

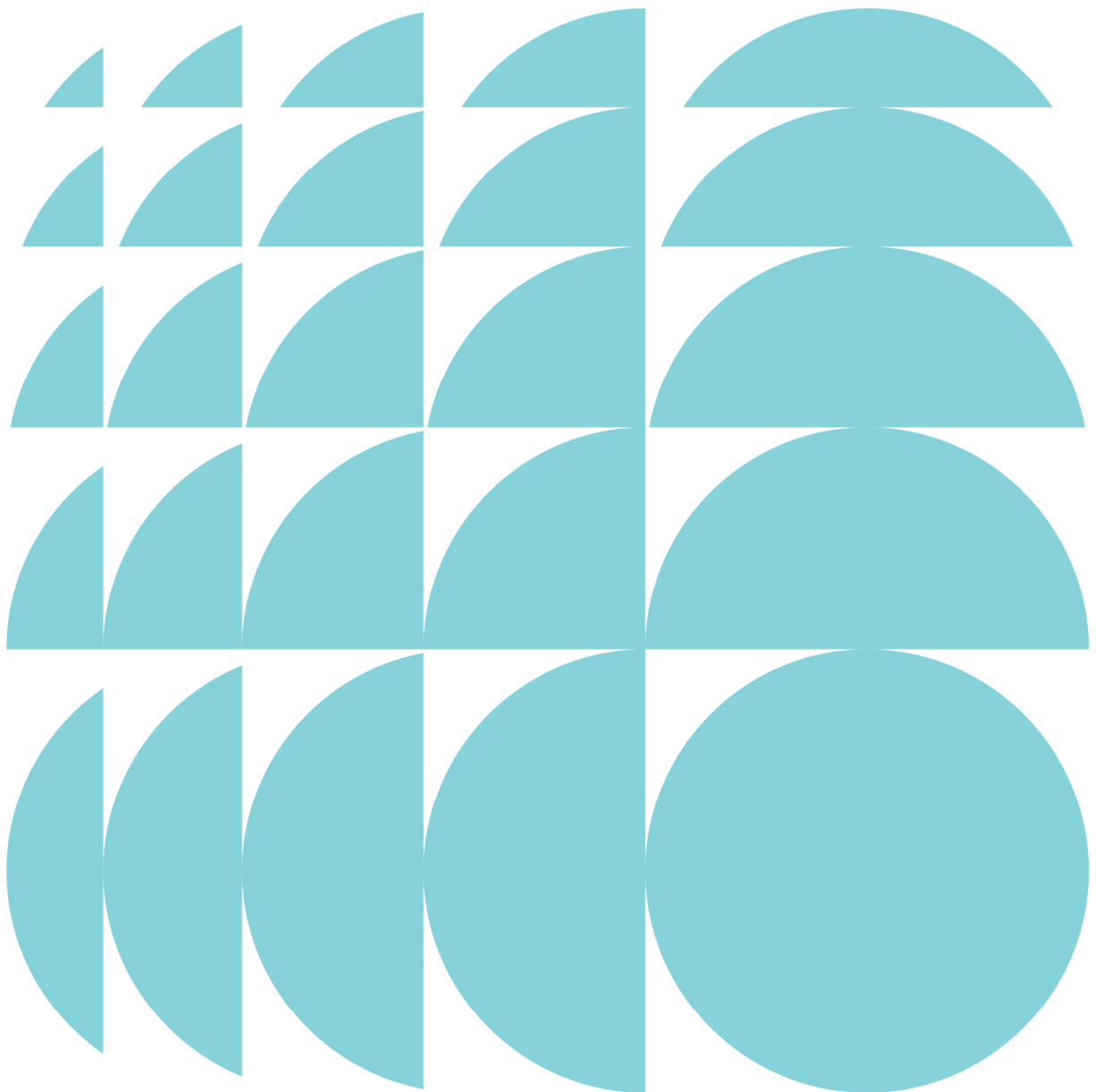
ETHOS URBAN

Victor Harbor Arts and Culture Centre

Economic Assessment

Client: Victor Harbor City Council

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Executive Summary

Victor Harbor City Council has commissioned Ethos Urban to undertake an economic assessment of the proposed Victor Harbor Arts and Culture Centre located at 10 Coral Street, Victor Harbor. The main findings of this economic assessment are summarised as follows.

- The key objective of the proposed Victor Harbor Arts and Culture Centre is to support arts and cultural activities for the Fleurieu Peninsula region. This will be achieved by delivering a facility which supports a range of art forms, and which enables local arts, groups and the broader community to meet, work, exhibit, collaborate and learn.
- Located in the heart of Victor Harbor's Central Business District (CBD), the proposed Arts and Culture Centre is expected to play a major role in supporting the vibrancy and activation of the CBD. The Project will compliment and leverage Council's other planned initiatives and capital investments for the CBD as outlined in the Victor Harbor Mainstreet Precinct Master Plan.
- Tourism is an important sector in Victor Harbor's economy, with attractions such as the Victor Harbor Horse Tram and Granite Island Recreation Park, alongside visitor accommodation, food services, retailing, arts and recreation services, transport and the like. Domestic day visitors are the most significant market of Victor Harbor's tourism economy representing approximately 80% of all visitors to the region.
- With a construction cost of \$24.4 million, the Victor Harbor Arts and Culture Centre Project includes a new 324 seat proscenium theatre (stage framed by an arch), 188 seat flexible theatre, renovated cinema complex, back of house facilities, a 148sqm Gallery with retail outlets and 225sqm for a commercial or education provider tenant.
- Design and delivery of the Project is expected generate a range of direct and indirect economic and social benefits. These include:
 - Increased visitors to the region
 - Improved access for residents to arts and culture activities and facilities
 - Improved social interaction and inclusivity
 - Preservation and enhancement of the local built heritage
 - Offset of existing and planned building maintenance costs
 - Provide potential opportunities to access tertiary and adult education;
 - Improve Victor Harbor's local branding and lifestyle as a desirable place to live and work
 - Support the development of local artists and art-related industries.
- Utilising the quantified benefits and costs of the project, and applying industry standard parameters of assessment the Project is expected to deliver a Benefit Cost Ratio (BCR) of 1.25 at a discount rate of 7%.
- The overall project is also expected to support approximately 93 FTE jobs (direct and indirect) per year over the two-year construction phase, and 70 FTE jobs (direct and indirect) once in operation, with the ongoing jobs supported in arts, retail, hospitality and other activities. Once operational, the project is estimated to contribute an average of approximately \$6.4 million to the South Australian economy each year.
- The cost benefit analysis and economic impact assessment of proposed Victor Harbor Arts and Culture Centre demonstrates that the project will generate a significant positive return to the local community and surrounding economy.

1 Introduction

1.1 Background

Victor Harbor City Council (**Council**) engaged Ethos Urban to undertake a preliminary economic assessment of the proposed Victor Harbor Arts and Culture Centre Project (**Project**). The proposed development at Coral Street, Victor Harbor seeks to support arts and cultural activity for the town and wider Fluerieu Peninsula region. This will be achieved by delivering a facility which supports a range of arts forms, and which enables local arts, groups and the broader community to meet, work, exhibit, collaborate and learn.

The aim of this report is to provide an objective assessment of the expected benefits and costs associated with the Project, and to identify economic outcomes. This report is intended to provide a robust and meaningful assessment to facilitate engagement with Government and other stakeholders on the relative merits of the Project and assessing how it can deliver a value-for-money outcome for the community.

To effectively demonstrate the merits of the Project, a preliminary Cost Benefit Analysis (CBA) and Economic Impact Assessment (EIA) have been undertaken, as presented in this report.

A CBA involves a systematic review and evaluation of the social, economic and environment costs and benefits of the project in order to demonstrate if, and how, the Project will make an overall positive contribution to society.

The EIA measures the expected change in key economic indicators expected to occur as a result of the project, such as job creation, Gross State Product (GSP), and value-add to the economy.

Each form of assessment provides decision-makers with key information to support decision-making in relation to the Project.

1.2 Objective

The primary objective of this report is to assess the expected costs, benefits and economic impacts of the proposed Victor Harbor Arts and Culture Centre, and to enable Government to make an informed investments decision. To satisfy this primary objective the report will:

- Identify and measure the social, economic and environmental costs and benefits arising from the Project compared to a 'Without Project' scenario.
- Identify, measure and assess economic impacts associated with the Project.

1.3 Approach

To complete this economic assessment the following methodology has been applied:

- Review relevant background information, masterplans and other assessments to confirm key aspects of the Project
- Confirm capital and operational expenditure estimates of the base case and with Project scenarios
- Identify, assess and measure expected direct and indirect costs of the Project
- Identify, assess and measure expected direct and indirect benefits of the Project
- Calculate the Benefit Cost Ratio (BCR) of the project, utilising the quantified costs and benefits of the upgrades
- Calculate the expected number of direct and indirect (or flow-on) jobs supported by construction and operation of the project, using the Project cost and benefit estimates
- Assess how construction and operation of the Project will directly and indirectly contribute to the local and State economy and economic flow-on effects for local businesses, using Council's REMPLAN Input/Output model
- Qualitatively assess other economic impacts expected to be generated by the Project.

1.4 Assumptions

Key assumptions and information applied in this report are outlined as follows:

- Analysis of information provided in background reports and other technical assessments
- Existing and future population growth expectations
- REMPLAN's Input/Output tables reflect industry multipliers in the Victor Harbor
- Secondary research on potential benefits accurately reflects the expected value the community and economy are likely to experience at Victor Harbor from the Project
- Forecast revenue and operational cost estimates for the Victor Harbor Arts and Culture Centre
- The available lease space is occupied by a tertiary education provider
- Historic visitor growth rates accurately reflect long term visitor growth rates for the region
- Historic visitor expenditure rates for domestic day and domestic overnight visitors accurately reflect rates of expenditure in the future
- The Project scenario generates a maintenance offset saving of \$50,000 per year compared to the Without Project scenario;
- Delivery of the Project would offset the need for major maintenance and refurbishment of the existing buildings in 2030
- There is no growth in visitor numbers to the region during 2021 and 2022
- Construction starts in 2023 and the facility is operational in 2025
- Construction costs are evenly split across the two-year construction timeframe; and
- Construction methodology and program does not substantially change from current expectations.

1.5 Study Area

A study area is defined in order to facilitate a review of the relevant demographic and economic factors that will influence the impacts of the Project. This study area geographically represents the communities and economies likely to benefit from the Project.

Factors that define the boundary of the study area include the following:

- Location of Victor Harbor Arts and Culture Centre
- Existing and future regional transport network which influences travel time to and from the site
- Location of natural and engineering boundaries such as local conservation areas, national parks, waterways and heavy infrastructure
- Perceptual and psychological boundaries which affect perceptions of convenience, accessibility, community and relationship to the Project, surrounding communities and tourism destinations in the region
- Location and nature of existing town centres, activities and surrounding key land uses; and
- Administrative boundaries such as ABS statistical areas.

On the following page **Figure 1.1** illustrates the boundaries of the study area for this assessment and shows the location of proposed development in Victor Harbor, other townships in Victor Harbor Local Government Area (LGA), and surrounding region which comprises of Yankalilla and Alexandria LGAs.



Figure 1.1: Study Area

Source: Ethos Urban

2 Proposed Victor Harbor Arts and Culture Centre

This Chapter provides an overview of the proposed Victor Harbor Arts and Culture Centre project. Commentary is also provided in regard to the likely outcome in the event that the Project does not occur as proposed.

2.1 Victor Harbor Arts and Culture Centre

The proposed Victor Harbor Arts and Culture Centre will connect three existing heritage listed buildings in the Victor Harbor CBD. The Project will include a 324 seat proscenium theatre with hybrid fly tower and orchestra pit, and a 188 seat flexible theatre with retractable seats to enable the space to be highly adaptive and conducive to a variety of uses such as exhibitions, conferences, banquets, cabaret, concerts, workshops and lectures. These theatres will be serviced by a generous back of house area spanning two levels which includes change rooms with ensuites, bathrooms, kitchen, green room, performance assembly area, stage manager office, loading zones, crossovers, large service lift and storage.

The Centre will also house a state-of-the-art 148 sqm Gallery with retail outlet. The onsite existing cinema will receive a contemporary upgrade to transform the existing 2 screen complex to a 4 screen complex with a number of food and beverage outlets to complete and enhance the cinema experience. All of these functions will be connected by a grand double height central foyer with a food and beverage outlet, box office, bar and toilets.

The second floor, assessable by stairs and lift, is able to accommodate 225 sqm of commercial tenancy area and toilets.

Illustrative concept plans of the proposed Victor Arts and Culture Centre are illustrated **Figure 2.1** below.



Source: Victor Harbor City Council

2.2 Likely Situation Without the Victor Harbor Arts and Culture Centre

The Project is a significant investment in local arts and culture that delivers a contemporary facility allowing the community to come together and experience a range of events, exhibitions and performances. Should the Project not proceed it is reasonable to assume:

- The local community will need to continue to travel outside of the Victor Harbor for certain events, exhibitions and performances as the current facility, (or other facilities in the town) do not have the capacity to hold larger events or performances, this means that residents need to travel up to 80 minutes to attend larger venues in the surrounding region
- Local artists and community groups will continue to operate at the existing facility although have a more limited capacity to exhibit or host certain activities or performances
- The existing facility will continue to require ongoing building maintenance and upgrades to ensure it is safe to occupy and the heritage aspects of the building are preserved and maintained; and
- Visitor numbers to region are anticipated to grow more slowly overtime as a result of reduced visitation associated with arts and cultural activities.

2.3 Anticipated Project Outcomes

Overall, the Project is expected to achieve the following outcomes:

- Increase the number of visitors to the region
- Improve access for residents to arts and culture activities and facilities
- Improve social interaction and inclusivity
- Preserve and enhance local built heritage
- Offset existing and planned building maintenance costs
- Provide potential opportunities to access tertiary and adult education
- Improve Victor Harbor's local branding and lifestyle as a desirable place to live and work; and
- Support the development of local artists and art related industries.

This report assists in identifying these anticipated outcomes and attempts to quantify their expected impact.

3 Victor Harbor

This Chapter provides an overview of Victor Harbor, the surrounding region and their context for the Project.

3.1 Victor Harbor

The Coral Street Arts and Culture Centre is located on Coral Street, a short distance west of Ocean Street which is the CBD's main commercial street. The location of the Coral Street Arts and Culture Centre in relation to the CBD is shown in **Figure 3.1**.

Victor Harbor's CBD has a semi-regional catchment servicing residents from Cape Jervis in the west to Hindmarsh Tiers in the north, and Port Elliot in the east. Victa Cinema, which forms part of the Project, is the only cinema in the study area. Further, no contemporary auditorium/theatre facilities are currently available within Victor Harbor or the surrounding region.

The Project provides an opportunity to generate synergies with the Victor Harbor Mainstreet Master Plan which reflects a substantial investment by Council. The Victor Harbor Mainstreet Master Plan sets out a vision for the CBD to deliver improved pedestrian linkages, landscaping treatments, artworks, improvements to amenity, better traffic and movement, urban design, branding, opportunities for collaboration with the community, integrated signage, support sustainable and commercial viability, improved security and safety, and increased environmental sustainability and resilience.

Stages One to Three of the Masterplan have been completed, and Council has secured \$3.3 million in funding from the SA's Local Government Infrastructure Program for further works. Construction is expected to be undertaken in the first half of 2022.

As such, the Project will leverage recent and future investment from the Victor Harbor Mainstreet Master Plan and further enhance Victor Harbor's CBD.



Figure 3.1: Victor Harbor CBD and Victor Harbor Arts and Culture Centre Precinct

Source: Ethos Urban

4 Economic and Community Profile of Victor Harbor City and Surrounding Region

This Chapter provides an outline of the economic and community profile of Victor Harbor and the wider Fleurieu Peninsula. Analysis of this data provides necessary economic and social context to identify and evaluate the significance of key impacts and expected benefits generated by the Project.

Key data extras and summary tables attachments and include:

- **Attachment Table A:** Population Trends
- **Attachment Table B:** Employment Patterns, incl Tourism
- **Attachment Table C:** Socio-Demographic Profile

A summary of significant and relevant economic and demographic indicators is outlined below.

4.1 Community Profile

- Population: in 2021 Victor Harbor had an estimated resident population of 15,870 persons. Resident population is forecast to increase to 19,540 persons by 2041, representing an increase of 1.1% per annum. This is a slightly higher than the 0.7% average annual growth rate forecast for South Australia.
- Overseas born community: A substantial proportion of residents in Victor Harbor were born overseas (20.3%), compared to Alexandrina (17.5%) and Yankalilla (19.0%), although below the South Australian average (23.1%). Migrant communities derive significant benefits from community facilities and the Project provides an opportunity to promote social inclusion with local non-Australian born residents.
- Age: At the time of the 2016 Census Victor Harbor was observed to have a significantly older population than that of the wider region. The median age recorded in Victor Harbor was 57.5 years which is significantly higher than that recorded for South Australia of 40.1 years, and slightly higher than median ages recorded in Alexandrina and Yankalilla LGAs of 50.2 years and 53.5 years respectively. This indicates a significantly larger retirement community in the area which is likely to greatly benefit from increased social and cultural activities the Project will facilitate.
- Household type: Approximately two-thirds (65.7%) of households within Victor Harbor were Family Households as of 2016. While representing the majority of household types in the area it is a lower proportion when compared to the surrounding LGAs Alexandrina and Yankalilla (70.2% & 66.4% respectively) and that of South Australia (68.4%). This most likely reflects the older demographic composition of the area as retired persons have higher rates of living in lone person households.
- Income: Median annual personal and household incomes recorded for Victor Harbor at the time of the 2016 Census were significantly lower than results recorded for South Australia neighbouring LGAs. Median annual personal income for Victor Harbor was recorded as \$25,070 which is significantly lower than median annual personal income of \$31,290 a year recorded for South Australia.
- Tertiary Education: Compared to the state average (39.4%), a low proportion of residents (aged 15-years and above) have completed tertiary level education (27.1%). The proposed redevelopment could provide more opportunities for local residents to undertake tertiary education locally, increasing access to education without residents having to move into metropolitan Adelaide.

4.2 Economic Profile

- Jobs: Victor Harbor supported 4,581 jobs in 2019, according to REMPLAN, with 21% of these jobs located in the Health Care & Social Assistance industry; significantly above the state average of 15.3%. Additionally, tourism plays a significant role in Victor Harbor accounting for 12.7% of jobs almost double the state average of 6.9%. Other important employment sectors include Retail (13.6%), Construction (9.5%) and Education (8.4%).

- Tourism: Tourism is a significant economic sector for Victor Harbor. As of 2019 the tourism industry was estimated to support approximately 12.7% of all jobs and 9.4% of total economic output for the local area. This is significantly higher than for South Australia where tourism accounted for 6.9% of all jobs and 4.2% of output for the state. In total, Victor Harbor had 1.2 million visitors in 2019/20, of these 80% or 967,000 were domestic day trip visitors, 19% or 227,000 were domestic overnight visitors, and 1% or 10,000 were international overnight visitors.
- Tourism Forecasts: State government has produced forecasts for the tourism industry in the Fleurieu Peninsula, which includes the municipalities of Victor Harbor, Alexandrina, Yankalilla and Onkaparinga. Forecasts indicate the economic value of the industry will increase from \$509 million in 2020 to \$807 million by 2030, average growth of 4.7% per year.
- Arts and recreation services: Approximately 0.4% of employment in Victor Harbor is in the arts and recreation services industry, compared to 0.7% in South Australia. This indicates an under-representation of the industry in Victor Harbor. The Project provides an opportunity to improve the provision of arts and recreation services for the local community. Analysis of Australian Business Register Data (ABR) further reveals that there are approximately 79 registered arts related businesses within Victor Harbor which range from art dealers, arts education, artists and venue operators, many of whom would benefit from improved arts and culture infrastructure.

5 Cost Benefit Analysis

This Chapter provides an overview of the Cost Benefit Analysis (CBA) completed for the Project. CBA involves the systematic evaluation of social, economic and environment costs and benefits of a project expected to occur over its lifetime. The quantified costs and benefits of the Project over its lifetime are discounted to present day values to demonstrate if project costs exceed expected projects benefits and make an overall positive contribution to society.

5.1 Outcome Summary

The proposed \$24.4 million investment in the Victor Harbor Arts and Culture Centre seeks to transform the existing facility into high quality, contemporary Arts and Culture Centre for the benefit of residents, workers and visitors to Victor Harbor. It will enable a variety of art forms to showcase and exhibit in Victor Harbor and contribute to the public amenity and activation of the CBD.

Design and delivery of the Project will generate a range of direct and indirect social and economic outcomes. A summary of the key outcomes the project is expected to generate is summarised in **Table 5.1** below. This includes the type of outcome, bearer of the outcome, how often it will occur and if the outcome is quantifiable.

Table 5.1: Outcome Summary

Impact	Type	Bearer	Frequency	Quantifiable
Benefit				
Increased number of visitors	Economic	Local businesses	Ongoing	Yes
Increased tourism expenditure	Economic	Local businesses	Ongoing	Yes
Earned revenue from operations	Economic	Council	Ongoing	Yes
Preserve and enhance local built heritage	Social	Community	Ongoing	Yes
Offset existing and planned building maintenance costs	Economic	Council	Ongoing	Yes
Potential opportunities for further studies and adult education	Social/Economic	Community	Ongoing	Yes
Improved rates of social inclusion	Social	Community	Once	Yes
Improve access to facilities	Social	Community	Ongoing	Yes
Assist CBD precinct development	Social	Local businesses	Ongoing	No*
Improve local branding	Social/Economic	Community/economy	Ongoing	No*
Support local artists, community groups and arts related industries	Economic	Community and local artists and arts businesses	Ongoing	No*
Cost				
Capital expenditure	Economic	Government/Council	Once	Yes
Operational expenditure	Economic	Council	Ongoing	Yes

Source: Ethos Urban

Note: (*) Level of impact unable to be quantified

As outlined above, the project is expected to generate a range of direct and indirect social and economic benefits. A short description of the expected key benefits generated by the project that have been quantified in 2021 dollars and are shown in **Table 5.2**. These measured benefits will form part of the Benefit Cost Ratio (BCR) and are considered appropriate to assist assessment of the project.

Table 5.2: Project Benefits

Benefit	Type	Description	Measure
Increased number of visitors	Economic	The Victor Harbor Arts and Culture Centre will serve as a new, and noteworthy, attraction for the region. It is expected that the development will attract new and repeated visits from domestic tourists across the region and Adelaide. The estimated uplift in visitor numbers to the region, as a result of the project, is estimated to at: - between 2025 and 2034 a 0.125% increase in the average annual growth rate for domestic overnight and 0.25% increase in the average annual growth rate for day visitors - between 2035 and 2044 a 0.0125% increase in the average annual growth rate for domestic overnight and 0.125% increase in the average annual growth rate for domestic day visitors - return to trend growth rates between 2045 and 2054.	An additional 48,000 of new visitors, per annum, to the region by 2054
Increased tourism expenditure	Economic	Additional visitors to the region will increase expenditure in the local economy on items such as retail, events, food and beverage, and entertainment.	An additional \$4.8 million of visitor expenditure, per annum, within Victor Harbor by 2054
Earned revenue	Economic	Earnings from operations of the Victor Harbor Arts and Culture Centre. This includes revenue associated with Box Office ticket sales, rentals, food and beverage sales etc.	\$1.77 million by year five of operation
Improved rates of social inclusion	Social	The Victor Harbor Arts and Culture Centre will host performances, exhibitions and events which will help bring the community together. In this way the project will improve rates of social engagement and inclusivity community broadly and parts of the community such as migrants, older persons and those living in lone person households. Increased rates of social interaction and inclusivity and have been found to significantly improve the mental, physical and general health of the community in particular; migrants and older persons. This improvement is measured in change to Quality of Adjusted Life Years (QALYs) which can then be measured in dollars.	\$4,670,818 single year benefit
Improve access to facilities	Social	The Victor Harbor Arts and Culture Centre will deliver a venue that is easily accessible for residents. Many residents currently need to travel to venues outside the region, such as those in Noarlunga, to host/attend events like school performances, formals or touring performances and exhibitions. Operation of the Victor Harbor Arts and Culture Centre will mean residents no longer need to travel so far. This will result in an economic benefit of reduced travel time and reduced vehicle operating costs for the avoided travel.	\$146,366 of travel time savings per annum \$137,606 of vehicle operating cost savings per annum
Preservation and	Social	The Project will help preserve and enhance the heritage listed town hall, institute buildings and cinema.	\$23,095 per annum

Benefit	Type	Description	Measure
enhancement of local built heritage		Preservation, enhancement and improved access to local built heritage improves intangible social values such as aesthetic, historic, symbolic and community identity.	
Potential opportunities for further studies and adult education	Social/Economic	The Project provides a commercial space that could be occupied by a tertiary or adult education provider. This would consolidate the precinct's role as a place for people to gather, visit and learn. Should a tertiary education provider operate from the proposed development it will improve local residents' access to education. Research demonstrates obtaining tertiary education results in a 30% increase in an individual's total earning potential.	\$44,435 per annum
Offset existing and planned building maintenance costs	Economic	To operate the of the existing facilities requires ongoing building operation and maintenance. The proposed development would provide the latest standard of lighting, materials and enable the most building operations. These efficiencies would likely result in a reduction in annual building operation and maintenance costs. It also understood that without the Project major building restoration and upgrades is likely to be required at some point in the next 30 years.	\$50,000 per annum in maintenance offset \$5,000,000 conservative estimate of major upgrades and refurbishments avoided by the Project

Source: Ethos Urban analysis utilising information and research from Victor Harbor City Council, Randal Arts Management, Transport for NSW, *Economic Parameter Values*, 2019, Tourism Research Australia, 2020, Deloitte Access Economics, *The economic benefits of improving social inclusion*, 2019 and SGS Economics and Planning, *The economic value of built heritage in the city of Adelaide*, 2018.

5.2 Non-quantifiable Benefits

Non-quantifiable benefits to be generated by the project include the following:

- **CBD precinct development and local branding:** The Project will contribute to the vitality and diversity of activity within Victor Harbor's CBD. Delivered in conjunction with Council's other place making initiatives, the Project will help support a diverse range of community events and activities that will see it become an integral part of the town centre. This support to place-making will add to the place-branding opportunities for Victor Harbor which will help increase the towns recognition and visibility as a desirable place to visit, live and work.
- **Support local artist, community groups and arts related industries.** The Project will help bring new events and arts related activities to Victor Harbor that would otherwise not occur due to a lack of adequate facilities. With more productions and events coming to Victor Harbor it provides greater opportunities for local artists and arts-related industries to be a part of, or support, these activities making it more sustainable for the arts and cultural industry to be present in Victor Harbor.

The Project will also provide new spaces and opportunities for community groups to gather and host events and meetings. This will indirectly support community groups and may increase community participation.

5.3 Quantifiable Costs

The identified costs associated with the project relate to construction and operation of the project. A short description of the expected key costs generated by the project, in 2021 dollars, that will form part of the CBA is shown in **Table 5.3**. These measured costs will form part of the Benefit Cost Ratio (BCR) and are considered appropriate to assist Government's review of the costs of the project.

Table 5.3: Project Costs

Cost	Type	Description	Measure
Construction costs	Economic	Costs associated with the construction of the Victor Harbor Arts and Culture Centre	\$24,386,000
Operational costs	Economic	Costs associated with the operation and running of the proposed development	\$2,064,711 per annum from year 5

Source: Victor Harbor City Council and Randall Arts Management, 2021.

5.4 Cost Benefit Analysis Results

Utilising the quantified benefits and costs of the project, as outlined above, a preliminary CBA has been prepared utilising the following parameters:

- An asset life of 30 years
- Base year for the assessment of 2021
- A discount rate of 7%
- Construction of the project commences in 2023 and is completed by December 2024
- Precinct is operational by 2025
- Cost of construction is evenly distributed over the construction period.

Results of the CBA of the project, at varying discount rates, are outlined **Table 5.4:** below.

Table 5.4: Cost Benefit Analysis Results

Discount rate	Benefit Cost Ratio
3%	1.58
7%	1.25
10%	1.05

Source: Ethos Urban analysis

Note: IRR and NPV (at discount rate of 7%) was estimated to be 11.0% and \$11,303,354 respectively.

From the above table it is evident that the project is expected to generate a significant benefit to the surrounding community and economy. The project generates a Benefit Cost Ratio of 1.25 at a discount rate of 7%.

The value of the project is further demonstrated by the fact that it maintains a BCR above 1 at a discount rate of 10%. In effect, the project is demonstrated to have a very robust cost benefit result which delivers a community benefit.

The CBA outlined above utilises local information and measures where possible, although a number of benefits are unable to be quantified, as outlined in **Table 5.1**. For this reason, the CBA is considered a conservative estimate and is likely to generate a greater return for the surrounding community and economy.

6 Economic Impact Assessment

Estimates of the economic contribution of the Project have been prepared for the following components:

- **Construction Phase:** Economic activity during the construction phase of the project which will be spread across the two-year construction program.
- **Operational Phase:** Ongoing economic activity once the redevelopment project is completed.

The economic impacts of both phases have been estimated according to the **direct**, or project specific outcomes. **Indirect** impacts are also assessed, allowing for the effects of economic multipliers. These forecasts of economic impacts have been prepared with input-out modelling from demographic and economic consulting firm REMPLAN.

According to the analysis summarised in **Table 6.1**, the construction phase is expected to directly deliver:

- Direct output (spending) of \$12.2 million per year over the two-year construction phase.
- Full-time equivalent (FTE) employment of 28 jobs supported per year over the two-year construction phase.
- A total direct value-add to the economy of \$3.6 million per year over the two-year construction phase.

When the multipliers are taken into account, total state economy-wide effects over the construction program are forecast to be:

- Output (spending) of \$33.8 million per year over the two-year construction phase.
- Full-time equivalent (FTE) employment of 93 job years supported per year over the two-year construction phase.
- A total direct value-add to the economy of \$12.7 million per year over the two-year construction phase.

Clearly, the construction program will deliver a substantial boost to building and trades sector in Victor Harbor, with wider impacts across the broader economy, including support to arts, retailing, hospitality and other activities.

On completion of the Victor Harbor Arts and Culture Centre, the operational phase is expected to deliver the following benefits:

- Direct output (spending) of \$5.9 million per annum. This is from two sources, the average additional visitor expenditure to Victor Harbor as a result of the Project, and the revenue generated from operation of the centre including the cinema, event hosting, food and beverage sales etc. These spending estimates are calculated from stable operation of the asset in year five to the end of the asset's life, 2054 (30 years).
- Full-time equivalent (FTE) employment of ongoing 43 jobs.
- A total direct value-add to the economy of \$2.6 million per annum.

When the multipliers are taken into account, total ongoing economy-wide effects are forecast as follows:

- Output (spending) of \$14.0 million per annum.
- Full-time equivalent (FTE) employment of 70 jobs supported across South Australia; most will be in the township of Victor Harbor.
- A total direct value-add to the economy of \$6.4 million per annum.

Table 6.1: Economic Impact Summary

Construction Phase (per year over the two-year construction phase)			
	Direct		Direct
Output (\$M)	\$12.2	Output (\$M)	\$12.2
Employment (FTE)	28	Employment (FTE)	28
Value Added (\$M)	\$3.6	Value Added (\$M)	\$3.6
Operation Phase (avg. annual over the life of asset, starting in year 5)			
	Direct		Direct
Output (\$M)	\$5.9	Output (\$M)	\$5.9
Employment (FTE)	43	Employment (FTE)	43
Value Added (\$M)	\$2.6	Value Added (\$M)	\$2.6

Source: Ethos Urban analysis utilising data and information from REMPLAN.

The above economic benefits are substantial in the context of the Victor Harbor economy (direct impacts) and also deliver wider economic benefits (indirect impacts) within and beyond the Fleurieu Peninsula region.

7 Key Findings and Recommendations

This report demonstrates that the proposed Victor Harbor Arts and Culture Centre will generate significant social and economic benefits for the surrounding community and economy. By undertaking an assessment of the likely costs and benefits of the project, this assessment shows the following outcomes:

- 1 Key direct and indirect social and economic generated by the project are anticipated to be:
 - Increase the number of visitors to the region
 - Improve access for residents to arts and culture activities and facilities
 - Improve social interaction and inclusivity
 - Preserve and enhance local built heritage
 - Offset existing and planned building maintenance costs
 - Provide potential opportunities to access tertiary and adult education
 - Improve Victor Harbor's local branding and lifestyle as a desirable place to live and work; and
 - Support the development of local artists and art related industries.
- 2 Utilising the quantified benefits and costs of the project, and applying industry standard parameters of assessment the Project generates Benefit Cost Ratio (BCR) of 1.25 at a discount rate of 7%.
- 3 The overall Project is also expected to support approximately 93 FTE jobs (direct and indirect) per year over the two-year construction period, and 70 FTE jobs (direct and indirect) once in operation. These jobs will be in arts, retailing, hospitality and other sectors. The project, once operational, is estimated to contribute an average of approximately \$6.4 million to the South Australian economy each year.

Based on this cost benefit and economic impact assessment it the Project will generate significant social and economic benefits above project costs.

Attachments

Attachment Table A: Victor Harbor Historical and Projected Population Levels, 2019 to 2041

	2019	2021	2026	2031	2036	2041
Population (no.)						
Victor Harbor (C)	15,470	15,870	16,830	17,730	18,600	19,540
Alexandrina (DC)	27,430	28,200	30,290	32,220	34,080	35,800
Yankalilla (DC)	5,570	5,730	6,160	6,570	6,940	7,290
South Australia	1,752,680	1,782,750	1,856,040	1,926,060	1,990,990	2,051,240
Annual Growth (no.)						
Victor Harbor (C)		200	190	180	170	190
Alexandrina (DC)		390	420	390	370	340
Yankalilla (DC)		80	90	80	70	70
South Australia		15,040	14,660	14,000	12,990	12,050
Annual Growth (%)						
Victor Harbor (C)		1.3%	1.2%	1.0%	1.0%	1.0%
Alexandrina (DC)		1.4%	1.4%	1.2%	1.1%	1.0%
Yankalilla (DC)		1.4%	1.5%	1.3%	1.1%	1.0%
South Australia		0.9%	0.8%	0.7%	0.7%	0.6%

Source: ABS, Regional Population; DPTI, Plan SA; Ethos Urban

Note: Figures have been rounded.

Attachment Table B: Victor Harbor (C), Employment and Output by Industry (Incl Tourism), 2019

Category Industry Sector	Victor Harbor (C)				South Australia	
	Employment (No.)	Share	Output (\$m)	Output (% Share)	Employment (% Share)	Output (% Share)
Health Care & Social Assistance	964	21.0%	\$111.6	10.4%	15.3%	5.9%
Retail Trade	621	13.6%	\$65.1	6.1%	9.8%	3.4%
Tourism	582	12.7%	\$100.3	9.4%	6.9%	4.2%
Construction	434	9.5%	\$186.4	17.4%	7.8%	11.4%
Education & Training	386	8.4%	\$46.1	4.3%	8.3%	3.8%
Public Administration & Safety	219	4.8%	\$39.0	3.6%	7.3%	5.2%
Other Services	212	4.6%	\$26.6	2.5%	4.0%	1.7%
Agriculture, Forestry & Fishing	198	4.3%	\$53.8	5.0%	4.1%	4.2%
Administrative & Support Services	184	4.0%	\$42.2	3.9%	3.4%	2.5%
Professional, Scientific & Technical Services	171	3.7%	\$43.5	4.1%	5.7%	4.8%
Accommodation & Food Services	118	2.6%	\$17.9	1.7%	3.7%	1.6%
Manufacturing	92	2.0%	\$38.1	3.6%	8.0%	18.0%
Financial & Insurance Services	85	1.9%	\$57.1	5.3%	2.8%	5.9%
Transport, Postal & Warehousing	83	1.8%	\$23.3	2.2%	3.7%	3.8%
Rental, Hiring & Real Estate Services	74	1.6%	\$40.1	3.7%	1.2%	2.3%
Wholesale Trade	59	1.3%	\$22.1	2.1%	2.9%	3.5%
Information Media & Telecommunications	39	0.9%	\$16.7	1.6%	1.3%	2.5%
Electricity, Gas, Water & Waste Services	34	0.7%	\$29.6	2.8%	1.3%	3.5%
Arts & Recreation Services	20	0.4%	\$2.6	0.2%	1.1%	0.7%
Mining	3	0.1%	\$1.2	0.1%	1.2%	4.5%
Ownership of Dwellings	3	0.1%	\$107.5	10.0%	0.1%	6.6%
Total	4,581	100.0%	\$1,070.7	100.0%	100.0%	100.0%

Source: REMPLAN

Note: Figures have been rounded.

Attachment Table C: Victor Harbor (C), Socio-Demographic Profile, 2016

Category	Victor Harbor (C)	Alexandrina (DC)	Yankalilla (DC)	South Australia
<u>Income</u>	-	-	-	-
Median individual income (annual)	\$25,070	\$27,190	\$25,830	\$31,290
<i>Variation from South Australia median</i>	-19.9%	-13.1%	-17.4%	na
Median household income (annual)	\$43,530	\$51,680	\$48,530	\$63,090
<i>Variation from South Australia median</i>	-31.0%	-18.1%	-23.1%	na
<u>Age Structure</u>	-	-	-	-
Median Age (years)	57.5	50.2	53.5	40.1
<u>Country of Birth</u>	-	-	-	-
Australia	79.7%	82.5%	81.0%	76.9%
Other Major English Speaking Countries	15.3%	13.1%	14.4%	8.8%
Other Overseas Born	5.0%	4.4%	4.6%	14.2%
% speak English only at home	96.6%	97.3%	97.3%	82.7%
<u>Household Composition</u>	-	-	-	-
<i>Couple family with no children</i>	40.1%	37.0%	38.6%	27.4%
<i>Couple family with children</i>	16.9%	23.6%	19.9%	28.8%
Couple family - Total	57.0%	60.7%	58.5%	56.2%
One parent family	8.2%	8.9%	7.7%	11.2%
Other families	0.6%	0.6%	0.2%	1.0%
Family Households - Total	65.7%	70.2%	66.4%	68.4%
Lone person household	32.4%	27.8%	31.3%	28.1%
Group Household	1.9%	2.1%	2.2%	3.5%
<u>Dwelling Structure (Occupied Private Dwellings)</u>	-	-	-	-
Separate house	88.1%	94.6%	92.8%	78.2%
Semi-detached, row or terrace house, townhouse etc.	9.7%	2.6%	2.5%	14.8%
Flat, unit or apartment	1.7%	1.6%	2.3%	6.6%
Other dwelling	0.5%	1.2%	2.3%	0.4%
<i>Occupancy rate</i>	71.0%	69.3%	57.2%	87.4%
Average household size	2.1	2.3	2.2	2.4
<u>Tenure Type (Occupied Private Dwellings)</u>	-	-	-	-
Owned outright	48.0%	41.7%	44.3%	33.0%
Owned with a mortgage	24.5%	34.9%	34.3%	36.3%
Rented	24.4%	21.2%	20.2%	29.3%
Other tenure type	3.1%	2.1%	1.1%	1.4%
<u>Non-school Qualifications</u>	-	-	-	-
Postgraduate degree	4.0%	3.7%	4.7%	7.8%
Graduate diploma or certificate	3.3%	3.5%	3.7%	3.8%
Bachelor degree	19.8%	19.6%	19.4%	27.8%
Advanced diploma or diploma	20.5%	20.3%	21.1%	17.7%
Certificate	52.4%	52.9%	51.3%	42.9%
% of persons with non-school qualifications (persons 15 years and above) - excludes not-stated and inadequately described	43.9%	46.2%	45.1%	47.0%

Source: ABS, *Census of Population and Housing 2016*