

# **Mildura Arts Centre Precinct**

## **Appendix 1: Assessment of Economic Benefits**

Prepared for

Mildura Rural City Council

by

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# Economic Benefit Assessment for Mildura Arts Centre Precinct

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## EXECUTIVE SUMMARY

The Mildura Arts Centre precinct re-development will involve capital investment worth an estimated \$18 million, resulting in estimated direct employment during the construction phase of the project of approximately 250 persons, and a further 400 jobs created indirectly in the wider economy as a result of multiplier effects.

On-site commercial activity is estimated to be approximately \$860,000 per annum, providing ongoing employment on-site of 12 persons, and with further indirect employment created elsewhere in the economy. The development will also improve the range of social and cultural facilities available for the local and regional population, with potential for additional visitation to Mildura and associated expenditures.

While employment generation in Mildura is a positive outcome, the most attractive aspect of the Mildura Arts Centre proposal is its *value for money* outcome in terms of visitation to this cultural precinct. The analysis presented in this report projects total attendance at the Art Gallery and Theatre venues within the Mildura Arts and Culture precinct in the first year of full operations to be approximately 69,620 people. Thus, the funding request for \$6 million from each of Federal and State Governments, matched with \$6 million by Local Government, translates to total funding per attendee of \$259. This can also be expressed as an \$86 contribution per attendee by each funding partner.

# 1 INTRODUCTION

This report has been commissioned by Mildura Regional City Council, and provides a broad assessment of the economic benefits relating to the proposed Arts, Cultural, Community and Tourism development of the Mildura Arts Centre Precinct.

The report is intended as input to the consideration of the economic merits of the proposed community project for the Rio Vista site, and provides an estimate of the economic value of the development in terms of:

- capital investment;
- the economic value of commercial activity that will occur on-site; and
- employment generation, including direct (on-going) employment and indirect employment created through the multiplier effect.

The methodology used in undertaking this analysis is described in the following Chapter 2. A variety of assumptions are required in order to calculate the economic benefits of the project, and these are explained throughout the report.

It is important to note that this report is intended as a broad assessment of economic benefits, and has been undertaken with respect to a development scenario based on the information contained in the feasibility assessment of the project prepared by Lateral Projects.

For the purposes of this report, the economic analysis has been deliberately applied in a manner which represents a relatively conservative and highly achievable estimate of economic and employment outcomes arising from the project.

## 2 METHODOLOGY

The methodology used for the analysis is described in the following paragraphs:

- 1 Establish a development scenario for the project, based on the proposed uses identified and assessed in the feasibility study previously undertaken for the project.
- 2 Determine the size and scale of end uses, in terms of (for example) theatre seat capacity, exhibition space, retail and commercial floorspace, etc.
- 3 Prepare estimates of annual turnover for each end use, calculated on a \$ per m<sup>2</sup> basis, or in relation to the number of performance events and expected visitation (details of the assumptions are shown in the text of the report).
- 4 Prepare estimates of on-going employment creation including direct and indirect (or flow on) employment.
- 5 Prepare estimates of direct and indirect employment creation during construction based on the identified capital investment.
- 6 Identify other economic benefits expected to be generated by the development.

### 3 DEVELOPMENT SCENARIO

Table 3.1 provides details regarding the development scenario adopted as the basis for the analysis of economic benefits.

**Table 3.1: Schedule of proposed uses**

Proposed use	Floorspace, m <sup>2</sup>	Capacity / Description
<b>Stage One</b>		
Permanent Art Gallery	579 m <sup>2</sup>	Capacity of approximately 290 persons
Touring Gallery	251 m <sup>2</sup>	Capacity of approximately 125 persons
Theatre		Redevelop existing space with additional seating as well as rehearsal and back-of-house area. Increase capacity from 396 to 446 seats.
Blackbox Theatre Performance Area	210 m <sup>2</sup>	Capacity of 190 seats
Theatre concourse	160 m <sup>2</sup>	Venue space for maximum of approximately 160 persons
Combined Foyer	313 m <sup>2</sup>	Venue space for maximum of approximately 310 persons
Outdoor Forecourt	458 m <sup>2</sup>	Venue space for maximum of approximately 460 persons Weekend market of around 100 stalls
Cafe		Maximum capacity of approximately 80 seats. Indoor seating: 16 (shown on plan) to 32 seats within combined foyer while still providing access Outdoor seating: 12 (shown on plan) to 56 seats within forecourt while still providing access
Cottage		Artists in Residence – peppercorn rent
Rio Vista		Historic Icon; not assessed as a commercial enterprise
Sculpture Park		Not assessed as commercial enterprise
Education camp		Not assessed as commercial enterprise
<b>Stage Two</b>		
Artists Studios/ Community Access Gallery	211 m <sup>2</sup>	Community access space providing seminar/classroom for schools and special interest groups; not assessed as commercial enterprise.
School/education		Not assessed as commercial enterprise
Source:	Update of Mildura Arts Centre Precinct Redevelopment Overview (Aug 2006)	

The development scenario is based on the proposed end uses identified in the feasibility assessment undertaken by Lateral Projects. A variety of uses at the site are not assessed for their contribution to economic activity, since they are not assumed to be operated as commercial enterprises. For these uses, estimates of the numbers of employees/tenants working on-site are provided.

## 4 ECONOMIC ACTIVITY & VISITATION

This Chapter provides an assessment of the economic activity generated by commercial uses on the site.

The assessment of the value of economic activity is based on estimates of total business turnover achieved through the commercial activities on the site. Some aspects of the development are not included in the assessment, such as the non-commercial activities comprising the proposed school use (which may or may not be a commercial enterprise), industrial artists studios, or a share of space allocated to art galleries/studios where it is non-commercial in nature. This approach provides a simple estimate of total business turnover, as an indication of the value of economic activities undertaken on the site.

### 4.1 Assumptions

A variety of assumptions have been adopted in order to assess turnover for each use accommodated by the project. These assumptions are described in the following sections.

Estimates of business turnover are calculated on the basis of estimated revenue generated from theatre productions and visiting exhibitions.

Rental cost of the premises are assumed to be actual value rents (at around \$4.20 per m<sup>2</sup> per rental occasion or \$220 per m<sup>2</sup> per annum) rather than the commercial rent to reflect discounted rents due to fit out costs borne by the tenants, and community rental charges.

### 4.2 Art Gallery

#### **Art Gallery attendance**

Assumptions relating to Art Gallery demand have been developed based in ABS publications detailing attendance rates at Art museums and galleries, and with reference to Mildura population estimates for 2010/2011 (the expected year that the Arts and Culture Precinct will open), tourist visitors to Mildura and a comparison to the Queen Victoria Museum and Art Gallery redevelopment in Inveresk (used as a similar benchmark facility).

The Queen Victoria Museum and Art Gallery (QVMAG) underwent a transformation re-opening in November 2001 that saw the development of a new art gallery and associated facilities. This 'adaptive re-use' project is similar to that proposed for the Mildura Arts Centre Project. Table 4.1 details the activity at the Queen Victoria Museum and Art Gallery. The population of the Mildura Region and surrounding region (65,088 @ 2010/2011) is 73% of that of Launceston and surrounding suburbs, towns and localities (88,560 @ 2001). For illustrative purposes only, applying Queen Victoria's Museum and Art Gallery average visitation 20001-05 (refer Table 4.1) on a pro-rata basis to the Mildura Region population, a visitation level of 72,600 visits per annum for the Art Gallery would be achieved.

Visitation figures to the Queen Victoria Museum and Art Gallery since the re-development, reveal an average annual increase almost 60% above the pre-renovation figures. It is anticipated that the increase for the Mildura Arts Centre Precinct will be even higher since the current traffic levels have eroded to a low level (currently estimated at 20,000 p/a) as a result of a lack of ongoing new investment

**Table 4.1: Queen Victoria Museum and Art Gallery Activity**

Venue/activity	2000-01	2001-02	2002-03	2003-04	2004-05	Avg 2001-05	Average Annual increase since redevelopment*
			no.	no.			
Total Museum and Art Gallery attendees	62,133	95,955	97,852	86,626	115,033	98,867	+59%
Public inquiries	11,853	15,698	18,119	16,100	14,092	16,002	+35%
Exhibitions mounted	13	28	28	23	22	25	
Exhibitions toured	3	3	2	2	2	2	
Public programs	108	78	108	101	105	98	
Website visits	na	na	278,049	388,348	333,943	250,085	

Source: Queen Victoria Museum and Art Gallery, Annual Reports 2001-02 and 2003-2004.

\* Numbers for Exhibitions mounted, toured and public programs suggest that the 2000-01 attendance figures were not negatively impacted by the development works.

Frequency of attendance figures have also been estimated based on ABS data revealing an average annual attendance of 3.2 visits.

**Table 4.2: Frequency of attendance at museums**

Frequency	Art museums and galleries
Once	39.8%
Twice	24.6%
3 Times	11.8%
4 times	7.2%
5 times	4.7%
6-10 times	7.2%
11-20 times	3.0%
21 times or more	1.8%
Average Frequency	3.2 times

Source: Frequency of attendance at Museums, 12 months before interview 2002 ABS 4172.0, 2004 (Reissue)

This frequency for resident visitors has been used to extrapolate attendance based on ABS figures of the percentage of the population estimated to attend an Art Museum or Gallery each year. The ABS attendance by Domestic and International Visitors at cultural attractions has also been included to produce an estimated 50,000 attendees per year to the Mildura Art Gallery which has been adopted for the purposes of this report.

**Table 4.3: Assumptions relating to Art Gallery attendance demand**

Theatre	% of Popn	Avg Frequency	Total
Mildura Region Residents – 55,054 @ 2010/2011*	@24.9%**	3.2	43,867
“Surrounding Areas” – 9954 @2010/2011*	@24.9%**	1.0	2,479
Domestic Visitors – 479,000***	1%	1.0	4,790
International Visitors – 12,900****	5.2%	1.0	670
<b>Total</b>			<b>51,806</b>

\*2010/2011 Forecast based on population ERP @2005 and extrapolated to 2010/2011

\*\* Attendance rates at Art Museums and Galleries – 2002 ABS arts and Culture in Australia: A Statistical Overview 4172.0 – 2004 (Re-Issue)

\*\*\* 5% of Overnight Domestic Visitors attend an Arts/ Cultural events while visiting a location. Assume 20% of these attend an Art Gallery event in Mildura

\*\*\*\* 26% of International visitors attend an Arts/ Cultural events in Australia. Assume 20% of these attend an Art Gallery in Mildura

**Art Gallery revenue**

Although anticipated Gallery attendance has been estimated with the assistance of the Queen Victoria Museum experience, Gallery revenues are estimated on a more conservative demand estimation of 50,000 visitors per annum (refer Table 4.3). Revenue estimates assume that 40% of gallery visitors will pay the nominal fee of \$6 to attend a touring exhibition while 60% of attendees will contribute an average of \$0.375 as a donation for their visit. This is consistent with current donation levels at the existing gallery.

**Table 4.4: Estimated Art Gallery revenues**

	2010/2011 (Re-opening)	
	Visitation	Revenue
<b>Touring Gallery</b>		
Touring Exhibitions – 4 (avg duration 3 months)	20,000	
- Assume 60% pay	12,000	
- Assume \$6 ticket price		\$72,000
<b>Permanent Art Gallery</b>		
Gold Coin Donation @\$0.375 per visitor*	30,000	\$11,250
<b>Total</b>	<b>50,000</b>	<b>\$83,250</b>

\* Currently gallery visitation 20,000 attracting \$7,500 in donations

Source: Essential Economics estimates/approach, with industry information regarding rentals, retail turnover by retail type (ABS Retail Census data), occupancy rates, etc

**4.3****4.3 Theatre****Theatre attendance**

Assumptions relating to Theatre demand are shown in Table 4.5. Attendance demand has been estimated in the basis of ABS 'Attendance at Selected Cultural Venues and Events 2005-06' data applied to Mildura population forecast 2010/2011 as well as current Mildura tourism visitation (Table 4.5). The analysis reveals a demand for over 21,000 audience seats per year (Table 4.6).

**Table 4.5: Attendance Rates and Frequency at Cultural Performance Events**

	Victoria						
	Regional Victoria*	Once	Twice	3 times	4 times or more	Average frequency	% Mildura Program
	Attendance Rate						
Theatre performances	17%	46.0%	26.1%	10.5%	17.4%	1.993	30%
Dance performances	8%	54.2%	25.4%	4.8%	15.7%	1.822	20%
Musicals and operas	17%	55.9%	23.2%	10.6%	10.4%	1.757	30%
Other performing arts	16%	64.9%	21.9%	5.2%	8.0%	1.563	20%
<b>Average for Mildura</b>	<b>15%</b>						<b>1.8</b>

\*Other than Melbourne Statistical Division

Source: 4114.0 Attendance at Selected Cultural Venues and Events 2005-6 Victoria

**Table 4.6: Assumptions Relating to Theatre Attendance Demand**

<i>Theatre</i>	<i>% of Popn</i>	<i>Avg Frequency</i>	<i>Total</i>
Mildura Region Residents – 55,054@ 2010/2011*	@15%	1.8	14,865
'Surrounding Areas' – 9954 @2010/2011*	@15%	1.0	1,493
Domestic Visitors – 479,000**	1%	1.0	4,790
International Visitors – 12,900***	5.2%	1.0	670
<b>Total</b>			<b>21,818</b>

\*2010/2011 Forecast based on population ERP @2005 and extrapolated to 2010/2011

\*\* 5% of Overnight Domestic Visitors attend an Arts/ Cultural events while visiting a location. Assume 20% of these attend a theatre event in Mildura

\*\*\* 26% of International visitors attend an Arts/ Cultural events while in Australia. Assume 20% of these attend a theatre event in Mildura

### Theatre revenue

Theatre revenues have been estimated based on number of performances, performance capacities and an average ticket price. Table 4.7 details the expected use of the Main Theatre, Blackbox Theatre and Concourse that will be available for function venue hire. Annual attendance figures are expected to be 19,620 which will be broadly consistent with the projected demand of 21,818 (refer Table 4.6).

**Table 4.7: Estimated Theatre Revenues**

<i>Theatre</i>	<i>Per month</i>	<i>Annualised</i>
<b>Main Theatre</b>		
<b>Touring Performances</b>	2	24
Attendance @ 85%* with 450 seat capacity	765	9,180
Average ticket price	\$25.80**	\$236,844
<b>Community Use</b>	1	12
Attendance @ 85%* with 450 seat capacity	385	4,620
Average hire cost	\$400	\$4,800
<b>Revenue</b>	\$20,140	\$241,600
<b>Blackbox Theatre Performance Area</b>		
<b>Touring Performances</b>	2	24
Attendance @ 85%* with 190 seat capacity	323	3,876
Average ticket price	\$18**	
<b>Community Use</b>	1	12
Attendance @ 85%* with 190 seat capacity	162	1,944
Average hire cost	\$170	2,040
<b>Revenue</b>	\$6,000	\$71,800
<b>Theatre concourse Function Venue Hire</b>		
<b>Commercial</b> - Number of times hired	1	12
- Average hire cost	\$680***	\$8,160
<b>Community</b> - Number of times hired	2	24
- Average hire cost	\$145****	\$3,480
<b>Revenue</b>	\$970	\$11,640
<b>Total Theatre Attendance</b>	<b>1,635</b>	<b>19,620</b>
<b>Membership Fee @\$50 for 150 members</b>		<b>\$7,500</b>
<b>Total Theatre Revenue</b>	<b>\$27,110</b>	<b>\$332,540</b>

\* Current attendance rate

\*\* Based on mid-point between current average ticket price and Warnambool average ticket price of \$28

\*\*\* Based on Commercial rate of \$4.20 per m<sup>2</sup>

\*\*\*\* Based on a Community rate of 91cents per person

Attendance figures per event are consistent with average paid attendance figures per performance generally (refer Appendix I). The average attendance figures also support the rationale for the number of seats per performance venue at both the main and Blackbox Theatre areas.

## 4.4 'Other Commercial' Spaces

### 'Other commercial' activity and economic contribution

'Other commercial' spaces include the retail sales in the combined foyer and the café. Sales will be made to both Art Gallery and Theatre attendees. The summary of the attendees in Table 4.8 shows attendance demand figures by market segment for both the Art Gallery and Theatre. Estimated attendance has been conservatively estimated at approximately 5% below the identified demand levels.

**Table 4.8: Attendance Summary**

	<i>Art Gallery</i>	<i>Theatre</i>	<i>Attendance demand</i>	<i>Estimated Attendance</i>
<i>Resident Visits</i>	46,346	16,358	62,704	<b>59,294</b>
<i>Domestic Visitors</i>	4,790	4,790	9,580	<b>9,059</b>
<i>International Visitors</i>	670	670	1,340	<b>1,267</b>
<i>Attendance demand</i>	51,806	21,818	73,624	<b>69,620</b>
<b><i>Estimated Attendance</i></b>	<b>50,000</b>	<b>19,620</b>	<b>69,620</b>	

Assumptions relating to retail sales differ for each of the groups given their various propensities to spend money and relative levels of affluence. International visitors are likely exhibit a higher retail spending value and frequency, while Domestic visitors are also more likely than residents to spend on retail, although at a lower rate than International visitors. The assumptions for retail and café spending are outlined below.

### **Cafe**

The Café is expected to be cost neutral and is seen as an opportunity to bring residents to the gallery and to assist in achieving repeat visitation. The figures below are based on 50% of visitors to the gallery spending an average of \$8 per head which is anticipated to be coffee or a glass of wine; a small amount of food is also likely to be sold. Additional revenue generation opportunities will be available through catering for functions and non-gallery/ theatre related visitation. On the basis of these assumptions, it is expected that the Café will service 34,810 visitors per year (an average of 95 per day) resulting in revenue for the Café from visitation to the Art Gallery and Theatre of \$278,772 and function catering revenue of \$43,200.

### **Combined Foyer – Retail Activity**

It is envisaged that the Arts Precinct foyer will house a retail zone offering high quality books and related arts oriented material, including local content, and provide an opportunity for local artisans to sell their wares to a key target market. Retail sales are, in part, calculated on the basis of average expenditure by visitors. It is estimated (ABS 4172.0) that 41% of International Visitors purchase art or handcrafts while visiting in Australia and that these individuals spend an average of \$78 each on these

items. Basing the retail sales estimate on half of the International Visitors to Mildura who are expected to visit the Mildura Arts Centre Precinct (refer Table 4.3), buying their average item here would provide sales in the order of \$20,262 annually solely from International Visitors.

In the absence of solid figures upon which to base estimated retail sales of arts and crafts to residents and domestic visitors, retail sales of cultural merchandise have been projected to be a conservative \$10 sales to 10% of the domestic visitor population and \$10 sales to 5% of the estimated resident population. This is expected to result in combined sales to these groups of \$38,706 producing total sales for the retail zone in the order of \$60,000 annually.

**Table 4.8: Café and Retail Sales spaces revenue**

	Resident Visitors	Domestic Visitors	International Visitors	Function Visitors	Total
<b>Café</b>					
50% of visitors spend average of \$8 pp	\$237,176	\$36,236	\$5,360		\$278,772
24* events of 90 attendees @\$20pp**				\$43,200	\$43,200
<b>Retail Sales (in Combined Foyer)</b>					
Retail Sales	\$29,647	\$9,059	\$20,262		\$58,968
<b>Total Café/ Retail Sales</b>	<b>\$266,822</b>	<b>\$45,295</b>	<b>\$25,622</b>		<b>\$380,940</b>

\* 24 events assumes catering at 2 of the 3 events expected to be held in the theatre concourse per month

\*\* \$20pp includes catering fee only. Theatre concourse function venue hire fee accounted for in Table 8

#### **Outdoor Forecourt – Local Produce Market**

The assumptions relating to the Local produce market are based on 12 market days only per year thus, the visitation market for the market is only a fraction of that for the café and retail zone discussed above. It is envisaged that the market will be held in the outdoor forecourt space which will accommodate approximately 15 high quality stall holders. Table 4.10 reveals that the market is expected to contribute over \$70,000 to the Mildura economy, act as a draw card to bring visitors to the Art Gallery and provide a forum for local artisans and farmers to sell their produce.

**Table 4.10: Assumptions relating to annual forecourt market economic contribution**

	Resident Visitors	Domestic Visitors	International Visitors	Total
% of population who attend	1% per market event	3.3%*	3.3%**	
Number of visitors to market	6,000pa	15,748*	424**	22,172
% attendees who purchase something	50%	25%	50%	
Average spend per person	\$10	\$10	\$10	
<b>Total</b>	<b>\$30,000</b>	<b>\$39,370</b>	<b>\$2,120</b>	<b>\$70,730</b>

\* 479,000 Domestic Visitors – 3.3% expected to be in Mildura during the 12 days of the year when the market is operating

\*\* 12,900 International Visitors – 3.3% expected to be in Mildura during the 12 days of the year when the market is operating

## **4.5 Summary of Tourism Related Economic Benefits**

The economic benefits to the Mildura arising from tourism to the Mildura Arts Centre Precinct are summarised in Table 4.11. We estimate that the total economic contribution of the identified on-site uses by tourists is just under \$250,000 per annum.

**Table 4.11: Economic contribution of tourism visitation**

Visitor origin	No. visitors	Attend cultural event	\$ Attend Mildura Art Gallery	\$ Attend Mildura Theatre	\$ Café Sales	Other Retail Sales \$	Market Sales \$	Economic contrib. per annum
International	12,900	26%*	\$1,183	\$15,718	\$5,360	\$20,262	\$2,120	\$44,643
Domestic	479,000	5%*	\$7,975	\$112,373	\$36,236	\$9,059	\$39,370	\$205,013
<b>Total</b>			<b>\$9,158</b>	<b>\$137,249</b>	<b>\$41,596</b>	<b>\$29,321</b>	<b>\$41,490</b>	<b>\$249,656</b>

Source: Tourism Research Australia YE Dec 2006  
 \* attend at least one cultural event/ attraction during their visit – assume 20% of the International Visitors attend a theatre event at the Mildura Arts Centre Precinct and 20% visit the Art Gallery.

Additional tourism benefits are also likely to arise through visitors to the Mildura Arts Centre precinct extending their stay in Mildura (perhaps from a day trip to overnight) as a result of attendance at arts and theatre events at the re-developed precinct. In addition, increased domestic visitation by arts enthusiasts is expected since the new gallery space will allow much more of the Mildura Art Gallery's collection to be on exhibit. These tourism benefits, however, are difficult to quantify and would not be expected to be so significant as to greatly alter the economic contribution of tourism visitation outlined in table 4.11.

#### 4.6 Summary of Economic Value of On-site Activity

The estimated value of economic activity occurring on-site is summarised in Table 4.12 and is based on the preceding analysis developed in Chapter 4 of this report.

The results presented in Table 4.12 show that based on the uses proposed for the site, there would be a direct economic contribution of approximately \$859,960 per annum to the Shepparton economy arising from the operation of Mildura Arts Centre (based on current 2007 dollars) when it commences full operation in 2010.

**Table 4.12: Mildura Arts Centre - Economic Value of On-site Commercial Activities**

	Annual Economic Contribution (\$)
Permanent Art Gallery	\$11,250
Touring Gallery	\$72,000
Theatre	\$241,600
Blackbox Theatre Performance Area	\$71,800
Theatre concourse	\$11,640
Café/ Retail	\$380,940
Outdoor Forecourt	\$70,730
<b>Total</b>	<b>\$859,960</b>

Source: Essential Economics

## 5 ECONOMIC BENEFITS ASSESSMENT

### 5.1 Introduction

This Chapter presents an assessment of the potential contribution of the Mildura Arts Centre Precinct to achieving a community benefit as a result of economic and non-economic aspects of the development.

### 5.2 Construction

Our estimates of the value of capital works undertaken as part of the project are based on information produced for Lateral Projects. These estimates are shown below in Table 5.1.

Table 5.1 also provides an estimate of the employment contribution of the capital works in terms of direct and indirect construction employment generated by the project. These employment estimates are based on an industry standard of 1 job year created per \$140,000 of capital investment.

**Table 5.1: Estimates of Capital Investment and Construction Employment**

Item	Value, \$ million	Direct employment	Multiplier	Indirect employment
Construction & Fit Out	\$ 18	252	2.6	403

Source: Mildura Arts Centre Precinct Redevelopment Overview (Aug 2006); Essential Economics Pty Ltd

The table shows that the project is estimated to lead to around \$18 million of capital investment, which would create approximately 252 job years during the construction period. For example, a two year construction period would result in an average of 126 jobs per year over the construction period. Through the employment multiplier, the project would generate an additional 403 job years in the wider economy during the construction period. These jobs include those located in the local area, throughout Victoria, and even further wider afield, as the economic effects of the capital investment flow through the economy.

### 5.3 Estimates of ongoing employment

Lateral Projects have provided an estimate of 12 ongoing full-time equivalent (FTE) positions at the Mildura Arts Centre Precinct. Using the ABS Employment Multiplier (5209.0) of 2.125 for Libraries, Museums and the Arts industry category, the re-developed Mildura Arts Centre Precinct would provide an additional 13.5 FTE places in the balance of the economy. Thus a total of approximately 25 FTE positions will be created through the ongoing operation of the Mildura Arts Centre precinct.

**Table 5.2: Estimates of ongoing employment**

Item	Direct employment	Multiplier	Indirect employment
FTE Positions	12	2.125	13.5

Source: ABS Cat No 5209.0; Lateral Projects

## **5.4 Intangible Benefits**

The development of the Mildura Arts Centre Precinct would be expected to contribute to the nurturing of small businesses in the Arts in the Mildura Region. The precinct would also serve to increase the profile of Mildura both State wide and nationally.

## 6 SUMMARY

### 6.1 Summary of Economic Benefits Associated with the Proposed Development

In summary, the analysis presented in this report identifies the following benefits associated with the proposed development of the Mildura Arts and Culture precinct.

#### *Capital Works and Construction*

- Capital investment worth an estimated \$18 million.
- Direct employment during the construction phase of the project estimated at approximately 252 job years, and a further 403 job years created indirectly in the wider economy.

#### *Value of Commercial Activity*

- On-site commercial activity worth an estimated \$859,960 per annum.

#### *Employment Generation*

- Ongoing employment on-site of an estimated 12 persons, and with a further 13.5 jobs indirectly created elsewhere in the economy as a result of the employment multiplier.

### 6.2 Summary of Attendance Forecasts for the Proposed Development

In summary, the analysis presented in this report projects total attendance at the Art Gallery and Theatre venues within the Mildura Arts and Culture precinct in the first year of full operations to be 69,620 people. In light of the funding requests for \$6 million from each of Federal and State Governments, matched by \$6 million by Local Government, this translates to a contribution per attendee of \$259. This can also be expressed as an \$86 contribution per attendees by each funding partner in the first full year of operation.

### 6.3 Comments Regarding the Estimates Presented in this Report

The following comments relate to the analysis and information presented in this report:

- The analysis presented in this report represents a broad assessment of the economic benefits associated with the proposed development for the Mildura Arts Centre Project.
- The analysis has been undertaken on the basis of a development scenario established by Lateral Projects through consultation with the Mildura Rural City Council and the Mildura community over the past 2 years.

- The figures contained in the report are considered a conservative yet realistic estimate of the economic value of the project.
- The results of the analysis, in terms of capital works, economic activity, employment and net benefits cannot be added together to form a “total benefits associated with the development”. Each of these aspects of the analysis are separate measures of the economic value of the project.
- There are a number of other non-measurable benefits which are not assessed in this report. These relate to induced promotion of the Arts Industry in Regional Victoria, benefits associated with the development of community capacity building which will be important to establishing a solid base for future development and the potential benefit of retaining spending that may otherwise have been lost through Mildura residents travelling outside of Mildura to arts and cultural events if the re-development had not occurred. These potential benefits are in excess of the factors identified in the report.

## Appendix I

### Average Paid Attendance Rates by Performance Type

	Paid Performance	Paid Attendance	Avg Attendance
Popular music performance	15,917	4,048,000	254
Symphony and choral performance	3,861	1,577,000	408
Drama production	12,536	2,554,000	204
Dance production	1,501	747,000	498
Musical theatre production	4,813	3,182,000	661
Opera production	1,013	471,000	465
Other production	13,601	1,651,000	121
	53,242	14,230,000	267

Source: Music and Theatre Production Organisations, Performances and Attendances 2002-03 ABS, Performing Arts, Australia, 2002-03 9cat. No. 8697.0 as cited in ABS Arts and Culture in Australia: A Statistical Overview 4172.0 -2004 (Reissue)