

FOI

From: GMSSystem
Sent: Monday, 17 July 2017 11:45 AM
To: s.22(1)(a)(ii)
Subject: NSRF2 Application for Great Lakes Council (NSRF200640) - Copy of Application [SEC=UNCLASSIFIED]



Australian Government

Department of Infrastructure and Regional Development

NSRF Application for Great Lakes Council

Dear s.22(1)(a)(ii),

This email was generated within the GMS website. The email provides a copy of the NSRF application correct at the time that the email was generated (11:44 AM on Monday 17 Jul 2017).

This application was submitted for NSRF funding at 08:56 AM on Friday 31 Jul 2015 08:56 AM by s.47F(1).

Kind regards,
Department of Infrastructure and Regional Development.

This is a system generated email. Do not respond to this email.
For enquiries please contact the Department's Infoline on 1800 005 494 or email nsrf@infrastructure.gov.au.

Tab: Before you Begin

About the National Stronger Regions Fund (NSRF)

What is the National Stronger Regions Fund?

The National Stronger Regions Fund (NSRF) is a new programme to promote economic development in Australia's regions.

Who is eligible to apply for NSRF funding?

Eligible organisations must be a legal entity with an Australian Business Number (ABN). They must also be one of the following, either in their own right or on behalf of a consortium:

- a Local Government Authority, or
- a not-for-profit organisation that is not owned by a state or territory government

The Application Process

- Applications can be submitted from Friday, 15 May 2015 and applications must be submitted by 5:00 PM applicant's local time on Friday 31 July 2015. On submission of your application an email will be automatically

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sent to your organisation's Signatory (as nominated in the GMS Portal) acknowledging receipt of the application.

- The application form should be considered in conjunction with NSRF Guidelines and other programme documentation, which are available from the Department's website www.infrastructure.gov.au/NSRF.
- Applicants are only permitted to submit no more than 2 application(s) per round under NSRF.

Completing the Application Form

- The NSRF application form is divided into tabs that sit in a row near the top of your screen. Each tab relates to a different aspect of the application. You must complete the 'Before you Begin' and 'Checklist' tabs before you can access the remaining tabs.
- It is recommended that you read through this document before you begin answering questions from the 'Applicant Information' tab onwards. You can only jump (or skip) tabs once all tabs have been opened.
- To be eligible for NSRF funding, applicants are required to submit a completed application form and provide all required documents via the online form process, unless alternative arrangements have been agreed by the Department.
- Applicants must complete all mandatory questions within the application to be considered for NSRF funding. All questions are mandatory unless otherwise stated.
- **Please note, funding will not be provided for activities commenced prior to announcement of the funding decision. Financial commitments entered into before announcement and before a grant agreement has been executed with the Department are done so at the risk of the Grant Recipient.**

Uploading Documents

- It is a system requirement that documents uploaded as part of this application are less than 15MB each and have a file name of less than 45 characters, including spaces and the file extension (for example, '.docx' or '.pdf').
- It is recommended that document sizes be kept to a minimum to reduce upload times. Applicants using a slow internet connection may experience a slow document upload speed.
- Succinct documents are preferred, and documentation should be commensurate with the size of the project.
- For advice on uploading documents (such as naming conventions and reducing the size of documents) please refer to the User Guide.

Disclosure of Information

- In the process of assessing your application, information in this form may be provided to relevant third parties (such as state/territory government agencies, organisations and individuals), including those you identify in your application.
- Information relating to individuals will be protected under the *Privacy Act 1988*. Requests for access to such information, where not agreed to by proponents, will be dealt with under the provisions of the *Freedom of Information Act 1982*.

Submitting the Application

- Applications are to be submitted online through the GMS Portal. For more information on how to complete this process, please refer to the User Guide.
- Applications can only be submitted once the applicant organisation's Signatory has completed the 'Legal Authorisation' tab, which includes the Legal Authorisation and Declaration of Conflict of Interest. Once the 'Legal Authorisation' tab has been completed all previous tabs will be locked. To submit the application, the Signatory must press the 'Submit' button on the 'Submit' tab.

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- If you are experiencing any difficulties or have questions regarding the submission of your application, please email the NSRF mailbox at nsrf@infrastructure.gov.au.

Cancelling or Withdrawing the Application

- Un-submitted applications can be cancelled by applicants within the GMS Portal by selecting the 'Cancel Application' button. This will also leave an archived version of your application in your list of NSRF applications. The person that cancels the application will receive confirmation of the cancellation via email. Cancelled applications can be reactivated as long as no active NSRF applications exist for your organisation in the GMS Portal. For further information please see supporting documents on the Department's website.
- To withdraw a submitted application your organisation's Signatory must provide a written request to the Department via email to nsrf@infrastructure.gov.au. Please allow three working days for the Department to process withdrawals. New applications cannot be commenced or submitted until the withdrawal process has been completed by the Department. The Signatory will receive confirmation of the withdrawal via email.

Further Enquiries

- If you have any GMS Portal technical enquiries, please contact the Helpdesk on 1800 005 494 or email GMSHelpdesk@infrastructure.gov.au. General NSRF programme enquiries should be sent to nsrf@infrastructure.gov.au.

Acknowledgement

Acknowledgement on behalf of Great Lakes Council that the information above has been read and is understood has been submitted on 28 July 2015 03:49 PM by s.47F(1).

Tab: Checklist

National Stronger Regions Fund - CHECKLIST

1. National Stronger Regions Fund – Checklist

REGIONAL DEVELOPMENT AUSTRALIA COMMITTEE ASSISTANCE CHECK

[Regional Development Australia \(RDA\) Committees](#) are available to provide assistance to applicants.

Did you consult with your local RDA Committee regarding this application? No

ELIGIBILITY CHECK

These questions will help you determine whether your application will be eligible for funding under the NSRF.

Before proceeding, confirm that you meet each of the following eligibility criteria by ticking all checkboxes.

- (Confirmed) be an eligible applicant (see 4.2 and 4.3 of the NSRF Round 2 Guidelines);
- (Confirmed) be for an eligible project (see 4.4 and 4.5 of the NSRF Round 2 Guidelines);
- (Confirmed) seek a grant of at least \$20,000 and up to a maximum of \$10 million;
- (Confirmed) match the NSRF grant in cash on at least a dollar for dollar basis;
- (Confirmed) all partner funding is confirmed;
- (Confirmed) the NSRF funded component of the project be completed on or before 31 December 2019;
- (Confirmed) deliver an economic benefit to the region beyond the period of construction; and
- (Confirmed) submit a completed application, including the mandatory documents listed at Section 4.6 of the NSRF Round 2 Guidelines.

Tab: Applicant Information/Applicant Details

Applicant Details

Note: If the pre-populated details below are not correctly recorded ask your organisation's GMS Portal Administrator to update the 'Organisation Details' and 'Manage User' pages within the GMS Portal.

Legal Name of the Applicant

Great Lakes Council

Australian Business Number of Applicant

60 343 393 217

Applicant Type

Local Government Authority

If you are a not-for-profit organisation, please upload a certificate of incorporation with all mandatory and other documents at the Document Dropbox in Question 30.

Physical Address of the Applicant

Street Address Line 1	Breese Parade
Street Address Line 2	
Suburb/Town	FORSTER
State/Territory	New South Wales
Postcode	2428
Organisational Email Address	council@greatlakes.nsw.gov.au
Website	

Post Address of the Applicant

Street Address Line 1	PO Box 450
Street Address Line 2	

Suburb/Town
State/Territory
Postcode

FORSTER
New South Wales
2428

Signatory for your organisation (the Chief Executive Officer, General Manager or equivalent)

s.47F(1)

Note: if the pre-populated details above are not correctly recorded in the GMS Portal, ask your organisation's GMS Portal Administrator to update the Signatory on the Manage Users page.

2. Contact Person within the Applicant organisation regarding the Project (for example, the Project Manager)

s.47F(1)

Note: this person must be a User of the GMS Portal. The Signatory or Administrator may add a new User, by going to the Manage Users page.

Please provide additional details of Contact Person (for example, relationship to the project, professional memberships, qualifications etc).

Manager Property and Building Assets, Great Lakes Council. Bachelor of Business (CSU)

Tab: Applicant Information/Consortium Details

Consortium Details

3. Are you applying as:

- A sole applicant

Tab: Project Information/General Details

4. Project Title

Project definition - the component for which funding is being sought in this application

Project Title example: Upgrade the Regional Airport at Smalltown (using the preferred format of activity – infrastructure – location as per this example)

Please provide a Project Title Maximum 50 characters

Development of the Forster Civic Precinct

5. Brief Description of the Project Outcome.

Outcome definition - what the project expects to achieve through implementation.

For example: The outcome of this project is to redevelop the Airport to increase visitor numbers and facilitate trade.

Document 1

Please provide a brief overview description of the Project outcome, to be used in media releases, launches and other promotion documents. Maximum 700 characters.

The outcome of the project is to deliver a regional scale multipurpose civic precinct that meets the needs of the community today and long into the future. The project will deliver enhanced community facilities that will also reinvigorate the precinct and adjoining town centre in economic, social and recreational terms. The project represents a significant development for the Forster town centre, providing high quality facilities capable of meeting the expectations and requirements of visitors and residents. Provision of the civic facilities will also serve as a catalyst for further residential and commercial development, both within the subject site and across the broader town centre

6. Output(s) of the Project.

Output(s) definition - the individual items delivered on completion of the project.

For example: The outputs for the project consist of:

- Airport building
- 1km extension to runway
- 25 new runway lights and associated electrical upgrades
- Carpark
- Terminal apron

Please describe the Output(s) of the Project Maximum 1500 characters

Great Lakes Council (GLC) are proposing to develop the Forster Civic Precinct, a regional scale multipurpose precinct which delivers the following facilities: • New and expanded 2,000 sqm public library. • Public performance space. • Visitor Information Centre (VIC). • Community meeting spaces. • Outdoor community spaces. • Associated landscaping. • Associated infrastructure and car parking. The project represents a significant development for the Forster town centre, providing high quality facilities capable of meeting the expectations and requirements of visitors and residents. Provision of the civic facilities will also serve as a catalyst for further residential and commercial development, both within the subject site and across the broader town centre. The Great Lakes Local Government Area (LGA) is under-serviced in terms of cultural and community infrastructure. The Forster School of Arts Hall was decommissioned in 2007 and has not been replaced, leaving the area without a performing arts centre to support a range of key local events. The Great Lakes Library is a heavily utilised regional facility which is currently only half the recommended size in order to fully service local demand. The development will provide a high quality civic facility, library and visitor information centre, which is open, inviting and accessible to users. The project will provide an enhanced aesthetic and a more vibrant town centre

7. Please provide the following dates.

Note:The NSRF Project must be completed by 31 December 2019 and funding will not extend beyond the 2019-20 Financial Year

Estimated or actual construction start date of the Project that NSRF funding will be used for	01 Nov 2016
Estimated or actual construction finish date of the Project	30 Jun 2018

8. Please provide estimates of the full-time equivalent employment (FTE) numbers generated as a result of the Project (Note: The figures entered here should be consistent with your application and evidence).

FTE during construction	26
FTE post construction	8

9. Please indicate the current stage of development in relation to the progress of your Project.

The project is at the early stages, plans are conceptual and budgets have not yet been prepared.

Tab: Project Information/Licences or Approvals

Project Licences or Approvals

10. What is the status of any licences or approvals required before the project can commence (for example, building or planning approvals, zoning applications, environmental impact determinations etc..).

- Been identified

Please upload details of all required licences or approvals in the Document Dropbox at Question 30 as an Other document.

Tab: Project Information/Programme of Works

Programme of Works

11. Is this project part of a larger programme of works?

- No

Tab: Project Information/Project Location

Project Location

12. Where is the Project you are applying for located?

Upload location details below and if the Project are across multiple sites please upload these locations as well after completing details of the Primary Project Location.

Latitude and Longitude digital values can be obtained from Google maps (<https://www.google.com.au/maps>) and right clicking on the location, selecting 'What's here'. The latitude and longitude will then be given at the top of the screen e.g Latitude: -35.3083 and Longitude: 149.1242.

Location Name	Latitude	Longitude	Type	Address	LGA Area	Electorate
Primary Project Location	-32.182804	152.514183	Single location	Cnr of West, Middle and Lake Streets Lots 11,12,13 DP 47987 Forster nsw. 2428	Great Lakes Council	Lyne

For each location please attach a satellite image or map that shows the geographic location(s) of the Project in the Document Dropbox at question 30 as an Other document.

Note: the Department will not accept hyperlinks to websites.

Tab: Project Information/Impacts on Project

Impacts on Project

13. Is the commencement of the Project dependent on the completion of any other works?

- No

Tab: Project Financials/Project Funding

Project Funding

14. What is the total cost of the Project excluding any in-kind contributions (GST exclusive)?

These fields are automatically formatted for currency figures. Please enter the figures without using \$ signs or commas.

\$12,000,000

16. How much NSRF funding are you applying for (GST exclusive)?

\$6,000,000

17. Please add budget items amounts for the project by selecting 'Add budget line item'.

Note: The budget line items should provide details about the Outputs specified at Question 6

Hint: After filling in budget item details select 'Update' and then 'Save'. The budget item will then be displayed in a budget table and additional budget items can be added by selecting 'Add budget line item'

Category	Description of Use	Estimated Commencement Date	Estimated Completion Date	Partner funding(GST Exclusive)	NSRF funding(GST Exclusive)	Budget Line Item Total(GST Exclusive)
Consultants/contractors	Professional services - architects, engineering, design, and other professional services	01 Jan 2016	31 Jul 2016	\$600,000	\$600,000	\$1,200,000
Consultants/contractors	site preparation, landscaping, concrete works	01 Nov 2016	30 Apr 2018	\$900,000	\$900,000	\$1,800,000
Consultants/contractors	building construction works - library, visitor information centre, performance and public meeting spaces (includes contingency budget) - subject to tender	01 Dec 2016	31 Mar 2018	\$3,200,000	\$3,200,000	\$6,400,000
Consultants/contractors	heavy & civil engineering works including road works & car parking.	01 Mar 2017	31 Mar 2018	\$300,000	\$300,000	\$600,000

Construction/fit-out	fit out of all civic facilities including lighting, mechanical services , HVAC furniture and fittings etc - subject to tender	01 Feb 2018	30 Apr 2018	\$1,000,000	\$1,000,000	\$2,000,000
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Total Value of Budget	\$6,000,000	\$6,000,000	\$12,000,000
Line Items			

Tab: Project Financials/Partner Funding

Partner Funding

18. Please provide Partner Funding details including in-kind . The Partner Funding cash amount must be equal or greater than the requested NSRF cash amount at Question 16.

Funding Partner Name	Funding Partner Type	Type of Contribution	Value of Contribution(GST Exclusive)	Status of Contribution
Great Lakes Council	Own Contribution	Cash	\$6,000,000	Confirmed
Total for Cash Contribution only			\$6,000,000	
Total for in-kind Contribution only			\$0	
Total Value of Contribution total			\$6,000,000	

Note: It is an eligibility requirement that all partner funding is at least confirmed. Upload evidence of Partner Funding in the Document Dropbox at Question 30 for each Funding Partner listed in Partner Funding Table. This is a mandatory requirement and is outlined in the NSRF Guidelines (Separate evidence of partner funding is not required where the applicant is making an 'Own Contribution').

Tab: Project Financials/Experience

Project Experience

19. Have you previously undertaken projects of a similar size or scale to the Project in this application?

- Yes

Not for profits must upload evidence of capacity and capability to deliver the current project in the Document Dropbox at Question 30. Evidence requirements vary according to the size of the project and the size of the NSRF funding being sought. Please refer to the NSRF Guidelines.

Tab: Project Financials/Project Delivery

Project Delivery

20. Do you have contingency arrangements in place to cover any cost overruns or any of your funding partners fail to make their contribution?

- Yes - please give evidence of contingency at question 30.

If yes, please provide details of contingency arrangements. Maximum 1500 characters.

Council has committed \$6 million to this project in its current 2015/2016 budget and delivery & operational plans. Council has identified this issue in its risk management plan and has identified strategies to deal with any cost overruns. Council will publicly tender the works, engage a quantity surveyor to verify project estimates, enter into a fixed price contract (to avoid cost overruns) allow a contingency within its budgets, manage project creep (stick to project defined scope) and fund any cost overruns if they arise from its annual budget derived from rate revenues. Refer also to risk management plan and procurement plan attached to our submission.

21. Have the cost estimates for the Project been independently assessed?

- No

22. Have the ongoing costs for which you will be responsible once the Project is completed (such as operational costs, maintenance, public liability and employment) been budgeted for?

Note: NSRF funding cannot be used for ongoing costs.

- Yes, please upload evidence in the Document Dropbox at Question 30. Evidence requirements vary according to the size of the project and the size of the NSRF funding being sought. Please refer to the NSRF Guidelines.

23. Has anyone involved in managing the Project been bankrupt or convicted of fraudulent or criminal activities?

- No

24. In the past two years has the Applicant (or a consortium member, if applicable) been involved in any legal proceedings that will impact on the Project?

- No

Tab: Project Financials/Applicant Financials

Applicant Financials

25. Please provide a summary of the Applicant's financial details for the two of the three most recent consecutive financial years in the table below.

Document 1

Upload the Applicant's audited financial statements in the Document Dropbox at Question 30. The statements must include the auditor's statement and signature.

Note: Ensure that the figures are accurately transcribed into the table below and match the mandatory documents uploaded at Question 30.

Financial Year	2013/2014	2012/2013
Revenue	\$69,452,000	\$74,595,000
Expenses	\$65,725,000	\$67,181,000
Total Assets	\$791,518,000	\$786,628,000
Current Assets	\$46,902,000	\$60,002,000
Total Liabilities	\$72,616,000	\$74,281,000
Current Liabilities	\$23,050,000	\$22,537,000
Cash or Equivalent on-hand	\$4,615,000	\$4,687,000

Tab: Assessment Criteria

Assessment Criteria

Your application will be appraised against the following Assessment Criteria.

Applicants are advised to present a strong case against each of the Assessment Criteria, with all claims supported by evidence and to note the following:

- Make sure you press the 'Save' button regularly to prevent the online application form access timing out as this will result in unsaved work being lost.
- Responses to the Assessment Criteria must be completed in the application form;
- Responses to the Assessment Criteria must be concise and are limited to 5000 characters (including spaces) per Assessment Criterion field;
- Any response to the Assessment Criteria beyond 5000 characters (including spaces) will not be recorded; and
- Supporting documentation at Question 30 should provide evidence in support of the claims against each Assessment Criteria rather than expand on your response to the Assessment Criteria and be uploaded under 'Other document'.

26. Assessment Criterion 1: the extent to which the Project contributes to economic growth in the region

Investment in expanded civic infrastructure is critical to the ongoing economic development of Great Lakes. The proposed centre will provide an enhanced and more attractive civic space for administration, library and visitor information centre uses, and more functional and interactive space for community and visitor use. This is expected to contribute to socio-economic growth in the region through: • Direct economic benefits, providing an immediate boost to the regional economy through increased economic activity and direct employment during construction phase and ongoing employment and induced resident and visitor expenditure once the precinct is operating. • Increased usage of library services, and delivery of services that are in keeping with modern and emerging trends in library service provision and meet the needs and desires of library users, providing potential for enhanced learning outcomes. • Increased usage of the visitor information centre, and more effective delivery of visitor information centre services, due to improved attractiveness and accessibility. • Increased tourist attraction and facilitation of local and regional events, the current lack of suitable performance space limits opportunities for local groups and limits the region's ability to attract significant events. Economic analysis indicates construction of the \$12 million Forster Civic Precinct in the Great Lakes economy would lead to a corresponding increase in value added activity of \$4.0 million, comprised of \$1.7 million directly, \$0.9 million generated from related intermediate industries, and \$1.5 million through consumption effects as wages and salaries earned are spent in the local economy. Construction of the project is also estimated to

support 26 full time equivalent (FTE) jobs, including both direct and flow-on impacts. Once operational, the precinct will deliver economic benefits through ongoing activities as well as increased visitation (and visitor spend) attracted to the region to attend performances, events and exhibitions at the facilities. Operational activities and induced visitation are estimated to generate approximately \$1.0 million in value added activity per annum including direct and flow on impacts, supporting around eight FTE jobs each year. The net present value of the Forster Civic Precinct, using a 7% real discount rate and over a 30 year assessment period, is estimated to be \$10.1 million, with a benefit to cost ratio of 1.55. The Forster Civic Precinct is a much need piece of infrastructure. The Forster School of Arts Hall was decommissioned in 2007 and has not been replaced, leaving the area without a performing arts centre to support a range of key local events. The Great Lakes Library is a heavily utilised regional facility which is currently only half the recommended size in order to fully service local demand based on NSW State Library benchmarks. Provision of the civic facilities will serve as a significant catalyst for further residential and commercial development, both within the subject site and across the broader town centre. A specific opportunity has been identified to partner with the private sector to develop over 55's residential and associated commercial space above and adjacent to the proposed library and visitor information centre building. High level economic modelling indicates this additional construction activity alone could support an additional \$6.5 million in value added activity and 54 FTE jobs. Once operational, the commercial development would help to create a greater critical mass of business activity within the Forster town centre. Additional details regarding the economic benefits of the project can be found in the Forster Civic Precinct Business Case document attached to this funding submission.

27. Assessment Criterion 2: the extent to which the Project supports or addresses disadvantage in a region

The Great Lakes LGA is under-serviced in terms of cultural and community infrastructure. Of significant note: • The Forster School of Arts Hall was decommissioned in 2007 and has not been replaced, leaving the area without a performing arts centre to support a range of key local events. • The Great Lakes Library is a significant regional facility which is utilised by a large proportion of the Greta Lakes population. The current 780 sqm library is identified as being only half the recommended size in order to fully service local demand based on NSW State Library benchmarks. The lack of adequate facilities significantly disadvantages the Great Lakes area, compounding a regional disadvantage which includes: • High unemployment: At the end of 2014 the Great Lakes unemployment rate was 2.2 percentage points higher than the NSW average at 7.9%. The region has experienced above average unemployment for the majority of the post-GFC period • Low incomes concentrated in low skilled industries: In 2011 average household incomes were just \$1,008 per week (approximately 65% of NSW and national averages). The volatile and low paying retail trade and accommodation and food services sectors accounted for 28% of local jobs (by place of work) in 2011. • Low education outcomes: The region records lower levels of year 12 completion and tertiary qualification attainment compared to NSW and national benchmarks. In 2011 the Great Lakes LGA registered a SEIFA index of 932.3, identifying the area as disadvantaged overall across a range of indicators (low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations). The recent dropping off the edge report (Jesuit Social Services & Catholic Social Services Australia, 2015) identifies Forster and as one of the 40 most disadvantaged regions in NSW. The proposed Forster Civic Precinct would help address current disadvantage through several avenues, including: • Improved cultural capital: the civic precinct will be an enabler for creative industries fostering growth and assisting the diversification of the regional economy. • Improved library services: the Great Lakes Library provides a range of educational elements programs in addition to public learning space. Expanding and upgrading the facilities to a standard and scale that fully service demand will build social, cultural and economic capital, support social inclusion and promote literacy and life-long learning. • Improved access for social arts and cultural groups: the current lack of infrastructure limits the growth and collaboration potential of these groups. Given the assessed scale of unmet demand, it is likely that the provision of additional infrastructure would see substantial growth in this sector. • Improved visitation and induced expenditure: o There are currently limited suitable venues for hosting a range of community events. Providing suitable events space would allow local performers an opportunity to develop and potentially provide access to a wide range of events which are currently effectively excluded. o There exists significant potential for enhanced visitor experiences and greater repeat tourist visitation as a result of expanded visitor information centre services. There is a pressing need for new investment in the Forster town centre. Suitable civic facilities are critical to service current and future population needs, and to drive broader economic development. The Forster Civic Precinct development is expected to be a catalyst for broader revitalisation of the town centre, including a repositioning of retail and commercial activity, and providing substantial lifestyle amenity to support significant residential development in the surrounding area. Without the catalyst of the Forster Civic Precinct development, the likelihood of the Forster town centre attracting significant investment and growth is questionable. The NSRF funding will enable Great Lakes Council to deliver a higher quality civic centre, which is more open, inviting and accessible to users. The NSRF funding is crucial to delivering a high-functioning civic administration, performing and events space, library and visitor information centre suitable for meeting the current and future needs of Great Lakes resident and visitors. Without the NSRF funding Great Lakes Council will be unable to deliver as high a quality and accessible facility, which is likely to impede the overall public realm benefits the region could achieve through the proposed Forster Civic Precinct development. For additional details refer to the Forster Civic Precinct Business Case attached to this submission.

28. Assessment Criterion 3: the extent to which the Project increases investment and builds partnerships in the region

The Forster Civic Precinct represents a significant catalyst project for the Forster town centre. It will create the opportunity for significant private sector investment through the facilitation of public-private partnerships, attraction of new major investors and increased collaboration and investment from existing businesses. The resultant increased economic activity within the town centre will provide greater opportunities to attract additional private enterprises as well as develop industry clusters that contribute to the sustained growth of local businesses. The Forster Civic Precinct development will be a collaborative project that demonstrates to key investors and stakeholders that Great Lakes Council is committed to delivering significant projects that secure the economic, social and environmental future of the community. A key priority for the project will be the establishment of effective partnerships across stakeholders including residents, land owners, businesses, community organisations and government agencies, to deliver on the project vision. All population groups and key stakeholder groups will be effectively involved in informing the design, development and ongoing activation of the city centre through a rigorous engagement process. In order to carry out the development and associated sub-projects, Great Lakes Council will develop strategic partnerships with varying commercial entities to pursue investment in and development of strategic sites that contribute to encouraging new people, visitors, speciality retailers, residents, office workers and others to the Forster town centre. The potential for strong ongoing investment and collaborative partnerships is a critical aspect of the Forster Civic Precinct development. Supporting information can be found in the Forster Civic Precinct Business Case.

29. Assessment Criterion 4: the extent to which the Project and Applicant are viable and sustainable

Great Lakes Council has considerable experience managing and delivering significant infrastructure projects, and understands the need to quantify and make provision for the financial impacts of operating and maintaining these assets over time. This is reflected by the inclusion of an expanded civic precinct in Council's Long Term Financial Plan (2015 to 2025). This ensures the development (including the community hall, library, visitor information centre, and open spaces) will be properly operated and maintained allowing it to deliver the anticipated benefits over its entire useful life without compromising Council's long-term financial sustainability. To ensure the viability of the project and financial impacts are appropriately identified, Great Lakes Council carried out a comprehensive planning process and risk analysis to identify commercial risk and confirm the primary capital and funding structure. Council's investment in the development will be funded through a mixture of loan and reserve funding. GLC proposes to fund loan repayments using Council's Land Development Reserve, which has sufficient cash flow from existing income streams to cover repayments. The project is deemed to present a low to moderate financial risk profile to Council, with risk management factored into the risk assessment to adequately address identified risks. The project derives a positive Net Present Value (NPV) to the community (enhancing community wealth) and can be funded in significant part from cash flows inherent to the project itself. Significant potential exists to leverage additional development on the project site through the private sector which would provide further funding streams to support the project. The project is deemed to require minimal additional rate payer contributions or rate increases. Overall the project meets Council's financial and risk objectives and does not place the ongoing provision of services at risk. Council is in a strong financial position, with a net operating surplus of nearly \$4 million over 2013/14. Given strong community support and a firm foundation of guiding sustainable principles, the Forster Civic Precinct development project represents a highly sustainable and viable development for the Great Lakes area. Supporting information can be found in the following attached documents: • Forster Civic Precinct Business Plan. • Forster Civic Precinct Asset Management Plan. • Forster Civic Precinct Project Management Plan. • Forster Civic Precinct Risk Assessment. • Great Lakes Council Long Term Financial Plan (2015 – 2025). • Great Lakes Council Financial Statements (2011/12, 2012/13, 2013/14).

Tab: Documents Dropbox

Documents Dropbox

30. Please upload all mandatory and other documents:

- Please complete all questions and make sure previous tabs are green before selecting a drop down option at Question 30 to add a document.
- **Mandatory** documents will appear in the drop down menu as you progress through the NSRF online application form in the GMS Portal.
- Please refer to section 4.6 of the NSRF Round 2 Guidelines for a list of all mandatory documents.
- If you are a not for profit organisation please provide your constitutional or other governance documents to assist the Department to confirm your not for profit status.

Document 1

- Each document must be under 15 megabytes and have a file name less than 45 characters (including special characters, spaces and the file extension) to be uploaded.
- In addition to the mandatory documents, you may upload a further 20 'Other documents' from the drop down menu to support your application.
- If you refer to a document in multiple criteria only one document should be uploaded.
- All documents are referred to and considered in the assessment process.
- Documents that are password protected or cannot be accessed will not be considered
- Documents should be referenced using the naming convention mentioned in [User's Guide](#).

Documents

Document Type	Document Name
Written Confirmation of all Partner Funding (Cash and in-kind) except own contribution – combined into a single document (Mandatory)	NSRF200640_Risk Assess Plan.pdf
Risk Management Plan	NSRF200640_Procurement Plan.pdf
Evidence of Disadvantage	NSRF200640_Financial Statements 2012 2013 2014.pdf
Business Case	NSRF200640_Evidence of Experience.pdf
Evidence of Licences or Approvals	NSRF200640_Project Management Plan Final.pdf
Project Management Plan	NSRF200640_Asset Management Plan Final.pdf
Other document	NSRF200640_Business Case Final.pdf
Other document	NSRF200640_Evidence of Licences or Approvals.pdf
Other document	NSRF200640_Forster Civic Precinct location plans.pdf
Other document	NSRF200640_Local Advocate article 29 July 15.pdf
Other document	NSRF200640_Media Release - Why we need a new library.pdf
Other document	NSRF200640_Evidence of community support.pdf
Other document	NSRF200640_Evaluation Responses 1-4 Final.pdf

Tab: Legal Authorisation

Legal Authorisation

Note: This legal authorisation was completed by *Glen Handford* on *31 Jul 2015 08:55 AM*

I
s.47F(1)

as
General Manager

of
Great Lakes Council
PO Box 450 FORSTER nsw. 2428

Confirm that:

- I am a person authorised to make this declaration on behalf of my organisation.

Document 1

- The information provided in this form and all appended documents is complete and correct. I understand that information provided in this webform will form the basis of the funding agreement if the application is successful.
- The Department of Infrastructure and Regional Development (the Department), or any third party authorised by the Department, may perform such investigations and procedures as the Department may determine are necessary for the assessment of this application. I confirm that my organisation may be required to provide additional information including access to records requested by the Department or its third party representative/s in order to facilitate the necessary investigations.
- I agree that the Department may arrange for an Independent Viability Assessment (IVA) of my project by an external adviser or consultant to the Department.
- To the best of my knowledge, I have disclosed (A Declaration of Conflict of Interest) all actual, apparent or potential conflicts of interest that would prevent my organisation from proceeding with the proposal outlined in this Application for Funding under the NSRF programme or from entering into a Funding Agreement with the Commonwealth to deliver a project which relates to this Application for Funding under the NSRF programme.

(Confirmed)This acts as my electronic signature.

s.47F(1)

General Manager

31 July 2015 8:55 AM

Declaration of Conflict of Interest

Please complete either Part I or Part II of the Declaration of Conflict of Interest.

Part I – No Known Conflict

I confirm that, at the date of this Application, other than those interests listed below, no conflict exists or is likely to arise that would prevent Great Lakes Council from proceeding with the proposal outlined in this Application for Funding under the NSRF programme or from entering into a Funding Agreement with the Australian Government to deliver a project which relates to this Application for Funding under the NSRF programme.

If a Conflict arises I agree to:

- notify the Commonwealth in writing immediately;
- make full disclosure of all relevant information relating to the Conflict; and
- to take any steps the Commonwealth reasonably requires to resolve or otherwise deal with the conflict.

(Confirmed)This acts as my electronic signature.

s.47F(1)

General Manager

Date: 31 July 2015 8:55 AM

Part II Disclosure of Interests

I disclose the following interests:

I undertake that if at any time I have an actual, apparent or potential conflict of interest, then I will:

- (a) immediately notify the Department of Infrastructure and Regional Development in writing of that Conflict and of the steps the Great Lakes Council propose to take to resolve or otherwise deal with the Conflict;
- (b) make full disclosure to the Department of Infrastructure and Regional Development of all relevant information relating to the Conflict; and
- (c) take such steps as the Department of Infrastructure and Regional Development may, if they choose to, reasonably require to resolve or otherwise deal with that Conflict.

I understand that if I fail to notify the Department of Infrastructure and Regional Development of any actual, apparent or potential conflicts of interest or am unable or unwilling to resolve or deal with the Conflict as required by the terms noted above, the Department of Infrastructure and Regional Development may seek to terminate any Funding Agreement established in relation to a project which relates to this Request for Information.

Any information disclosed in this form will only be used by the Australian Government for the purposes of assessing Program proposals and will be maintained in accordance with the Privacy Act 1988.

(Un-Confirmed) This acts as my electronic signature.

s.47F(1)

General Manager

Date: 31 July 2015 8:55 AM

Tab: Submit

Submit

Applications must be submitted using the GMS Portal. If possible avoid waiting until the last minute to submit your application as high volumes of users can slow the system and may make it difficult for you to complete the submission.

The **NSRF Round Two** application submission period is from **Friday, 15 May 2015 until 5:00 PM applicant's local time on Friday 31 July 2015**.

Late applications will not be accepted, unless the Department considers there were exceptional circumstances beyond the Applicant's control. The Department's decision will be final.

If you have provided all information required for the application you're ready to submit the form. Once you click **SUBMIT** your form will be lodged with the Department. Please consider taking the opportunity to review your responses before submitting the form.

Cancelling an Application

Applications can be cancelled at any time prior to submission. To cancel an application, select the Cancel Application button on the National Stronger Regions Fund – Applications Home page in the GMS Portal. You will then receive an automated email confirming the cancellation of your application.

Withdrawing an Application

To withdraw a submitted application your organisation's Signatory must provide written notification to the Department via email to nsrf@infrastructure.gov.au. Please allow three working days for the Department to process the withdrawal of an application.

A new application cannot be commenced until the withdrawal process has been completed by the Department.

The Signatory requesting the withdrawal will receive confirmation via email from nsrf@infrastructure.gov.au when the request has been received and when the withdrawal process has been completed.

The withdrawn application will appear as an archived withdrawn application in the GMS Portal and the Create a new Application button will reappear.

Withdrawn or cancelled applications are not considered submitted.

Your application has been submitted

We've sent an e-mail to s.47F(1)@greatlakes.nsw.gov.au confirming lodgement of this application.

Application has been submitted on 31 Jul 2015 08:56 AM by s.47F(1)

Forster Civic Precinct Business Case

Great Lakes Council
July 2015

Document Control

Job ID: 18082
Job Name: Forster Civic Precinct Business Case
Client: Great Lakes Council
Client Contact: s.47F(1)
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Document Name: Forster Civic Precinct Business Case Final.docx
Last Saved: 30/7/2015 3:42 PM

Version	Date	Reviewed	Approved
Draft v1.0	24/07/2015	SS	
Draft v1.1	30/07/2015	MK	
Final	30/07/2015	MK	ARP

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Executive Summary

Background & Need for the Project

The Great Lakes Local Government Area (LGA) is under-serviced in terms of cultural and community infrastructure. The Forster School of Arts Hall was decommissioned in 2007 and has not been replaced, leaving the area without a performing arts centre to support a range of key local events. The Great Lakes Library is a heavily utilised regional facility which is currently only half the recommended size in order to fully service local demand.

To address the growing need for civic and community facilities in the region, Great Lakes Council (GLC) are proposing to develop the Forster Civic Precinct, a regional scale multipurpose precinct including:

- New and expanded 2,000 sqm public library.
- Public performance space.
- Visitor Information Centre (VIC).
- Community meeting spaces.
- Outdoor community spaces.
- Associated landscaping.
- Associated infrastructure and car parking.

The project represents a significant development for the Forster town centre, providing high quality facilities capable of meeting the expectations and requirements of visitors and residents. Provision of the civic facilities will also serve as a catalyst for further residential and commercial development, both within the subject site and across the broader town centre.

Purpose of this Study & Approach

This business case has been developed to provide an overview of the socio-economic benefits of the proposed Forster Civic Precinct (the project), to the Great Lakes LGA economy. Input-Output modelling, a cost benefit analysis and financial analysis has been undertaken to demonstrate the benefit of the project.

Findings

Economic Benefits

The Forster Civic Precinct will make a significant contribution to the Great Lakes economy. Construction of the project will deliver (including direct and flow on impacts) **\$4.0 million to Great Lakes LGA's Gross Regional Product (GRP)**, around **26 full time equivalent (FTE) jobs**, and payment of around **\$1.9 million in wages and salaries** for Great Lakes LGA workers.

Ongoing activities and induced visitation associated with the precinct are expected to generate on average **\$0.9 million per annum to Great Lakes LGA's GRP**, providing around **8 FTE jobs** with payment of approximately **\$0.4 million in wages and salaries** for Great Lakes LGA workers.

The development will provide a high quality civic administration, library and visitor information centre, which is open, inviting and accessible to users. The project will provide an enhanced aesthetic and a more vibrant town centre, which is better able to support and facilitate the attraction of visitors, residents and investment to the region.

Further significant, but not quantified, socio-economic benefits associated with the development include:

- Enhanced opportunities for volunteerism within the community to provide and/ or assist with a range of cultural, education and recreational programs. Volunteering is a key social function, generating enhanced community and social inclusion and wellbeing while providing activities and functions that would otherwise not be available to the community.
- Potential for improved visitor experiences and greater repeat tourist visitation as a result of enhanced VIC facilities and services.
- Expanded educational services and offerings facilitated through the Great Lakes Library, with significant employment, income, and other social benefits including the promotion of life-long learning.
- Potential for greater retention of local expenditure within the economy due to improved amenity and offerings. These impacts have been assumed to represent a transfer of benefits within the Great Lakes LGA economy in order to retain a conservative evaluation of the project.
- Improved amenity and character of the Forster town centre area, increasing the attractiveness and competitiveness of the region for business investment and attraction. This is expected to result in greater levels of business growth and economic activity than would occur without the project, as well as providing more job opportunities and greater potential for residents to live and work in Great Lakes LGA.

Cost Benefit Analysis

The cost benefit analysis identifies that at a 7% discount rate the project would be deemed economically **desirable** with the benefits outweighing the costs, providing a Benefit Cost Ratio (BCR) of 1.55. The development is not assessed as being overly sensitive to the discount rate used, with the cost benefit analysis returning a positive Net Present Value (NPV) and BCR above 1 at all discount rates examined. The project has an Internal Rate of Return (IRR) of 14.7%.

Table ES.1: Cost Benefit Analysis Results

Discount Rate	PV Costs (\$M)	PV Benefits (\$M)	NPV (\$M)	BCR
4%	\$22.3	\$41.4	\$19.2	1.86
7%	\$18.5	\$28.6	\$10.1	1.55
10%	\$16.1	\$20.8	\$4.7	1.29

Note: NPV presented in the table may not exactly equal Present Value (PV) of Benefit less PV of Costs reported due to rounding.
Source: AEC

Sensitivity analysis shows the project is relatively robust and not overly sensitive to assumptions relating to costs and benefits.

Project Deliverability

To demonstrate that the proposed Forster Civic Precinct is investment ready and can be implemented on time, to scope, within budget and to the required standard, project plans have been prepared. In particular, a Project Management Plan, a Procurement Plan, a Risk Management Plan and an Asset Management Plan have been developed.

GLC has allocated \$6 million to the project using a mix of debt and reserve funding, with the remaining \$6 million planned to be sourced from grant funds. The ongoing costs of operating the facilities, along with the operations and services provided will be funded through customer fees and charges, with any short falls funded through general rates income.

Given GLC owns the land and funds are already allocated to be utilised for this specific project, GLC is committed to a speedy development of the facility once matching funds are approved, with construction anticipated to be completed within 2017-18.

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1. Introduction

1.1 Background

The Great Lakes Local Government Area (LGA) is under-serviced in terms of cultural and community infrastructure. The Forster School of Arts Hall was decommissioned in 2007 and has not been replaced, leaving the area without a performing arts centre to support a range of key local events. The Great Lakes Library is a heavily utilised regional facility which is currently only half the recommended size in order to fully service local demand.

To address the need for civic and community facilities in the region, Great Lakes Council (GLC) are proposing to develop the Forster Civic Precinct, a regional scale multipurpose precinct including:

- New and expanded 2,000 sqm public library.
- Public performance space.
- Visitor Information Centre (VIC).
- Community meeting spaces.
- Outdoor community spaces.
- Associated landscaping.
- Associated infrastructure and car parking.

The project represents a significant development for the Forster town centre, providing high quality facilities capable of meeting the expectations and requirements of visitors and residents. Provision of the civic facilities will also serve as a catalyst for further residential and commercial development, both within the subject site and across the broader town centre.

1.2 Purpose of this Report

This business case has been developed to provide an overview of the socio-economic benefits of the proposed Forster Civic Precinct development (the project), to the Great Lakes economy. It contains an overview of the need for the project, the socio-economic benefits the project will deliver to the region, and the financial viability of the project.

It is anticipated the findings of this report will be used to support funding applications for this project.

1.3 Approach

This study uses Input-Output modelling techniques to assess the economic impacts associated with construction and ongoing activities of the project. The results of the impact assessment are presented in chapter 3, and a description of Input-Output modelling and methodology is provided in **Appendix A**. Other socio-economic benefits not captured by Input-Output modelling are also described qualitatively.

A Cost Benefit Analysis (CBA) of the project has been undertaken and is presented in chapter 4, examining the benefits and costs of the project and outlining the net benefit to the regional economy. A description of the CBA methodology is provided in **Appendix B**.

A financial analysis of the project is provided in chapter 5 outlining the anticipated implications to Council's operating budget as a result of the project.

2. Project Description

Issue(s)/ Need(s) to be Addressed

The standard and scope of civic facilities (library, event venue, and VIC) within Great Lakes are inadequate to support the current needs and future growth of the community.

Based on NSW State Library (2015) benchmarks the Great Lakes Library should currently be at least 1,500 sqm in order to adequately service its catchment population. Current facilities are barely half this size. Forecast growth also suggests demand will increase to 2,000 sqm within 10 years (GLC, Unpublished).

The Great Lakes Library receives strong community membership and supports a range of key education functions which will be enhanced through the proposed development, including:

- Early reading programs, including Bookstart (delivery of book and library bag to all new parents in Great Lakes LGA), pre-school storytime (0-2 and 2-5 yr old programs).
- Homework help programs for primary and secondary students.
- A HSC collection and targeted HSC events.
- One-on-one tutoring for adults with reading barriers.
- Access to wide range of self-help, self-education, self-improvement materials.
- Providing a public space to facilitate learning activities and events.

Council has also experienced difficulty attracting and facilitating local and regional events and artistic performances given the lack suitable facilities.

Council's objective through this project is to provide state of the art civic facilities in order to support community learning and recreation, whilst promoting a vibrant town centre to support resident amenity and facilitate broader commercial and residential development.

Investment in enhanced civic facilities is required in order to meet community needs and expectations and to support the ongoing economic development of the Great Lakes area.

Options Considered

Council's research suggests there are limited alternatives for this project. It has investigated the possibility of alternative site locations and considers the current proposed development the most cost effective which meets community needs.

2.1 Description of Project

The proposed Forster Civic Precinct is to be located at lots 11, 12, & 13 on DP 47987 located at West and Middle Streets, Forster.

The development comprises the following facilities to meet the identified needs of the community:

- Public library (approximately 2,000 sqm).
- VIC.
- Pubic performance space (including 200 seat community hall).
- Community meeting spaces.
- Outdoor community spaces.
- Associated landscaping.
- Associated infrastructure and car parking.

It is expected that the provision of the public facilities will enhance the economic, social and recreational wellbeing of the surrounding district. In addition it is expected that by providing the community facilities that Council will be able to attract a 'partner' to further develop residential, commercial and business premises that will also boost the local economy.

Specifically, GLC has identified interest in attracting a partner to develop an innovative over 55's style of accommodation above and adjacent to the proposed civic facilities and library. Should additional development/s occur, they will provide an additional funding stream to Council to support the Forster Civic Precinct and help to generate a greater critical mass of activity within the Forster town centre.

While additional private development is not factored in to the base business case for the Forster Civic Precinct (and is not required in order for the Civic Precinct project to proceed), it provides the potential for substantial additional economic benefits should it occur.

2.2 What Will the Project Deliver?

The project will provide a significant civic precinct for the Forster town centre. The project will include state of the art library and VIC facilities, meeting rooms, performance and outdoor community spaces.

Provision of the civic facilities will also serve as a catalyst for further residential and commercial development, both within the subject site and across the broader town centre.

Key benefits of the project will include:

- Additional economic activity during construction.
- Improved amenity and service provision for local residents and visitors.
- A greater critical mass of activity within the Forster town centre to support ongoing population and economic growth and development.
- Enhanced community pride.
- Increased likelihood of retention of visitors, expenditure and associated flow on economic activity.

2.3 Capital Cost

The project is planned to incorporate elements outlined in section 2.1. The project is estimated to cost approximately \$12 million (GLC, Unpublished), and be constructed during 2016 to 2018, with operations to commence in 2019.

3. Economic Impact Assessment

3.1 Approach

Economic modelling in this section estimates the economic activity supported by construction and operational activity of the project. Input-Output modelling is used to examine the direct and flow-on¹ activity expected to be supported within the regional economy (geographies examined are outlined in section 3.2). Modelling drivers used in the assessment are described in section 3.3. A description of the Input-Output modelling framework used is provided in **Appendix A**.

Input-output modelling describes economic activity by examining four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Value added:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic stimulus, both directly and indirectly through flow-on activity, expressed in full time equivalent (FTE) positions².

3.2 Geographic Scope

Economic impacts have been assessed for the Great Lakes LGA.

3.3 Model Drivers

3.3.1 Construction Phase

The project has planned construction activity worth a combined total of \$12 million, with construction activity anticipated to occur predominately over 2017 and 2018. For the purposes of modelling and clarity of reporting, the construction phase has been examined in terms of economic activity supported overall rather than on an annual basis.

For modelling purposes, the capital outlay for the project was disaggregated into relevant industries represented in the Input-Output model (based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) categories). For the purposes of this assessment it has been assumed:

- Approximately 10% (\$1.2 million) of projects costs are allocated to professional, scientific and technical services (including architecture, engineering, design etc.).
- Approximately 10% (\$1.8 million) of project costs are allocated to construction services (including site preparation, landscaping, concreting etc.).
- Approximately 5% (\$0.6 million) of project costs are allocated to heavy and civil engineering construction (including road works etc.).

¹ Both Type I and Type II flow-on impacts have been presented in this report. Refer to **Appendix A** for a description of each type of flow-on impact.

² Where one FTE is equivalent to one person working full time for a period of one year.

- Approximately 75% (\$9 million) of project costs are allocated to non-residential building construction (including library and VIC buildings, performing and public meeting spaces).

Of the above capital outlay, not all activity will be undertaken within the Great Lakes LGA economy. For example, some professional services and marketing activities are likely to be sourced from major capital cities/ interstate.

The following table outlines assumptions used in the modelling to identify where relevant activity is anticipated occur.

Table 3.1. Location of Construction Phase Activity by Industry

Industry	Great Lakes LGA
Non-Residential Building Construction	100%
Heavy and Civil Engineering Construction	100%
Construction Services	100%
Professional, Scientific and Technical Services	20%

Source: AEC

In interpreting the above table, it is important to recognise the location of where activity occurs can differ from where the labour or services used to undertake the activity are sourced from. For example, construction activity will (effectively) all occur on site. However, it may be that some labour and services will reside outside of Great Lakes LGA.

The following table outlines the assumptions used in the modelling regarding from where goods and services are sourced.

Table 3.2. Source of Construction Phase Activity by Industry

Industry	Great Lakes LGA
Non-Residential Building Construction	50%
Heavy and Civil Engineering Construction	50%
Construction Services	50%
Professional, Scientific and Technical Services	20%

Source: AEC

In undertaking economic modelling, the direct activity associated with the construction phase is based on where activity occurs (Table 3.1) rather than strictly where labour for these services is sourced from (Table 3.2). However, the amount of activity that is retained in the local economy is best considered in terms of where labour, goods and services are sourced, rather than where the activities they undertake are located. This refers to a 'retention' of incomes and profits within an economy, and reflects that labour and companies sourced from outside the Great Lakes LGA economy (for example) are more likely to spend incomes earned within their local area than within Great Lakes LGA.

For the purposes of modelling, it has been assumed construction companies and sub-contractors sourced from outside the relevant geography will contribute approximately one quarter (25%) of the level of Type I (production induced) flow-on activity within the economy that a locally sourced company does, and approximately 5% of Type II (consumption induced) flow-on activity. This reflects that construction companies working on site but sourced from outside the geography will contribute to local supply chains in terms of sourcing some goods and services they require locally (Type I), as well as spending some wages and salaries locally on items such as food and drink (Type II).

3.3.2 Operations Phase

Additional activities anticipated to be observed following the delivery of this project on an ongoing annual basis as a result of its operation are outlined below.

Facility Operation

Once operational, the Forster Civic Precinct will generate additional turnover above that of current facilities.

Estimated additional revenues across various civic precinct functions taken from the financial analysis (refer to section 5) are presented in the table below. For modelling purposes average revenues from 2019-2026 have been used, and expenditure has been allocated to the most relevant ANZSIC industry.

Table 3.3: Operational Turnover

Output Stream	Average 2019-26	ANZSIC Industry
Library Income	\$200,000	Library and Other Information Services
Community Centre Income	\$310,000	Heritage, Creative and Performing Arts
Meeting Space	\$270,000	Non-Residential Property Operators and Real Estate Services
Outdoor and Performance Space Income		
- Markets	\$10,000	Non-Residential Property Operators and Real Estate Services
- Events	\$2,000	Heritage, Creative and Performing Arts
Total	\$792,000	n.a.

Source: Great Lakes Council (Unpublished), AEC.

It would be expected the proposed facility may impact on demand at other similar facilities regionally, and some economic benefits from facility operations (e.g. for facility hire, organising events and expenditure of people attending events) are assumed to be captured within induced visitor spend (see below).

For the purposes of modelling an indicative estimate of 10% transferred turnover (excluding library turnover) has been used given the modest availability of competing facilities within the Great Lakes LGA.

Induced Visitor Spend

While the majority of civic precinct operations are expected to influence local expenditure, a level of induced non-local expenditure is expected to be generated through the facilitation of larger regional scale events.

For modelling purposes, 12 regional level events per year have been assumed, leading to 70% occupancy of the 200 seat community hall. Of these attendees it is assumed:

- 20% of attendees are non-local.
- Half non-local attendees stay in Great Lakes for one day, while half are converted to overnight visitors.

Data from Tourism Research Australia's National Visitor Survey was used to identify the average expenditure per visitor by expenditure item for day trip and overnight visitors (TRA, 2015). The proportion of expenditure was adjusted to match Great Lakes day and overnight expenditure levels based on Destination NSW (2015) data.

Some exclusions of expenditure items were made (e.g. expenditure on domestic airfares as this would likely be made outside the relevant economies). Average expenditure estimates per person by expenditure item were rounded to the nearest \$5, and are summarised in Table 3.4.

Table 3.4: Average Expenditure per Visitor by Expenditure Item

Expenditure Item	Day Visitor	Overnight Visitor	ANZSIC Sector
Tours	\$0	\$25	Water, Pipeline and Other Transport
Rental Vehicles	\$0	\$10	Road Transport
Petrol	\$30	\$60	Retail Trade
Taxi and local public transport	\$0	\$20	Road Transport
Accommodation	\$0	\$135	Accommodation
Food and drink	\$30	\$155	Food and Beverage Services
Shopping / gifts /souvenirs	\$30	\$45	Retail Trade
Entertainment	\$5	\$20	Heritage, Creative and Performing Arts
Total	\$95	\$475	n.a.

Source: TRA (2015), Destination NSW (2015), AEC.

3.4 Model Results

3.4.1 Construction Phase

It is estimated the \$12 million capital investment will directly deliver \$5.6 million in industry output for Great Lakes-based businesses in total between 2016 and 2018, with a further \$4.2 million supported through flow-on activity.

A total of \$4.0 million in gross value added (GVA) activity is estimated to be supported within the Great Lakes LGA economy over the construction phase (2016 to 2018) including direct and flow on activity. Around 26 FTE jobs for Great Lakes LGA workers are estimated to be supported as a result of construction over the period, providing \$1.9 million in wages and salaries.

Table 3.5: Economic Activity Supported by Construction Phase, Total

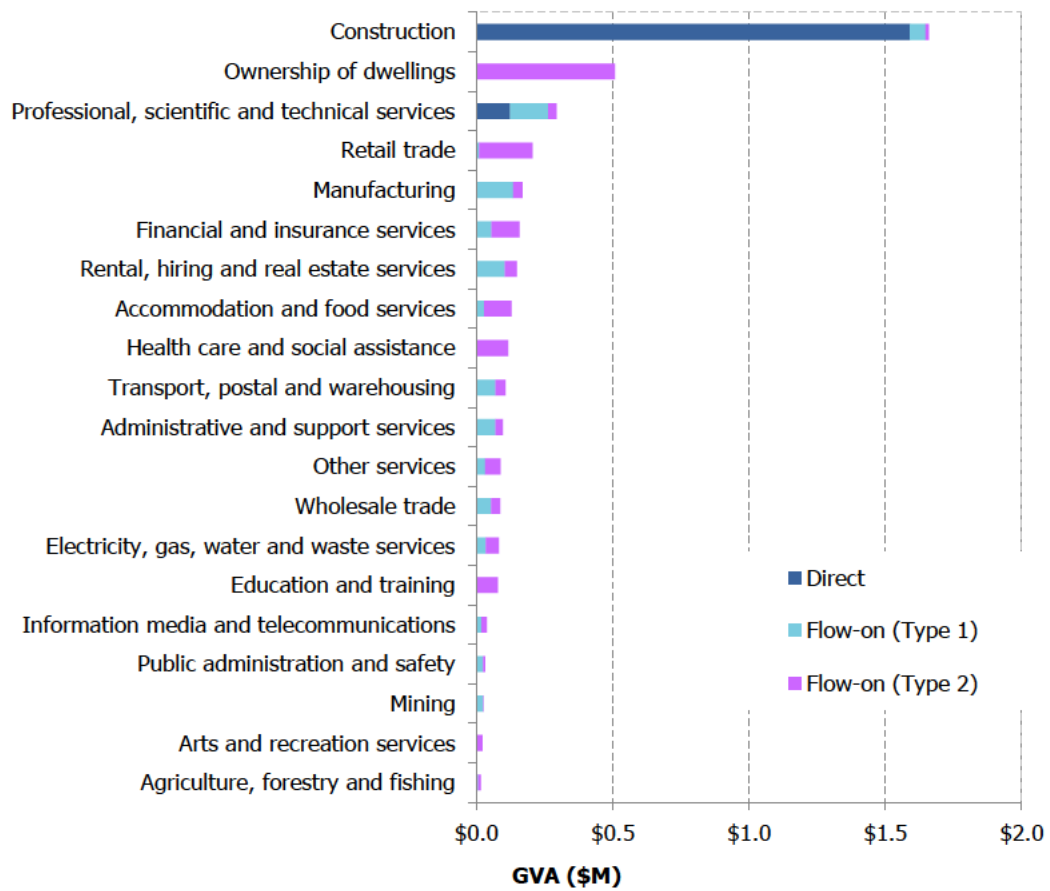
Impact	Output (\$M)	GVA (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$5.6	\$1.7	\$0.9	10
Indirect Impact (Type I)	\$1.8	\$0.8	\$0.5	6
Indirect Impact (Type II)	\$2.4	\$1.5	\$0.6	9
Total Impact	\$9.9	\$4.0	\$1.9	26

Note: Totals may not sum due to rounding.

Source: AEC.

A breakdown of GVA supported by industry during the construction phase (2016 to 2018 in aggregate) is outlined in Figure 3.1 below. More than \$1.7 million in GVA activity is estimated to be supported in the Great Lakes LGA construction industry during construction. Approximately \$0.5 million in GVA is also estimated to be supported in the ownership of dwellings sector.

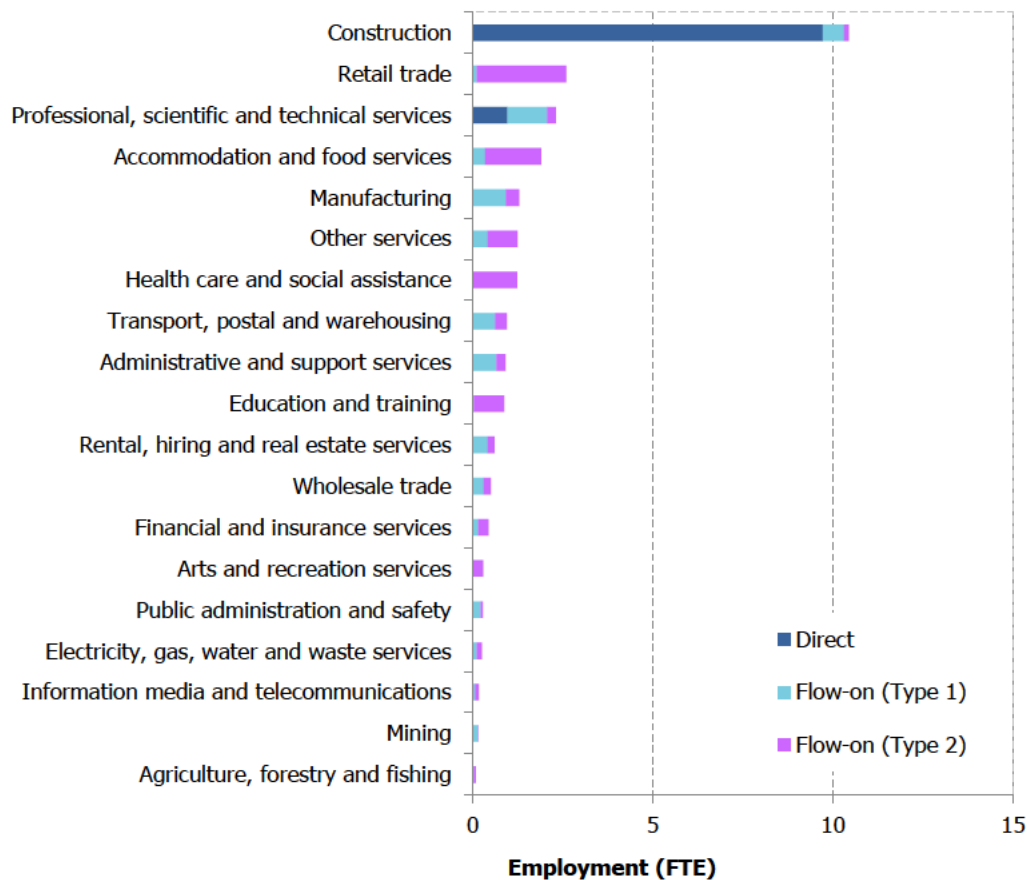
Figure 3.1. GVA Supported by Industry, Construction Phase (Total), (\$M)



Source: AEC.

A breakdown of FTE employment supported by industry during construction is presented in Figure 3.2. The construction industry is estimated to have around 11 FTE jobs supported during the construction phase of the project.

Figure 3.2. Employment Supported by Industry, Construction Phase (FTEs)



Source: AEC.

3.4.2 Operations Phase

Increased operations associated with the Forster Civic Precinct, as well as expenditure of visitors attracted to Great Lakes LGA specifically to attend events held at the precinct (that would otherwise not be expected to occur in Great Lakes LGA), is estimated to directly produce industry output of around \$0.8 million within the Great Lakes LGA economy on average each year between 2019 and 2026. This output is expected to directly support around 5 FTE jobs per annum.

Economic modelling indicates this level of direct activity would support \$1.5 million per annum on average in total industry output for Great Lakes LGA businesses between 2019 and 2026 (including direct and flow-on activity), and \$0.9 million in gross value added (GVA) activity in the Great Lakes LGA economy. Approximately 8 additional FTE jobs per annum on average are estimated to be supported between 2019 and 2026 (including both direct and flow-on activity), paying around \$0.4 million in wages and salaries to local workers.

Table 3.6. Economic Activity Supported by Operations Phase, Annual Average 2019 to 2026

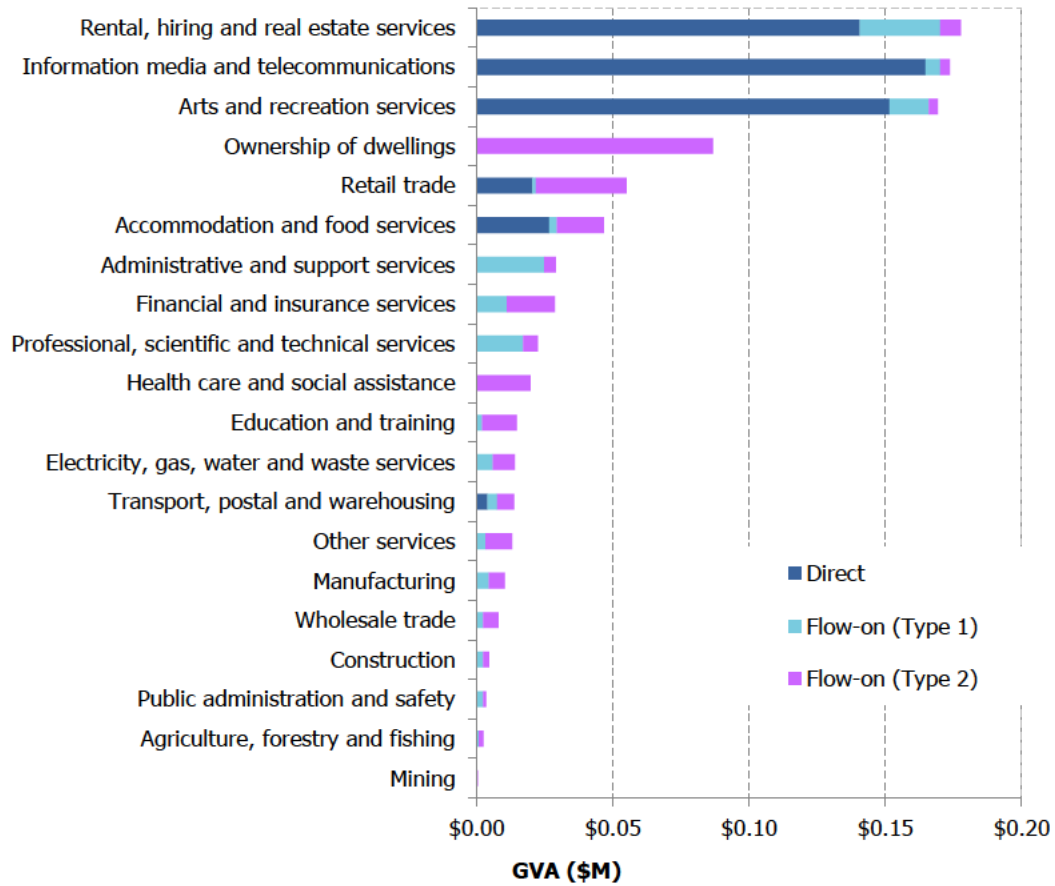
Impact	Output (\$M)	GVA (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$0.8	\$0.5	\$0.2	5
Indirect Impact (Type I)	\$0.3	\$0.1	\$0.1	1
Indirect Impact (Type II)	\$0.4	\$0.3	\$0.1	2
Total Impact	\$1.5	\$0.9	\$0.4	8

Note: Totals may not sum due to rounding.

Source: AEC.

A breakdown of average GVA by industry supported each year between 2019 and 2026 through operational phase activity is outlined in Figure 3.3. More than \$0.2 million in GVA activity is estimated to be supported in the industries of arts and recreation services, information media and telecommunications, and rental hiring and real estate services.

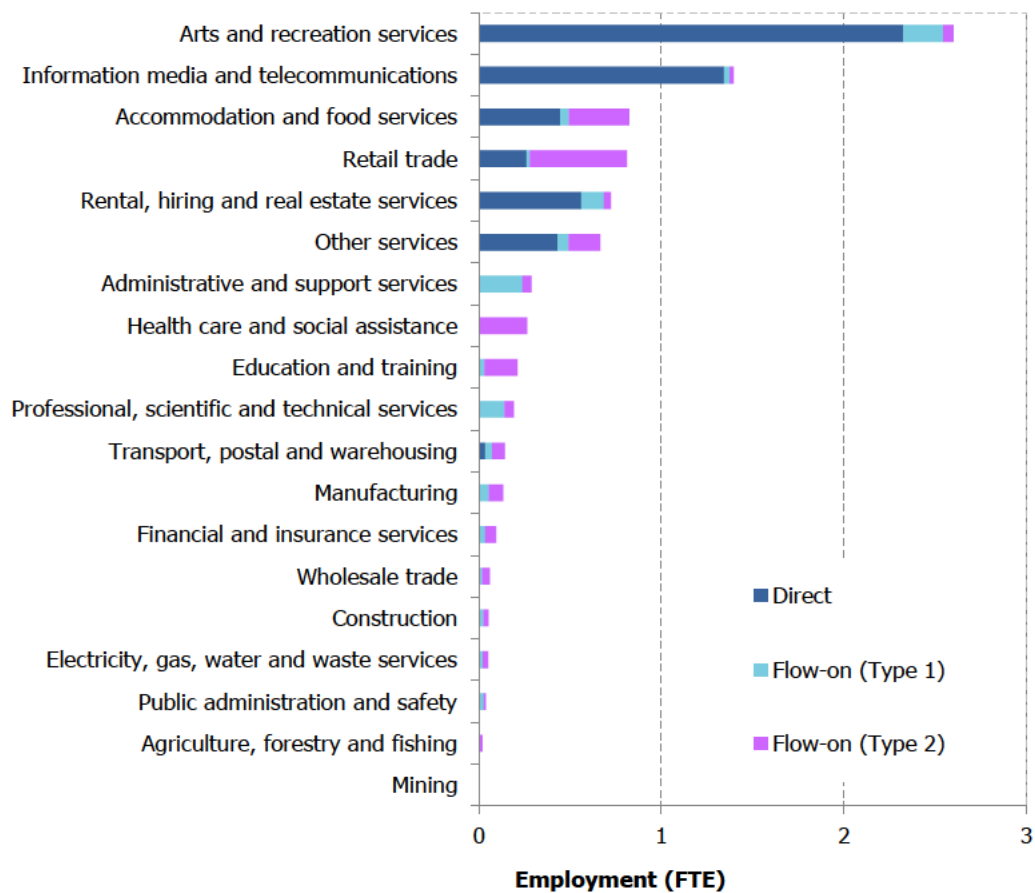
Figure 3.3. GVA Supported by Industry, Annual Average 2019 to 2026, Area (\$M)



Source: AEC.

The vast majority of employment supported by the project will be in the industries of arts and recreation services and information media and telecommunications.

Figure 3.4. Employment Supported by Industry, Annual Average 2019 to 2026, (FTEs)



Source: AEC.

3.5 Other Benefits

The economic impact assessment above outlines the transactional economic benefits that can be anticipated in the Great Lakes area economy as a result of the Forster Civic Precinct. However, Input-Output modelling does not appropriately measure less tangible socio-economic and community impacts that can be expected to occur.

The development will provide a higher quality civic administration, library and visitor information centre, which is open, inviting and accessible to users. The project will provide an enhanced aesthetic and a more vibrant town centre, which is better able to support and facilitate the attraction of visitors, residents and investment to the region.

The proposed Civic Precinct would provide an optimal facility that is best able to meet the needs and desires of the local community, visitors and businesses, including increased demand and patronage for the library and visitor information centre, and provides an attractive investment proposition for additional residential and commercial development throughout the Forster town centre.

Should the proposed over 55's residential and associated commercial development be incorporated into the Forster Civic Precinct, significant additional economic activity would be generated during construction and operations as highlighted in the tables below.

Table 3.7: Construction Phase Impacts (Associated Residential and Commercial Development)

Impact	Output (\$M)	GVA (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$11.4	\$2.4	\$1.2	25
Indirect Impact (Type I)	\$5.8	\$2.7	\$1.5	20
Indirect Impact (Type II)	\$2.4	\$1.4	\$0.6	9
Total Impact	\$19.6	\$6.5	\$3.3	54

Source: AEC.

Table 3.8: Ongoing Annual Operational Phase Impacts (Associated Residential and Commercial Development)

Impact	Output (\$M)	GVA (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$4.6	\$2.6	\$1.8	28
Indirect Impact (Type I)	\$1.6	\$0.8	\$0.5	6
Indirect Impact (Type II)	\$3.5	\$2.1	\$0.9	14
Total Impact	\$9.8	\$5.6	\$3.2	47

Note: Represents total economic activity not accounting for activity transferred from elsewhere in Great Lakes LGA.

Source: AEC.

An overview of the high level assumptions utilised to develop the estimates associated with the potential development are provided in **Appendix C**.

4. Cost Benefit Analysis

4.1 Method & Approach

This assessment provides an overview of the net economic costs and benefits associated with the project between the financial years ending 30 June 2016 to 30 June 2045. All years presented in the cost benefit analysis are for financial years ending June. The costs and benefits have been assessed against three real discount rates (4%, 7% and 10%) with the focus primarily on the standard 7% discount rate.

The geographical scope of the project impact is the Great Lakes LGA. Costs and benefits assessed in this analysis relate to this catchment.

There are two scenarios compared in this assessment:

- The base case: which assumes the project does not proceed. The Forster Library and VIC continue to provide constrained services to the community as they do currently. Arts and cultural events and performances continue to be constrained by a lack of available facilities.
- The project case: which assumes the project proceeds. An outline of the project specification is provided in section 2. The project case is expected to have the following key implications:
 - The project enables expanded library capacity and functionally to service the needs of the Great Lakes community.
 - The project provides an avenue to support local events and performances.
 - The project acts as an attractor of non-local visitors (and expenditure) to Great Lakes that may otherwise choose to visit other destinations, resulting in an increase in local economic activity.
 - The project provides an enhanced VIC, with potential for improved visitor experiences and greater repeat tourist visitation as a result of enhanced VIC services.
 - The improved amenity and character of the area is expected to increase the competitiveness of the Forster town centre for residential development and business investment and attraction.

The cost benefit analysis below provides guidance on the net impact of the project case against the base case.

Decision Criteria:

The Net Present Value (NPV) and Benefit Cost Ratio (BCR) will be the primary decision criteria for the economic appraisal. The NPV of a project expresses the difference between the present value (PV) of future benefits and PV of future costs, i.e.: $NPV = PV \text{ Benefits} - PV \text{ Costs}$. The BCR provides the ratio between the PV of benefits and PV of costs, i.e., $BCR = PV \text{ Benefits} / PV \text{ Costs}$.

Where the economic appraisal results in a:

- Positive NPV and BCR above 1: the project will be deemed as being desirable.
- NPV equal to zero and BCR of 1: the project will be deemed neutral (i.e., neither desirable nor undesirable).
- Negative NPV and BCR below 1: the project will be deemed undesirable.

The Internal Rate of Return (IRR), which indicates the discount rate which would return an NPV of \$0 and a BCR of 1, is also reported.

Additional details regarding the approach used for this cost benefit analysis is presented in **Appendix B**.

4.2 Quantification & Valuation of Costs & Benefits

4.2.1 Costs

Capital Construction Cost

The project is currently estimated to cost approximately \$12 million to construct and is expected to be developed during 2016-2018 (and commencement of operations in 2019). For the purposes of modelling, it is assumed 5% of construction costs occur in the 2015-16 financial year, and 50% in the 2016-17 financial year and 45% in the 2017-18 financial year.

Operational Costs

Once operational it is estimated the facility will require an additional \$276,000 for ground and building maintenance, as well as \$443,000 per annum for operating expenses and utilities.

Variable costs are projected to increase (in real terms) in line with projected demand (in line with projected population growth) over the CBA period.

4.2.2 Benefits

Operating Revenues

Once operational it is estimated the facility will generate just under \$800,000 per annum in Council revenues. Revenues are projected to increase (in real terms) in line with projected demand (in line with forecast population growth) over the CBA period.

Additional Economic Activity from Visitor Spend

This benefit measures the net additional economic activity within the Great Lakes LGA resulting from the additional induced visitor expenditure resulting from the proposed redevelopment. In measuring this benefit, only the direct activity associated with induced visitor expenditure has been used. The net additional economic activity can be measured as the value added component of direct visitor expenditure, and Input-Output transaction tables developed for this project (see **Appendix A**) were used to convert visitor expenditure to a value added estimate.

It has also been conservatively assumed that only 50% of the wages and salaries component of value added represents a net economic benefit to the Great Lakes LGA. This reflects that not all employment supported by direct visitor expenditure would represent net new incomes for residents, and that people employed due to the project that would otherwise be unemployed would still contribute to economic activity without the project.

Development of the Forster Civic Precinct is expected to attract moderate non-local visitation through the facilitation of regional level events (refer to section 3.3.2 for additional details).

Data from Tourism Research Australia's National Visitor Survey was used to identify the average expenditure per visitor by expenditure item for domestic day and overnight visitors (TRA, 2015). The proportion of expenditure was adjusted to match Great Lakes day and overnight expenditure levels based on Destination NSW (2015) data.

Some exclusions of expenditure items were made (e.g. expenditure on domestic airfares as this would likely be made outside the relevant economy). Average expenditure estimates per person by expenditure item were rounded to the nearest \$5, providing an overall average spend of \$95 per day trip visitor and \$475 per overnight visitor.

Additional Incomes of Facility Employees

The operational budget for the facility outlines the project is estimated to result in a net increase in wages and salaries paid for facility operation of around \$185,000 per annum.

As with the benefits from visitor spend outlined above, it has been conservatively assumed that only 50% of the net additional wages and salaries paid to facility staff

represents a net economic benefit to the region. This reflects that not all employment supported by the project would represent net new incomes for residents, and that people employed due to the project that would otherwise be unemployed would still contribute to economic activity without the project.

Amenity Benefit for Local Residents

The Forster Civic Precinct represents an important community asset that will provide enhanced entertainment, recreational, cultural and leisure pursuit options for the local and regional population. In this regard, the facility can be considered to deliver an amenity benefit for local and regional residents.

A number of studies have been conducted attempting to value the amenity benefit that regional cultural and community facilities provide to the communities they service. Most commonly these studies identify a willingness to pay within the community to maintain and keep such a facility operational. Example studies include:

- Museums & Galleries NSW (2010) undertook an assessment of the economic and social contribution of regional cultural facilities in Central NSW. Residents surveyed indicated they would, on average, be willing to pay around \$57 per household to retain regional cultural facilities.
- Library Council of New South Wales (2008) undertook an assessment of the economic and social contribution of public libraries across NSW. Library users surveyed indicated they would, on average, be willing to pay \$58.20 per annum for public library services.

Adapting these findings for inflation an amenity benefit of around \$70 per annum per household within the Great Lakes LGA has been assumed for community facilities and approximately \$75 per annum per library user for the expanded library facilities.

The Great Lakes Library currently services approximately 13,000 community members (approximately 35% of the Great Lakes LGA population). Existing library users have been allocated 50% additional amenity (approximately \$37) associated with the expanded library. This is in line with the current facility being half the required size to facilitate demand (based NSW State Library (2015) benchmarks).

The additional quality and capacity arising from the library expansion is expected to increase library membership substantially. For the purposes of this assessment it is assumed that membership will increase to 40% of the Great Lakes LGA population, growing steadily in line with forecast population growth (average 0.2% per annum over the forecast period). Additional library users are assumed to value the new library at the entire \$75 per annum.

Population and household forecasts have been developed to 2045 based on NSW Planning and Environment (2014) projections of population and people per household for Great Lakes LGA. Projections from 2031 to 2045 based on 2026 to 2031 growth rate, tapering by the annual change in growth rate between 2011-16 and 2026-31.

4.3 Costs & Benefits Not Included

In addition to the quantified benefits outlined above for inclusion in the cost benefit analysis, a number of additional benefits are expected to be observed, but have not been quantified or valued due to data limitations:

- The Forster Civic Precinct will provide enhanced opportunities for volunteerism within the community to provide and/ or assist with a range of cultural, education and recreational programs at the facility. Volunteering is a key social function, generating enhanced community and social inclusion and wellbeing while providing activities and functions that would otherwise not be available to the community.
- Potential for improved visitor experiences and greater repeat tourist visitation as a result of enhanced VIC facilities and services.
- Expanded educational services and offerings facilitated through the Great Lakes Library, with significant employment, income, and other social benefits including the promotion of life-long learning.

- Potential for greater retention of local expenditure within the economy due to improved amenity and offerings. These impacts have been assumed to represent a transfer of benefits within the Great Lakes LGA economy in order to retain a conservative evaluation of the project.
- The project will result in an improved amenity and character of the Forster town centre area, increasing the attractiveness and competitiveness of the region for business investment and attraction. This is expected to result in greater levels of business growth and economic activity than would occur without the project, as well as providing more job opportunities and greater potential for residents to live and work in Great Lakes LGA.

4.4 Cost Benefit Assessment

4.4.1 Summary of Costs and Benefits

The table below outlines the Present Value (PV) of the identified costs and benefits associated with the project between the financial year ended June 2016 and the financial year ended June 2045 at discount rates of 4%, 7% and 10%. At a 7% discount rate the:

- PV of total costs is estimated to be approximately \$18.5 million.
- PV of total benefits is estimated to be approximately \$28.6 million.

Table 4.1. Summary of Costs and Benefits, Total and Discounted Values, 2016 to 2045 (Financial Year Ended June)

Impact	Total Value (\$M)	PV (\$M) – 4% Discount Rate	PV (\$M) – 7% Discount Rate	PV (\$M) – 10% Discount Rate
Costs				
Construction Cost	\$12.0	\$11.4	\$10.9	\$10.5
Maint. and Repairs	\$7.2	\$4.1	\$2.9	\$2.1
Change in Operating Costs	\$12.2	\$6.8	\$4.7	\$3.4
Total Costs	\$31.4	\$22.3	\$18.5	\$16.1
Benefits				
Economic Activity from Visitor Spend	\$1.2	\$0.6	\$0.4	\$0.3
Library Amenity	\$16.7	\$9.3	\$6.4	\$4.6
Community Facilities Amenity	\$32.2	\$17.8	\$12.3	\$8.9
Wages to Employees	\$2.5	\$1.4	\$1.0	\$0.7
Operating Revenues	\$24.7	\$13.8	\$9.5	\$6.9
Total Benefits	\$74.6	\$41.4	\$28.6	\$20.8

Note: Totals presented in the table may not equal the sum of costs and benefits due to rounding.
Source: AEC.

4.4.2 Summary of Results

Assuming a discount rate of 7%, the net present value (NPV) of the project is estimated to be \$10.1 million, with a BCR of 1.55, which implies an economic return in present value terms of \$1.55 for every dollar cost. The project is assessed to provide a positive NPV at all discount rates between 4% and 10%.

Table 4.2. Cost Benefit Analysis Results

Discount Rate	PV Costs (\$M)	PV Benefits (\$M)	NPV (\$M)	BCR
4%	\$22.3	\$41.4	\$19.2	1.86
7%	\$18.5	\$28.6	\$10.1	1.55
10%	\$16.1	\$20.8	\$4.7	1.29

Note: NPV presented in the table may not exactly equal PV of Benefit less PV of Costs reported due to rounding. Source: AEC.

The economic analysis identifies that at a 7% discount rate the project would be deemed economically **desirable** with the benefits outweighing the costs. The development is not assessed as being sensitive to the discount rate used, with the economic appraisal returning a positive NPV and BCR above 1 at all discount rates examined.

The project has an Internal Rate of Return (IRR) of 14.7%.

4.4.3 Sensitivity Analysis

The cost benefit analysis results in section 4.4.2 show the project is not sensitive to the discount rate used. This section examines the sensitivity of the project to other key model inputs and assumptions used in the economic appraisal.

Sensitivity analysis in this section has been undertaken using a Monte Carlo analysis (see **Appendix B** for more details regarding Monte Carlo analysis) across the following key assumptions used in the economic analysis modelling (the base assumptions used are outlined in section 4.2.1 and 4.2.2):

- Costs:
 - Construction Cost.
 - Maintenance and Repairs.
 - Change in Operating Costs.
- Benefits:
 - Economic Activity from Visitor Spend.
 - Library Amenity.
 - Community Facilities Amenity.
 - Wages to Employees.
 - Operating Revenues.

Each of the above assumptions has been tested in isolation with all other inputs held constant, with the results reported in Table 4.3 in terms of the modelled change in NPV resulting from the variance in the base assumptions at a discount rate of 7%. The final row of Table 4.3 examines each assumption simultaneously to provide a 'combined' or overall sensitivity of the model findings to the assumptions used. Table 4.3 also outlines the distribution used allowing for a 10% confidence interval, with the '5%' and '95%' representing a 90% probability that the distribution and NPV will be within the range outlined in the table.

Table 4.3. Sensitivity Analysis Summary, Discount Rate 7%

Variable	Distribution of Tested Variable ^(a)		Net Present Value (\$ Million)	
	5%	95%	5%	95%
Costs				
Construction Cost	117.7%	87.0%	\$9.1	\$12.4
Maint. and Repairs	117.7%	87.0%	\$10.5	\$11.4
Change in Operating Costs	117.7%	87.0%	\$10.1	\$11.6
Benefits				
Economic Activity from Visitor Spend	67.1%	132.9%	\$10.9	\$11.1
Library Amenity	67.1%	132.9%	\$8.9	\$13.1
Community Facilities Amenity	67.1%	132.9%	\$7.0	\$15.0
Wages to Employees	83.6%	116.4%	\$10.8	\$11.2
Operating Revenues	83.5%	116.4%	\$9.4	\$12.6
Total Benefits	As above	As above	\$5.6	\$15.8

Notes: (a) The percent distributions outlined in the table represent the deviation from the base assumptions for these variables using a +/- 5% confidence level. Details regarding the distributions used are provided below, noting the values in the table denote the percent increase/ decrease at 5% and 95% confidence levels:

- Construction Cost: maximum 30% higher, minimum 20% lower.
- Maint. And Repairs: maximum 30% higher, minimum 20% lower.
- Change in Operating Costs: maximum 30% higher, minimum 20% lower.
- Economic Activity from Visitor Spend: normally distributed with standard deviation of 0.2.
- Library Amenity: normally distributed with standard deviation of 0.2.
- Community Facilities Amenity: normally distributed with standard deviation of 0.2.
- Wages to Employees: normally distributed with standard deviation of 0.1.
- Operating Revenues: normally distributed with standard deviation of 0.1.

Source: AEC.

The table shows that, at a discount rate of 7%, there is a 90% probability the project will provide an NPV of between \$5.6 million and \$15.8 million. Sensitivity testing returned a positive NPV on all iterations run in Monte Carlo analysis. This means that even under the worst extremities of the input parameters examined in this assessment the project results in a positive NPV.

The NPV is influenced most strongly by the costs and benefits associated with the community facilities amenity, with benefits associated with this components providing considerably greater variation between 5% and 95% percentiles than other costs and benefits associated with the project (likely due to their high values). Nonetheless, under all scenarios assessed, the project results in a positive NPV at 7%.

Sensitivity analysis shows the project is relatively robust and not overly sensitive to assumptions relating to costs and benefits.

5. Project Deliverability

5.1 Capital Costs & Funding

Funding Summary:

- GLC has funds available to match grant funding.
- Land is owned by GLC.
- Future ongoing costs will be met by operating fees, with any short falls covered by general rates revenue.

The Forster Civic Precinct Procurement Plan outlines the cost estimates for the Forster Civic Precinct. Project costs have been estimated using the following assumptions:

- Cost of \$3,000 per sqm for the design and construction of the library (total floorspace of 2,000 sqm).
- The provision of other public facilities at \$3,000 per sqm inclusive of all associated infrastructure (car parking, services, landscaping, road works, etc.).
- Council has already acquired the land site through freehold acquisition in July 2014.

The total capital works budget is estimated to be \$12 million, as outlined in the table below.

Table 5.1: Capital Cost Estimates

Item	Cost
Library (incorporating visitor information centre)	\$6,000,000
Performance spaces, public meeting room spaces	\$4,000,000
Associated landscaping, road works, car parking and public outdoor spaces	\$2,000,000
Total Capital Cost	\$12,000,000

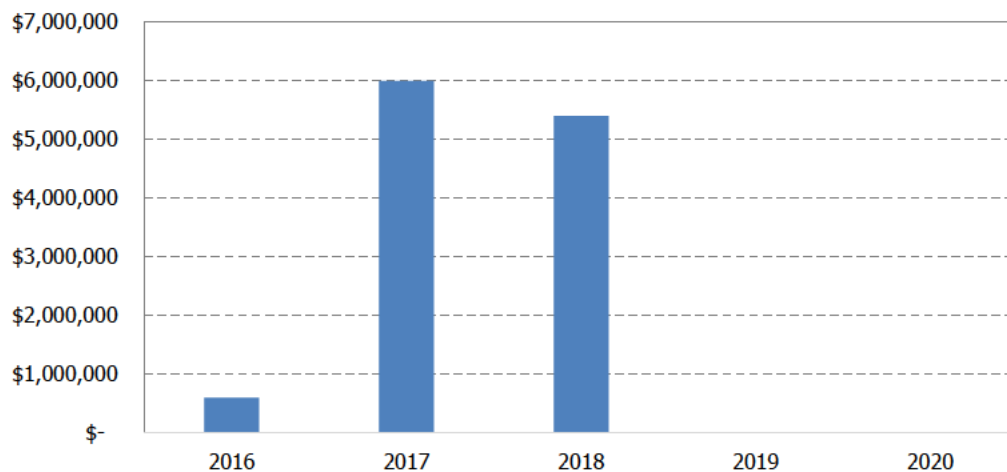
Source: Great Lakes Council (Unpublished), AEC.

The Forster Civic Precinct Project Management Plan identifies the following deliverables each financial year:

- 2015/16: Engagement of a contract Project Manager, undertake development application and commence detail design. Estimated to be 5% of cost.
- 2016/17: Completion of design commence site works and demolition and completion of community building. Estimated to be 50% of cost.
- 2017/18: Construct library, building fitouts and landscaping and remedial works. Estimated to be 45% of cost.

The following graph summarises the planned capital works expenditure excluding inflation.

Figure 5.1: Projected Capital Expenditure



Source: Great Lakes Council; AEC.

As part of the 2015/16 GLC Operational Plan, Council has committed \$6 million (50% of cost) to fund the Forster Civic Precinct. Council proposes the following funding structure:

- Land development reserve (\$2 million).
- Loan funding (\$3 million).
- Section 94 reserve funding (\$750,000).
- Library Grant funding (\$250,000).

The \$6 million shortfall is anticipated to be from NSRF funds. This represents dollar-for-dollar funds matching. GLC proposes to fund loan repayments using Council's land development reserve, which has sufficient cash flow from existing income streams to cover repayments.

Should GLC not be successful in securing NSRF funds, there is a risk the project will be delayed or not go ahead.

5.2 Operating Costs

5.2.1 Maintenance Costs

To ensure Council has adequate funds to cover the cost of ongoing maintenance for the Precinct, an annual maintenance allowance equivalent to 2.3% of the replacement cost has been estimated to service all new infrastructure (in line with Council's Long Term Financial Plan assumptions).

Based on a replacement cost of \$12 million for the Forster Civic Precinct, this equates to an annual maintenance provision of \$276,000 per annum.

The provision of a library, visitor information centre and community centre in the Forster Civic Precinct mean that these services will relocate from existing buildings to the new centre. It is envisaged that these buildings will be retained for alternative Council uses (such as expanding administration space for Council staff). Consequently, even though the new buildings will result in more efficient maintenance costs for these services, Council overall will see no saving in maintenance costs for the existing buildings due to their retention (with maintenance costs overall increasing by \$276,000 per annum).

5.2.2 Operating Costs

The following table summarises the key assumptions in forecasting the operating costs associated with the proposed Forster Civic Precinct Stage 1, which total \$443,400 per annum.

Table 5.2: Operating Cost Assumptions

Item	Annual Cost	Assumptions
Public Library	\$216,900	<ul style="list-style-type: none"> The Council's existing library costs \$1 million in operations annually (excluding maintenance and depreciation). Many of these costs will be fixed in nature and not increase with a larger library. The variable component of costs equates to approximately \$273,000 and includes: <ul style="list-style-type: none"> Electricity. Cleaning. Library Resources. Wages (partially). <p>The proposed library floor area is 1870sqm (91,575 books), which is significantly greater than the existing site at 770sqm (51,000 books). This equates to an 80% increase in service level (books) and 143% increase to floor space.</p> <p>Based on an 80% increase to service level, it is estimated the new library will require an additional \$216,900 per annum in operating costs.</p>
Community Hall Performance Space	\$126,000	<ul style="list-style-type: none"> The new community Building is planned for a Hall of 275sqm, ancillary areas of 140sqm and having an internal seating capacity of 200. It is anticipated this will require an additional staff resource to support operations, with all other running costs (electricity, insurance, cleaning etc.) likely to occur at the same rate as the library. Annual operating costs of approximately \$126,000 are anticipated.
Community Meeting Space	\$75,500	<ul style="list-style-type: none"> Community meeting spaces within the Stage 1 buildings total 1,440. It is anticipated this will require the staff resource engaged for the performance space will also support this activity, with no further staff required. All other running costs (electricity, insurance, cleaning etc.) likely to occur at the same rate as the library. Annual operating costs of approximately \$76,000 are anticipated.
Visitor Information Centre	\$-	<ul style="list-style-type: none"> All operating costs associated with the existing visitor information centre will transfer across to the new site with no cost increase (or decrease) anticipated.
Outdoor Community Spaces	\$20,000	<ul style="list-style-type: none"> The new outdoor space will incur operating costs for electricity, utilities, insurance and security. The level of lighting required will be confirmed upon completion of detailed design.
Landscaping	\$5,000	<ul style="list-style-type: none"> Costs for gardening, mowing, landscaping, etc. are all costs covered under the maintenance budget. Utility charges for water supply will be the only anticipated cost.
Total	\$443,400	n.a.

Source: AEC.

5.2.3 Depreciation Charges

The depreciation charge for assets in Council's financial system is done using the straight line depreciation methodology, with assets revalued on a regular basis in line with regulatory requirements. The useful lives for Forster Civic Precinct assets will be applied in line with Council's accounting guidelines, with building having a life of up to 40 years, plant and equipment ranging between 5-10 years and other open space equipment up to 10 years.

Based on a replacement cost of \$12 million for stage 1 of the Forster Civic Precinct and an average life of 30 years, this equates to an annual maintenance provision of \$300,000 per annum.

The provision of a library, visitor information centre and community centre in the Forster Civic Precinct mean that these services will relocate from existing buildings to the new centre. It is envisaged that these buildings will be retained for alternative Council uses (such as expanding administration space for Council staff). Consequently, Council overall will see no saving in depreciation charges for the existing buildings due to their retention (with depreciation charges overall increasing by \$300,000 per annum).

5.3 Forecast Operating Position

The following table presents a projection of the operating position from the proposed Stage 1 of the Forster Civic Precinct development.

These amounts include inflation and cost escalation as per the assumptions in Council's Long Term Financial Plan. Variable costs are also assumed to increase in line with projected population growth.

It reveals that a total ongoing cost of \$1.019 million will be needed to fund the Precinct from commencement of operations in 2019. Cost inflation and growth in demand will increase this total cost to \$1.265 million by 2026.

Table 5.3: Projection of Additional Operating Costs for Council from Forster Civic Precinct Stage 1 (\$ Including Indexation)

Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Library Salaries	0	0	0	96,942	107,171	110,814	114,582	118,478	122,506	126,671	130,978
Community Hall Salaries	0	0	0	90,000	99,496	102,879	106,376	109,993	113,733	117,600	121,598
Meeting Space Salaries	0	0	0	0	0	0	0	0	0	0	0
VIC Salaries	0	0	0	0	0	0	0	0	0	0	0
Other Salaries	0	0	0	0	0	0	0	0	0	0	0
Sub-Total Salaries and Wages	0	0	0	186,942	206,666	213,693	220,958	228,471	236,239	244,271	252,576
Library Operating Costs	0	0	0	119,958	130,759	134,572	138,411	142,361	146,423	150,601	154,898
Community Hall Operating Costs	0	0	0	36,010	38,990	40,037	41,101	42,194	43,316	44,468	45,651
Meeting Space Operating Costs	0	0	0	75,553	82,093	84,397	86,727	89,122	91,583	94,112	96,711
VIC Operating Costs	0	0	0	0	0	0	0	0	0	0	0
Outdoor Spaces Operating Costs	0	0	0	20,000	21,538	22,076	22,628	23,194	23,774	24,368	24,977
Landscaping Operating Costs	0	0	0	5,000	5,384	5,519	5,657	5,798	5,943	6,092	6,244
Associated infrastructure Operating Costs	0	0	0	0	0	0	0	0	0	0	0
Sub-Total - Operating Costs	0	0	0	256,521	278,764	286,601	294,525	302,669	311,039	319,641	328,482
Maintenance Costs	0	0	0	276,000	282,900	289,973	297,222	304,652	312,269	320,075	328,077
Depreciation Expense	0	0	0	300,000	307,500	315,188	323,067	331,144	339,422	347,908	356,606
Interest on Loan Borrowings	0	0	0	0	0	0	0	0	0	0	0
Corporate Overheads	0	0	0	0	0	0	0	0	0	0	0
Total Operating Costs	0	0	0	1,019,464	1,075,830	1,105,454	1,135,772	1,166,936	1,198,969	1,231,895	1,265,741

Source: AEC.

5.4 Operating Revenue

This section presents a sensitivity as to the revenue opportunities that exist for Council within the proposed Forster Civic Precinct. This section presents two scenarios, where:

- No additional revenue is generated from the community facilities and additional costs need to be funded from general rates.
- Increased usage of the site will give rise to new activities which is likely to generate fees and charges revenue.

Additional Fees and Charge Revenue Generated on the Site

The development of the Forster Civic Precinct also provides a range of new revenue opportunities from Fees and Charges for Council. The revenue opportunities are outlined in the table below.

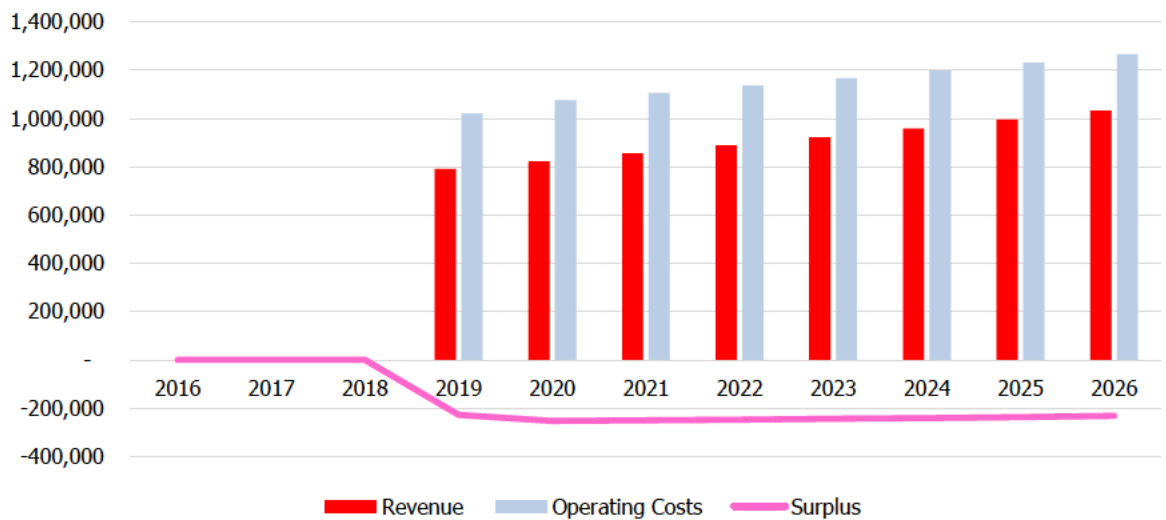
Table 5.4: New Operating Revenue Opportunities

Item	Annual Revenue	Comment
Library	\$200,000	<ul style="list-style-type: none"> • Emerging trends in library provision identify the progressive shift towards libraries being a hub for learning and media. • Many libraries now offer a range of courses to suit a region's learning and social needs. • Young adults also tend to be much higher users of digital technologies (PCs, wi-fi, ebooks, digital lounges, etc.) than traditional book-based learning and lending services. • Providing a larger library space is anticipated to provide additional space for these services, which may generate additional revenue for Council.
Community Hall Performance Space	\$310,000	<ul style="list-style-type: none"> • The new community Building is planned for a Hall of 275m² and seating capacity of 250m². • This larger capacity facility will provide Council with an opportunity to attract and accommodate high quality shows, productions and events. • The performance space is anticipated to accommodate both a mix of events and community use (classes, training, church groups etc.). • Assuming this space is hired on a per event basis (rather than Council maintaining responsibility for box office), the provision of event hires per week and daily use from community groups is estimated to generate approximately \$310,000 in revenue annually.
Meeting Rooms	\$270,000	<ul style="list-style-type: none"> • Community meeting spaces within the Stage 1 buildings total 1,440 m². • Should 100% of this space be let on long term leases, it would generate a total of \$360,000 per annum. • However, it is recognised that a need exists to ensure that adequate space exists to support the region's permanent and temporary meeting space requirements, with rooms available to community groups for short meetings as well as for permanent operating locations. • Consequently, utilising a conservative estimate of at least 75% occupancy would realise around \$270,000 in revenue for Council annually.
Outdoor Space	\$12,000	<ul style="list-style-type: none"> • The outdoor space provides significant opportunity to provide a high quality civic location for markets. • Fortnightly markets may attract approximately 50 licence-holders paying annual site fees. • The site also provides opportunity to hold key outdoor performance and community events, with at least four events anticipated annually on the site.
Total Revenue	\$792,000	n.a.

Source: Great Lakes Council, AEC.

The above table reveals that Council has significant opportunities to generate operating revenue that will be nearly sufficient to cover all recurrent operating, maintenance and depreciation associated with the Forster Civic Precinct, with only a minor shortfall to remain financially sustainable.

Figure 5.2: Recurrent Revenue and Cost Projections



Source: AEC.

No Additional Fees and Charge Revenue

As a base case scenario, it should be recognised that if no revenue is generated from fees and charges, then Council will need to fund the additional lifecycle costs associated with the Precinct from general rates.

Council's Long Term Financial Plan forecasts rating revenue totalling \$44.2 million in 2018/19. The additional \$1,019,464 of Precinct recurrent costs commencing in 2018/19 represents 2.3% of the value of general rates.

This indicates a 2.3% rates increase would be needed to cover the additional lifecycle costs associated with the Forster Civic Precinct.

However, the revenue opportunities identified above in Table 5.4 indicate that a significant portion of the recurrent costs can be funded from fees and charges. This leaves a shortfall of \$227,464 (or 0.5% of the current rate base) to be funded from general rates.

It important is recognise the development will provide a significant opportunity for economic growth and revitalisation of the town (as identified in the Forster Civic Precinct Business Case). The realisation of these benefits would drive increased demand for residential and commercial development in the town, as well as enhance the value of existing properties in the area. This growth would generate additional general rating charges of a sufficient scale to cover the lifecycle costs associated with the Forster Civic Precinct development.

5.5 Summary Outcomes

The financial assessment of the Forster Civic Precinct reveals:

- Council has already acquired the land site through freehold acquisition in July 2014.
- The total capital works budget is estimated to be \$12 million.
- Council has committed \$6 million (50% of the capital costs) through a mix of loan and reserve funding in order to match possible NSRF funds.
- Should the grant funding not be available, Council will need to cancel or delay the project due to lack of funds.
- Recurrent costs equate to \$1,019,400 annually (before inflation), and comprise:
 - Maintenance costs: \$276,000 per annum.
 - Operating Costs: \$443,400 per annum.
 - Depreciation: \$300,000 per annum.
- Council has opportunities to derive additional revenue through venue hire, events, and market stalls, which may generate up to \$800,000 in revenue annually (before inflation).
- This presents a shortfall of around \$227,464 for revenue to recover all costs and be fully sustainable. However, this is a conservative estimate and should another 14% in revenue be generated the site would be fully sustainable.
- The shortfall will need to be funded from general rates. The total cost represents 2.3% of the general rate base, with the forecast shortfall only 0.5%. The realisation of economic growth from the development would generate additional general rating charges of a sufficient scale to cover the shortfall.

5.6 Project Deliverability

Great Lakes Council has considerable experience managing and delivering significant infrastructure projects, and understands the need to quantify and make provision for the financial impacts of operating and maintaining these assets over time.

To demonstrate that the proposed Civic Precinct project is investment ready and can be implemented on time, to scope, within budget and to the required standard, project plans have been prepared. In particular, a Project Management Plan, a Procurement Plan, a Risk Management Plan and an Asset Management Plan have been developed.

GLC has allocated \$6 million to the project using a mix of loan and reserve funding, with the remaining \$6 million planned to be sourced from grant funds. The ongoing costs of the facility, along with the operations and services provided will be funded through customer fee and charges, with any short falls funded through general rates.

Given GLC owns the land, with funds already allocated to be utilised for this specific project, GLC is committed to a speedy development of the facility once matching funds are approved, with construction anticipated to be completed within 2017-18.

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Appendix A: Input-Output Methodology

Input-Output Model Overview

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
 - **Industry Support Effects (Type I)**, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
 - **Household Consumption Effects (Type II)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Value added:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full time equivalent (FTE) positions.

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

Model Development

Multipliers used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2012-13 Australian transaction table (ABS, 2015a).

Estimates of gross production (by industry) in the study areas were developed based on the percent contribution to employment (by place of work) of the study areas to the Australian economy (ABS, 2012), and applied to Australian gross output identified in the 2012-13 Australian table.

Industry purchasing patterns within the study area were estimated using a process of cross industry location quotients and demand-supply pool production functions as described in West (1993).

Where appropriate, values were rebased from 2012-13 (as used in the Australian national IO transaction tables) to 2014-15 values using the Consumer Price Index (ABS, 2015b).

Modelling Assumptions

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function):** Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope:** The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the "additivity assumption". This generally does not reflect real world operations.
- **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly

assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output Analysis, there are two other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using this approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).
- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

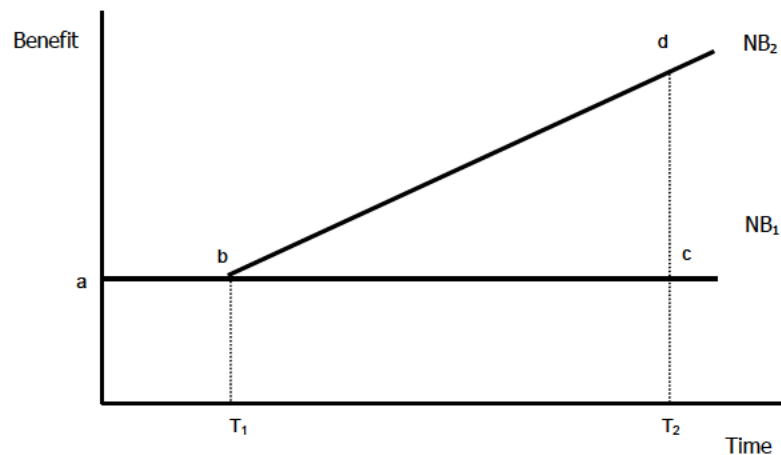
Appendix B: CBA Methodology

Step 1: Define the Scope and Boundary

To enable a robust determination of the net benefits of undertaking a given project, it is necessary to specify base case and alternative case scenarios. The base case scenario represents the 'without project' scenario and the alternative or 'with project' scenario examines the impact with the project in place.

The base case (without) scenario is represented by line NB_1 (bc) over time T_1 to T_2 in the figure below. The investment in the project at time T_1 is likely to generate a benefit, which is represented by line NB_2 (bd). Therefore the net benefit flowing from investment in the project is identified by calculating the area (bcd) between NB_1 and NB_2 .

Figure B.1. With and Without Scenarios



Source: AEC.

Step 2: Identify Costs and Benefits

A comprehensive quantitative specification of the benefits and costs included in the evaluation and their various timings is required and includes a clear outline of all major underlying assumptions. These impacts, both positive and negative, are then tabulated and where possible valued in dollar terms.

Some impacts may not be quantifiable. Where this occurs the impacts and their respective magnitudes will be examined qualitatively for consideration in the overall analysis.

Financing costs are not included in a CBA. As a method of project appraisal, CBA examines a project's profitability independently of the terms on which debt finance is arranged. This does not mean, however, that the cost of capital is not considered in CBA, as the capital expenses are included in the year in which the transaction occurs, and the discount rate (discussed below in Step 5) should be selected to provide a good indication of the opportunity cost of funds, as determined by the capital market.

Step 3: Quantify and Value Costs and Benefits

CBA attempts to measure the value of all costs and benefits that are expected to result from the activity in economic terms. It includes estimating costs and benefits that are 'unpriced' and not the subject of normal market transactions but which nevertheless entail the use of real resources. These attributes are referred to as 'non-market' goods or impacts. In each of these cases, quantification of the effects in money terms is an important part of the evaluation.

However, projects frequently have non-market impacts that are difficult to quantify. Where the impact does not have a readily identifiable dollar value, proxies and other measures should be developed as these issues represent real costs and benefits.

One commonly used method of approximating values for non-market impacts is 'benefit transfer'. Benefit transfer (BT) means taking already calculated values from previously conducted studies and applying them to different study sites and situations. In light of the significant costs and technical skills needed in using the methodologies outlined in the table above, for many policy makers utilising BT techniques can provide an adequate solution.

Context is extremely important when deciding which values to transfer and from where. Factors such as population, number of households, and regional characteristics should be considered when undertaking benefit transfer. For example, as population density increases over time, individual households may value nearby open space and parks more highly. Other factors to be considered include, depending on the location of the original study, utilising foreign exchange rates, demographic data, and respective inflation rates.

Benefit transfer should only be regarded as an approximation. Transferring values from similar regions with similar markets is important, and results can be misleading if values are transferred between countries that have starkly different economies (for example a benefit transfer from the Solomon Islands to Vancouver would likely have only limited applicability). However, sometimes only an indicative value for environmental assets is all that is required.

Step 4: Tabulate Annual Costs and Benefits

All identified and quantified benefits and costs are tabulated to identify where and how often they occur. Tabulation provides an easy method for checking that all the issues and outcomes identified have been addressed and provides a picture of the flow of costs, benefits and their sources.

Step 5: Calculate the Net Benefit in Dollar Terms

As costs and benefits are specified over time it is necessary to reduce the stream of benefits and costs to present values. The present value concept is based on the time value of money – the idea that a dollar received today is worth more than a dollar to be received in the future. The present value of a cash flow is the equivalent value of the future cashflow should the entire cashflow be received today. The time value of money is determined by the given discount rate to enable the comparison of options by a common measure.

The selection of appropriate discount rates is of particular importance because they apply to much of the decision criteria and consequently the interpretation of results. The higher the discount rate, the less weight or importance is placed on future cash flows.

The choice of discount rates should reflect the weighted average cost of capital (WACC). For this analysis, a base discount rate of 7% has been used to represent the minimum rate of return, in line with Australian Government guidelines. As all values used in the CBA are in real terms, the discount rate does not incorporate inflation (i.e., it is a real discount rate, as opposed to a nominal discount rate).

To assess the sensitivity of the project to the discount rate used, discount rates either side of the base discount rate (7%) have also been examined (4% and 10%).

The formula for determining the present value is:

$$PV = \frac{FV_n}{(1 + r)^n}$$

Where:

PV = present value today

FV = future value n periods from now

r = discount rate per period

n = number of periods

Extending this to a series of cash flows the present value is calculated as:

$$PV = \frac{FV_1}{(1+r)^1} + \frac{FV_2}{(1+r)^2} + \dots + \frac{FV_n}{(1+r)^n}$$

Once the stream of costs and benefits have been reduced to their present values the Net Present Value (NPV) can be calculated as the difference between the present value of benefits and present value of costs. If the present value of benefits is greater than the present value of costs then the option or project would have a net economic benefit.

In addition to the NPV, the internal rate of return (IRR) and benefit-cost ratio (BCR) can provide useful information regarding the attractiveness of a project. The IRR provides an estimate of the discount rate at which the NPV of the project equals zero, i.e., it represents the maximum WACC at which the project would be deemed desirable. However, in terms of whether a project is considered desirable or not, the IRR and BCR will always return the same result as the NPV decision criterion.

Step 6: Sensitivity Analysis

Sensitivity analysis allows for the testing of the key assumptions and the identification of the critical variables within the analysis to gain greater insight into the drivers to the case being examined.

A series of Monte Carlo analyses has been conducted in order to test the sensitivity of the model outputs to changes in key variables. Monte Carlo simulation is a computerised technique that provides decision-makers with a range of possible outcomes and the probabilities they will occur for any choice of action. Monte Carlo simulation works by building models of possible results by substituting a range of values – the probability distribution – for any factor that has inherent uncertainty. It then calculates results over and over, each time using a different set of random values from the probability functions. The outputs from Monte Carlo simulation are distributions of possible outcome values.

During a Monte Carlo simulation, values are sampled at random from the input probability distributions. Each set of samples is called an iteration, and the resulting outcome from that sample is recorded. Monte Carlo simulation does this hundreds or thousands of times, and the result is a probability distribution of possible outcomes. In this way, Monte Carlo simulation provides a comprehensive view of what may happen. It describes what could happen and how likely it is to happen.

Appendix C: Associated Residential and Commercial Development Input-Output Drivers

A number of opportunities have been identified for a private partner to develop substantial residential and commercial space associated with the Forster Civic Precinct.

Of specific interest, Council has identified the potential to attract a partner to develop an innovative over 55's style of accommodation above and adjacent to the proposed civic facilities/library.

Of significant note

- The precinct site has a five floor development potential.
- There is potential for some ground floor retail and commercial activity on the site.
- The residential over 55's living proposal could include commercial space for allied health services.

Should these development/s occur, they will provide an additional funding stream to Council to support the Forster Civic Precinct and help to generate a greater critical mass of activity within the Forster town centre.

For the purposes of this assessment, the associated private development is assumed to include:

- A 150 unit residential development (average 75 square metres Gross Floor Area (GFA)) per residence.
- 300 square metres of retail space.
- 500 square metres of commercial space (incorporating allied health services and professional office spaces).

Construction Phase

To provide a high level assessment of the potential impacts construction costs are assumed to be:

- \$2,000/sqm for residential development.
- \$2,500/sqm for commercial and retail development.

Costs have been allocated across the following ANZSIC industries:

- Residential development:
 - 10% (\$2.3 million) of total project costs are allocated to professional, scientific and technical services (including architecture, engineering, design etc.).
 - 90% (\$20.3 million) of residential development project costs are allocated to residential building construction.
- Commercial development:
 - 10% (\$180,000) of total project costs are allocated to professional, scientific and technical services (including architecture, engineering, design etc.).
 - 90% (\$1.6 million) of commercial development project costs are allocated to non-residential building construction (including commercial building construction).

Of the above capital outlays, not all activity will be undertaken within the Great Lakes LGA economy. For example, some professional services and marketing activities are likely to be sourced from major capital cities/ interstate.

The following table outlines assumptions used in the modelling to identify where relevant activity is anticipated occur.

Table C.1: Location of Construction Phase Activity by Industry

Industry	Great Lakes LGA
Residential Building Construction	100%
Residential Building Construction	100%
Professional, Scientific and Technical Services	20%

Source: AEC

In interpreting the above table, it is important to recognise the location of where activity occurs can differ from where the labour or services used to undertake the activity are sourced from. For example, construction activity will (effectively) all occur on site. However, it may be that some labour and services will reside outside of Great Lakes LGA.

The following table outlines the assumptions used in the modelling regarding from where goods and services are sourced.

Table C.2: Source of Construction Phase Activity by Industry

Industry	Great Lakes LGA
Non-Residential Building Construction	50%
Residential Building Construction	50%
Professional, Scientific and Technical Services	20%

Source: AEC

In undertaking economic modelling, the direct activity associated with the construction phase is based on where activity occurs (Table 3.1 C.1) rather than strictly where labour for these services is sourced from (Table C.2). However, the amount of activity that is retained in the local economy is best considered in terms of where labour, goods and services are sourced, rather than where the activities they undertake are located. This refers to a 'retention' of incomes and profits within an economy, and reflects that labour and companies sourced from outside the Great Lakes LGA economy (for example) are more likely to spend incomes earned within their local area than within Great Lakes LGA.

For the purposes of modelling, it has been assumed construction companies and sub-contractors sourced from outside the relevant geography will contribute approximately one quarter (25%) of the level of Type I (production induced) flow-on activity within the economy that a locally sourced company does, and approximately 5% of Type II (consumption induced) flow-on activity. This reflects that construction companies working on site but sourced from outside the geography will contribute to local supply chains in terms of sourcing some goods and services they require locally (Type I), as well as spending some wages and salaries locally on items such as food and drink (Type II).

Operational Phase

Estimates of direct operational phase activity have been developed utilising the following GFA allocation to ANZSIC sectors likely to occupy the development and applying a ratio of one full time equivalent employee per 30 sqm.

Table C.3: Operational Industry Allocation

Industry	GFA	SQM/FTE	Direct Employment (FTE)
Food and Beverage Services	200	30	7
Retail Trade	100	30	3
Health Care Services	250	30	8
Professional, Scientific and Technical Service	250	30	8

Source: AEC.

Based on these employment levels, estimates for direct output were developed using output to employment ratios outlined in the I-O transaction table developed for Great Lakes LGA as part of this project (see Appendix A). It should be noted that in developing these estimates of activity, a 'steady state' of operations (whereby all facilities have been developed and long term average utilisation rates prevail) has been assumed.

It would be expected the proposed development may impact on demand at other similar facilities regionally, which has not been accounted for in the modelling undertaken. In this regard the estimates consider the level of economic activity supported rather than the net impact of the development.





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