Wangaratta Performing Arts Centre

Economic Impact Assessment

FINAL REPORT

Prepared for

Arts Victoria

By

Essential Economics Pty Ltd

October 2013
Authorship

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<tr>
<th>Report stage</th>
<th>Author</th>
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<th>Review</th>
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<td></td>
<td>Andrew Rossiter</td>
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<td>Andrew Rossiter</td>
<td>30 August 2013</td>
<td>John Noronha</td>
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EXECUTIVE SUMMARY

1. Background

The Wangaratta Performing Arts Centre (WPAC) is an $8.5 million development which has been operational since 2009. The new WPAC replaced the facility which was previously located on the site. The new facility was jointly funded by Federal, State and local government stakeholders, and provides a significantly larger, higher quality and more flexible venue compared to the facility previously located on the site.

WPAC has been a focal point for the community for generations, but the previous facility was increasingly rundown and not capable of accommodating major performances and events such as the Wangaratta Jazz Festival.

In view of the prohibitive costs of repair and restoration of the facility, Wangaratta Council determined a new building was required, and it received funding support from the State Government for the construction of modern performing arts centre.

The $8.5 million development, which was constructed on the original site, provides a significantly enhanced offer for performers, users and visitors, including a 530-seat raked theatre, memorial hall, conference room, café and bar and gallery spaces.

The new WPAC now hosts a considerably higher number of performances (almost half of which are touring performances), as well as hosting approximately 100 conferences and events each year and developing new partnerships with community users.

It is widely acknowledged that increased performing arts and events activity at the contemporary WPAC and in the broader arts precinct has stimulated new economic activity for Wangaratta through the WPAC’s operations, and through visitor spending at restaurants, cafes, accommodation facilities, in retail, and so on. However, to date an economic assessment of the benefit of the investment in the new venue has not been formally undertaken.

Reflecting this background, Arts Victoria commissioned Essential Economics Pty Ltd to undertake a detailed Economic Impact Assessment of the new WPAC to ascertain net benefits arising from the investment.

Specifically, the reporting years for 2006/07 and 2011/12 have been selected as periods to compare pre and post (or ‘before’ and ‘after’) development outcomes. These years represent periods either side of construction when the WPAC was operational for an entire 12-month period and where the best quality of data was available.

A separate Cultural Impact Study has also been commissioned by Arts Victoria to explore social and community impacts arising from the development.

2. Catchment

A catchment developed for this Economic Impact Assessment is based on WPAC usage patterns (performing arts and conference/events) and competing regional facilities. The catchment area comprises a radius of approximately 100km from the WPAC, and the catchment includes approximately 187,000 residents.
Visitor spending associated with the activities of the WPAC which is generated from outside the catchment area is considered to be new spending brought into the region, whereas spending originating from within the region catchment is considered to be substitute spending (ie expenditure that already existed in the economy).

3. Construction Impacts

Regional construction firm Hansen & Yucken were awarded the contract for the project and employed many workers from northern-Victoria, including workers from Wangaratta.

The construction phase of the WPAC project involved investment of $8.5 million for demolition, construction, fit out, design and other costs.

This investment supported 50 direct EFT jobs and 80 indirect EFT jobs over the construction period.

Of these 130 direct and indirect EFT jobs, 70 EFT jobs are estimated to have been taken up by regional workers and this includes a 25% allocation of indirect jobs.

4. Operational Trends

The WPAC generates revenue through performance ticket sales, conference and events hire fees, café rent and commission and merchandise sales, sponsorships and donations. However, like most regional performing arts centres in Victoria, annual funding support is required from Council and the State Government (Arts Victoria) to cover operational costs.

In 2011/12 the WPAC generated approximately 35% of total revenue through commercial activities, with the remaining 65% coming through Council and State subsidies, sponsorships and donations.

The number of performances, conferences and events and attendees to the WPAC has increased significantly, generating approximately 3 new jobs (directly associated with the WPAC) and significant new expenditures for the Wangaratta and regional economies through increased visitor spending. The main features are summarised in the following Table.

---

<table>
<thead>
<tr>
<th>WPAC Operational Trends 2006/07 and 2011/12</th>
<th>2006/07</th>
<th>2011/12</th>
<th>Change 2006/07 to 2011/12</th>
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</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$250,000</td>
<td>$1,689,000</td>
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<td>Earned revenue</td>
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<td>WPAC employment</td>
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<tr>
<td>Performances</td>
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<td>+56</td>
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<tr>
<td>Performance attendance</td>
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<td>+$130,000</td>
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<td>$144,000</td>
<td>+$100,000</td>
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<tr>
<td>Sponsorship revenue</td>
<td>$8,000</td>
<td>$68,000</td>
<td>+$60,000</td>
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</tbody>
</table>
5. **Economic Impact Assessment**

The following net economic benefits (for 2011/12) are identified from the new WPAC:

- New regional visitation of approximately 5,200 persons associated with arts performances (either attendees or performers), conferences and events.

- Regional visitor spending of approximately $1.60 million (direct and indirect), benefiting a wide range of regional businesses including accommodation providers, cafes and restaurants, pubs, food and wine producers, and retailers.

- New employment of 19.5 EFT, including 2.75 EFT directly associated with the facility, and the balance involved indirectly through suppliers and visitor spending etc.

- Return on investment is likely within 5-5.5 years, based on operational performance continuing at levels achieved in 2011/12.

- In 2011/12, for every dollar of operational subsidy provided jointly by State and Council, one dollar and eighty cents was generated for the regional economy (benefit cost ratio of 1.8:1).

6. **Other Economic Impacts**

A number of important non-quantifiable economic benefits associated with the new WPAC have been identified, and these include at least the following:

- Improved patronage to the broader arts precinct, with the Wangaratta Arts Gallery in particular experiencing a considerable uplift in attendance.

- Significant increase in volunteer levels, with volunteer hours increasing over tenfold from the predevelopment situation, generating the equivalent of $28,000 in wages.

- Consolidation of commercial and community partnerships and development of new partnerships.

- Increased national and state exposure for Wangaratta and the region in the media.
INTRODUCTION

Background

The Wangaratta Performing Arts Centre (WPAC) is an $8.5 million development which has been operational since 2009, and which replaced the former facility located on the site. The new facility was jointly funded by Federal, State and local government stakeholders and provides a significantly larger, higher quality and more flexible venue compared to the previous facility.

WPAC is a multi-purpose facility and major regional venue for the performing arts and for hosting conferences and events (such as the Victorian Planning Conference and the Wangaratta Jazz Festival). Through its integration with other cultural assets, such as the Wangaratta Arts Gallery and Wangaratta Library, WPAC contributes to arts and cultural development for the benefit of the Wangaratta community, the region, and visitors.

It is widely acknowledged that increased performing arts and events activity at the contemporary WPAC and in the broader arts precinct has stimulated new economic activity for Wangaratta through the WPAC’s operations, and through visitor spending at restaurants, cafes, accommodation facilities, in retail, and so on. However, to date an economic assessment of the benefit of the investment in the new venue has not been formally undertaken.

Reflecting this background, Arts Victoria commissioned Essential Economics Pty Ltd to undertake a detailed Economic Impact Assessment of the new WPAC to ascertain net benefits arising from the investment.

Specifically, the reporting years for 2006/07 and 2011/12 have been selected as periods to compare pre and post (or ‘before’ and ‘after’) development outcomes. These years represent periods either side of construction when the WPAC was operational for an entire 12-month period and where the best quality of data was available.

A separate Cultural Impact Study has also been commissioned by Arts Victoria to explore social and community impacts arising from the development.

Objectives

The purpose of this economic analysis is:

- To assess economic benefits associated with the development of WPAC
- To estimate net operational benefits arising from the facility
- To quantify net economic benefits to the region such as employment and visitor spending
- To identify, and where possible, quantify other benefits associated with the development, such as increased volunteerism, community partnerships etc.
Consultation

This study has been underpinned by stakeholder consultation which has contributed to an in-depth understanding of how WPAC’s operations - including investment flows, employment levels, visitor numbers and spending etc – impact on the wider community.

Consultation involved a series of targeted face-to-face interviews with local business operators, including accommodation providers, café and restaurant owners, tourism operators, and contractors and suppliers.

Meetings were also held with relevant staff from Council, including representatives from WPAC Venue and Facilities Management, Council’s Economic Development Unit and Tourism Development Unit, as well as Regional Tourism Agencies, such as North East Tourism.

A summary of the consultation findings is provided in Appendix A, and relevant findings have been incorporated into the subsequent analysis.

This Report

This report contains the following chapters:

Chapter 1: Project Description – Provides an overview of the history of the WPAC, the need for the redevelopment, details of the process and design for the new facility, and the role and function of the WPAC today.

Chapter 2: Wangaratta Performing Arts Centre Catchment – Provides a description of the catchment used for the analysis with reference to Wangaratta’s strategic location, WPAC usage patterns and competing regional facilities.

Chapter 3: Construction Impacts – Provides details of the construction costs, tender process, as well as estimates for employment supported during the project and regional business participation.

Chapter 4: Operational Trends – Provides an assessment operational trends, including costs and revenues, employment levels, number of performances and events hosted, sponsorships etc. The analysis comments on trends on a ‘before’ and ‘after’ basis to allow net operational changes associated with the redevelopment to be identified.’

Chapter 5: Economic Impact Assessment – Presents a net economic assessment of the impact of the redevelopment on employment (direct and indirect), visitation, visitor spending, flow-on impacts to local businesses, project rate of return, and benefit/cost ratio for operational subsidy.

Chapter 6: Other Economic Impacts – Presents a summary of other impacts such as benefits to the broader arts precinct, increase in volunteerism, partnership building, and improved marketing profile for the region.
1 PROJECT DESCRIPTION

1.1 Introduction

This Chapter provides an overview of the Wangaratta Performing Arts Centre (WPAC) facility, including its role as a multi-purpose venue in providing for a range of a commercial and community performances, events and activities. Background context and the rationale for the development of the facility are also provided.

1.2 The Need for a New Facility

Wangaratta has a long history of support for the performing arts. The city is famous for jazz through the ‘Wangaratta Festival of Jazz’. The festival is a three-day event which has been running since 1990 and has expanded to include 90 events, over 350 artists and around 20,000 visitors.

The original Wangaratta Arts Centre was located on the south-western corner of the Ovens Street and Ford Street intersection and comprised a Town Hall (642 seats) and a Playhouse Theatre (195 seats). Built in 1963, the centre was a flat floor venue, which “was poorly equipped and lacked practically all infrastructure provision”, according to the 1997 Oh, You Beautiful Stage audit, commissioned by Arts Victoria.

The result was a steady decline in professional arts programming, with the centre being used increasingly for community functions only. Additionally, as the Wangaratta Festival of Jazz expanded, significant extra costs were being incurred by using the old venue, through the need to hire in additional equipment.

The 1997 audit found that a minimum of $4.8million in remedial works was required at the Wangaratta Arts Centre; however, even if the remedial works were undertaken, the venue would still fail to meet most industry benchmarks.

In 2006, the Rural City of Wangaratta applied for a State government funding grant for the construction and development of a new performing arts centre on the same site as the original centre. The application was made to Regional Development Victoria, through the Regional Infrastructure Development Fund (RIDF).

The RIDF assessment found that:

- The facilities at the Wangaratta Arts Centre were falling well short of current industry standards
- There was a notable gap in the physical infrastructure of performing arts facilities in North-Eastern Victoria
- The major ‘flagship’ cultural event in Wangaratta, the Wangaratta Jazz Festival, was incurring significant extra costs by using the old venue through the need to hire in additional equipment
- The proposed WPAC facility was part of a network of performing arts facilities in regional Victoria and was of strategic significance.
1.3 WPAC Redevelopment

The Rural City of Wangaratta conducted a design competition for the project. The winning design, Harmer Architecture, proposed total removal of original Arts Centre so that street frontages could be enhanced and integrated with the emerging arts precinct.

The proposal emphasised an open appearance to foyers and public areas, such as the café, that would invite visitors to enter the building and at the same time would integrate with the neighbouring Anglican Cathedral and the Exhibitions Gallery.

Construction of the Harmer-designed facility commenced in April 2008 and lasted until August 2009, a period of approximately 18 months.

The layout and images of the new centre are shown in Figures 1.1 and 1.2, and include the following facilities:

- **Alpine Theatre**: accommodates 530 tiered seats, including 154 balcony seats. The Theatre and backstage facilities include a greenroom (with facilities for dance company warm ups), six dressing rooms, and accessible shower and laundry facilities.

- **Memorial Hall**: provides a 350m² flat-floor function facility providing space for 572 seated guests or 300 guests for dining. The facility includes dance floor, kitchen and, when conjoined with the marque, can seat up to 800 persons theatre-style or 500 guests for dining.

- **Café and Theatre Bar**: provides seating for 40-60 people (indoor and outdoor)

- **Conference Room**: provides seating for up to 70 persons and is used for meetings, training, workshops, and presentations. Overall conferencing facilities (including use of conference room, theatre and hall) represent a considerable improvement in capacity and quality compared to facilities available at the former Arts Centre.

- **Two Foyers**: used for pre-show/pre-dinner drinks, registrations and receptions, trade displays and merchandise displays.

- **Box Office**: used for ticket sales and incorporates venue management office space

- **Loading Dock**: provides efficient access to performance spaces
Figure 1.1 WPAC Venue Layout

Source: Wangaratta Performing Arts Centre
1.4 Role and Function Today

WPAC has been operational since September 2009 and continues as a service unit of the Rural City of Wangaratta.

As a multi-purpose facility, WPAC is a major regional venue for the performing arts and the conferences/events market.

WPAC has a comprehensive performing arts program, including touring shows of music, drama, comedy and dance, a seniors’ festival, children’s programs, and the Wangaratta Festival of Jazz. WPAC is considered an active performing arts ‘presenter’, with an increasing number of co-productions and entrepreneurial programming, as opposed to commercial ‘hire-in’. Over 100 performances were held at the WPAC in 2011/12, approximately 45% of which were touring performances.
The centre also hosts a number of conferences and events, including State and National Conferences such as the Victorian Planning Conference, and Rotary and Lions Club conferences. Approximately 180 conferences and events were held at WPAC in 2011/12.

WPAC also plays a valuable community role through partnerships with schools, further-education organisations, and Wangaratta Library. In recent times, the WPAC’s ability to service the community has increased by greater operational flexibility which allows for dual programming of events. Approximately 33% of all WPAC events are school-based performances or functions.

Additionally, through its integration with other cultural assets such as the Wangaratta Arts Gallery and Wangaratta Library, WPAC contributes to arts and cultural development for the benefit of the Wangaratta community and visitors. The café and coffee bar situated within WPAC is now a meeting place for the whole community and a focal point for the surrounding arts precinct.

Anecdotally, increased performing arts and conference/events activity at the contemporary WPAC and in the broader arts precinct is understood to have stimulated new economic activity for Wangaratta in terms of visitor spending at restaurants, cafes, accommodation facilities and in retail etc, and with flow-on effects for employment and business sustainability.

1.5 Summary

- Wangaratta Performing Arts Centre has been a focal point for the community for generations; however, the previous facility was increasingly rundown and not capable of accommodating major performances and events such as the Wangaratta Jazz Festival.

- In view of the prohibitive costs of repair and restoration of the facility, Wangaratta Council determined that a new building was required, and Council received funding support from the State Government for the construction of a modern performing arts centre.

- The $8.5 million development, which was constructed on the original site, provides a significantly enhanced offer for performers, users and visitors including a 530 seat-raked theatre, memorial hall, conference room, café and bar and gallery spaces.

- The new WPAC now hosts a considerably larger number of performances (almost half of which are touring performances), as well as hosting approximately 100 conferences and events each year and developing new partnerships with community users.

- Anecdotally, this increased level of activity in and around the WPAC appears to have stimulated new economic activity for local businesses and the community, and the broader region.

The following Chapters of this report provide detailed analysis of the economic impacts investment in the construction of the new WPAC have delivered to the region.
2 WANGARATTA PAC CATCHMENT

2.1 Wangaratta Overview

Wangaratta is Victoria’s ninth largest regional city and is well-established as the principal service centre for North East Victoria. The city is situated with access to/from the Hume Freeway, the major transport corridor between Melbourne, Sydney and Canberra and is also accessible by rail and air.

The estimated resident population in the urban area is approximately 17,960 persons in 2012, increasing by +520 residents between 2002 and 2012 at a steady rate of +0.2% pa. The estimated resident population of the wider municipality, which includes the townships of Glenrowan, Milawa, Springhurst and Peechelba, is estimated at approximately 27,120 persons, in 2012.

Wangaratta also serves as a regional centre for residents of Alpine Shire, Benalla Rural City, and Indigo Shire, as well as a portion of the residents of Mansfield Shire and Moira Shire.

Wangaratta is centrally located as a ‘gateway’ to surrounding food and wine regions, as well as the Victorian Alps. It is situated in proximity to numerous wineries around Rutherglen, as well as the gourmet food and wine region around Milawa, Oxley and Tarrawingee. The Victorian Alps and the ski resorts of Mt Hotham, Falls Creek and Mt Buffalo are also close by.

Wangaratta, therefore, attracts broad visitor demographic, including those seeking food and wine experiences, nature-based experiences (skiing, cycling, fishing and bushwalking), and cultural experiences through such events as the Wangaratta Festival of Jazz.

2.2 Other Performing Arts Facilities in the Region

WPAC is part of a wider performing arts network which services north-east Victoria. Other dedicated performing arts complexes (either competing or complementary) are outlined below.

Albury/Wodonga

The Albury Entertainment Centre has a capacity of 850 seats, however it is not an active performing arts presenter, and the majority of programming is commercial ‘hire-in’ rather than entrepreneurial programming by venue management.

In Wodonga a small 160 seat venue, “the Butter Factory”, is in operation run by Hothouse Theatre Company.

More recently, the Wodonga Cube, a 410 seat venue also designed by Williams Ross Architects, has been developed. The “Cube” opened in August 2012, and is therefore excluded from the subsequent catchment/impact analysis.
Benalla

Located on the Goulburn Ovens TAFE campus on the outskirts of the Benalla urban area, the 400 seat theatre has been operational since 2002. This venue offers a modest professional program.

Shepparton

The Eastbank Centre opened in 2001, and together with the Westside Theatre at Mooroopna, is the home of Greater Shepparton City's Riverlinks performing arts program. Anecdotally, the program provides an extensive product range appealing to a wide demographic and is a major destination for touring, and maintains high-quality technical and presentation standards.

2.3 WPAC Catchment Definition

Performing Arts

The WPAC has a strong performing arts program which attracts large audiences from across north-eastern Victoria as well as parts of southern NSW.

WPAC venue management records postcode details of patrons. Analysis of 2011/12 ticket sales by postcode data shows that of the 3,500 ticket sales recorded, approximately 43% were to Wangaratta residents. Additionally 85% of ticket sales were to residents living within the 20 postal areas within a 110km travel distance from the facility. These results are summarised in Table 2.1.

It is notable that while Shepparton residents accounted for 1% of WPAC ticket sales, this represents only 0.1% of resident population. This is the lowest share of population of all the top 20 postal areas and indicates a low rate of market penetration. Shepparton is a large regional service centre itself and, with two performing arts centres, is located over 100km from the WPAC, the furthest distance of the top 20 postal areas.

On this basis, a catchment area for the WPAC, has been identified and is shown in Figure 2.1

The WPAC catchment does not extend beyond 100km (ie excludes Shepparton) and is broadly defined by Albury to the north, Yackandandah to the east, Whitfield to the south, Benalla to the west, and Yarrawonga to the north-west. The WPAC catchment has an estimated resident population of 187,000 in 2012, and this has remained relatively stable since 2006, increasing by approximately +0.2% pa.

Based on the sales data provided, approximately 84% of total tickets sold to WPAC performing arts are to residents living within the WPAC catchment. Approximately 16% are sold to people living outside this catchment, including 4.5% to Melbourne residents.
Table 2.1: Place of Residence of Patrons to WPAC Performances, 2011/12

<table>
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<th>Area</th>
<th>State</th>
<th>Count</th>
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<tr>
<td>Wangaratta (inc 3676)</td>
<td>VIC</td>
<td>1,493</td>
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<tr>
<td>Bobinawarrah</td>
<td>VIC</td>
<td>299</td>
<td>8.6%</td>
</tr>
<tr>
<td>Yarrawonga</td>
<td>VIC</td>
<td>124</td>
<td>3.6%</td>
</tr>
<tr>
<td>Benalla</td>
<td>VIC</td>
<td>119</td>
<td>3.4%</td>
</tr>
<tr>
<td>Wodonga</td>
<td>VIC</td>
<td>118</td>
<td>3.4%</td>
</tr>
<tr>
<td>Beechworth</td>
<td>VIC</td>
<td>102</td>
<td>2.9%</td>
</tr>
<tr>
<td>Boweya</td>
<td>VIC</td>
<td>101</td>
<td>2.9%</td>
</tr>
<tr>
<td>Barwidgee (Myrtleford)</td>
<td>VIC</td>
<td>93</td>
<td>2.7%</td>
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<td>Albury</td>
<td>NSW</td>
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<td>Coreen</td>
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<td>Bright</td>
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<td>Chiltern</td>
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<td><strong>Sub-total top 20 postcodes</strong></td>
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<td>2,929</td>
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<td><strong>Metropolitan Melbourne</strong></td>
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<td>155</td>
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<td><strong>Regional Victoria Other</strong></td>
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<td>274</td>
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<td></td>
<td>102</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td>3</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3,463</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Essential Economics using WPAC Venue Management data and ABS Census data
Figure: 2.1 WPAC Performing Arts Ticket Sales by postcode, 2011/12

Source: Essential Economics using MapInfo, StreetPro and WPAC Venue Management data
Conferences and Other Events

WPAC’s venue management records function details and attendance numbers for all conference and event bookings for WPAC. However, detailed postcode data for attendees is not collected.

Analysis of the function data for 2011/12 shows that the majority of conferences and events were for local or regional events (130 functions, or 96%), while larger national or state events accounted for the remainder (5 functions, or 4%). Note that school performances were excluded from the analysis.

Table 2.2 shows estimates of attendances classified according to ‘local’ (persons living with 100km of WPAC), ‘regional’ (persons living between 100km and 250km of WPAC), and ‘other’ (persons living beyond 250km of WPAC) and by type of event.

The data shows that, on average, total WPAC conferences and events comprise 70% Local, 14% Regional and 16% Other attendance. According to the type of event, this includes:

- National State-wide event attendance: 10% local residents, 10% regional residents and 80% metropolitan/other residents
- Local and Regional event attendance: 77% local residents, 14% regional residents and 9% other residents

Table 2.2: Summary of Attendance WPAC Conferences and Events, 2011/12

<table>
<thead>
<tr>
<th>Share of Attendance (%)</th>
<th>National/State Conferences and Events</th>
<th>Local/Regional Conferences and Events</th>
<th>Total Conferences and Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>10%</td>
<td>77%</td>
<td>70%</td>
</tr>
<tr>
<td>Regional (Day Trip)</td>
<td>10%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Other (Overnight Trip)</td>
<td>80%</td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Total Attendees</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Essential Economics using and WPAC Venue Management data
Note: School Performances are excluded from the above analysis

Visitor Spending

Visitor spending associated with the activities (performances, conferences and events) of the WPAC which is generated from outside the catchment area is considered to be new spending brought into the region, whereas spending originating from within the regional catchment is considered to be substitute spending (ie expenditure that already existed in the economy).
2.4 Summary

- A catchment has been developed for this Economic Impact Assessment which is based on WPAC usage patterns for performing arts and conference/events and noting the location and components of competing regional facilities.

- The WPAC catchment area comprises a radius of approximately 100km from the facility, and the catchment includes approximately 187,000 residents.

- Visitor spending associated with the activities of the WPAC which is generated from outside the catchment area is considered to be new spending brought into the region.
3 CONSTRUCTION IMPACTS

3.1 Introduction

This Chapter presents an assessment of the economic benefits of the construction phase of the WPAC development project, including the investment, direct and indirect employment, and regional businesses participation through project contracts and services.

3.1 Project Investment

The construction of the WPAC facility involved a total investment of $8.5 million (2009 dollars), which was spread over an 18 month construction phase. The total investment comprised:

- $500,000 in Commonwealth Funding
- $4,500,000 in State funding through the Regional Infrastructure Development Fund, administered by Regional Development Victoria
- $3,497,000 in Council funding from the Rural City of Wangaratta’s Capital Works Budget over two years.

A broad overview of project investment is provided in Table 3.1

Table 3.1: WPAC Investment, 2009 Dollars

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (including demolition works)</td>
<td>$7,357,000</td>
</tr>
<tr>
<td>Furniture Fittings and Equipment</td>
<td>$233,000</td>
</tr>
<tr>
<td>Design Consultants etc</td>
<td>$907,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,497,000</strong></td>
</tr>
</tbody>
</table>

Source: Rural City of Wangaratta
Note: Figures Rounded to Nearest ‘000

A significant proportion of this investment benefited local and regional businesses, including firms involved in project management, demolition and construction, transportation, etc, and this is further explored in Section 3.3.

3.2 Construction Employment

Considerable construction employment was generated during the 18-month project period. While detailed employment numbers have not been made available by the main contractor (Hansen & Yuncken), Council who coordinated closely with the contractor indicates most labour was sourced from the Albury-Wodonga area (the company’s regional base) and more locally in Wangaratta.

An estimate of likely construction employment has been made with reference to labour and capital splits.

Taking the construction investment amount of $7,357,000 as shown in Table 3.1 and allowing for a 50/50 split between labour and capital costs, a total of $3,678,500 can be allocated to
wages and salaries associated with construction investment. This 50/50 split is represents a typical labour/capital ratio for projects of this type as identified in published construction estimates such as the Rawlinson’s Construction Handbook, Davis Langdon Construction Blue Book etc.

**Direct construction employment associated with the redevelopment is estimated at 50 equivalent full-time (EFT) jobs over the lifetime of the project (rounded total).**

As the WPAC project was completed over an 18 month year period, then the equivalent of 33 full-time construction-related jobs were supported in the first full-year of the project, with the balance of 17 full-time jobs supported in the remaining part of the project (approximately 6 months).

These jobs include employment associated with labouring, machinery operation, transport and logistics, electrical installation, engineering, project management and so on. Employment estimates are based on an average annual wage of approximately $78,000 (including on-costs) for the construction sector and are derived from ABS Average Weekly Earnings, Australia, February 2009 (Cat.No.6302.0).

**An estimated 80 EFT jobs (rounded) were further supported indirectly** in the wider economy through the multiplier effect (based on multiplier of 2.6 derived from ABS Input-Output tables for category "other construction"), with some of this employment likely sourced from within the region. Based on the consultants experience in projects of this type, 25% of indirect jobs have been allocated within the region (20 jobs), this recognises a regionally-based firm was awarded the main contract with supply linkages likely to be strong within the region.

**In total, an estimated 130 EFT jobs (rounded) were supported through the direct and indirect construction activities associated with the WPAC construction over the lifetime of the project (or 100 EFT jobs per year given the project period of 18 months).**

An estimated 70 local/regional EFT jobs were created during the construction phase of the WPAC. This estimate takes into account a range of factors which include the size of the region’s labour force (particularly in the construction, transport and manufacturing sectors), Council’s objective of creating local/regional business and employment opportunities, and discussions with individual contractors involved in the construction.

These results are summarised in Table 3.2 below.

**Table 3.2: Estimated Employment Outcomes Associated with Construction of WPAC**

<table>
<thead>
<tr>
<th></th>
<th>Total Value</th>
<th>Wages &amp; Salaries</th>
<th>Direct Employment</th>
<th>Multiplier</th>
<th>Indirect employment</th>
<th>Total Employment</th>
<th>Total Local/Regional Employment*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction Phase</strong></td>
<td>$7.357m</td>
<td>$3.679m</td>
<td>50</td>
<td>2.6</td>
<td>80</td>
<td>130</td>
<td>70</td>
</tr>
<tr>
<td><strong>Source:</strong></td>
<td>Essential Economics with Data from Figures Rounded</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note:</strong></td>
<td>*Counting 25% of Indirect Jobs as ‘Local/Regional’</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.3 Business Participation

Discussions with Council reveal that support for local/regional business and employment opportunities was a key objective of the project and a key criterion in the tender process for the construction contract.

As noted, regionally-based firm Hansen & Yuncken successfully tendered for the construction contract, which was an open tender and included bids from Melbourne-based construction firms. Although details of contract arrangements are not available, Council believes that sub-contracting of some activities was awarded to Wangaratta firms.

3.4 Summary

- Regional construction firm Hansen & Yuncken was awarded the contract for the project and employed many workers from northern Victoria, including workers based in Wangaratta.
- The construction phase of the WPAC project involved investment of $8.5 million for demolition, construction, fit out, design and other costs.
- This investment supported 50 direct EFT jobs and 80 indirect EFT jobs over the lifetime of the project
- Of the total of 130 direct and indirect EFT jobs, an estimated 70 EFT jobs were taken up by regional workers (allowing for a 25% allocation of indirect jobs as ‘regional’).
4 OPERATIONAL TRENDS

4.1 Introduction

This Chapter provides an overview of the operational trends of the WPAC facility from 2004/05 to 2011/12, and therefore provides analysis of pre- and post-development outcomes in terms of revenue, employment, and attendance associated with performing arts, conferences and other events.

Specifically, the reporting years for 2006/07 and 2011/12 have been selected as periods to compare pre and post (or ‘before’ and ‘after’) development outcomes. These years represent periods either side of construction when the WPAC was operational for an entire 12-month period and where the best quality of data was available.

4.2 Revenue

WPAC generates revenue through a range of activities, including:

- Performing Arts ticket sales (through WPAC Box Office, internet and outlets)
- Venue hire
- Catering

In addition, the WPAC receives recurrent government funding and sponsorship funding, including:

- Arts Victoria Grants (Arts Victoria)
- Local Government Grants
- Sponsorship (either monetary, in-kind or philanthropic).

Figure 4.1 shows total revenue (ie revenue earned through ticket sales etc, and revenue raised through government funds) for the 2004/05 reporting year, through to the 2011/12 reporting year.

Since the opening of the new WPAC, total revenue has risen significantly. Total revenue has increased from $250,000 in 2006/07 (pre-development) to $1,689,000 in 2011/12. This represents an overall increase of $1,440,000. Total revenue in 2011/12 is 6.8 times the pre-development revenues.

In terms of earned revenue, Figure 4.2 shows that over the three years prior to the WPAC development, earned revenue ranged from $85,000 in 2004/05, to $75,000 in 2005/06 and in 2006/07. Compared with 2006/07 levels, revenue earned by the WPAC has increased by $483,000 to $558,000 in 2011/12. Earned revenue has increased 7.4 times over the period. Over this same period, growth in earned revenue has outpaced the growth in total revenue, indicating that revenue generated from performing arts ticket sales, venue hire, catering and merchandise accounts for comparatively more of the current revenue base, than it did before the WPAC development.
Government funding is a critical revenue stream for performing arts centres, particularly in rural and regional areas. In 2011, 19 municipalities with performing arts facilities received Arts Victoria operational funding grants, with 18 of these municipalities located in regional Victoria.
Across these municipalities, government funding accounted for 55% ($9.6 million) of these facilities’ total revenue in 2011/12, according to Arts Victoria acquittal data. Arts Victoria funding accounted for 8% ($1.4 million) of total revenue, while other government funding (almost entirely Local Government) accounted for 47% ($8.2 million). Sales revenues, sponsorships and other income accounted for the remaining 45% ($7.8 million) of revenue for these performing arts centres. This data highlights the importance of government subsidies for many regional performing arts centres to ensure their operational viability.

Figure 4.3 shows government funding as a proportion of total revenue for WPAC, between 2004/05 to 2011/12.

Before construction, total government funding ranged from 68% of total revenue in 2004/05, 72% of total revenue in 2005/06, to 67% of total revenue in 2006/07.

In 2008/09, when WPAC was being constructed, government funding peaked at 97% of total revenue; since then it has decreased to 66% between 2009/10 and 2010/11, before declining further to 63% in 2011/12 (4% below the 2006/07 figure). The funding mix as also changed with Wangaratta Council responsible for 89% of all government funding in 2011/12, compared to 72% in 2006/07.

In summary, as a share of total revenue:

- **Total Government funding has declined** from 67% in 2006/07 to 63% in 2011/12
- **Arts Victoria funding has declined** from 19% in 2006/07 to 7% in 2011/12
- **Local Government funding has increased** from 48% in 2006/07 to 56% in 2011/12

**Figure 4.3: Government Funding as Proportion of WPAC Total Revenue, 2004/05 to 2011/12**
4.3 Employment

In 2011/12, the WPAC employed a permanent workforce of approximately 4.3 Full Time Equivalent (FTE) staff, representing an increase of +2.0 FTE jobs compared with 2006/07 levels.

As shown in Figure 4.4, in 2011/12 employment at WPAC comprised:

- 3 full-time jobs, representing an increase of +3 jobs on 2006/07 levels
- 5 part-time jobs, representing an increase of +3 jobs on 2006/07 levels
- 17 casual jobs, representing an increase of +16 jobs on 2006/07 levels

Overall, these levels of employment are roughly in-line with the levels forecast by the Regional Infrastructure Development Fund Technical Committee which, in their 2006 Wangaratta Performing Arts Centre Project Assessment, estimated a post-development outcome of approximately 5-6 FTE jobs.

Figure 4.4: WPAC Employment, 2004/05 to 2011/12

4.4 Suppliers

In addition to direct employment at the WPAC, a number of other jobs are supported and these are associated with the maintenance and upkeep of the facility.

Council estimates that 2 staff (0.25 EFT each, 0.5EFT in total) and 14 contractors (note these are not full-time jobs) are involved on an annual basis providing these services. The value of external contracts (essential services, maintenance etc) in 2011/12 was approximately $110,000, all of which was sourced from within the region. In broad terms, this contractor
expenditure represents approximately 1 FTE job (covering the 14 contractors). In total, 1.5 EFT staff are required to support the operations of the new WPAC. Although no details are available for the pre-development situation, Council note that significantly less maintenance and other works were required compared to the new facility. For the purposes of this assessment, 50% less employment has been assumed which equates to 0.75 EFT.

An example of a business benefiting from the redevelopment is Floyd Industries, a local air conditioning business which has expanded business and moved from Glenrowan to Wangaratta, partly due to significant on-going work provided by the WPAC.

4.5 Performing Arts

In the three years before WPAC construction, both performing arts attendance and theatre occupancy rates declined as the facility was being used less for performing arts. As shown in Figure 4.5:

- performing arts attendance decreased from 26,000 persons in 2004/05 to 19,000 persons in 2006/07, a decline of -7,000 persons or a decline equivalent to almost one-quarter the 2004/05 levels.
- theatre occupancy rates remained stable at 53% between 2004/05 and 2006/07

Since the opening of the new WPAC, attendance to the performing arts has increased considerably and this is mainly due to the significantly improved facilities now offered at the WPAC. In particular, the 530-seat raked theatre was considered by stakeholders to have contributed significantly to the quality and number of artists and performers attracted to the WPAC (eg Melbourne Symphony Orchestra, Arj Barker, Dusty – The Musical).

As Figure 4.5 illustrates, compared with the 2006/07 pre-development levels, attendances for performing arts activities have increased from 19,000 attendees to 31,000 attendees in 2011/12, representing an overall increase equivalent to +63% on 2006/07 levels.
Figure 4.5: WPAC Performing Arts, Attendance, 2004/05 to 2011/12

The number of performances held at the WPAC has also increased compared with pre-development levels as Table 4.1 shows. In 2011/12 WPAC hosted 112 performances, an increase of +56 performances compared to the 56 performances hosted in 2006/07.

Table 4.1 also shows that while occupancy rates per show are similar between 2006/07 and 2011/12 (53% cf 52%), the considerable increase in the number of performances hosted has significantly increased overall performance attendance levels. This reflects the broader product offer and wider programming assisted by the improved and more expansive facilities at the new WPAC, supported by increased marketing and promotion.

Table 4.1: WPAC Performing Arts, 2005/06 to 2011/12

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of performances</td>
<td>76</td>
<td>71</td>
<td>56</td>
<td>31</td>
<td>0</td>
<td>70</td>
<td>116</td>
<td>112</td>
</tr>
<tr>
<td>Capacity (seats)</td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>530</td>
<td>530</td>
<td>530</td>
<td></td>
</tr>
<tr>
<td>Number of available seats/yr</td>
<td>48,640</td>
<td>45,440</td>
<td>35,840</td>
<td>19,840</td>
<td>37,100</td>
<td>61,480</td>
<td>59,360</td>
<td></td>
</tr>
<tr>
<td>Total performance attendance/yr</td>
<td>26,000</td>
<td>24,000</td>
<td>19,000</td>
<td>12,000</td>
<td>26,000</td>
<td>29,000</td>
<td>31,000</td>
<td></td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>53%</td>
<td>53%</td>
<td>53%</td>
<td>60%</td>
<td>0%</td>
<td>70%</td>
<td>47%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Source: Arts Victoria Acquittal Data 2004/05-2011/12 and Essential Economics
Note: (*) construction period

Increases in performing arts attendance are further reflected in enhanced WPAC box office revenue, which has also increased significantly from 2006/07 levels, as show in Figure 4.6. In
2006/07 box office revenue was $29,000; however, this increased to $159,000 by 2011/12, representing an uplift in revenue of $130,000, or 5.5 times that of pre development revenue.

**Figure 4.6: WPAC Box Office Revenue, 2004/05 to 2011/12**

Source: Arts Victoria Acquittal Data 2004/05-2011/12

Note: Box Office Revenue includes commission for performance out-hires
4.6 Conferencing and Events

In the three years since construction, the WPAC has established itself as the primary conferencing venue in North-East Victoria, according to discussions with North East Tourism.

Prior to the new WPAC, the only commercial conferencing venue in Wangaratta was the Quality Gateway Hotel, which has a capacity 300 attendees (dining) and 500 attendees (standing). And due to size restrictions and the facility conditions, only local events and smaller functions (not conferences) were held at the previous WPAC facility.

Figure 4.7 provides a breakdown in the composition of conferences and events held at the WPAC in 2011/12, and these are described as follows:

- **National/State events (2% of total)** which generally attract the largest attendances (average 180 persons per event) and run for longer periods (ie 2 days) and are often scheduled either-side of weekends to allow attendees scope to explore attractions in the region. In 2011/12 the following National/State events were held a WPAC:
  - Rotary District 9790 - Governor Changeover
  - RoadSafe Conference
  - 2011 Lions Club Annual Convention
  - WorkSafe Conference
  - 2/24th Australian Infantry Battalion Reunion

- **Local and Regional events (64% of total)** which generally attract smaller attendance (average 65 persons per event), and run for shorter periods (ie less than 1 day). These included:
  - Government/Industry meetings, workshops and training
  - Travel/Product Expos
  - Board and Committee Meetings, Staff Planning Days
  - Information Sessions and community forums and award ceremonies
  - Industry breakfasts, dinners and functions

- **School performances and awards ceremonies (33% of total)**, which generally attracted large audiences, with the majority of attendees being local residents.
Increases in the number of attendances associated with conferencing and other events are also reflected in WPAC Venue Hire Revenue, as reported to Arts Victoria. Figure 4.8 shows that in 2011/12 revenue from venue hire was $144,000, representing an increase of more than three times the 2006/07 revenue of $44,000.

**Figure 4.8: WPAC Revenue from Venue Hire, 2004/05 to 2011/12**

Source: Arts Victoria Acquittal Data 2004/05-2011/12
4.7 Catering and Café

WPAC generates additional revenue through the lease of its café space to Intermezzo. Leasing rates are set below market levels by Council, in return for the WPAC receiving a 6% commission of Café revenue and 7.5% commission of events catering secured through the Cafe.

More generally, the inclusion of a modern, highly visible and centrally located Cafe and Bar improves the overall offer of the WPAC and helps leverage increased visitation to the precinct as many residents, workers and visitors use the café for breakfast or lunch or to purchase a coffee or snack.

4.8 Sponsorship

In 2011/12 the WPAC secured approximately $68,000 in sponsorship, representing an increase of almost eight times the 2006/07 sponsorship level of $8,000. As shown in Figure 4.9, prior to the redevelopment, the WPAC averaged approximately $7,300 pa in sponsorship; however, in the three years since the redevelopment sponsorship has averaged $68,000 (noting the new facility was not operational for all of 2009/10). Undoubtedly, the award-winning design of the WPAC and its ability to attract major national performers and conferences has increased sponsorship interest in the facility.

Figure 4.9: WPAC Revenue Earned from Sponsorship, 2004/05 to 2011/12

Source: Arts Victoria Acquittal Data 2004/05-2011/12
4.9 Summary

- The WPAC generates revenue through performance ticket sales, conference and events hire fees, café rent and commission, sponsorships and donations. However, like most regional performing arts centres in Victoria, annual funding support is required from Council and the State Government (Arts Victoria).

- In 2011/12 the WPAC generated 35% of total revenue through commercial activities, with the remaining 65% coming through Council and State subsidies, sponsorships and donations.

- The number of performances, conferences and events and attendees to the WPAC have increased significantly, generating approximately 2 new FTE jobs (directly associated with the WPAC) and significant new expenditures for the Wangaratta and regional economies through increased visitor spending (which is explored in the following Chapter).

The Main features are summarised in Table 5.2.

**Table 4.2: WPAC Operational Trends 2007/08 and 2011/12**

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2011/12</th>
<th>Change 2006/07 to 2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$250,000</td>
<td>$1,689,000</td>
<td>+$1,440,000</td>
</tr>
<tr>
<td>Earned revenue</td>
<td>$75,000</td>
<td>$558,000</td>
<td>+$483,000</td>
</tr>
<tr>
<td>Government subsidy (Council and State)</td>
<td>$167,000</td>
<td>$1,064,000</td>
<td>+$897,000</td>
</tr>
<tr>
<td>WPAC employment</td>
<td>2.3 EFTs</td>
<td>4.3 EFTs</td>
<td>+2.0 EFTs</td>
</tr>
<tr>
<td>WPAC maintenance / contractor employment</td>
<td>0.75 EFTs</td>
<td>1.5 EFTs</td>
<td>+0.75 EFTs</td>
</tr>
<tr>
<td>Performances</td>
<td>56</td>
<td>112</td>
<td>+56</td>
</tr>
<tr>
<td>Performance attendance</td>
<td>19,000</td>
<td>31,000</td>
<td>+12,000</td>
</tr>
<tr>
<td>Box office revenue</td>
<td>$29,000</td>
<td>$159,000</td>
<td>+$130,000</td>
</tr>
<tr>
<td>Conference/ events hire revenue</td>
<td>$44,000</td>
<td>$144,000</td>
<td>+$100,000</td>
</tr>
<tr>
<td>Sponsorship revenue</td>
<td>$8,000</td>
<td>$68,000</td>
<td>+$60,000</td>
</tr>
</tbody>
</table>

Source: Arts Victoria Acquittal Data 2004/05-2011/12
5 ECONOMIC IMPACT ASSESSMENT

This Chapter presents an economic impact assessment of the WPAC development, including an analysis of visitation and spending impacts, employment generation, benefits to the business community, project rate of return, and benefit/cost ratio for operational subsidy.

Generally, WPAC caters for two separate markets which impact differently on local business, and these include:

- WPAC Performances which have a big impact on café/restaurant patronage, with some flow-on to the accommodation sector (ie room bookings for artists and performers in particular)
- Conferences and Events although mostly local, have some flow on to cafés and restaurants, with larger conferences have significant impacts on accommodation providers, retailers and the wider economy (eg visits to wineries, historic locations and tourist destinations within catchment).

In assessing the spending impacts for these groups, average expenditures have been sourced from Tourism Research Australia’s (TRA) Regional Tourism Profiles - Wangaratta and High Country 2011/12. Average spending estimates are provided for both domestic day visitors and domestic overnight visitors, which have been incorporated into the subsequent analysis.

TRA’s tourism profiles are published on an annual basis and are an industry standard source in estimating visitor spending in a region. While, ticket purchases, merchandise and catering may be included in average expenditure estimates, the quantum is difficult to identify and adjust for. On this basis the raw TRA averages have been used in estimating the spending impacts for visitors attending both performing arts performance and conferences and other events.

5.1 Visitation and Spending Impacts

Performing Arts

Approximately 31,000 visitors attended performing arts performances at WPAC in 2011/12, according to Arts Victoria acquittal data (refer see Section 4.5).

Approximately 16% of these visitors were from outside the WPAC catchment (refer to Section 2.3 for definition of WPAC catchment) and include regional, metropolitan, interstate and international visitors. This assessment is based on WPAC ticket sales postcode data.

On this basis, total ‘non-regional’ visitation associated with WPAC performing arts is estimated at 4,960 persons, as shown in Table 5.1. These non-local visitors are estimated to comprise:

- 4,030 overnight visitors, or 13% of total attendees, who are assumed to stay in the region an average of 2.0 nights (based on averages sourced from Tourism Research Australia’s (TRA) Regional Tourism Profiles - Wangaratta and High Country 2011/12)
- 930 domestic day visitors, or 3% of total attendees, who travelled from nearby regions (such as Echuca) and returned home the same day of the performance.
Together, non-regional visitors (both domestic day and overnight) for performing arts generated approximately **$1,302,000 in direct visitor spending in 2011/12.** This is based on averages of $100 per day visitor and $150 per visitor night for the Wangaratta and High Country region for 2011/12 (source from TRA, as above).

Table 5.1: WPAC Performing Arts Visitation and Spending, Attendees, 2011/12

<table>
<thead>
<tr>
<th>Persons</th>
<th>Share of Attendance</th>
<th>Av. No. of Nights Spent in Region</th>
<th>Total Visitor Nights in Region</th>
<th>Spend per night/day</th>
<th>Total Spend (excluding Local/Regional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local/Regional</td>
<td>26,040</td>
<td>84%</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Non Regional (Day Trip)</td>
<td>930</td>
<td>3%</td>
<td>na</td>
<td>na</td>
<td>$100</td>
</tr>
<tr>
<td>Other (Overnight Trip)</td>
<td>4,030</td>
<td>13%</td>
<td>2</td>
<td>8,060</td>
<td>$150</td>
</tr>
<tr>
<td>Total</td>
<td>31,000</td>
<td>100%</td>
<td>na</td>
<td>8,060</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: Arts Victoria Acquittal Data 2004/05-2011/12; WPAC Venue Management; Tourism Research Australia’s Regional Tourism Profiles - Wangaratta and High Country 2011/12)

Note: na: not applicable. Figures rounded

Additionally, non-local performing arts visitation comprises touring groups and includes performers, artists, technicians, etc. The size of touring groups can range from 1-6 persons for one-person shows, to 60-120 persons for large musicals, theatre productions, orchestras and choirs, such as the Melbourne Symphony Orchestra. For example, the 2012 Guy Sebastian concert at the WPAC involved a touring group consisting of two full buses, with each tour member of the accommodated in Wangaratta’s commercial facilities.

Table 5.2 shows that in 2011/12 approximately 50 touring performances were held at WPAC, representing approximately 45% of all WPAC performances. These included Concerts, Shows, Orchestral Performances, Choirs, Musicals (Dusty), CIRCA circus, Writers Festivals, and Theatre Productions.

Having regard for stakeholder consultation with tour-group operators, local accommodation providers and venue management, total tour-group visitation is estimated at approximately 510 persons in 2011/12, or an average of 10 performers and crew per performance.

Using these assumptions, an estimated $77,000 was generated by touring-groups in 2011/12, based on an average stay of 1.0 nights per visitor and average expenditure of $150 per visitor night (source: TRA, as above).

Discussions with one Wangaratta motel revealed that in 2011/12, 2.5% of total room occupancy was associated with artists and performers (mostly from WPAC and Show Group). Other accommodation providers have noticed a similar uplift in the number of artists’ and performers’ guests, noting that generally each member of a tour group requires a separate room booking.
Table 5.2: WPAC Performing Arts Visitation and Spending, Performers, 2011/12

<table>
<thead>
<tr>
<th>Number of Touring Performances</th>
<th>Number of Performers/Crew</th>
<th>Average No. Performers/Crew per Performance</th>
<th>Average Nights</th>
<th>Total Visitor Nights (Performers/Crew)</th>
<th>Spend per Night</th>
<th>Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Regional</td>
<td>51</td>
<td>510</td>
<td>10</td>
<td>510</td>
<td>$150</td>
<td>$77,000</td>
</tr>
</tbody>
</table>

Source: WPAC Venue Management; Tourism Research Australia’s Regional Tourism Profiles - Wangaratta and High Country 2011/12

Note: Figures rounded

Together, non-regional visitors associated with the WPAC performing arts program (patrons, performers, musicians, technicians etc) generated approximately $1,379,000 in direct visitor spending in 2011/12.

Conferences and Events

The provision of substantial conference facilities at the redeveloped WPAC, has contributed to greater economic impact by attracting more visitors to Wangaratta, especially those from outside the region. Approximately 14,500 visitors attended conferences and other events at WPAC in the 2011/12 reporting year, according to Arts Victoria acquittal data.

An estimated 30% of these visitors are resident outside the WPAC catchment, and include regional, metropolitan, interstate and international visitors (refer to Section 2.3). This estimate has been made through detailed analysis of the WPAC conference and events calendar for 2011/12 and through discussions with WPAC staff and other stakeholders (refer to Section 2.3).

On this basis, total ‘non-regional’ visitation associated with WPAC conferences and events is estimated at 4,350 persons, as shown in Table 5.3. These non-regional visitors are estimated to comprise:

- **2,320 overnight visitors**, or 16% of total attendees, and who are assumed to stay in the region an average of 2.0 nights (sourced from TRA – as above)
- **2,030 domestic day visitors**, or 14% of total attendees, who travel from nearby regions (such as Shepparton) and return home the same day of the conference or event.

Together, non-local visitors (both domestic day and overnight) for conferences and events generated approximately **$900,000 in direct visitor spending in 2011/12**. This estimate is based on averages of $100 per day visitor and $150 per visitor night, as previously noted.

Table 5.3: WPAC Conferences and Events, Visitation and Spending, Attendees, 2011/12

<table>
<thead>
<tr>
<th>No. Persons</th>
<th>Share of Attendance</th>
<th>Nights</th>
<th>Total Visitor Nights</th>
<th>Spend per Night/Day</th>
<th>Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>10,150</td>
<td>70%</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Non-Regional (Day Trip)</td>
<td>2,030</td>
<td>14%</td>
<td>na</td>
<td>na</td>
<td>$100</td>
</tr>
<tr>
<td>Other (Overnight Trip)</td>
<td>2,320</td>
<td>16%</td>
<td>2</td>
<td>4,640</td>
<td>$150</td>
</tr>
<tr>
<td>Total</td>
<td>14,500</td>
<td>100%</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: WPAC Venue Management; Tourism Research Australia’s Regional Tourism Profiles - Wangaratta and High Country 2011/12

Note: Figures rounded
**Visitor Spending Summary**

**Direct Spending**

Total direct spending generated by non-local visitors associated with all WPAC activities is estimated at $2,278,000, comprising:

- $1,302,000 from non-local visitors (patrons) attending performing arts performances
- $77,000 from non-local visitation associated with touring-groups
- $899,000 non-local visitors attending conferences and events

**Indirect Spending**

In addition to direct spending, indirect spending will be generated through the multiplier (or flow-on) effect. Using a multiplier of 2.1 (derived from ABS Input-Output tables for ‘libraries, museums and arts’ category), a further $2,506,000 would be generated in the wider economy through supply chains. In view of the large size of the WPAC catchment, it is reasonable to assume that 25% (or $626,500) of this indirect spending would flow to regional businesses including food producers, transport operators, catering suppliers, professional services and so on.

**Total Spending**

In total, an estimated $2,904,500 in new spending (direct and indirect) was generated for the regional economy through the presence of the WPAC.

**Net Spending Benefit**

Net economic benefits provide the difference in non-regional visitor spending for the new WPAC compared with the previous facility.

Net Economic Benefit of $1,602,229 for 2011/12 has been estimated and comprises $1,256,650 (direct) plus $345,579 (indirect) spending.

This estimate is based on the following net allocations with regard to 2011/12 direct expenditures:

- Conferences and events: 75% net benefit for conferences and events spending, recognising the uplift in national conferences and event attendees compared to the previous facility (14,500 attendees in 2011/12 compared to 4,800 attendees in 2006/07). The net benefit is estimated at $674,250.
- Touring performers: 80% net benefit for performers spending, recognising that few major national shows and performers were attracted to the former facility (ie 10 shows in 2006/07 compared to 51 shows in 2011/12). The net benefit is estimated at $61,600
- Performing arts: 40% net benefit for performing arts spending, recognising an uplift in performing arts attendees compared to the former facility (31,000 attendees in 2006/07). The net benefit is estimated at $520,800.
Indirect net expenditure is calculated by applying the multiplier of 2.1 to direct net expenditure ($1,256,650 x 2.1 (-1.0) = $1,382,315) and allocating 25% as net indirect benefit to the region ($345,579).

5.2 Employment

WPAC Employment

As described in Chapter 4, in 2011/12 the WPAC directly supported 5.8 EFTs (including contractors), or 2.75 EFTs on a ‘net’ basis. When the employment multiplier is applied (see above), a further 3.0 EFT positions are generated in the wider economy, with 0.75 of these EFTs (rounded) estimated to be supported within the catchment.

In total, net employment increase from the WPAC is therefore estimated at 3.5 EFT positions.

Visitor Generated Employment

As described in Section 5.1, approximately $1.6 million was induced visitor spending (net) in 2011/12 for the regional economy due to the activities of the WPAC. This spending will flow through to a wide range of businesses including accommodation providers, cafes, restaurants, pubs, wineries, tour operators, transport operators, retailers, food providers, financial and legal services and so on.

Many stakeholders consulted commented on the need to adjust staff levels (on an as-needed basis) to cater for shows, conferences or other events, especially accommodation providers, cafes and restaurants. Most employment related to casual waiting, kitchen, catering and cleaning staff.

While estimating increased employment levels directly attributable to WPAC is difficult, stakeholder consultation highlighted specific employment uplifts for the following businesses/organisations:

- Hollywood Pizza – increase of 33% in casual staff numbers
- Intermezzo Café – increase of 200% in full time and 100% in casual staff

Allowing for $100,000 to support one additional EFT job, an estimated 16.0 new EFT jobs were generated in 2011/12 due to the activities of the WPAC.

Total Employment

Total net employment associated with WPAC is estimated at 19.5 EFTs based on operational performance of the facility in 2011/12.
5.3 Return on Investment

Construction investment of $8.5 million was made in the new WPAC facility, with the investment targeted at providing regional outcomes. The analysis outlined above shows that net additional income to the regional economy was approximately $1.6 million in 2011/12. Assuming operating performance continues at these levels, it would take approximately 5-5.5 years to recover the cost of investment when assessed in this manner. In a commercial sense, this outcome represents a good return on investment.

When the annual regional economic benefits are measured against annual subsidy (Council and Arts Victoria), the economic output impacts generated by the new WPAC generates approximately $1.8 dollars for every $1 dollar of government contribution made (ie $1,602,230 (net benefit) /$897,000 (net subsidy)). This represents a benefit/cost ratio of 1.8:1.

5.4 Testimonials

This Economic Impact Assessment has been informed by discussions with a range of business stakeholders and agencies, with a summary of discussions included in the appendices. Several stakeholders were keen to offer testimonials as to their views on the economic benefits of the new WPAC to the business community, and these testimonials are presented below.

“When a WPAC event is on our restaurant is full with around 50% of patrons show goers”
Adam Pizzini, Rinaldos Casa Cucina

“One of our more recent performer guests was saying how fantastic it is to come to a country town and have such a great theatre and that in many towns they have to adapt to very small stages in the local church hall or equivalent”
Jenny Bannam, Hermitage Motor Inn

“Every Sunday I sit down with the WPAC’s What’s On Calendar when drawing up the staff roster for the week”
Tess, Hollywood Pizza

“The new WPAC has given a new lease of life to the Wangaratta Jazz and Blues Festival”
Paul Squires, Chairman Wangaratta Jazz and Blues Festival

5.5 Conclusions

This Economic Impact Assessment estimates the following net economic benefits arising from the redevelopment of the WPAC, based on 2011/12 operations:

- New regional visitation of 5,200 persons associated with arts performances (either attendees or performers), conferences and events.
- Regional visitor spending of approximately $1.6 million (direct and indirect), benefiting a wide range of regional businesses including accommodation providers, cafes and restaurants, pubs, food and wine producers, and retailers.
• New employment of 19.5 EFT, including 2.75 EFT directly associated with the facility, and the balance involved indirectly through suppliers and visitor spending etc.

• Return on investment is likely within 5-5.5 years, based on operational performance continuing at levels achieved in 2011/12.

• In 2011/12, for every dollar of operational subsidy provided jointly by State and Council, one dollar and eighty cents was generated for the regional economy (benefit cost ratio of 1.8:1).
6 OTHER ECONOMIC IMPACTS

6.1 Introduction

This Chapter presents an overview of other economic impacts associated with the new WPAC that are not readily quantifiable in economic terms. These include positive impacts on the surrounding arts precinct, an increase in volunteerism, benefits associated with marketing and branding, and partnership building.

6.2 Impact on Arts Precinct

The new WPAC has generated broader benefits to the surrounding arts precinct, including the co-located Wangaratta Arts Gallery. This is primarily due to the use of the WPAC foyer as an additional exhibition space for the Gallery. As a result, both the number of exhibitions and attendances has increased.

Arts Victoria acquittal data supports this observation, noting the following changes from 2006/07 to 2011/12:

- Attendances have increased from 15,320 to 38,070 (net increase of +22,750 attendees)
- Exhibitions have increased from 16 exhibitions to 33 exhibitions, while exhibitor days have increased from 365 days to 935 days

The increase in attendance and exhibitions can also be attributed to a greater focus on programming (including public/education programs) which has been enabled by an increase in staff at the Wangaratta Art Gallery in recent years.

While not all these benefits can solely be attributed to the redevelopment of the WPAC, it can be reasonably concluded that most of the benefits would be linked to the significant uplift in visitation of the co-located WPAC facility from those attending performances, conferences or dining at the café.

While no data is available relating to other activities in the broader precinct (museum, library, Holy Trinity Cathedral etc), stakeholders indicate that, anecdotally, additional visitation has occurred at these facilities since the WPAC was re-opened.

6.3 Volunteerism

The new WPAC has leveraged a significant increase in the number of volunteers and volunteer hours associated with performing arts and other facilities.

Arts Victoria acquittal data shows the following changes from 2006/07 to 2011/12:

- Number of volunteers has increased from 4 volunteers to 44 volunteers (a net increase of +40 volunteers)
- Total volunteer hours have increased from 120 hours to 1,530 hours (an increase of 1,410 volunteer hours).
In an economic context, volunteers provide a service that would otherwise need to be paid for. Using an average wage of $20 per hour, the economic value of the additional 1,410 volunteer hours stimulated by the new development would be equivalent to $28,200 in 2011/12.

More importantly, the opportunity to volunteer provides residents with valuable training experience and social interaction with other workers and the community.

Discussions with WPAC staff confirm the facility’s volunteers undertake a range of activities (box office, ushers etc) and come from all walks of life, ranging from young people with a keen interest in the arts who are looking to get their ‘foot in the door’, to retirees who enjoy the social benefits that volunteering at the centre brings to them.

6.4 Partnership Building

Stakeholder discussions highlight a range of partnerships that have been developed (or reinforced) through the new WPAC. These relate to co-programming for specific events for targeted groups and cultural development. Key WPAC partnerships include:

- Wangaratta Library
- Returned and Services League
- Wangaratta Jazz Festival
- Educational establishments (eg Gallen College)

Many of these partnerships provide economic development, such as supporting learning outcomes for students or nurturing commercial relationships (such as the Wangaratta Jazz Festival and the Wangaratta Arts Council).

6.5 Marketing and Branding

The presence of a modern high quality and multi-functional performing arts centre has garnered marketing benefits for Wangaratta and the broader region.

These include national and statewide exposure through:

- Attraction of major conferences to Wangaratta, such as the Victorian Planning Conference, Rotary conferences etc
- Attraction of major artists such as Guy Sebastian, John Williamson
- Attraction of major touring groups such as the Melbourne Symphony Orchestra, Melbourne Ballet Company etc

The opening of the new WPAC by Premier Brumby received considerable media attention, including ABC TV and radio, while the WPAC is consistently featured in media such as InPress Magazine, Only Melbourne, Business Events Victoria, Visit Victoria, Travel Victoria and so on.

Wangaratta will also have received national exposure through the WPAC being awarded the 2010 Master Builders Excellence in Construction Awards.
Importantly, the attraction of thousands of new visitors and performers from outside the region to Wangaratta provides an opportunity to promote the attractions of the region to family, friends and businesses, and this in turn can be expected to lead to increased investment, tourism, in-migration and spending to the region.

6.6 Conclusions

A number of important non-quantifiable economic benefits associated with the new WPAC have been identified, and these include at least the following:

- Improved patronage to the broader arts precinct, including the Wangaratta Arts Gallery which has experienced an increase in attendance.
- Significant increase in volunteer levels, with volunteer hours increasing sixfold from the predevelopment situation.
- Consolidation of commercial and community partnerships and development of new partnerships.
- Increased national and state exposure for Wangaratta and the region in the media.
Consultation Findings

Consultation involved a series of targeted interviews with a number of local business operators to assist in understanding investment flows, business interactions and employment levels.

Meetings were also held with relevant staff from Council, including representatives from WPAC Venue and Facilities Management, Council’s Economic Development Unit and Tourism Development Unit, as well as Regional Tourism Agencies.

- Generally, WPAC caters for two separate markets which impact differently on local business, and these include:
  - **WPAC Performances** which have a big impact on café/restaurant patronage, with some flow-on to the accommodation sector (ie room bookings for artists and performers in particular)
  - **Conferences and Events** although mostly local, these have limited flow on to cafés and restaurants that are not contracted for event catering. Larger conferences have significant impacts on accommodation providers (note Rotary Conference and PIA State Conference)

- Planning with surrounding businesses is important:
  - PAC engages well with local business community
  - Another hands out tickets to performances provided by the PAC
  - Provides a space for PAC to post information about events (this is done regularly)

Increased Demand, Turnover and Economic Activity

- Changes in turnover attributable to WPAC are difficult to quantify (particularly as most businesses are less than 4 years old), however all businesses interviewed experienced increases in turnover:
  - The WPAC’s in-house cafes (Intermezzo) has increased turnover +50% (Café 75% of total sales, Catering 25%), compared to turnover at its previous off-site location next to Wangaratta library.
  - Sydney Hotel +30% (only a small share of this attributable to WPAC)
  - Jazz Festival +5-6% (large share of this attributable to WPAC - higher ticket prices and increased capacity)

- Cafes and Restaurant patronage doubles and triples on nights when a WPAC performance is on (ie +100% and +200%)

- Nights when WPAC performances are on, around 50% of restaurant/pub patrons are going or have been to a WPAC performance

- School performances in particular generate significant cafe/restaurant patronage (ie each school aged performer tends to attract a larger family audience).
• Rinaldo’s Casa Cucina: 2%-5% of turnover sourced from catering for WPAC events (offsite functions)
• One restaurant sets their weekly roster by the PAC event calendar.
• Hermitage Motor Inn estimates that in 2012/13, 2.5% of total room occupancy was occupied by artists and performers (mostly from WPAC and Show Group). Other accommodation providers noticed similar uplift in the number of artists and performers guests. For example, a recent Guy Sebastian tour consisted of 2 full tour buses. Each member of the tour generally requires a separate room booking.
• Difficult for hotels/motels to measure share of guests that have attended a WPAC performance. Feeling is that it is a pretty low share of total bookings. Regional performances mostly draw local/regional attendees.
• Also difficult for hotels/motels to measure conferences. Anecdotally, the recent Rotary Conference had the largest impact. Booked all accommodation 9 months in advance and provided business certainty.

Employment
• Change in employment directly attributable to WPAC are difficult to quantify (most businesses have been operating for less than 4 years), however in general employment has increased in cafes and restaurants:
  - Hollywood Pizza + 33% Casual Staff
  - Intermezzo +200% Full time and +100% Casual Staff
• No changes in employment in hotels/motels. However, these generally require low levels of labour, apart from casual cleaning services

Conferencing and Events
• Significant work has been undertaken on marketing, including national trade shows and a new Conference and Events Planners Guide
• The majority of events are local seminars, workshops and conferences
• WPAC leverages off surrounding vineyards. ie Vineyards are the major drawcard to the region
• Closure of Latrobe Conference Centre at Beechworth (former Asylum hospital National Trust Building) 2 years ago has definitely contributed to an uplift in number of conferences held at WPAC, as the Beechworth facility was the primary conference venue in the region
• Although most conferences are fully catered, local business operators have noticed overflow of delegates (particularly partners). However, a common perception is that on free days delegates travel out of Wangaratta, but within the catchment, to surrounding areas such as Milawa and Beechworth.
• Room to improve market penetration, Council investigating ways WPAC could leverage off the expanding incentives market (ie team building activities, often outdoor in wider region)
Future Issues/Opportunities

- Rotary Club – Box Hill Conference has had the largest impact. 500 delegates (many with partners) for 3 days over a weekend in March 2013.
- Wedding market increasing – some substitution with more expensive vineyard locations

General observations

- Increased local activity and interest in performing arts (Gallen College in particular). Capturing a wider demographic by securing a range of performing artists
- WPAC is significant activity generator and integrates well with CBD. Has activated an ‘arts precinct’
- New facility is attracting better known artists. Larger non-local catchment.
- Night time activity has increased as a result of PAC events
- Large crowds from 1 ½ -2hrs drive Wodonga, Rutherglen, Yarrawonga, Shepparton. Generally regarded as day trip visitors
- Resistance to demolishing old Town Hall (5,000 signatures) has turned into public support for new WPAC facility
- No issues raised regarding parking
**Stakeholders Consulted**

1. Adam Pizzini – Rinaldos Casa Cucina
2. Jenny Bannam – Hermitage Motor Inn
3. Tess Hollywood’s Pizza
4. Ken Butterworth – Sydney Hotel
5. Keith – Intermezzo
6. Michelle – Parkview Motor Inn
7. Ruth – Best Western
8. Shivaun Brown – Economic Development Coordinator Rural City of Wangaratta
9. Penny Hargrave – Venue Manager Wangaratta PAC
10. Emma Keith – Tourism Development Coordinator Rural City of Wangaratta
11. Sara Quon – CEO Tourism North East
12. Paul Squires – Chairman Wangaratta Jazz Festival
13. Alan Thrum – Facilities Manager Rural City of Wangaratta
14. Kylie Ceal – Visitor Information Centre
15. Wendy – Gateway Hotel
16. Robert Floyd – Floyd Industries