design phase to incorporate SCC ESD standards and sufficient time for ESD issues to be resolved and provide adequate clauses in construction contract and tender documents to ensure timeframes are met. The project cost plan is to also factor sufficient allowance for ESD design and implementation to reduce risk of removal from scope due to budget constraints.	Possible	Minor	Medium	
3.04	Gallery building setbacks do meet Council requirements.	Gallery building setbacks do not align with Council Local Area Plan due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the Local Area Plan.	Unlikely	Minor	Low	
3.05	Gallery building does not align with the Sunshine Coast Design Guide	Gallery building setbacks do not align with the Sunshine Coast Design Guide due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with the Sunshine Coast Design guide and ensure building aligns with objectives in the design guide.	Unlikely	Minor	Low	
3.06	Gallery building does not align with Council RAIF and Arts Plan	The gallery building design does not align with Council's RAIF and Arts plan policies due building designers not understanding Council specific policies. This may cause delays in authority approvals.	Possible	Major	High	Ensure design team are provided with relevant Council documents related to the RAIF and Arts plan and ensure these documents are constantly referred to during the design development process.	Unlikely	Minor	Low	
3.07	Building design and material selection does not align with Council's asset maintenance funding ability.	The gallery building design and materiality selection does not align with Council's ongoing asset maintenance funding ability due to insufficient engagement with Council asset maintenance and operations teams. This may cause insufficient maintenance to be undertaken on the gallery.	Possible	Major	High	Ensure Council asset maintenance and operations teams are engaged with throughout the design process to ensure the building design and materiality selection aligns with proposed asset maintenance budgets.	Unlikely	Minor	Low	
3.08	Delay in authority approvals (including planning approvals)	Delay in obtaining authority approvals due to design implications. This may lead to project delays.	Likely	Moderate	High	Undertake early consultation with relevant authorities ensuring authority requirements are integrated into the project design.	Possible	Minor	Medium	
3.09	Inground or existing building conditions	Additional capital expenditure or a delay to the project due to unknown inground or existing building conditions.	Possible	Major	High	Undertake reasonable inground and existing building investigations to ensure inground and existing building conditions are understood and allow for sufficient time within the	Possible	Minor	Medium	
3.10	Misaligned project expectations	Project size and scale may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project design and requirements are communicated and understood by the community.	Possible	Minor	Medium	
3.11	Misaligned environmental and ecological expectations	Removal of trees and other ecological items of concern may cause the community to have a negative view of the project, which may lead to project delays.	Likely	Moderate	High	Undertake extensive and early community consultation, ensuring project requirements (in particular tree removal) are communicated and understood by the community.	Possible	Moderate	Medium	

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
3.12	Damage to adjacent buildings/properties	Damage to adjacent buildings and properties during the construction process due to mismanagement of the construction process.	Possible	Moderate	Medium	Ensure Contractors establish appropriate procedures and dilapidation reports for building works taking place adjacent to existing buildings and near property boundaries.	Unlikely	Minor	Low	
3.13	Functional brief and cost plan misalignment	Adequate brief definition is not available in time for finalisation of cost plan, resulting in a cost misalignment.	Likely	Moderate	High	Define brief before finalising the cost plan.	Possible	Moderate	Medium	
3.14	Project scope verse precinct scope misalignment	Precinct planning around gallery interface unavailable, resulting in a cost misalignment.	Likely	Moderate	High	Convene specific coordination meetings with precinct designers and project teams.	Unlikely	Minor	Low	
3.15	Inadequate capital cost estimate	Capital costs are higher than estimated due to incorrect cost estimates. This may lead to a change in the project requirements and cause the project to be delayed.	Possible	Major	High	Ensure project requirements are fully resolved and understood to enable inclusion in project cost estimates. Build in appropriate project contingency.	Unlikely	Moderate	Medium	
3.16	Increase in construction escalation rates	Construction escalation rates vary more than anticipated, which may lead to an increase in capital costs.	Possible	Moderate	Medium	Ensure the construction contract has inbuilt flexibility to allow for cost escalation. Build in appropriate project contingency.	Possible	Minor	Medium	
3.17	Low market interest from contractors	The project does not generate interest from Tier 1 construction contractors. This may lead to a lower quality building.	Possible	Major	High	Undertake a market sounding process and a rigorous procurement process to ensure a suitable contractor is engaged.	Unlikely	Minor	Low	
3.18	Delay in construction process	Incorrect or inadequate management of the construction process may lead to project delays.	Possible	Major	High	Selecting an appropriate model of delivery for the construction process and ensuring the construction contract has inbuilt flexibility to allow for construction delays.	Possible	Minor	Medium	
3.19	Construction Insolvency	Contractor engaged to undertake building works becomes insolvent or cannot deliver on agreed scope. This may lead to a shift in the completion date or additional capital cost increases.	Possible	Major	High	Undertake a rigorous due diligence and tender process, ensuring the contractor has the financial capability to undertake the project.	Unlikely	Major	Medium	
3.20	Noise and light pollution impact on neighbouring buildings and properties	The size and scale of the gallery may impact surrounding buildings by contributing additional noise and/or light pollution. This may cause negative support by the local community for the gallery.	Possible	Major	High	Adopt design principals that will minimize the gallery's impact on surrounding buildings and properties. Undertake extensive and early community consultation, ensuring building size and scale are communicated and understood by the community.	Possible	Minor	Medium	
3.21	Building not fit for purpose once project completed	The gallery building is not fit for purpose due to building requirements not being defined and accepted. This may cause negative support by the local community for the gallery.	Possible	Catastrophic	Critical	Mitigate by thorough detailed stakeholder consultation both project planning and delivery, whilst incorporating sufficient flexibility into gallery spaces for future use and growth.	Unlikely	Minor	Low	Site provides for greater flexibility in future design with option for larger ground floor footprint
3.22	Construction delays	Building contractor and project consultants do not achieve contract completion dates, delaying occupancy and use.	Possible	Major	High	Incorporate sufficient time in programme and provide adequate provisions / penalties in construction contract and tender documents to ensure timeframes are met	Possible	Moderate	Medium	
4. Operating Risk										
4.01	Inadequate lifecycle cost estimate	Lifecycle costs differ to those estimated as a result of: - Fit out becomes obsolete and requires replacement more frequently - ICT and equipment fails, becomes obsolete or does not provide the functionality required over the expected term - Building fit out costs need replacement at higher rates than anticipated. This may lead to lifecycle costs being higher than expected and Council requiring to provide additional operating funds.	Possible	Major	High	Develop cost estimate based on benchmarking data and condition assessment reports. Build flexibility in the design for future refurbishment.	Possible	Minor	Medium	
4.02	Unable to fund operating costs on an ongoing basis	SCC unable to fund ongoing operating costs due to cost escalation and exceedance of SCC budgets. This may result in the gallery programming and exhibitions not meeting identified service needs.	Possible	Catastrophic	Critical	SCC to endorse budget commitment for funding of operational shortfall for a nominated period of time with built in review and revise hurdles based on actual performance data of gallery operations.	Possible	Moderate	Medium	
4.03	Relationships with key partners and stakeholders, including regional First Nations and Traditional Owner communities, local artists, supporters and/or donors, become ineffective or hostile.	Promises made to stakeholders and key partners not being kept. This may result in less support than for the gallery from key partners, stakeholders and donors.	Possible	Major	High	Maintain effective communication strategies that are reviewed for effectiveness and quality. Establish formal and informal lines of communication where disagreements and disputes can be managed.	Unlikely	Minor	Low	
4.04	Inflexible design in changing operational environment	Design solution does not allow for future changes. This can be caused by cost reduction exercises through the value management process, which will reduce building functionality and flexibility.	Possible	Major	High	Ensure design and construction processes maintain alignments with functional brief requirements in terms of future proofing.	Unlikely	Minor	Low	
4.05	Increase in operating cost escalation rates	Market competition increases costs of exhibition supply, energy costs exceed projections and market demand for key staff drive wage costs higher than forecast. This may cause a decrease funds available for gallery programming.	Possible	Major	High	Galleries have only limited exposure to revenue risks and changes in costs structures are likely to be able to be controlled either before impacts or in the short term.	Unlikely	Minor	Low	
4.06	Shortage of appropriately skilled staff	Qualified staff are unwilling to relocate from major CBD centres to the Sunshine Coast. This may hinder the growth of the gallery, due to insufficient staff.	Rare	Major	Medium	Council to review existing employment policies and develop more attractive salary and conditions packages for critical positions.	Unlikely	Minor	Low	
4.07	Unable to secure a food and beverage operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.08	Unable to secure a function hire operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Ensure that the value proposition for the market remains high by delivering a quality design and ongoing program of events and exhibitions.	Unlikely	Minor	Low	
4.09	Unable to secure national touring exhibitions	Demand from other galleries for touring exhibitions may exceed supply lines. This may cause damage to the gallery's public image and a loss in revenue.	Possible	Major	High	Design of the gallery is to include sufficient flexibility in spatial functionality and capacity to facilitate and attract varying size touring exhibitions with differing technical requirements, ensuring gallery conditions remain recognised as suitable for major national touring needs. Ensure gallery leadership is properly resourced to proactively engage with the sector.	Unlikely	Minor	Low	
4.10	Unable to secure local programs	Local artists, due to issues of quality and/or interest, are not able to be programmed at the levels forecast. This may cause damage to the gallery's public image and a loss in revenue.	Rare	Major	Medium	Ensure gallery leadership maintains a positive engagement with existing and emerging artists and offers attractive levels of support and development opportunities for SSC artists.	Unlikely	Moderate	Medium	
4.11	Organisation changes during operation	Changes in Council leadership lead to a change in long-term strategic direction and support for arts and culture generally or for the Gallery in particular.	Rare	Catastrophic	High	Council has strong record in terms of supporting arts and cultural infrastructure and programs over a long period. Given the unusual situation that has occurred in Rockhampton in terms of their new Gallery, Council will need to ensure clear, positive and unequivocal messaging.	Unlikely	Minor	Low	
4.12	Asset maintenance	Budget pressures on Council caused by other events or out of scope maintenance requirements. The impacts could include loss of AAA rating capability, poor visitor experience and pressures from commercial partners.	Possible	Major	High	Council to ensure that Gallery needs are properly reflected in long term facility management plans.	Unlikely	Minor	Low	
4.13	Absent Governance Model	An absent governance model for the proposed gallery may be caused by a lack of insight in creating the model prior to operations. This may lead to mismanagement of the gallery and additional operating costs.	Possible	Major	High	Creation of a Gallery Governance Model, which will establish a decision-making authority for a gallery related matters.	Possible	Moderate	Medium	
4.15	Damage to gallery collection	Risk of damage incurred to gallery collection during decanting process.	Possible	Major	High	Develop storage and relocation plans for the collection, ensuring handling is kept to a minimum and storage facilities provide adequate environment for art collection.	Unlikely	Minor	Low	
5. Revenue Risk										

Option D - Existing Library Site

Risk Identification			Uncontrolled Risk Rating			Risk Mitigation	Controlled Risk Rating			Notes
Risk Item No.	Risk Description	Cause and Consequences	Likelihood	Consequence	Risk Rating	Risk Management Controls	Likelihood	Consequence	Risk Rating	
5.01	Patronage numbers lower than expected	The number of patrons is lower than the estimated numbers due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the patronage estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	
5.02	Exhibition and programming numbers do not achieve sufficient commercial activity	The forecast visitation does not eventuate due to inability to attract patrons through inappropriate spatial design of the facility and precinct activation that discourages suitable exhibitions, resulting in reduced new and repeat visitors that negatively impact the ability of the Gallery to generate commercial activity and attract commercial investment and partnership in the gallery.	Possible	Major	High	Ensure adequate use of benchmarking data to inform the exhibition and programming estimates, appropriate contingency allowances are made and sufficient sensitivity / scenario analysis are undertaken.	Possible	Moderate	Medium	
5.03	Ramp up numbers lower than expected	The assumptions relating to the increase in audience numbers is not met over the 5 year transition period due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken, suitable benchmarking data is utilised to create forecast estimates and economic modelling and analysis is undertaken.	Possible	Moderate	Medium	
5.04	Revenue from function hire lower than expected	Revenue generated by the gallery from function sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.05	Food and beverage revenue lower than expected	Revenue generated by the gallery from food and beverage sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.06	Merchandise sales lower than expected	Revenue generated by the gallery from merchandises sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	Possible	Major	High	Ensure adequate market testing and competition analysis is undertaken and suitable benchmarking data and economic modelling is utilised to create forecast estimates.	Possible	Moderate	Medium	
5.11	Inability to attract private sector investment / participation	The development model / concept fails to attract and secure private sector involvement in the planning, delivery and operation of the facility, which increase financial burden on SCC resources and potential increased government funding required.	Possible	Major	High	Market consultation to be undertaken prior to project financial commitment to gauge commercial interest and market capacity to financially contribute to the project, with a targeted engagement strategy to be developed to secure private sector pre commitment.	Unlikely	Moderate	Medium	
5.18	Long term viability of the precinct if not future proofed.	The gallery development is one element in precinct activation, with additional initiatives required to ensure long term sustainable outcomes across the precinct such as transport, open spaces, resilient built form and interdependent businesses and adaptive land uses. Failure to adequately factor urban design principles for sustainable and resilient communities may potentially limit commercial and wider economic benefits in the medium to long term.	Possible	Major	High	The Caloundra Centre Activation Plan sets the overarching masterplan and implementation guide for the precinct which is to be adhered with to enable sustainable and resilient activity. Endorsed land uses and development initiatives in the Plan provide flexibility and momentum for sustainable outcomes.	Unlikely	Minor	Low	optimum connectivity and exposure of neighbouring facilities. continuous public realm.
5.19	Precinct activation fails to deliver commercial opportunities and investment	Lack of precinct activation due to an incohesive planning policy and poorly implemented masterplan may result in inadequate levels of commercial investment and activity required for the sustainable operation of the gallery.	Possible	Major	High	Ensure SCC endorsement and prioritisation of projects specified in the Caloundra Community Creative Hub vision, with particular emphasis on delivering the Town Centre which will activate the precinct.	Unlikely	Minor	Low	
5.2	Forecast project benefits and returns do not meet minimum investment hurdles.	The modelled returns on investment do not achieve SCC's minimum financial hurdles and therefore cause concern around project viability and ultimate endorsement to proceed.	Possible	Major	High	Sensitivity and scenario analysis to be undertaken on the development feasibility model, establishing minimum thresholds for commercial and operational inputs to meet requirements.	Possible	Moderate	Medium	

Risk Identification			Risk Rating - Option B		Risk Rating - Option C		Risk Rating - Option D	
Risk Item No.	Risk Description	Cause and Consequences	Uncontrolled	Controlled	Uncontrolled	Controlled	Uncontrolled	Controlled
1. Political, Stakeholder and Project Support Risks								
1.01	Loss of Mayor or Council support for the gallery project	A loss of SCC support for the gallery project can occur as a result of a change in SCC staff, a change in SCC priorities or the gallery project not aligning with SCC policies. This may result in the gallery project not proceeding..	High	Medium	High	Medium	High	Medium
1.02	Regional Development Australia Sunshine Coast (RDA) and Federal Members do not support gallery project	RDA and Federal Members may not support the gallery project if they are not informed of the project or importance of the project. This may result in the gallery project not obtaining federal funding.	Medium	Medium	Medium	Medium	Medium	Medium
1.03	Organisational changes during the course of the project	Organisational changes during the course of the project (by both Council and the project team) can occur as a result of staff turnover. This may result in a loss of project knowledge.	Medium	Low	Medium	Low	Medium	Low
1.04	Change in city/regional priorities	A change in city/regional priorities may be caused by a change in economy, change in government or a change in population growth within the region. This may result in the gallery project no longer being supported by Council and the gallery project no longer proceeding.	High	Medium	High	Medium	High	Medium
1.05	Capital investment failure – SCC unable to provide funding for the gallery	SCC may not be able to provide funding for the gallery project due to reallocation of capital costs and priorities. This may result in the gallery project not proceeding in accordance with proposed project plan.	Critical	High	Critical	High	Critical	High
1.06	Unable to secure State Government funding	Funding from the State Government may not occur due to gallery project not aligning with State Government funding requirements, in particular the Arts QLD roadmap. This may result in the gallery project not proceeding.	High	Medium	High	Medium	High	Medium
1.07	Unable to secure Federal Government funding	Funding from the Federal Government may not occur due to the gallery project not aligning with Federal Government funding requirements. This may result in the gallery project not proceeding.	High	Medium	High	Medium	High	Medium
1.08	Unable to secure philanthropic contributions	Philanthropic contributions to the gallery may not occur due to the local community and local businesses not supporting the gallery. This may result in Council having to contribute additional funds to the gallery capital expenditure and/or operational expenditure.	Medium	Medium	Medium	Medium	Medium	Medium
1.09	Proposed commercial site (existing library site) is unsellable	The proposed commercial site may be unsellable due to change in market appetite for development sites within Caloundra or the site has too many encumbrances. This may result in Council maintaining ownership of the site and a shortfall in funding for the gallery project.	High	Medium	High	Medium	High	Medium
1.10	Reputational risk for SCC through inability to deliver on public commitments	Through endorsement of the business case and subsequent funding award, SCC is publicly committing to delivering the project benefits identified. Inability to achieve these benefits carries significant reputational and public relations damage potential.	High	Medium	High	Medium	High	Medium
1.11	Lack of First Nations engagement and involvement	A lack of First Nations engagement may be caused by an incorrect identification of relevant First Nations groups (stakeholders) or First Nations groups (stakeholders) not being available. This may result in a lack of support of the gallery project by Council and the public and the gallery project not aligning with both the Council and State Government First Nations Arts requirements/policies.	High	Medium	High	Medium	High	Medium

1.12	Adverse movement in inflation / market cycle impacting funding need	The proposed budget inadequately provides for movement in goods/services prices, resulting in need for additional funds.	High	Medium	High	Medium	High	Medium
1.13	Public benefit of project not clearly articulated	Public benefit of the gallery is not clearly articulated due to insufficient community engagement. This may lead to a negative perception of the gallery by the community.	High	Medium	High	Medium	High	Medium
1.14	Stakeholders dissatisfied with precinct outcome upon completion	The final project deliverables and perceived benefits do not achieve or meet stakeholder expectations of precinct outcomes due to a shift in project scope or drivers, resulting in lack of benefits realisation for stakeholders.	High	Medium	High	High	High	Low
1.15	Business case is not supported by SCC	SCC does not support the business case due to the forecast operational costs and capital costs. This may result in the business case failing to proceed.	Critical	Medium	Critical	Medium	Critical	Medium
1.16	Business case does not work	The business case analysis does not support the creation of a viable business case. This may result in the business case no longer proceeding.	High	Medium	High	Medium	High	Medium
2. Community & Environmental Risks								
2.01	Availability of site for development	The proposed site may not be available to be redeveloped due to existing tenants/leases being in place, preventing the proposed site from being available. This may cause project delays.	High	Medium	High	Medium	High	Medium
2.02	Delay in other Council projects	A delay in other Council projects may prevent Council from having resources available to deliver the gallery project. This may cause project delays.	High	Medium	High	Medium	High	Medium
2.03	Absence of a cohesive precinct vision	The absence of a cohesive precinct vision may be caused by the lack of an overarching vision document and a committee/authority in place to manage the delivery of a precinct vision. This may result in a delay in the delivery of the precinct and a disconnection between Council assets, buildings and infrastructure within the precinct.	High	Medium	High	Medium	High	Medium
2.04	Absence of a cohesive precinct delivery plan	The absence of a cohesive precinct delivery plan may be caused by the lack of a committee/authority in place to manage the creation of a precinct delivery plan. This may result in a delay in the delivery of the precinct and a disconnection of Council assets, buildings and infrastructure within the precinct.	High	Medium	High	Medium	High	Medium
2.05	Absence of a collective visible leadership and decision-making authority for the precinct	An absence of a collective visible leadership and decision-making authority for the precinct can occur as a result of a lack of precinct governance and a precinct authority/committee. This may result in a disconnection between Council assets, buildings and infrastructure within the precinct.	High	Medium	High	Medium	High	Medium
2.06	Possible cultural significance of Felicity Park	Felicity Park may have cultural or heritage significance, resulting in the inability to develop over the parkland.	High	Medium	High	Medium	High	Medium
2.07	Loss of environmental assets within precinct.	The gallery development results in a loss of natural assets within the precinct due to building footprint and operational activities impacting green spaces and established vegetation.	High	High	High	Low	High	Low
2.08	Land use controls constrain development potential.	The current Queensland Government Titles Registry identifies that Lot 666 on CG4615 is for "local government library purposes and for no other purpose whatsoever", which presents a potential risk in terms of SCC providing owner's consent for development of the existing library site.	Critical	Medium	Critical	Low	Critical	Low

2.20	Negative impact on neighbouring land uses and business.	The development of a new gallery may have detrimental impacts on surrounding land uses and businesses due to built from implications, planning outcomes, loss of commercial activity and increased competition.	High	Low	High	Low	High	Low
2.21	Development staging impacts on precinct operations and land uses	The continuity of precinct operations is disrupted due to construction activities resulting in loss of commercial activity for local businesses and reduced amenity across the precinct.	Critical	Medium	Critical	High	Critical	Low
3. Design and Construction Risk								
3.01	Delay in project commencement	Delay in project commencement arising from issues such as delays in Government decisions, including delays in Government funding. This may lead to a shift in the completion date of the project and capital cost increases due to price escalation.	Medium	Low	Medium	Low	Medium	Low
3.02	Delay in design development process	Delay in the design development process due to design changes arising from stakeholder requests. This may lead to a shift in the completion date of the project and capital cost increases due to additional consultant fees and escalation.	High	Medium	High	Medium	High	Medium
3.03	Gallery building does not align with Council sustainability requirements	The gallery building design does not align with SCC 's sustainability requirements and policies due building designers not understanding SCC requirements or policies. This may cause delays in authority approvals	High	Medium	High	Medium	High	Medium
3.04	Gallery building setbacks do meet Council requirements.	Gallery building setbacks do not align with Council Local Area Plan due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	High	Low	High	Low	High	Low
3.05	Gallery building does not align with the Sunshine Coast Design Guide	Gallery building setbacks do not align with the Sunshine Coast Design Guide due to building designers not understanding Council requirements or policies. This may cause delays in authority approvals.	High	Low	High	Low	High	Low
3.06	Gallery building does not align with Council RAIF and Arts Plan	The gallery building design does not align with Council's RAIF and Arts plan policies due building designers not understanding Council specific policies. This may cause delays in authority approvals.	High	Low	High	Low	High	Low
3.07	Building design and material selection does not align with Council's asset maintenance funding ability.	The gallery building design and materiality selection does not align with Council's ongoing asset maintenance funding ability due to insufficient engagement with Council asset maintenance and operations teams. This may cause insufficient maintenance to be undertaken on the gallery.	High	Low	High	Low	High	Low
3.08	Delay in authority approvals (including planning approvals)	Delay in obtaining authority approvals due to design implications. This may lead to project delays.	High	Medium	High	Medium	High	Medium
3.09	Inground or existing building conditions	Additional capital expenditure or a delay to the project due to unknown inground or existing building conditions.	High	Medium	High	Medium	High	Medium
3.10	Misaligned project expectations	Project size and scale may cause the community to have a negative view of the project, which may lead to project delays.	High	Medium	High	Medium	High	Medium
3.11	Misaligned environmental and ecological expectations	Removal of trees and other ecological items of concern may cause the community to have a negative view of the project, which may lead to project delays.	High	High	High	Medium	High	Medium
3.12	Damage to adjacent buildings/properties	Damage to adjacent buildings and properties during the construction process due to mismanagement of the construction process.	Medium	Low	Medium	Low	Medium	Low
3.13	Functional brief and cost plan misalignment	Adequate brief definition is not available in time for finalisation of cost plan, resulting in a cost misalignment.	High	Medium	High	Medium	High	Medium

3.14	Project scope verse precinct scope misalignment	Precinct planning around gallery interface unavailable, resulting in a cost misalignment.	High	Low	High	Low	High	Low
3.15	Inadequate capital cost estimate	Capital costs are higher than estimated due to incorrect cost estimates. This may lead to a change in the project requirements and cause the project to be delayed.	High	Medium	High	Medium	High	Medium
3.16	Increase in construction escalation rates	Construction escalation rates vary more than anticipated, which may lead to an increase in capital costs.	Medium	Medium	Medium	Medium	Medium	Medium
3.17	Low market interest from contractors	The project does not generate interest from Tier 1 construction contractors. This may lead to a lower quality building.	High	Low	High	Low	High	Low
3.18	Delay in construction process	Incorrect or inadequate management of the construction process may lead to project delays.	High	Medium	High	Medium	High	Medium
3.19	Construction Insolvency	Contractor engaged to undertake building works becomes insolvent or cannot deliver on agreed scope. This may lead to a shift in the completion date or additional capital cost increases.	High	Medium	High	Medium	High	Medium
3.20	Noise and light pollution impact on neighbouring buildings and properties	The size and scale of the gallery may impact surrounding buildings by contributing additional noise and/or light pollution. This may cause negative support by the local community for the gallery.	High	Medium	High	Medium	High	Medium
3.21	Building not fit for purpose once project completed	The gallery building is not fit for purpose due to building requirements not being defined and accepted. This may cause negative support by the local community for the gallery.	Critical	Medium	Critical	High	Critical	Low
3.2	Construction delays	Building contractor and project consultants do not achieve contract completion dates, delaying occupancy and use	High	Medium	High	Medium	High	Medium
4. Operating Risk								
4.01	Inadequate lifecycle cost estimate	Lifecycle costs differ to those estimated as a result of: - Fit out becomes obsolete and requires replacement more frequently - ICT and equipment fails, becomes obsolete or does not provide the functionality required over the expected term - Building fit out costs need replacement at higher rates than anticipated. This may lead to lifecycle costs being higher than expected and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium
4.02	Unable to fund operating costs on an ongoing basis	SCC unable to fund ongoing operating costs due to cost escalation and exceedance of SCC budgets. This may result in the gallery programming and exhibitions not meeting identified service needs.	Critical	Medium	Critical	Medium	Critical	Medium
4.03	Relationships with key partners and stakeholders, including regional First Nations and Traditional Owner communities, local artists, supporters and/or donors, become ineffective or hostile.	Promises made to stakeholders and key partners not being kept. This may result in less support than for the gallery from key partners, stakeholders and donors.	High	Low	High	Low	High	Low
4.04	Inflexible design in changing operational environment	Design solution does not allow for future changes. This can be caused by cost reduction exercises through the value management process, which will reduce building functionality and flexibility.	High	Low	High	Low	High	Low
4.05	Increase in operating cost escalation rates	Market competition increases costs of exhibition supply, energy costs exceed projections and market demand for key staff drive wage costs higher then forecast. This may cause a decrease funds available for gallery programming.	High	Low	High	Low	High	Low
4.06	Shortage of appropriately skilled staff	Qualified staff are unwilling to relocate from major CBD centres to the Sunshine Coast. This may hinder the growth of the gallery, due to insufficient staff.	Medium	Low	Medium	Low	Medium	Low

4.07	Unable to secure a food and beverage operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	High	Low	High	Low	High	Low
4.08	Unable to secure a function hire operator	There are no suitable suppliers in the local market or Council's proposed rates and charges do not meet market expectations. This may cause damage to the gallery's public image and a loss in revenue.	High	Low	High	Low	High	Low
4.09	Unable to secure national touring exhibitions	Demand from other galleries for touring exhibitions may exceed supply lines. This may cause damage to the gallery's public image and a loss in revenue.	High	Low	High	Low	High	Low
4.10	Unable to secure local programs	Local artists, due to issues of quality and/or interest, are not able to be programmed at the levels forecast. This may cause damage to the gallery's public image and a loss in revenue.	Medium	Medium	Medium	Medium	Medium	Medium
4.11	Organisation changes during operation	Changes in Council leadership lead to a change in long-term strategic direction and support for arts and culture generally or for the Gallery in particular.	High	Low	High	Low	High	Low
4.12	Asset maintenance	Budget pressures on Council caused by other events or out of scope maintenance requirements. The impacts could include loss of AAA rating capability, poor visitor experience and pressures from commercial partners.	High	Low	High	Low	High	Low
4.13	Absent Governance Model	An absent governance model for the proposed gallery may be caused by a lack of insight in creating the model prior to operations. This may lead to mismanagement of the gallery and additional operating costs.	High	Medium	High	Medium	High	Medium
4.15	Damage to gallery collection	Risk of damage incurred to gallery collection during decanting process.	High	Low	High	Low	High	Low
5. Revenue Risk								
5.01	Patronage numbers lower than expected	The number of patrons is lower than the estimated numbers due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium
5.02	Exhibition and programming numbers do not achieve sufficient commercial activity	The forecast visitation does not eventuate due to inability to attract patrons through inappropriate spatial design of the facility and precinct activation that discourages suitable exhibitions, resulting in reduced new and repeat visitors that negatively impact the ability of the Gallery to generate commercial activity and attract commercial investment and partnership in the gallery.	High	Medium	High	Medium	High	Medium
5.03	Ramp up numbers lower than expected	The assumptions relating to the increase in audience numbers is not met over the 5 year transition period due to incorrect forecasts or estimates. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium
5.04	Revenue from function hire lower than expected	Revenue generated by the gallery from function sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium

5.05	Food and beverage revenue lower than expected	Revenue generated by the gallery from food and beverage sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium
5.06	Merchandise sales lower than expected	Revenue generated by the gallery from merchandies sales is lower than expected due to local competition. This may lead to a decrease in anticipated revenue and Council requiring to provide additional operating funds.	High	Medium	High	Medium	High	Medium
5.11	Inability to attract private sector investment / participation	The development model / concept fails to attract and secure private sector involvement in the planning, delivery and operation of the facility, which increase financial burden on SCC resources and potential increased government funding required.	High	Medium	High	Medium	High	Medium
5.18	Long term viability of the precinct if not future proofed.	The gallery development is one element in precinct activation, with additional initiatives required to ensure long term sustainable outcomes across the precinct such as transport, open spaces, resilient built form and interdependent businesses and adaptive land uses. Failure to adequately factor urban design principles for sustainable and resilient communities may potentially limit commercial and wider economic benefits in the medium to long term.	High	Medium	High	High	High	Low
5.19	Precinct activation fails to deliver commercial opportunities and investment	Lack of precinct activation due to an incohesive planning policy and poorly implemented masterplan may result in inadequate levels of commercial investment and activity required for the sustainable operation of the gallery.	High	Medium	High	Medium	High	Low
5.2	Forecast project benefits and returns do not meet minimum investment hurdles.	The modelled returns on investment do not achieve SCC's minimum financial hurdles and therefore cause concern around project viability and ultimate endorsement to proceed.	High	Medium	High	Medium	High	Medium
TO INSERT A NEW LINE: click on an existing row, then Insert copied cells - to ensure formulas are also copied			High		High		High	

Appendix D – Town Planning – Major Centre Zone Overall Outcomes / Preliminary Considerations

Major Centre Zone Overall Outcomes	Preliminary Assessment & Considerations
<p>(a) major regional activity centres are developed as vibrant, mixed use places, with a lively day time and night time economy. Residents in the zone should expect a reasonable level of ambient noise associated with the benefits of living in a centre.</p>	<p>The proposal aligns with the intent of major regional activity centre. The CCH is envisioned to be the focal point for community activities and events in Caloundra. A new town square will be at the heart of the hub and will be well used public space for a range of community events and activities. The new town square builds on the legacy provided by Felicity Park and showcases Caloundra’s coastal character and lifestyle. The proposed gallery is to be provided within or adjoining the town square as a focus for community activities, events and entertainment.</p>
<p>b) development provides a range of higher order retailing, entertainment/catering, commercial, administrative and government services, and community and cultural facilities;</p>	<p>The development of the New Regional Gallery will provide the town centre of Caloundra with a state-of-the-art facility for its community which celebrates the history and culture of the area.</p>
<p>(c) a mix of medium and high density multi-unit residential activities are provided, generally in a mixed use format, that are complementary to the predominant non-residential activities and business functions of the zone;</p>	<p>Not applicable, as no residential uses are proposed as part of the CCH. The proposed development of the CCH focuses on delivering non-residential activities that support the community and surrounding businesses.</p>
<p>(d) development for business activities is of a scale and intensity that is consistent with the intended role and function of the particular activity centre as specified in the Sunshine Coast activity centre network and does not undermine the role and function of Maroochydore as the principal regional activity centre for the Sunshine Coast sub-region;</p>	<p>The gallery’s ancillary commercial uses, such as a shop and food and drink outlet, are consistent land uses in the zone.</p>
<p>e) the total gross leasable floor area of all existing and approved business activities does not exceed any allocation specified for the major regional activity centre in a local plan code;</p>	<p>The Caloundra local plan does not specify a total gross leasable floor area for business activities.</p>
<p>(f) higher order shopping facilities in the form of a department store are not established in any major regional activity centre;</p>	<p>Not applicable, as this review focus is the proposed gallery.</p>
<p>(g) development provides for an efficient pattern of land use where the greatest mix of uses and highest intensity of development is located in areas with relatively high levels of access to public transport facilities and all development has a clear connection to pedestrian, bicycle, public transport and road transport networks and infrastructure;</p>	<p>To comply with this provision, it is recommended that the development be designed to maximise connectivity, particularly with active and public transport.</p> <p>The master plan envisages that a new transit station is developed on the corner of Nutley Street and Omrah Avenue, providing a centrally located public transit system (light rail) and bus station for Caloundra. A direct pedestrian connection is proposed to link the transit centre to Otranto Avenue, the town square and the gallery.</p> <p>High levels of access and good design to Bulcock Street, which is an active transport corridor, is recommended to be considered.</p>
<p>(h) wherever practicable, business activities and community activities are co-located and designed to contribute to safety, security and the vitality of the centre;</p>	<p>The site is located within the Caloundra Town Centre in proximity to a number of local commercial and retail uses. The CCH also includes a mixture of business and community activities. The proposal will continue to be a key attraction, drawing people into the centre and boosting the local economy as a result. The functional brief scoping of the gallery co-located some gallery spaces with retail, café and</p>

Major Centre Zone Overall Outcomes	Preliminary Assessment & Considerations
<p>(i) development incorporates a high standard of urban and landscape design that creates attractive and functional buildings, streets and places in keeping with the primary role of and focus of the zone as a major hub of economic and community activity;</p>	<p>community workshop spaces on the ground floor of the proposed gallery.</p> <p>As a major hub of economic and community activity, the proposed gallery is to be accessible for all ages and abilities and contribute to an active street life and community enjoyment.</p> <p>The following suggestions from the Sunshine Coast design book for designing developments that ‘create welcoming places that can be enjoyed by everyone’ should be considered:</p> <ul style="list-style-type: none"> - Design building entries and opening, balconies, decks and awning to contribute to the creation of an active street life. - Promote physical access to natural assets, such as surrounding parks (Bill Venardos Park and Bicentennial Park) and Bulcock beach. - Provide adaptable and flexible public space at street level to encourage broader community interaction and greater permeability of a site. - Consider how accessible the entire space is— <p>from parking a bicycle or car, to how easy it is to find the front door, to how easy it is to find public amenities, and how safe it is to leave when it gets dark. Create places that are easy to get around and prioritise the safety of visitors and passers-by. Consider these questions using Crime Prevention through Environmental Design (CPTED) strategies.</p> <p>The gallery needs to be strategically and purposefully designed to ensure an attractive interface with the streetscape and functional connections to key surrounding uses and infrastructure.</p>
<p>(j) development contributes to the creation of an active, safe and legible public realm, incorporating high quality public open spaces including town squares, civic plazas and forecourts, where appropriate;</p>	<p>A key objective of the CCH is to create a new vibrant, community heart in Caloundra through the town square as the focus for the revitalisation and renewal of community, cultural, creative arts, civic and educational activities. The new town square is intended to provide a lively and activated public space incorporating interesting landscape elements, artwork, water features and subtropical landscaping.</p> <p>The proposed gallery may be located within or adjacent to the new town square and will have good pedestrian links and landscaping that contributes to an active, safe and legible public realm. Some designing suggestions of how create a welcoming place that can be enjoyed by everyone is provided above (under item (i)).</p>
<p>(k) development is sited and designed to maximise activity along primary active street frontages with buildings maintaining a human scale at street level;</p>	<p>The proposal should ensure any frontage to Bulcock Street, Otranto Avenue and Carter Lane is activated appropriately to encourage pedestrian activity in and throughout the Hub.</p>
<p>(l) development is designed and operated to be responsive to the Sunshine Coast’s subtropical climate and minimise the use of water and energy;</p>	<p>The design of the proposed gallery should take into consideration the local climate and should incorporate elements of sustainability.</p> <p>While a gallery may require some specific internal climatic conditions, the Sunshine Coast design book provides the</p>

Major Centre Zone Overall Outcomes	Preliminary Assessment & Considerations
	<p>following suggestions for designing developments that ‘work with the local climate’ that should be considered:</p> <ol style="list-style-type: none"> 1. “When siting development, ensure that local environmental conditions are understood and mapped to create places that are resilient to extreme weather events. 2. Organise your building and outdoor spaces to have access to natural light and shade and capture breezes. Adopting these simple rules will create places that work well with the local climate and offer occupants naturally comfortable spaces. On the Sunshine Coast, this will generally be a northern orientation. 3. Provide rooms, decks and verandas that make the most of the sub-tropical climate by creating visual and physical connections between outdoor and indoor spaces. 4. Align doors and windows to promote passive ventilation throughout buildings, creating comfortable temperatures within living spaces without the need for air-conditioning. 5. Use architectural features (eaves, awnings and shutters) and landscape elements to provide shading to internal and external spaces. This is important in maintaining comfortable temperatures and offering weather protection. 6. Install windows, doors and screens that can be opened and closed to both harness and control breezes, let natural light in and shut out unfavourable weather. Movable building elements allow building occupants to control their own comfort.”
<p>(m) development ensures that there is no unreasonable loss of amenity for surrounding premises, having regard to matters such as noise, lighting, waste, fumes, odours, overlooking and public health and safety, having regard to the mixed use nature of the zone;</p>	<p>The proposal should retain a high level of amenity for adjoining uses. Given the nature of the proposal, the loading and unloading docks need to be positioned and designed to ensure no loss of amenity for the surrounding premises or any significant impact to the public realm.</p>
<p>(n) development avoids as far as practicable, or where avoidance is not practicable, minimises and otherwise mitigates, adverse impacts on ecologically important areas, including creeks, gullies, waterways, wetlands, coastal areas, habitats and vegetation through location, design, operation and management;</p>	<p>In addition, the Caloundra Centre Master Plan envisions that future development will respect the existing trees in Felicity Park and provide additional shade trees and native planting to create green and shady areas. These landscape elements are intended to be carried through into Otranto Avenue and Carter Lane, creating a cool and green network for locals and visitors. In addition, the Caloundra Centre Master Plan envisions that future development will respect the existing trees in Felicity Park and provide additional shade trees and native planting to create green and shady areas. These landscape elements are intended to be carried through into Otranto Avenue and Carter Lane, creating a cool and green network for locals and visitors.</p> <p>The proposal should therefore avoid development over Felicity Park. Where this may not be feasible, the proposal’s design is recommended to retain the park’s existing vegetation as much as possible to ensure the area’s existing landscape character is preserved and enhanced.</p>
<p>(o) development is designed and sited to sensitively respond to the physical characteristics and constraints of land, including flooding, steep land, landslide hazard and bushfire hazard, where applicable;</p>	<p>The site is not located within the flood, landslide or bushfire hazard overlays. However, Council’s Flood information search shows the site is partially impacted by current and future climate local flooding. Refer to section 5.1.8 and Figure 10 for</p>

Major Centre Zone Overall Outcomes	Preliminary Assessment & Considerations
.	more information. It is recommended that a detailed flood study is undertaken to further inform the detailed design of the proposal (specifically location of storage rooms)
(p) development encourages public transport accessibility and use and provides for pedestrian, cycle and vehicular movement networks that maximise connectivity, permeability and ease of movement within the activity centre;	Given the locality of the site within the town centre of Caloundra, connectivity, particularly active and public transport is key. The proposal will need to heavily consider connections and links to surrounding land uses and ease of movement within the activity centre.
(q) development is provided with the full range of urban services to support the needs of the community, including parks, roads and transport corridors, pedestrian and cycle paths, reticulated water, sewerage stormwater drainage and electricity and telecommunication infrastructure;	There is a full range of urban services and infrastructure provided at this established site. The proposal will need to consider the extent of urban utilities available for the future development of the site.
(r) development is located and designed to maximise the efficient extension and safe operation of infrastructure;	It is noted that in July 2020 Council commissioned a high-level technical assessment of the engineering requirements, constraints and opportunities associated with the CCH project. The report recommends a number of infrastructure upgrades and relocation of public utility plant required to enable the CCH, New Regional Gallery and mixed used development.
(s) development does not adversely impact on the continued operation, viability and maintenance of existing infrastructure or compromise the future provision of planned infrastructure; and	
t) except where otherwise specified in a local plan code in Part 7 (Local plans), development provides for the following: - i. a use listed as a consistent use in column 1 of Table 6.2.6.2.1 (Consistent uses and potentially consistent uses in the Major centre zone) to occur in the Major centre zone; and ii. (ii) a use listed as a potentially consistent use in column 2 of Table 6.2.6.2.1 to occur in the Major centre zone only where further assessment has determined that the use is appropriate in the zone having regard to such matters as its location, nature, scale and intensity.	The proposed gallery is a community use which is considered a consistent use within the Major centre zone. The gallery's ancillary commercial uses, such as a shop and food and drink outlet, are consistent land uses in the zone.

Appendix E – Evaluation Criteria for Procurement Options

Evaluation Criteria – Procurement Options

Evaluation Criteria	Key elements analysed
1) Quality	<p>The ability of the model to deliver the required outcomes in terms of:</p> <ul style="list-style-type: none"> ■ quality of the design and the constructed facility ■ meeting service specifications/requirements ■ robustness and functionality of the design ■ allowing for future proofing and flexibility
2) Timeline	<p>The ability of the model to deliver the project in the required timeframes and enable effective management of risk around delays focussing on:</p> <ul style="list-style-type: none"> ■ certainty regarding achievement of project completion dates (potential pass/fail criterion) ■ providing progressive delivery and completion throughout the construction timeframe ■ commencing construction as early as possible.
3) Budget	<p>The ability of the model to provide budget certainty in respect of the construction and maintenance of the facility and remove unexpected funding requirements.</p> <p>The timing of achievement of budget certainty is also of importance here.</p>
4) Whole of life design & maintenance	<p>The extent to which the model promotes a whole-of-life management solution, including incentive to optimise life-cycle, general maintenance and inter-related service provision.</p>
5) Market appetite, capability & competition	<p>Market appetite (i.e. existence of players with the relevant skills, expertise and capacity).</p> <p>The extent to which the model achieves competitive tension.</p>
6) Stakeholder & scope management	<p>Ability of the model to ensure that delivery of the project is consistent with stakeholder interest and stakeholder expectations are effectively managed.</p> <p>Ability of the model to effectively manage scope change requests by stakeholders and to minimise impact on cost, time and quality.</p>
7) Risk management	<p>The extent to which the procurement model allows for:</p> <ul style="list-style-type: none"> ■ appropriate allocation of risks to the party best placed to manage the risk at the lowest cost ■ efficient risk management and/or mitigation ■ ability to manage the procurement process and contractual arrangements.
8) Variations	<p>Ability of the model to deal effectively with any future changes and development due to changed operational needs.</p>
9) Cost minimisation	<p>The ability of the model to reduce capital cost and where appropriate reduce operational costs.</p> <p>The extent to which the model achieves cost optimisation through competitive tension.</p>
10) Innovation	<p>The ability of the model to achieve innovation in design, construction methods, construction program, life-cycle and ESD considerations, achievement of requirements, etc.</p>
11) Complexity of staging & decanting	<p>Ability of the model to deal with complexity and potential flexibility of construction program in respect of staging and decanting.</p>

Appendix F – Detailed Procurement Model Analysis

Detailed Procurement Model Analysis

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
<p>12. Quality</p> <p>(b) The ability of the model to deliver the required outcomes in terms of:</p> <ul style="list-style-type: none"> quality of the design and the constructed facility meeting service specifications/requirements robustness and functionality of the design allowing for future proofing and flexibility 	High	<ul style="list-style-type: none"> The architect is engaged directly by SCC to undertake all stages of the design process and assist in administering builder’s contract, resulting in SCC’s retained control over scope, design and vision. High quality design is critical from the outset of the project under this model. As a result, the project is fully designed and thoroughly documented before tenders are called and quality management relies upon the architect and client. With the combination of high-quality design and documentation 	<ul style="list-style-type: none"> SCC would need to specify design carefully (through PPRs⁹²) to meet requirements. Contractor entitled to build to lowest standard which meets the brief and is fit for purpose. The value for money of D&C contracts is often questionable as the quality of the work undertaken is often lower than under other procurement methods Early Contractor Involvement (ECI) is a means of reducing quality risk under a D&C model. 	<ul style="list-style-type: none"> Offers suitability for complex projects where it is not possible for design of some elements to be started before work is undertaken on others. Potential for early involvement of the Construction Manager to assess buildability prior to design development. SCC would be responsible for selecting architect and design consultants. 	<ul style="list-style-type: none"> The MC is typically responsible for quality of design and construction, including warranting fitness for purpose of the design, completed works, and implementing quality assurance. SCC can provide input into the design development and has opportunity to influence the design and construction processes. MC warrants the suitability and completeness of the subcontract construction documentation and for ensuring that it is consistent with the developed design 	<ul style="list-style-type: none"> The alliance contract legally binds owner, contractor, consultants, superintendent etc. to effectively give up legal identities to become a virtual corp, with joint responsibility for decisions and outcomes. This model facilitates the adoption design suitability, standards and implementation through collection of specialists as a single entity. 	<ul style="list-style-type: none"> A PPP type model typically seeks whole of life innovation and efficiencies the private sector can deliver in the design, construction and operating phases of the project. SCC is proposing to actively maintain control over design and operations of the CRG which does not generally align with PPP principles. SCC would need to ensure sufficient expertise in house exists to manage design quality throughout the design and construction phases.

⁹² PPRs – Principal’s Project Requirements

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
		and a good builder, a high quality built outcome is likely.					
Quality - (Rating / Score)		3.5	2	1.5	3	2.5	1.5
13. Timeline (b) the ability of the model to deliver the project in the required timeframes and enable effective management of risk around delays.	Medium	<ul style="list-style-type: none"> Due to the sequential planning, design and construction arrangements for Construct Only contracts they typically take longer to complete than D&C or MC contracts. If interfaces between design and construction are managed effectively then construction delays are kept low as full documentation defines scope of contract. 	<ul style="list-style-type: none"> Generally offers reduced delivery times due to ability to commence early stages whilst completing design. Overlap of stages enables reduced programme. SCC may elect to appoint design team before MC and novate. 	<ul style="list-style-type: none"> An advantage of CM is that it allows for the early stages of construction to commence while the design and documentation of later trade packages are being finalised, enabling programme flexibility. 	<ul style="list-style-type: none"> The Managing Contractor may be engaged early in the process to manage the scope definition, design documentation and construction of the facility. SCC may elect to appoint design team before MC and novate. Potentially allows for a reduction in the project duration and improved working relationships between the project parties. 	<ul style="list-style-type: none"> Alliancing requires increased time to assemble team / partners and agree potentially complex contractual agreements. Not particularly suited to short project timeframes. 	<ul style="list-style-type: none"> Under a PPP model Consortia are incentivised for the efficient delivery of design, construction and operations across the whole of facility life. Programme risk is the responsibility of the consortia and contractual clauses would be implemented to ensure cost of delay is payable to SCC.
Timeline - (Rating / Score)		2.5	4	3.5	3	1.5	3
14. Budget (b) The ability of the model to provide budget certainty in respect of the construction and maintenance of the facility and	High	<ul style="list-style-type: none"> Model appropriate when the scope of work is well defined and client-instigated changes, resulting 	<ul style="list-style-type: none"> Contractor designs and constructs to a price and takes responsibility for design risk, 	<ul style="list-style-type: none"> The final project cost is not known until later in the construction when the last package is let. 	<ul style="list-style-type: none"> The Managing Contractor is paid a fixed management fee for the project and is also often able 	<ul style="list-style-type: none"> Open book / transparency with regard to project information sharing – all data, costings etc. in 	<ul style="list-style-type: none"> The project capital cost will not exceed \$100M, and therefore may not be suitable under QLD

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
remove unexpected funding requirements.		<p>in variations to the contract price, are limited.</p> <ul style="list-style-type: none"> Budget certainty relies on a completed design that is thoroughly documented and effectively communicated before tendering to builders and work commencing on site. 	<p>offering budget certainty.</p> <ul style="list-style-type: none"> When design consultants are novated, contractor likely to demand premium in return for due diligence and management of owner's design consultants. D&C contracts provide higher budget certainty than other models. 	<ul style="list-style-type: none"> Construction management allows for competitive tendering as packages of work are developed. 	<p>to receive incentive payments if a range of key parameters are achieved. These parameters typically include a target delivery price, key delivery schedules and the like.</p>	<p>order to determine cost / reward sharing</p> <ul style="list-style-type: none"> Demonstrating value for money and with no loss of quality may prove challenging. 	<p>procurement and value for money guidelines.</p> <ul style="list-style-type: none"> Ongoing operational expenditure is considered to be higher than for a standard facility, therefore PPP may offer value for money in terms of operational exp. The ongoing funding subsidy requirement would be priced into contract.
Budget - (Rating / Score)		3	3	1.5	3	1.5	1
<p>15. Whole of life design & maintenance</p> <p>(b) The extent to which the model promotes a whole-of-life management solution, including incentive to optimise life-cycle, general maintenance and inter-related service provision.</p>	High	<ul style="list-style-type: none"> Retained control over consultant / design team and ongoing input enables the owner to influence quality and whole of life outcomes. Whole of life considerations need to be factored at the design stage. 	<ul style="list-style-type: none"> Need to specify requirements carefully: contractor entitled to build to lowest standard which meets the brief and is fit for purpose. Briefing needs to be specific and reflective of SCC's long terms requirements. 	<ul style="list-style-type: none"> The early input of construction advice may assist in buildability and whole of life requirements. The CRG project has sufficient programme capacity to design manage whole of life considerations, negating any programme benefits the CM model may deliver. 	<ul style="list-style-type: none"> Can facilitate the early involvement of the contractor allowing buildability issues and whole of-life considerations to be addressed during the design phase. 	<ul style="list-style-type: none"> Potential exists for failure to fully consider lifecycle or long term maintenance costs. 	<ul style="list-style-type: none"> Central contractor incentivised to ensure optimal mix of construction and operating costs, adopting a whole of life approach.

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
Whole of life design & maintenance - (Rating / Score)		3	2	2	3	1	3
16. Market appetite, capability & competition (b) Market appetite (i.e. existence of players with the relevant skills, expertise and capacity). The extent to which the model achieves competitive tension.	Medium	<ul style="list-style-type: none"> Significant number of contractors with capability and expertise in the market to provide market tension and competitive outcomes. There is sufficient skill in the market to adopt this model. Established procurement process clearly understood by designers, contractors and client. 	<ul style="list-style-type: none"> Sufficient competitive tension exists in the QLD market for D&C contractors. Contractors are attracted to D&C contracts as they have ability to influence the design aspects of the project 	<ul style="list-style-type: none"> The CM capacity in the QLD market may be considered limited for competitive tension, however given the limited responsibility for design or construction risk there would be appetite for a project such as the CRG. 	<ul style="list-style-type: none"> The Managing Contractor takes the risks of on-time completion and trade contractor performance. The number of tenderers who are prepared to take on this role may be limited. 	<ul style="list-style-type: none"> Alliancing should be considered for major projects, or where all participants are experienced in, and committed to alliancing. The current market landscape would suggest limited capability interest in an alliancing model for a project of this size. 	<ul style="list-style-type: none"> It is anticipated there will be minimal interest in the market for a PPP type arrangement for the CRG, particularly given the low revenue streams and government subsidy required.
Market appetite, capability & competition - (Rating / Score)		3	3.5	2	2	1	1
17. Stakeholder & scope management (b) Ability of the model to ensure that delivery of the project is consistent with stakeholder interest and stakeholder expectations are effectively managed. Ability of the model to effectively manage scope change requests by stakeholders and to minimise	Medium	<ul style="list-style-type: none"> SCC would have responsibility (through the design team) for suitability of design and ability to achieve stakeholder requirements. Allows adequate time to consult a range of 	<ul style="list-style-type: none"> Novation of Design consultants from SCC to contractor means brief, initial design and final outcomes need to reflect SCC's objectives and requirements clearly from the outset. 	<ul style="list-style-type: none"> The construction manager acts as an agent for the client and only takes the risk for their own services 	<ul style="list-style-type: none"> The flexible nature of MC contracts results in significant operational flexibility in the delivery of the contract The flexibility of MC contracts also enables stakeholder 	<ul style="list-style-type: none"> Alliancing is generally considered appropriate where there diverse and demanding range of stakeholders. Successful application to CRG would be dependent on the 	<ul style="list-style-type: none"> Strong relationships are required between SCC and consortium parties to produce effective partnerships and outcomes. The PPP model doesn't not offer sufficient

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
impact on cost, time and quality.		stakeholders to develop design fully.	<ul style="list-style-type: none"> Operational flexibility is not particularly strong characteristic of this model. 		management to be more integrated in the project delivery	ability of SCC closely involved and have sufficient resources to manage scope and add value.	contractual flexibility to efficiently effect stakeholder scope change through the project life.
Stakeholder & scope management (Rating / Score)		3	2.5	2	3	3	2
<p>18. Risk management –</p> <p>(c) the extent to which the procurement model allows for:</p> <ul style="list-style-type: none"> appropriate allocation of risks to the party best placed to manage the risk at the lowest cost efficient risk management and/or mitigation ability to manage the procurement process and contractual arrangements. <p>(d) Are there unquantifiable risks that could have a material impact on project costs and objectives?</p>	High	<ul style="list-style-type: none"> The design risk is taken by the Owner, with the Contractor only taking on construction risk. SCC would have responsibility (through the design team) for suitability of design and ability to achieve stakeholder requirements. Responsibility for the subcontractor performance, time and cost remains with builder. 	<ul style="list-style-type: none"> Shifts the design risk to the Contractor, who generally provides ‘fitness for purpose’ warranty. Advantage for SCC is it’s considered a one stop shop for liability. 	<ul style="list-style-type: none"> The CM does not take any cost risk or design risk although the construction manager may be paid to assist the client with cost control and design advice. 	<ul style="list-style-type: none"> The flexible nature of MC contracts enables good management of project risks. This procurement model is hence most appropriate for projects that are complex or high risk with uncertain scope, undefined risks or technology, where earlier contractor involvement is beneficial. MC is responsible for quality assurance covering all aspects including design and construction, subcontractors, suppliers, consultants etc. 	<ul style="list-style-type: none"> Ensuring all aspects of the alliance contract, including establishing and agreeing incentives mechanism must be legally certain. This carries increased risk and liability for SCC. Model generally considered appropriate for the delivery of complex, high value high risk (HVHR) projects – the CRG is not considered to be HVHR project. 	<ul style="list-style-type: none"> Design and delivery risk rest with the private entity. Facilities are operated and maintained to levels clearly defined by the contract, which requires accuracy of initial service brief (contractual clauses would enable ongoing performance reviews and mechanisms for adjustment).

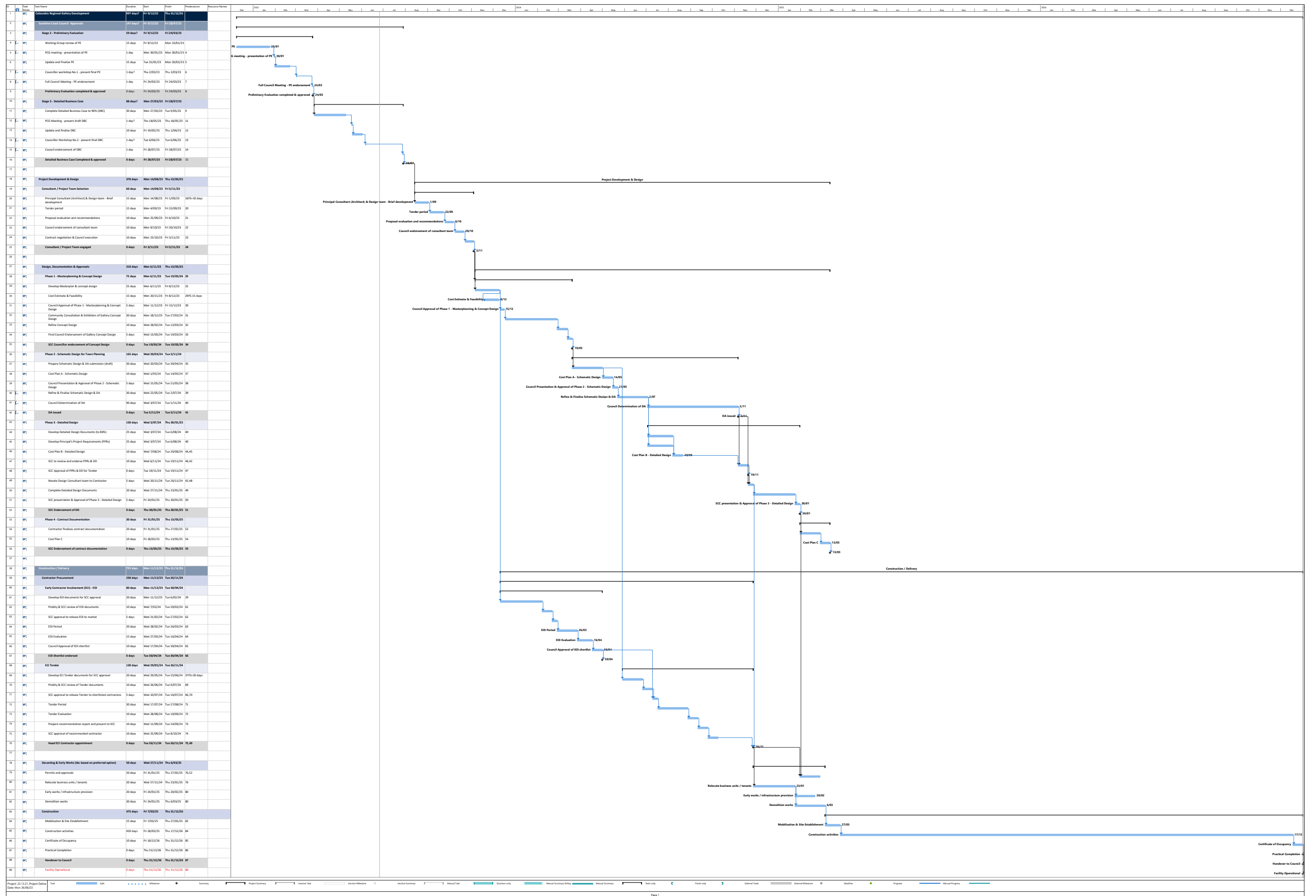
Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
Risk management – (Rating / Score)		2.5	4	1.5	3	1	2.5
19. Variations (b) Ability of the model to deal effectively with any future changes and development due to changed operational needs.	Medium	<ul style="list-style-type: none"> Generally, contract is fixed sum, although contract provides for means in which contract price can be adjusted, although contracts in favour of principal tend to limit grounds for adjustment. Contract will provide for prime cost and provisional sums Completion of full documentation prior to tendering the works should reduce risk of additional claims by builder. 	<ul style="list-style-type: none"> Ordering changes to design or work methods carries significant cost and time implications. 	<ul style="list-style-type: none"> Claims for variations and time extensions are directly related to trade contract claims as opposed to a builder’s claim under a lump sum contract that may or may not relate to any particular trade contract delays on site. 	<ul style="list-style-type: none"> Effective project delivery, especially for alterations to existing buildings, requires a realistic contingency for design and construction. 	<ul style="list-style-type: none"> Provides flexibility to modify design and allows on-going changes to be incorporated during construction 	<ul style="list-style-type: none"> PPP contractual arrangement may be difficult to effect client-initiated change without incurring significant cost variation premiums.
Variations (Rating / Score)		3.5	1.5	2	2.5	2.5	2
20. Cost minimisation (b) The ability of the model to reduce capital cost and where appropriate reduce operational costs.	Medium	<ul style="list-style-type: none"> Completion of full documentation prior to tendering the works should reduce risk of additional claims by builder. 	<ul style="list-style-type: none"> Offers ability for specialist design input to address specific Owner requirements. Meeting minimum construction standards may 	<ul style="list-style-type: none"> Input of construction advice into the design phase and therefore reducing capital / operating costs is readily enabled. 	<ul style="list-style-type: none"> Ability to facilitate the early involvement of the contractor allowing buildability issues and whole of-life considerations to be addressed 	<ul style="list-style-type: none"> The Alliance model is essentially open book between alliance members, therefore there is incentive for all members to increase 	<ul style="list-style-type: none"> Capital costs are generally reduced. Where possible, contractors will ensure that facilities are not over-engineered and to provide value for money

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
			<p>impact whole of life costs.</p> <ul style="list-style-type: none"> Early contractor involvement has potential to influence capital and operating costs. 		<p>during the design phase.</p>	<p>efficiencies in capital and operational cost considerations.</p>	<p>under a competitive bid process.</p> <ul style="list-style-type: none"> Contractors will encourage building is fit for purpose and ensure that appropriate maintenance regimes are in place.
Cost minimisation (Rating / Score)		3	3	2.5	3	3	3
<p>21. Innovation (b) The ability of the model to achieve innovation in design, construction methods, construction program, life-cycle and ESD considerations, achievement of requirements, etc.</p>	Low	<ul style="list-style-type: none"> High level of interaction between an informed SCC and design team maximises design innovation – design team primary concern to satisfy client. There is minimal opportunity for innovation by the contractor, although ECI may provide opportunity for contractor input. 	<ul style="list-style-type: none"> Because the design control is with the Contractor they have much larger control on project staging, design innovation and construction / delivery efficiencies and the number of contractual interfaces are reduced. 	<ul style="list-style-type: none"> The early involvement of the CM enables innovation in terms of buildability and design input. 	<ul style="list-style-type: none"> There is potential for the MC to be engaged early in the process to enable input to design and construction methodologies and is paid a management fee to do so. 	<ul style="list-style-type: none"> The alliance contract legally binds owner, contractor, consultants, superintendent etc. to effectively give up legal identities to become a virtual corp, with joint responsibility for decisions and outcomes. This model facilitates the adoption of innovation through collection of specialists as a single entity. 	<ul style="list-style-type: none"> Provides opportunities and incentives for innovative solutions in the delivery of service requirements. Innovation is embedded as private sector PPP consortiums will want to use the latest, but tested, best practices for undertaking their project and reducing operational costs.
Innovation (Rating / Score)		3	3.5	2.5	2.5	3	4

Evaluation Criteria	Priority	Construct Only	Design & Construct	Construction Management	Managing Contractor	Alliance	PPP
<p>22. Complexity of staging & decanting</p> <p>(b) Ability of the model to deal with complexity and potential flexibility of construction program in respect of staging and decanting.</p>	High	<ul style="list-style-type: none"> Due to the sequential planning, design and construction arrangements for Construct Only contracts they typically take longer to complete than D&C or MC contracts. Limited flexibility within contract to accommodate complex decanting without incurring premium cost impact. 	<ul style="list-style-type: none"> Because the design control is with the Contractor they have much larger control on project staging, design innovation and construction / delivery efficiencies and the number of contractual interfaces are reduced. 	<ul style="list-style-type: none"> An advantage of CM is that it allows for the early stages of construction to commence while the design and documentation of later trade packages are being finalised, enabling programme flexibility. Offers the ability for SCC to retain control over works. 	<ul style="list-style-type: none"> The contract enables incentives for achieving cost and programme targets, which provides motivation for effectively facilitating staging of projects. 	<ul style="list-style-type: none"> The Alliance model can accommodate flexibility and complexity due to the collaborative nature of the contract and relationships between alliance members. 	<ul style="list-style-type: none"> The PPP model enables SCC to state the specific staging and decanting requirements at the commencement of the project, which would become contractual and linked to performance. The contracting entity would programme works to be delivered as efficiently as possible, thereby reducing contractual flexibility in dealing with subsequent change.
Complexity of staging and decanting (Rating / score)		2	3	2.5	3	3	3.5
Rating Total		31.5	32	23.5	31	23	26.5
Ranking		2	1	5	3	6	4

Appendix G – Detailed Gallery Delivery Programme

It should be noted that specific program dates outlined herein are indicative only, established for planning purposes. Actual commencement dates for each of the stages is subject to availability of funding to deliver the New Regional Gallery, the library, and wider project components.



NOTE: The program dates detailed herein are indicative only and are required for the DBC economic and financial analyses. The dates are subject to funding availability to deliver this project, the new library project, and staged components of the wider precinct.

Appendix H – Preferred Option Cost Estimate

Ref 20855-cp5.2

18 June 2023

Savills Project Management
Level 33, Riverside Centre,
123 Eagle St,
Brisbane
Suit
QLD 4000

Via email jkay@savills.com.au

Attention Jennifer Kay

Dear Jennifer,

Caloundra Regional Art Gallery Feasibility Cost Plan

In providing our updated Cost Plan 5.2 we have noted another substantial shift in the local market conditions impacting projects similar in size and value to your Caloundra Regional Art Gallery project.

Due to ongoing pressure on the labour market for subcontractors and the resourcing of their projects wage costs are steadily increasing. Many trades are faced with paying similar labour rates to those being offered on large infrastructure projects to maintain and secure enough workers to meet delivery timeframes. In particular, we are seeing this across structural, partitioning and services trades in the local market.

The impact of this labour environment is we are seeing a reduced cost variance between unionised and non-unionised projects in terms of the overall cost differential we would have previously expected to see. We previously expected this differential in project cost to sit between 10-15%, in the current market this gap has closed substantially to 5-7.5%.

With the future pipeline of works coming to market in Queensland across infrastructure and building we do not see these circumstances changing in the near to mid-term.

General escalation has continued to be felt throughout the construction market, with some materials experiencing substantial out of cycle increases.

Given the above factors Cost Plan 5 has been updated to reflect the current market which sees the project costs increased in comparison to our previous Cost plan 4.

We have completed a high-level estimate for the cost option presented by the Architect at \$37,060,000 based on the concept design as presented by ARM architects dated May 2023.

Works include demolition of existing Library, a new build double storey Art Gallery and all associated external landscaping works within 5m outside of the gallery ground floor footprint.

The cost difference between the previous issue and the current can be summarized as follows;

- Scope for the new Art Gallery reflect the current design and functional areas.

- Rate updates to the following trades to reflect current market pricing.
 - i) Market constraint labour escalation
 - ii) Piling
 - iii) Concrete
 - iv) Reinforcement
 - v) Post Tension
 - vi) Structural steel
 - vii) Metalwork
 - viii) Masonry
 - ix) Partitioning
 - x) Services

All costs are reported exclusive of GST. The cost plan is based on costs current at May 2023, no allowance has been made for escalation beyond this date.

The cost plan is based on concept design documentation and therefore is indicative only of the possible order of cost. All components of the cost plan will require confirmation once design development documentation is available.

In particular, we advise that detailed structural and services documentation were not available, and in their absence, we have used rates typical for this type of construction.

Costs are based on the assumption that the project will be competitively tendered, no allowances have been made for negotiated, staged or construction management forms of procurement.

The cost plan assumes that a structured cost planning / value engineering process will be followed throughout the design process and that the project will be appropriately documented prior to tender.

The cost plan includes design contingencies, covering allowances for resolution of design items prior to tender. We have also included a contract contingency for the construction phase of the project.

Please note that the cost plan specifically excludes any allowances for the following:

- Relocation of existing services infrastructure (overhead power etc).
- Works outside site boundary, etc. (assumed to be 5m outside of the gallery ground floor footprint)
- Demolition of the existing Art Gallery
- Site decontamination, dewatering and remediation.
- Cost escalation beyond May 2023.
- Temporary accommodation / temporary services.
- Planning Permit Costs.
- Public realm work (Council works).
- Basement & On-site parking
- Finance, Letting costs, etc.
- Land and land acquisition costs.
- External landscaping works that are outside a line of 5m from the ground floor gallery footprint.
- Statutory levies beyond Q-Leave and Authority & Headworks Charges.
- Rates and taxes.
- Staging of the works.
- Pop jets / water play at water feature / Sculpture.
- Main Roads / Queensland Transport works.
- Goods and Services Tax.

Where appropriate, allowances for the above items should be made in the client's overall feasibility study.

The cost is based on the following assumptions:

- Allowances for consultant fees have been included on the basis of award of a Main Contractor under a Design and Construct contract. This allowance is divided 'up to tender' of the main contractor award and 'IFC – Issue for Construction' by the main contractor.
- Allowance for 'Green Star Certification' are considered to be included with-in the Environmental Sustainable Design allowance.
- All piles have been allowed at 10m deep to footprint of the ground floor.
- Solid / Glazed façade to ground floor and first floor.
- Decorative metal feature screen too two and half sides of the proposed building.
- Structural steel columns along the perimeter of veranda area at ground floor.
- Plant located on roof with cladded finished to façade.
- External Works is a 50:50 split between hard and soft landscaping.
- Site Boundary / External works scope stops 5m outside of ground floor footprint.
- No on-site parking assumed this is provided by Council off-site.
- No basement.
- Functional areas and sizes based on the Schedule of Areas provided.
- Office and conference areas taken to warm shell including air conditioning and allowance for FF&E.
- Workshops, Storage, Loading and Retail are taken to Warm Shell, with finishes floors, ceilings and services including allowance for loose FF&E.
- We have assumed Café and Restaurant are finished to warm shell with finishes to floors, ceilings and services including allowance for loose FF&E.
- We have allowed \$50,000 for street furniture (Signs, Bins etc).
- We have allowed \$1,000,000 for public artwork.
- We have allowed \$100,000 for photovoltaics.
- No allowance has been made for onsite stormwater treatment.

The cost plan includes the following provisional allowances:

- Hazardous Materials removal	\$250,000
- Services infrastructure upgrades	\$200,000
- Abnormal ground conditions (rock etc)	\$150,000
- Planning and Legal Fees	\$100,000
- Decanting (Relocation of Art Gallery, Library)	\$200,000
- AV/IT equipment	\$250,000
- Commercial Kitchen	\$250,000
- Client Management / Direct Costs	\$400,000

Please note this is a Cost Plan for project budget purposes and is not intended, and should not be used in any format, as a tender document. The item descriptions and quantities are not intended for the use by others. Should a tender document be required then the appropriate document is a Bill of Quantities.

We trust the above and the enclosed meets with your requirements. However, should you require any clarifications or further information please do not hesitate to contact us.

Yours sincerely

Slattery Australia Pty Ltd



Christine Edwards

Senior Associate

Ce.rh

encl.

Functional Area	Area (m2)	Rate (\$/m2)	Fitout	Shell	Total (\$)
Site Preparation & Demolition					1,013,000
Substructure	1,615				1,743,000
Ground					
Entry / Multi Function space / Circulation	220	6,190	3,690	2,500	1,362,000
Café Kitchen + indoor seating Including Furniture	150	7,060	4,560	2,500	1,059,000
Flexible Workshop / Studio	65	4,840	2,340	2,500	315,000
Community Gallery	100	6,770	4,270	2,500	677,000
Retail	15	6,000	3,500	2,500	90,000
Reception & Cloak	30	6,560	4,060	2,500	197,000
Offices	30	5,230	2,730	2,500	157,000
Storage / Handling / Loading	205	5,190	2,690	2,500	1,064,000
Amenities	75	5,180	2,680	2,500	389,000
Plant	30	3,970	1,470	2,500	119,000
Level 1					
Collections Gallery & Store	250	8,770	4,150	4,620	2,193,000
Main Gallery	850	8,790	4,170	4,620	7,472,000
Upper Foyer & Event Space & Circulation	230	8,010	3,390	4,620	1,842,000
Amenities	25	7,300	2,680	4,620	183,000
Workshop	80	6,890	2,270	4,620	551,000
Offices	45	7,270	2,650	4,620	327,000
Plant	50	5,990	1,370	4,620	300,000
Roof Top					
Outdoor Covered Area	80	5,360	2,860	2,500	150,000
Roof top plant	200	2,195			439,000
Photovoltaics	Item				100,000
Stairs					
Feature Internal Staircase	Item				195,000
Transportation Services					
One Goods Lift (3t)	Item				200,000
Two Passenger Lifts	Item				350,000
Total Building Cost (at May 2023)	2,650	-	-	-	22,487,000
Consultants Fees to IFC	Item	2.5%			562,000
External Works	Item				1,225,000
Public Art	Item				1,000,000
Total Building and External Works & Services Cost (at May 2023)		-	-	-	25,274,000
Environmental Sustainable Design	Item	5.0%			1,264,000
Design Contingency	Item	10.0%			2,654,000
Contract Contingency	Item	10.0%			2,919,000
Cost Escalation Allowance	Note				Excluded
Total Construction Cost (at May 2023)		-	-	-	32,111,000
Consultants Fees to Tender	Item	10.0%			3,211,000
Authority & Headwork's Charges	Item	1.0%			353,000
QLeave	Item	0.575%			185,000
Planning & Legal Fees	Note				100,000
Land, Finance, Letting Costs, etc.	Note				Excluded
Audio Visual / IT (Structured Cabling included)	Note				250,000
Commercial Kitchen	Note				250,000
Decanting allowance	Note				200,000
Client Management / Direct Costs	Note				400,000
Goods & Services Tax	Note				Excluded
Total End Cost (at May 2023)		-	-	-	\$ 37,060,000

This cost plan is based on preliminary information and therefore should be regarded as indicative only of the possible order of cost. All components of the cost plan will require confirmation once further documentation is available. Refer to the accompanying letter for details of basis of cost plan and exclusions from above costs.

Appendix I – Gallery Standards Technical Note

TECHNICAL NOTE

PROJECT/ **CALOUNDRA REGIONAL GALLERY**

LOCATION/ **CALOUNDRA, QLD**

DATE/ **18TH AUGUST 2021**

FILE CODE/ **1393 TN-0001[01]-A4**

1. Purpose

The purpose of this Technical Note is to establish practical briefing criteria for environmental conditioning (temperature and humidity), lighting and security ratings for Caloundra Regional Gallery.

2. Introduction

Establishing an appropriate standard for climate, lighting and security for Caloundra Regional Gallery is critical in the briefing and Business Case phase of the project. These three elements are the pillars of managing and conserving growing a collection and displaying loaned collections. Although there are other elements that affect conservation of works like pest management, handling, storage, transport etc, the elements that most affect costs are environmental conditions, lighting and security. Establishing the 'right' levels of each will influence the capital and operating costs, and may affect the ability for the gallery to loan pieces from other institutions. It is also essential that conservation is balanced with sustainability and the sub-tropical climatic conditions of Caloundra. All three elements contribute to the reputation of the institution as a loaner or loanee of objects.

3. Conservation of Objects

Objects are affected by changes to temperature, humidity, or lighting conditions in different ways, so there's no 'one-size-fits-all' approach. There is also a consideration of the cultural heritage value and monetary value of the work and the right level of conservation for that piece. This may also be an increasing scale if the value of the piece changes over time. It may be that selected the highest standards is addressing a perceived rather than actual need, or perhaps an unknown future need.

4. Temperature and Humidity

There is much discussion through the briefing phase of new museums and galleries as to the level of environmental conditioning that the building will have. ASHRAE (American Society of Heating, Refrigerating, and Air-Conditioning Engineers) is the historical internationally recognised system for the classification of temperature and humidity ranges. Achieving a AA rating ($\pm 2^\circ \pm 5\%$ RH) with little compromise has traditionally been the goal for many galleries and museums. This is often because it's easier to specify, to manage operationally and show other institutions when loaning works that it meets the highest exacting standards. It can also be used as a marketing tool to indicate the highest standards are being used, which aids with the reputation of the institution. It does not necessarily mean that variations to the highest standards cause deterioration in art, or that it would preclude the loan of most exhibitions, particularly in the national touring market.

4. EXPERT LITERATURE

4.1 ASHRAE

The ASHRAE temperature and humidity classifications are as follows:

AA - $\pm 5\%$ RH and $\pm 2^\circ$

A - $\pm 5\%$ RH and $\pm 2^\circ$ but with $\pm 10\%$ RH $\pm 5^\circ$ from wet to dry seasons

B - $\pm 10\%$ RH and $\pm 5^\circ$ with seasonal adjustment of $\pm 10\%$ from wet to dry seasons and never over 30°

C - 25-75% and RH all year and always below 25°

D - $<75\%$ and RH and less than 30°

4.2 Bizot Green Protocol

The Bizot Green Protocol was established in 2015 as a practical guideline for reducing the environmental footprint of galleries and museums, in response to the desire to achieve close temperature and humidity control, 24/7 despite the limited need to from a conservation point of view. It proposes that the conditions should be carefully selected for the collection, with intelligent controls and use of passive conditioning.

It recommends a broader range for temperature and humidity, 16–25 degrees Celsius and 40–60%RH. This has been endorsed by the Council of Australian Art Museum Directors (CAAMD).

4.3 Australian Institute for the Conservation of Cultural Material

The AICCM follows a similar approach to the Bizot Green Protocol and includes the following table for recommending environmental conditions for the conservation of cultural heritage collections. The AICCM is the professional organisation for Conservators in Australia. They are one of the most trusted organisations for the preservation of cultural heritage material. Their three guidelines stipulated by the AICCM are:


1. Sustainability and Resilience – the balance of advocacy of conservation and other priorities such as an organisation’s mission, function, programming and resources.
2. Adaptive and proactive practices - a pragmatic approach to the use of wider parameters for the management of the collection environment and encourages the adoption of environmental parameters that address individual needs and circumstances. The published guidelines provide recommendations that are not intended to be prescriptive or inflexible.
3. Maintaining relevance - periodically review the Environmental Guidelines for Australian Cultural Heritage Collections to ensure that the guidelines remain current and applicable to the national cultural heritage profession, collection care practices, climate change, and local climatic conditions.

Table 1. AICCM Environmental Guidelines for Australian Cultural Heritage Collections (2018)

Climate Type	Temperature Range	RH Range
Temperate	15 – 25°C	45 – 55% RH ± 5
Total Temperate Range		40 – 60%
Subtropical / Tropical	15 – 25°C	50 – 60% RH ± 5
Total Subtropical / Tropical Range		45 – 65%
Provisions:		
It is recommended, where possible, that relative humidity remain within the set-ranges of 45-55% (Temperate) and 50-60% (Subtropical / Tropical) for the majority of the time. Short term, ±5% fluctuations ≤24 hours duration into the outer limits of the total RH ranges are acceptable.		

Climate Type	Temperature Range	RH Range
It is recommended, where possible, that temperature remains within the specified range. Short term fluctuations of no greater than 4°C for ≤24 hours duration within the total temperature range are acceptable.		
It is recommended that where seasonal adjustments are applied that the temperature and relative humidity remains within the total ranges.		
Temperature and relative humidity parameters for preservation of cultural materials will differ according to their material, construction and condition, but constant conditions maintained within the parameters described above are generally acceptable for most objects in stable condition.		

TABLE 4. AICCM Environmental Guidelines for Australian Cultural Heritage Collections

	Temperature °C					Relative Humidity %RH						
	15	20	25	30	35	40	45	50	55	60	65	70
AICCM Temperate												
AICCM Subtropical / Tropical												
Provisions	Acceptable fluctuations of 4°C can occur within a 24 hour period, within the total range. Acceptable fluctuations of ±5%RH can occur within a 24 hour period, into the outer limits of the RH ranges, as identified by the areas of diagonal stripes.											
Key	 Short term fluctuation zone.											

4.4 A Practical Guide for Sustainable Climate Control and Lighting in Museums and Galleries

A guide that is authored by Museums and Galleries Queensland with input and endorsement from many others including Museums and Galleries NSW and Regional Galleries Association of Queensland. It advocates for environmental conditions that matches the sensitivity of the collection and suggests temperature and humidity ranges that is largely inline with those outlined by Bizot et al. This document provides clear and logical advice to selecting conditions for a gallery or museum that aren't as onerous as the AA of ASHRAE standards.

5. The Tropical and Sub Tropical Overlay

Energy

Galleries that have plant and control systems designed for close environmental control in tropical and subtropical climates pay a considerable energy penalty compared to their more temperate counterparts. BMS observations of Brisbane and Gold Coast galleries indicate that AA rooms are in a dehumidification mode 3 out of 4 seasons of the year. This means over cooling and reheating cycles are employed continuously with very little time to “drift” around a more relaxed setpoint. Energy is consumed 24/7 throughout these seasons.

Building Sealing

The uncontrolled ingress of humid and slightly humid air is a considerable risk to galleries trying to maintain a AA condition. Strategies around establishing buffer zones, air locks (or rotating doors) and avoiding wind tunnel effects can be adopted, but all have a spatial planning impact. There is also a need for good quality control over construction and ideally a pressure testing procedure to prove this up.

Plant Size

In a tropical and subtropical environment, the capacity and size of plant serving galleries with cooler internal temperature criteria at 50%RH is larger than plant designed for warmer internal temperature criteria at the same 50%RH. Relaxing internal temperatures from the traditional 21°C to 23°C even while still maintaining similar RH can reduce duct sizes.

Comfort

Patrons can sometimes feel the thermal shock walking from a subtropical external environment into a AA space. The combination of 21 °C at 50%RH can be perceived as cool in Queensland Summer conditions. Allowing seasonal float offsets this impact.

6. Lighting

There is no specific classification for lighting in galleries and museums but there are several factors that define the quality of lighting outcomes. Spectral Power Distribution (SPD), Lux levels, Colour Rendition Index (CRI). Good quality LED lights will remove most issues with conservation although it must be noted that it is typically harder to achieve great red colours from LED fittings. All galleries that accept national touring exhibitions have flexible track that accepts different light fittings. These would be controllable (either individually or remotely).

7. Security

There is also no specific classification for security in galleries and museums but the factors that affect institutions insurance and ability to loan from other galleries are:

- On site security (24/7 or business hours, or after hours)
- Invigilators
- Electronic security (CCTV, analytics, motion detectors, facial recognition, artwork monitoring)
- Physical security (doors, windows, barriers, bollards)

A security solution is often at odds with the fire egress solution for the building and an operational balance will need to be adopted.

8. Standard or General Facilities Report or Facilities Management Report

All information relating to the performance of a gallery or museum is maintained in a Standard Facilities Report. This standardised template is sent to loaning institutions to assess which parts are critical to the collection being loaned. Some factors will be more important than others based on the object type, its value and conservation status. The report will form part of the loan agreement between the two institutions.

9. Methods of Determining Appropriateness

8.1 Benchmarks

To align the brief of the gallery with appropriate benchmarks is a sound method of achieving an appropriate outcome for the gallery. Noting of course that institutions may have shortcomings with their standards. ARM will contact the following galleries to determine their current systems.

Gallery Benchmarks:

- Cairns Art Gallery
- Newcastle Gallery
- Rockhampton Gallery
- Tweed Gallery and Margaret Olley Arts Centre
- Murray Art Museum Albury (MAMA)

8.2 Exhibitions

To align expectations with potential loaned exhibitions is a sound method for establishing the standards of the gallery. In undertaking this process, the gallery will need to undertake a mock exhibition program to understand where it fits in the touring exhibition landscape throughout the country.

A suggested range of exhibitions are as follows:

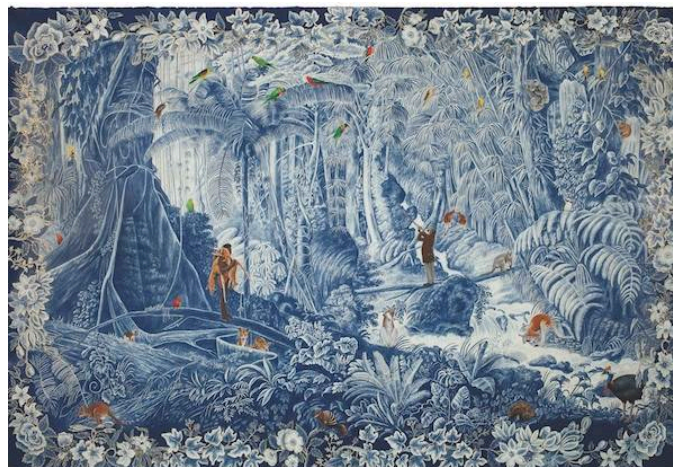
National Touring Painting Exhibition:

The Archibald (Cairns Art Gallery 2021)

Single Subject:

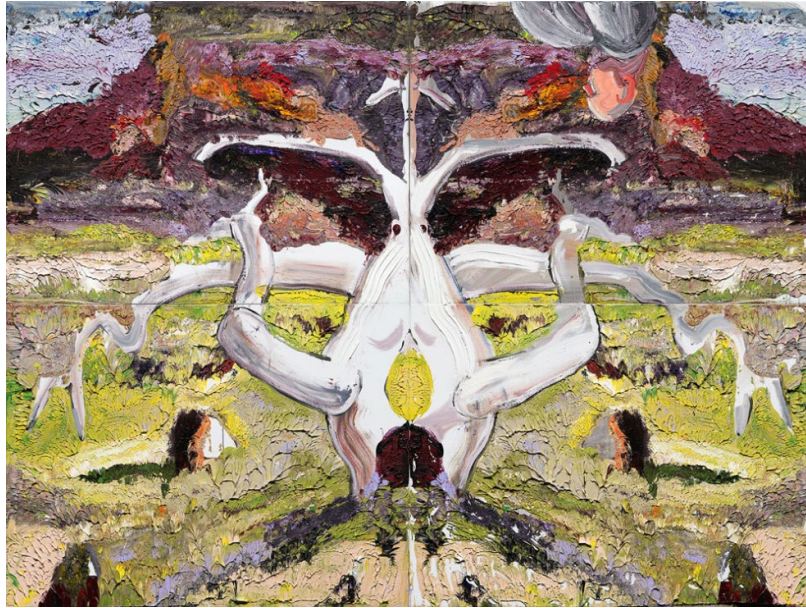
Northern Landscapes – Six Viewpoints (Cairns Art Gallery, 2020)

- Valerie ALBISTON
- Ray CROOKE
- Danie MELLOR
- Rosella NAMOK
- Anneke SILVER
- Fred WILLIAMS
- Noel WOOD



Danie Mellor – Exotic Lies Sacred Ties

Single Artist Exhibition:
Ben Quilty (Jan Murphy Gallery Fortitude Valley, 2020)



Ben Quilty – Banks in the desert (Irin Irinji) 2019

Photography:
Gerwyn Davies (Bundaberg Regional Gallery, 2019)



LA #2 (Norms) 2020

Indigenous Art Exhibition:
Albert Namatjira (Cairns Art Gallery, 2020)



Palm Valley 1940s

Sculpture Exhibition:
Patricia Piccinini (Mackay Art Space, 2020)



The Carrier

Fashion and Textiles:

Piinpi – Contemporary Indigenous Fashion (Bendigo Art Gallery, 2020)



10. Recommendation

9.1 Climate Control

Our suggestion would be to take a balanced approach to the gallery standards, inline with the suggested levels from the Australian Institute for the Conservation of Cultural Material in section 4. The briefs' focus should be on ensuring that the touring exhibition space has to capacity to meet consistent conditions, but allows for seasonal changes. All exhibition spaces should control temperature and humidity with reasonable daily fluctuations (say $\pm 5\%$ RH and $\pm 4^\circ$) and allow for a seasonal jump of $\pm 10\%$ RH. The set point proposed is 22° and RH 50% for winter and 60% for summer. Noting that there is an issue with thermal comfort if any larger deviations. Below 18° or higher than 26° is too extreme. The systems employed should take advantage of natural ventilation during the cooler, dryer months with appropriate outside air treatment for pollutants and pests. Systems will be sufficiently zoned and controlled to ramp up and down conditions and turn them off all together.

Further data will be collected on similar benchmarked galleries and touring exhibitions to land on an appropriate temperature and humidity range for Caloundra Regional Gallery's touring space.

9.2 Lighting

A track lighting system will be employed for exhibition spaces. Universal 3 circuit track should be placed at about 2m intervals throughout. A 'house set' of lights should be purchased as part of the construction budget but additional lights should be hired for particular exhibitions. All fittings purchased will be LED and be locally dimmed on the fitting itself. The track will also be on a timer to that all lights are turned off at the end of day. The 'house set' will be predominantly wall wash type fittings.

9.3 Security

A high-quality electronic security system should be utilised throughout the gallery with the ability to use contract security personnel should the particular exhibition require it. The electronic security system will be 24/7 detection triggered to remote security. CCTV will be utilised with high resolution recording, alongside motion detection. Electronic access control will be used throughout all critical areas. Invigilators (presumed volunteers) will be utilised for busier exhibitions as required.

9.4 Other

9.5 Storage

A space will need to be dedicated for the storage of packing crates for loaned art. Typically these need to be in the same environmental condition as the art that's being displayed. We would recommend that a room be used for this purpose, that shares the same temperature and humidity control settings as the touring space.

9.6 Integrated Pest Management (IPM)

To protect collections against insect and rodent damage, an IPM solution will need to be developed. This includes a well-sealed building with openings shielded with mesh and air intakes filtered. It also includes a strong protocol around trapping pests and ensuring that the gallery is well maintained, with no food and drinks in galleries to ensure that food sources are kept out of critical areas.

9.7 Handling and Transport

Only reputable art transport companies should be used to transport and handle art. Art should be transported in refrigerated vehicles and with the appropriate insurances in place.

11. Conclusion

Establishing the right brief for gallery standards for Caloundra Regional Gallery is vital to the Business Case and project budget. It is a reflection of the gallery's ambition and place in the landscape of galleries around the country. A sensible approach must be utilised that aligns capital and operating costs and sustainability with potential exhibition programmes.

12. Reference Material

- National Standards for Australian Museums and Galleries
 - https://www.amaga.org.au/sites/default/files/uploaded-content/field_f_content_file/nsfamg_v1.5_2016.pdf
- A Practical Guide for Sustainable Climate Control and Lighting in Museums and Galleries
 - <http://www.magsq.com.au/wp-content/uploads/2021/02/A-Practical-Guide-for-Sustainable-Climate-Control-and-Lighting-in-Museums-and-Galleries-2015.pdf>
- Bizot Green Protocol
 - <https://www.nationalmuseums.org.uk/what-we-do/contributing-sector/environmental-conditions/>
- The Ideal Climate, Risk Management, the ASHRAE Chapter, Proofed Fluctuations, and Toward a Full Risk Analysis Model - By Stefan Michalski
 - https://www.getty.edu/conservation/our_projects/science/climate/paper_michalski.pdf
- QAGOMA Conservation Policy
 - <https://blog.qagoma.qld.gov.au/climate-for-galleries-an-evolution-in-thinking/>
- AICCM Environmental Guidelines
 - <https://aiccm.org.au/conservation/environmental-guidelines/>
- General Facilities Report
 - <https://www.qm.qld.gov.au/~media/Documents/Collections/Collection+Loans/qm67-culte-facility-report-dec-2014.doc>