

<b>CAIRNS ENTERTAINMENT PRECINCT COMMITTEE</b> <b>16 NOVEMBER 2011</b>	<b>5</b>
---	----------

PROJECT ASSURANCE FRAMEWORK STAGE 3 - CAIRNS  
ENTERTAINMENT PRECINCT BUSINESS CASE

Linda Cardew : 26/7/18-04: #3385651

**RECOMMENDATION:**

**That Council notes the report.**

---

**INTRODUCTION:**

This presentation by Savills Project Management summarises the Project Assurance Framework Business Case for the Entertainment Precinct project.

**BACKGROUND:**

The Queensland State Government provided \$2.5 million in grant funding to support Cairns Regional Council in its assessment of the need for new cultural facilities and the preparation of comprehensive business planning for the Entertainment Precinct project. The body of work comprising the Project Assurance Framework, presented to Council in three stages over the course of 2011, and now culminating in the Business Case, represents almost one year's work by many consultants and Council staff who have been engaged in research, policy analysis, master planning, architectural design, cost planning, financial and economic analyses, and venue operations.

The Project Assurance Framework is a structured assessment tool used by the State government to determine the need, priority and affordability of proposed major public projects. It provides a rigorous and challenging framework against which needs and delivery processes can be tested. The consultants who were engaged for the work are among the most highly qualified in the country, recognised for their expertise in the design, delivery and cost assessment of significant state and national infrastructure.

At the commencement of the Project Assurance Framework study in early 2011, the State government established an interagency committee to oversee the progress of the work, and to work with Council and its consultants through each stage of the project Assurance Framework. The body of work produced under each of the three phases has been overseen, guided and challenged by Arts Queensland, Treasury, the Department of Public Works and the former Department of Infrastructure and Planning. The process has benefited significantly from the input and experience from all involved. In particular the project team and the Project Control Group would like to thank the Department of Premier and Cabinet, through Arts Queensland, for its guidance and support throughout the year.

The project team believes this body of work breaks new ground in terms of the experience of local government and the assessment of proposed performing arts projects. This body of work is believed to be the first of its kind undertaken, to this extent, by a local Council in Queensland, and in relation to performing arts facilities. It will provide a benchmark for the assessment of other major projects by organisations seeking to present a comprehensive and rigorous assessment of proposed community infrastructure.

Further to a competitive tender process conducted in late 2010, the consultants, Savills Project Management, were engaged to prepare a Business Case (Stage 3) for the Cultural Precinct project. Early in 2011 the State government revised scope of work and requested that Council complete Stage 1 (strategic assessment of service requirements) and Stage 2 (preliminary evaluation of options), before preparing the Business Case. A minimum of one full year's work was then contemplated. This work was supported by a wide range of consultants, including PricewaterhouseCoopers and the venue operations consultancy, Creative Economy.

Pivotal to the assessment was a series of community consultations regarding the preparation of the masterplan and concept design options for the Entertainment Precinct site, prepared by the architectural design team CA Cox Rayner, together with all required subconsultants. Working to the preliminary client brief developed following consultations occurring from as early as 2009, and more recently in 2011, options were developed to meet the community need identified in the Stage 1 assessment. A series of staging or delivery options were then examined in the preliminary evaluation (Stage 2). Endorsed by the Minister for The Arts in October 2011, Council was requested to develop the Business Case on the basis of two options only, the "do nothing option" (ie retain the Civic Theatre as it currently stands) and option identified in the Preliminary Evaluation as Option 6, Stage 1.

### **COMMENT:**

The Executive Summary, and the full Business Case with 18 attachments are available as a public document, on Council's website, with this agenda. It should be read in conjunction with the Financial Sustainability Review of Council's overall business conducted by Queensland Treasury Corporation (2011), reported to Council at its Finance and Administration Meeting also on 16 November 2011 (also available on Council's website).

While Savills will take Councillors through the Business Case at the presentation, the key points expressed in the study are as follows:

The case for change is compelling.

- At a time of high unemployment the CEP offers all levels of government an opportunity to invest in a sustainable future for the city and wider environs.
- As a direct result of the government investment in this project up to 165 new jobs will be sustained on the site during the construction phase, with flow on of many indirect additional positions relating to construction. Furthermore, many more jobs will be sustained indirectly through the life of the CEP, in arts, cultural, retail and catering industries.

- The community, as performers, exhibitors, entertainers and visitors, has been widely canvassed and are important contributors to the project. The opportunity for cultural growth, education and celebration has been constrained by the lack of opportunity, as the Civic Theatre is inadequate.
- Cairns is unique - attracting almost 2,000,000 international and domestic tourists to the region last year. Almost half the international visitors may be described as *cultural tourists*, tourists seeking personal experience and exposure to museums, the arts, music and artistic performance. Cultural tourists typically spend 70% more than non-cultural tourists with a length of stay double that of their counterparts. The opportunity for cultural tourists to view and invest in locally produced products and performance is lost.
- The population of the local government area is increasing. The population of far North Queensland is projected to increase to 373,000 by 2031.
- The “do nothing option” (ie retain the Civic Theatre as is) will not meet the needs identified and would have a serious impact on groups that currently use the facility during a refurbishment construction phase if contemplated. The current Civic Theatre site does not provide for future expansion to fully accommodate the required refurbishment and meeting place requirements, nor does it provide for the additional parking requirements. The staged option provides a superior outcome in terms of addressing key public interest criteria. This option meets the needs identified and will provide an economically viable and vibrant arts and cultural hub for Cairns.
- In examining the economic outcomes, the greatest weight should be given to the significant nonmarket impacts (such as increased social cohesion and quality of life, arts and cultural heritage appreciation, increased education and training facilities and health improvement) together with the key outcomes sought by government when undertaking the project.
- The total expenditure for the CEP is projected to be in excess of \$150 million over the three years from FY 12 to F15, comprising approximately \$125million of construction costs with the balance of costs associated with employee, authority and consultant costs.
- During the operational phase the CEP will directly employ 34 people, while the civic theatre would only employ around 20. As well as these direct labour affects, it is likely that the flow on effect of the project will support economy wide employment, particularly in tourism-related industries like retail and restaurants/catering. The current Civic Theatre does not operate as a key tourist attraction, nor does it support a significant level of retail restaurant or catering activity and employment.
- The development of the CEP will enhance urban amenity of the CEP site and areas adjacent to the site more broadly within the Cairns CBD. It will contribute to the sustainable development of Cairns through integration of sustainable design values, protection and enhancement of the natural landscape and appropriate utilisation of the land.

The detailed performing arts centre analysis by consultants Creative Economy, and the financial and economic analyses prepared by PricewaterhouseCoopers are not repeated here in this covering report. Councillors are directed to the Business Case attached to this agenda, to the Executive Summary and in particular to attachments 7 and 8 which provide all relevant detail.

As the Business Case is a lengthy document, Savills have prepared the presentation for this Committee meeting to ensure that the contents are readily accessible by all attendees at the meeting.

### **CONSIDERATIONS:**

#### Corporate and Operational Plans:

Council's Corporate Plan 2009-2014 lists the establishment of a regional Performing Arts Centre and regional Museum advocacy as Corporate Projects.

Council's Cultural Plan 2009-2014 identifies the building of a regional Performing Arts Centre and the provision of support for the State Government in establishing a Regional Museum as Outcomes Strategy 1 for cultural facilities.

#### Statutory:

The processes outlined in this report are in accordance with the provisions of the *Local Government Act 2009*.

#### Policy:

The Terms of Reference for the Cairns Entertainment Precinct Committee are listed in Policy No 1:05:08.

#### Financial and Risk:

The Business Case comprehensively details the financial and risk issues to be considered.

#### Sustainability:

The Business Case provides detail on all elements of a quadruple bottom-line outcome.

### **CONSULTATION:**

The Project Control Group and consultants to the project have been consulted in the preparation of the Business Case. The State Government has been consulted over the course of 2011. A workshop on the Business Case was held for Councillors on 10 November 2011.

### **OPTIONS:**

The Committee may choose to note the presentation or not to note the presentation.

### **CONCLUSION:**

The Business Case provides the final analysis concluding an unparalleled, comprehensive assessment of the proposed project. It provides a firm recommendation to guide Council in its establishment of a regional Performing Arts facility, as expressed and required by its Cultural and Corporate planning documents.

**ATTACHMENTS:**

The following attachments are available on Council's website:

- Business Case – Cairns Entertainment Precinct (Final)
- Business Case - Appendix 1 – Programme
- Business Case - Appendix 2 – PAF BC Checklist
- Business Case - Appendix 3 – Communication and Stakeholder Engagement
- Business Case - Appendix 4 – Project Management Plan
- Business Case - Appendix 5 – Probity Plan
- Business Case - Appendix 6 – FA and EA Databook
- Business Case - Appendix 7 – Performing Arts Centre Analysis
- Business Case - Appendix 8 – Financial and Economic Analysis
- Business Case - Appendix 9 – Risk Management
- Business Case - Appendix 10 – Market Sounding
- Business Case - Appendix 11 – Planning Advice
- Business Case - Appendix 12 – Employment and Skills Development Impact Statement (ESDIS)
- Business Case - Appendix 13 – Policy Alignment
- Business Case - Appendix 14 – Concept Plans
- Business Case - Appendix 15 – Options Cost Estimates
- Business Case - Appendix 16 – Change Management Plan
- Business Case - Appendix 17 – Quality Management Plan
- Business Case – Appendix 18 - Government Funding Commitments

Linda Cardew

**Project Manager – Cairns Entertainment Precinct**

Lyn Russell *PSM*

**Chief Executive Officer**