

# Executive Summary

## 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

# Contents

<b>1.0</b>	<b><i>Executive Summary</i></b> .....	<b>10</b>
1.1	Introduction .....	10
1.2	Current Context.....	11
1.3	Investment Rationale .....	11
1.4	Strategic & Policy Objectives .....	12
<b>1.5</b>	<b>Demand &amp; Opportunity</b> .....	<b>13</b>
1.6	Service Need, Problem & Benefits .....	14
1.7	New Regional Gallery – Shortlisted Development Options .....	15
1.8	Economic & Financial Outcomes .....	17
1.9	Integrated Analysis and Options Ranking .....	19
1.10	Reference Project.....	21
1.11	Delivery Ready.....	22
1.12	Recommendation.....	22

**List of Tables**

Table 1 - New Regional Gallery – Integrated analysis and options evaluation summary .....	20
---	----

# Controlled Document Register

Rev. No.	Issue	Distribution	Approved	Date
01	First Draft – issued for comment	Project Working Group	Marcus Paget-Wilkes	07 December 2022
02	Second Draft – incorporating SCC Working Group comments	Project Working Group	Marcus Paget-Wilkes	31 January 2023
03	Third Draft – incorporating further SCC Working Group comments	Project Working Group	Marcus Paget-Wilkes	17 February 2023
04	Fourth Draft – including updates to Part Four – Project Implementation (FEA and implementation section)	Project Working Group	Jennifer Kay / Gavin Speak	26 June 2023
05	Fifth draft – incorporating SCC Working Group comments	Project Working Group, Project Steering Committee	Jennifer Kay/Gavin Speak	10 July 2023
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
07	Final version, Executive Summary only	Project Working Group	Jennifer Kay	09 August 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.

This report has been prepared solely for the information and benefit of the Sunshine Coast Council (the Recipient). It is not to be reproduced, used, or given to any other person (except the Recipient's own professional advisors or with the express written consent of Savills Project Management), in whole or in part, for any purpose other than that for which it has been provided to the Recipient.

This report is not to be relied upon by any party other than the Recipient and shall only be relied on by the Recipient for the purpose for which it has been provided to the Recipient. Neither Savills, nor any persons acting for and on behalf of Savills, accept any responsibility or liability to any person other than the Recipient regarding the contents of this feasibility assessment report.

Any third parties who rely on this report without the express written consent of Savills do so at their own risk and Savills disclaims all liability, damage, and loss to third parties in connection with the use and reliance on this feasibility assessment by any third party.

This report has been prepared based on the assumptions identified within this report and on the information and data gathered from the Recipient and/or third-party sources, all as identified in this report. While Savills has exercised its professional judgment and utilised all reasonable skill, care, and diligence in the preparation of this report, it is not in a position to verify the accuracy of the information supplied by the Recipient and/or third parties and makes no representation or warranty regarding the accuracy of such information.

In respect of any projections or estimates regarding future matters that may be set out in this report, Savills emphasises that specific assumptions have been made based on the information and data provided and the current forecasts. In particular, the accuracy of any estimates and any costs referred to in this report are only valid as at the date of this report and may vary significantly thereafter.

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.<sup>1</sup>
- 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.<sup>2</sup> This complements frontline services, reduces costs in health and community care, and creates stronger, healthier communities.<sup>3</sup>
- 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.

---

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

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

<sup>3</sup> 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 2041<sup>4</sup>, 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.

---

<sup>4</sup> <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 165m<sup>2</sup> 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 1,050m<sup>2</sup> 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 600m<sup>2</sup> – 800m<sup>2</sup> 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 events<sup>5</sup>.

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 2016-17<sup>49</sup>.

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 Queenslanders<sup>6</sup>. 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 artists<sup>7</sup>. 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

---

<sup>5</sup> Australia Council for the Arts, International Arts Tourism – Connecting Cultures (2018)

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

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

(currently around a third) of all visits to art galleries it would achieve almost 50,000 visits by 2051. With the 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 elevated<sup>8</sup> in Australia, with the number of domestic tourists participating in First Nations Peoples experiences growing by 41% between 2013–2018.<sup>9</sup> 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

---

<sup>8</sup> 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>

<sup>9</sup> 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>

the 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	North-Eastern QLD	Central-Eastern QLD	South-East QLD
	n=3018	n=712	n=1137	n=1169
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
<b>Capital costs</b>				
Construction costs <sup>10</sup>	\$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
<b>Total capital costs</b>	<b>-\$1,406,337</b>	<b>-\$41,161,186</b>	<b>-\$40,612,249</b>	<b>-\$40,612,249</b>
<b>Operating costs</b>				
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
<b>Total operating costs</b>	<b>-\$10,296,275</b>	<b>-\$26,100,066</b>	<b>-\$26,100,066</b>	<b>-\$26,100,066</b>
<b>Total capital &amp; operating costs</b>	<b>-\$11,702,611</b>	<b>-\$67,261,251</b>	<b>-\$66,712,314</b>	<b>-\$66,712,314</b>
<b>Revenues &amp; Benefits</b>				
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
<b>Total Revenues &amp; Benefits</b>	<b>\$51,073,250</b>	<b>\$202,029,104</b>	<b>\$202,006,903</b>	<b>\$202,006,903</b>
<b>Total (net benefit)</b>	<b>\$39,370,639</b>	<b>\$134,767,853</b>	<b>\$135,294,589</b>	<b>\$135,294,589</b>
<b>Total compared with Base Case</b>	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.

<sup>10</sup> 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
<b>Subsidy**</b>	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
<b>Economic Performance</b>				
<b>Total Capital &amp; Operating Costs</b>	<b>(\$11,702,611)</b>	<b>(\$66,666,125)</b>	<b>(\$66,125,111)</b>	<b>(\$66,125,111)</b>
<b>Benefits</b>				
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
<b>Total Benefits</b>	<b>\$51,073,250</b>	<b>\$202,029,104</b>	<b>\$202,006,903</b>	<b>\$202,006,903</b>
<b>Total (Net Benefits)</b>	<b>\$39,370,639</b>	<b>\$135,362,979</b>	<b>\$135,881,792</b>	<b>\$135,881,792</b>
<b>Total – Net Benefits Incremental to Base Case</b>	<b>N/A</b>	<b>\$95,992,341</b>	<b>\$96,511,154</b>	<b>\$96,511,154</b>
<b>Benefit Cost Ratio (incremental to base case)</b>	<b>N/A</b>	<b>2.72:1</b>	<b>2.74:1</b>	<b>2.74:1</b>
<b>Financial Performance</b>				
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
<b>Non-financial Performance</b>				
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
<b>Risk Analysis</b>				
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
<b>Ranking of options</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

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 **Error! Reference source not found.**

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)





**A R T S  
C O A S T**

For more information & contacts, scan the QR code below

