



Murray River Interpretive Centre Feasibility Assessment

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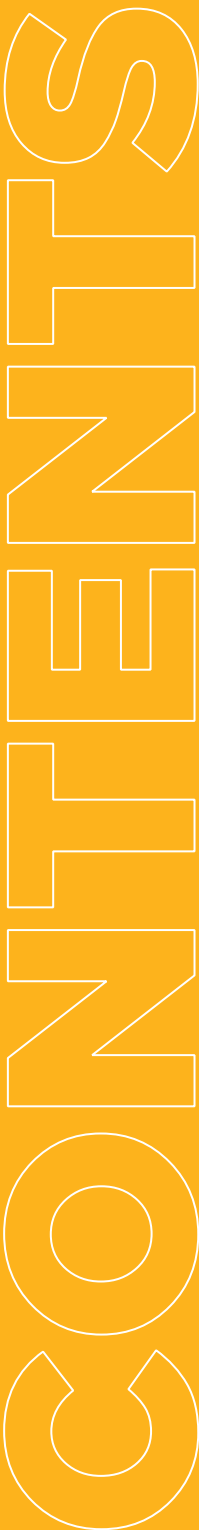
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1.	EXECUTIVE SUMMARY	1
1.1.	Introduction.....	1
1.2.	Key Findings.....	1
1.3.	Summary Comment.....	2
2.	OVERVIEW	4
3.	CONTEXT	5
3.1.	The Previous Assessment	5
3.2.	Consultation Findings	6
4.	SITE ASSESSMENT	7
4.1.	GrainCorp Site	7
4.2.	Horseshoe Bend Site – Pioneer Settlement.....	8
4.3.	Art Gallery Current Site	10
4.4.	Other sites.....	11
4.5.	Site Summary	11
4.6.	Information Centre Requirements for the Future	12
5.	COST BENEFIT ANALYSIS	13
5.1.	Model 1.....	13
5.2.	Model 2	16
5.3.	Model 3	18
5.4.	Model 4	20
5.5.	Model 5	22
5.6.	Model 5a	24
5.7.	Model 6a.....	26
5.8.	Model 6b.....	28
5.9.	Model 6c.....	30
6.	SUMMARY	32



LIST OF TABLES

Table 1: Summary of cost benefit findings.....	3
Table 2: Model 3 Cost Benefit Assessment	15
Table 3: Model 2 Cost Benefit Assessment	17
Table 4: Model 3 Cost Benefit Assessment.....	19
Table 5: Model 4 Cost Benefit Assessment	21
Table 6: Model 5 Cost Benefit Assessment	23
Table 7: Model 5a Cost Benefit Assessment.....	25
Table 8: Model 6a Cost Benefit Assessment.....	27
Table 9: Model 6b Cost Benefit Assessment	29
Table 10: Model 6c Cost Benefit Assessment.....	31
Table 11: Summary of cost benefit findings	33

1. Executive Summary

1.1. Introduction

Stafford Strategy (Stafford) was commissioned by Swan Hill Rural Council (Council) to undertake additional cost benefit assessments for determining the various site and component options for a new Murray River Interpretive Centre (MRIC) for Swan Hill. This work builds on the previous feasibility study undertaken by Stafford in early 2017 and which offers an additional four new scenarios for consideration as per Councils request. The scenarios provided reflect the combination of different elements being:

- the establishment of a Murray River Interpretive Centre in tandem with relocating the Information Centre as a co-located project;
- the co-location of the Swan Hill Regional Art Gallery in tandem with the MRIC and the Information Centre; and
- the combination of the library, art gallery, interpretive centre and information centre all being co-located together.

In addition, Stafford was asked to assess the options of various sites specifically including:

- co-locating on land within the Pioneer Settlement site at Horse Shoe Bend;
- utilising the current Art Gallery site;
- utilising land adjacent to the Art Gallery site next to Spoons Restaurant;
- utilising the GrainCorp site which runs parallel to the railway line; and
- utilising the River Plaza site which also runs parallel to the railway line but closer to the bridge across the Murray and the Swan Hill CBD.

Council also requested that the other model options, which Stafford had assessed within its earlier 2017 feasibility study, should be updated to reflect more recent visitation data and any new assumptions.

1.2. Key Findings

The following table reflects a summary of the cash flow modelling and cost benefit analysis undertaken to compare the nine different models which have been assessed. The key element to consider is what is termed Council's *annual contribution*, in order to achieve a positive net present value and positive internal rate of return under each model. The results indicate the following.

- Whilst Models 1-3 have much lower Council contribution requirements, they reflect that the co-location only includes the new MRIC co-located with the Information Centre. The variance in the Council contribution under the three models reflects whether Council is operating a cafe within the facility, whether a cafe facility is being leased out within the MRIC and, alternatively, whether there is no cafe on site but, rather, because of its location next to the Art Gallery site, it is able to utilise Spoons Riverside Cafe and Restaurant (Spoons Riverside) which is directly next door to the new MRIC.
- Model 4 reflects the introduction of a number of higher technology-based forms of attraction experiences including moving floors to reflect interesting elements of history, culture, biodiversity, etc. and where the use of virtual or augmented reality components could be added to generate a more interactive experience.

- Model 5 is the combination of the MRIC, information centre and art gallery utilising the existing Art Gallery building and expanding this out on the available land around the site. The Council contribution requirement reflects the cost of operating not only the new MRIC and information centre, but also the Art Gallery which is why the annual operating cost is higher. This model requires 2,500 sqm of spaces for the colocation of the elements.
- Model 5a adds the library to the mix of elements at the art gallery site and requires a more significant ongoing Council contribution (\$1.55m) per annum which is primarily due to the additional staff and operating costs which are required for the library including a further 1,500 sqm for the library facility.
- Model 6a reflects co-locating the MRIC, information centre and art gallery within the Pioneer Settlement site on land adjacent to Spoons Riverside at Horse Shoe Bend. The opportunity exists in this model to leverage greater visitation into Pioneer Settlement through a co-located ticketing and reception area which could be used by Pioneer Settlement, the MRIC, the Art Gallery and could also act as a new information centre.
- Model 6b and 6c reflect a move to the GrainCorp or River Plaza sites and where the costs are noted as including land acquisition as well as the need to reuse the existing art gallery building for complimentary uses.

The models specifically aim's to show how much Council annual contribution is required to generate a positive net present value and a positive internal rate of return which necessitates generating a positive annual cash flow position each year. There is no benefit, therefore, in trying to compare the difference in NPV and IRR actual results as they are manipulated to be positive to reflect what Council's annual contribution would likely need to be.

1.3. Summary Comment

From the site visit, research and analysis of additional information provided by Council and from our economic and financial modelling, we would recommend the following.

- We do not see sufficient benefit in co-locating the library with other elements and moving it from its current CBD location down to the Riverfront Precinct. There would appear to be limited cost benefit in doing so and the ongoing annual contribution from Council is shown to be significant even though the additional funding beyond the other models reflects the current annual Council contribution (circa \$600k) approximately for supporting library services over and above any revenue able to be generated. There are some shared services possible but the capital cost of collocating the library with the other elements is significantly higher due to the additional 1,500 sqm of library space required.
- The Art Gallery, in our opinion, would benefit from an upgrade and we understand that this has previously been costed though the figures are out of date. There are major storage issues, and lack of education and training spaces as well as restricted conservation and other back of house areas. This limits the art gallery's ability to take on a broader range of touring exhibitions and hold various art and cultural sector events.
- Co-Locating the Information Centre along with a new Murray River Interpretive Centre offers logical synergy as well as offering an alternative to the current high level of commercial rental Council is paying for the existing information centre site in Swan Hill. It is important to note that only part of the current Information Centre building lease has been applied because there are other Council services within the building and the balance has been attributed to those other services rather than assuming every element of the rental should be attributed to the Information Centre. The current footprint of the information centre is also noted as being much larger than required.
- Models 6b and 6c offer new locations (GrainCorp site and River Plaza site) and come at a higher ongoing annual cost to Council, partly because of the higher capital cost due to land acquisition and likely remedial work required. Strategically, we also consider neither of these sites offers the same synergy opportunities as either

the Art Gallery site (with land adjacent to it) or the Pioneer Settlement site. There is also benefit for the overall Riverfront Precinct master plan development to anchor one end with a strong cultural set of experiences, which the art gallery or Pioneer Settlement sites provide for.

- The two preferred sites and models are therefore either the Art Gallery site (Model 5), or the use of land within the Pioneer Settlement Site (Model 6a).
- Much of the assessment hinges on the ability to effectively retrofit the current Art Gallery to allow for improved education and training facilities, improved storage as well as other requirements which the Art Gallery have requested.

In conclusion, we would suggest that Models 5 and 6a be further analysed as the two preferred models and that appropriate concept level design work be undertaken to test the likely cost implications of creating a co-located MRIC, art gallery and information centre within the one complex.

Table 1: Summary of Cost Benefit Findings

elements included	Model 1	Model 2	Model 3	Model 4	Model 5	Model 5a	Model 6a	Model 6b	Model 6c
	MRIC + VIC	MRIC + VIC	MRIC + VIC	MRIC + VIC	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery+Library	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery
Required Yield	4%	4%	4%	4%	4%	4%	4%	4%	4%
Discount rate	7%	7%	7%	7%	7%	7%	7%	7%	7%
Visitors to All Elements - Year 1	63k	63k	63k	75k	76k	145k	76k	76k	76k
Visitors to All Elements - Year 10	72k	72k	72k	86k	89k	177k	89k	89k	89k
Revenue - Year 1	\$735k	\$571k	\$547k	\$659k	\$761k	\$1.1m	\$761k	\$761k	\$761k
Revenue - Year 10	\$847k	\$665k	\$635k	\$757k	\$912k	\$1.4m	\$912k	\$912k	\$912k
Expenditure - Year 1	\$968k	\$636k	\$635k	\$899k	\$1.0m	\$1.7m	\$1.1m	\$1.1m	\$1.1m
Expenditure - Year 10	\$1.2m	\$794k	\$793k	\$1.1m	\$1.3m	\$2.1m	\$1.3m	\$1.3m	\$1.3m
Council contribution p/a to achieve positive NPV & IRR	\$500k	\$300k	\$350k	\$850k	\$900k	\$1.6m	\$950k	\$1.1m	\$1.1m
CAPEX	\$6.1m	\$6.1m	\$6.1m	\$12.9m	\$12.9m	\$20.4m	\$13.8m	\$15.4m	\$14.5m
Upgrades Required - Year 5	\$100k	\$200k	\$200k	\$500k	\$350k	\$350k	\$350k	\$350k	\$350k
Upgrades Required - Year 10	\$100k	\$200k	\$200k	\$700k	\$350k	\$350k	\$350k	\$350k	\$350k
Cashflow - Year 1	\$443k	\$411k	\$438k	\$786k	\$810k	\$1.2m	\$829k	\$929k	\$929k
Cashflow - Year 10	\$220k	\$147k	\$168k	\$12k	\$350k	\$1.1m	\$711k	\$811k	\$811k
IRR	8.4%	8.7%	9.4%	7.7%	8.0%	7.7%	7.3%	7.6%	8.4%
NPV	\$606k	\$751k	\$1.1m	\$700k	\$895k	\$951k	\$263k	\$629k	\$1.5m

2. Overview

Stafford Strategy were engaged to build on the initial feasibility assessment undertaken with a focus for a Murray River Interpretive Centre. The initial research and analysis provided five different scenarios with a recommendation to adopt a co-located multipurpose venue incorporating the Art Gallery and the Information Centre with a MRIC. It was felt that there was logical synergy and benefit in co-locating these various elements and, in addition, a variety of cost savings to Council were also able to be achieved.

This follow-up piece of work is clearly focused on co-locating a variety of elements and assessing different sites for these. The site analysis focuses on:

- the Art Gallery site which includes surrounding land available for any expansion;
- a parcel of land (4,400 square metres) within the Pioneer Settlement precinct site and adjacent to Spoons Riverside at Horse Shoe Bend;
- the GrainCorp site which runs parallel to the railway corridor and which includes a significant grain shed as well as a number of silos which would need to be cleared from the site; and
- the River Plaza site which is next to the GrainCorp site but closer to the major river crossing over the Murray River and slightly closer to the centre of Swan Hill CBD.

For some sites there is a degree of existing cost data which is able to be applied but, for others, a number of assumptions have had to be applied. For example, the Art Gallery site is already owned by Council as is the surrounding land which negates the need for land purchase. The same exists for the Pioneer Settlement precinct which is already owned by Council. By comparison, the GrainCorp site would need to be purchased and remedial work (demolition of the silos) undertaken as part of any redevelopment of the site as well as acquiring an adjoining piece of land owned by Vic Track. The River Plaza site already is used by Council for a variety of supporting services and utility infrastructure and would need to be demolished to allow for a co-located interpretive centre, information centre and art gallery.

The visitor information data applied is the latest information made available through the regional tourism body (Tourism Murray River) which provides a breakdown of visitation to Swan Hill specifically as a subset of regional data for the year ending December 2017. This data offers significant uplift from the visitation data to Swan Hill which was utilised in the 2016-17 feasibility study undertaken. We have not assessed the accuracy of this data but assume it is a fair reflection of visitation to Swan Hill regional area.

3. Context

3.1. The Previous Assessment

In its previous feasibility study assessment for the MRIC at Swan Hill, Stafford had provided five concept models for consideration. The concept models reflected a mix of:

- a standalone interpretive centre including a council run café;
- an interpretive centre co-located with an information centre and with a cafe operated by a third party;
- an interpretive centre located with an information centre but without a cafe
- an interpretive centre and an information centre without a café, and with a high level of technology applied (virtual or augmented); and
- a concept model which included co-locating the information centre with an interpretive centre and the Swan Hill Regional Art Gallery on the art gallery current site.

The research and analysis, previously undertaken by Stafford, indicated that a co-located model, which included the Art Gallery, generated a more attractive cash flow with a stronger internal rate of return and a more positive net present value result. It also provided a number of additional benefits associated with the ability to share back of house facilities between the various elements and a shared reception/entry area. And it offered a marketing mechanism to help grow visitation and use of the art gallery.

At the time, Stafford was also asked to consider co-locating the library as an additional component from its current location in the Swan Hill CBD down to the Riverfront Precinct. The analysis at that time indicated the challenge this would create as the library requires a reasonably large footprint for development, it acts as a major community hub/drop-in centre for a variety of communal activities and is an economic driver which supports many retail businesses and other businesses at one end of the Swan Hill CBD. Moving it down to the Riverfront Precinct was seen to create a risk of generating a negative impact on one end of the Swan Hill CBD where economic and social costs were considered to outweigh any possible relocation benefits.

Since the feasibility study work was completed approximately 18 months ago, Council has been considering a number of options and, to help inform decision making, have requested the following concept models to be assessed as well.

- The viability of co-locating the Interpretive Centre with Pioneer Settlement on land within the Pioneer Settlement Precinct (Horseshoe Bend).
- The co-location at the site of the Art Gallery or on land which Council owns between the Art Gallery and Spoons Riverside Restaurant.
- The GrainCorp site closer to the railway crossing and utilising the large grain shed, if appropriate.
- The viability of relocating the library into a co-location mix of other facilities.
- The River Plaza site next to the Graincorp site but closer to the railway crossing and bridge over the Murray River from the Swan Hill CBD.

3.2. Consultation Findings

As part of the additional research and analysis, Stafford had undertaken consultation in mid-June with key Council personnel, including the Directors of the Art Gallery, the Library and Pioneer Settlement, and have invited those previously consulted 18 months ago to hear the findings to date and to allow for further public feedback. Stafford has also consulted with the Art Gallery Advisory Group and has provided the opportunity for further indigenous input. The key points from the consultation recently undertaken indicate:

- a general feeling that the library is better located in the main street as an important community anchor which supports other businesses at one end of the Swan Hill CBD;
- if co-location with the library was to occur, the Art Gallery would probably be the most appropriate element to co-locate with it, but this would mean relocating the Art Gallery into the CBD with the library where it is currently located rather than at the Riverfront Precinct site;
- the Art Gallery site is seen to be an optimal site because it has spare land and the Art Gallery does require outdoor spaces for some of its activities;
- the concept of co-locating the Art Gallery, the Information Centre and Pioneer Settlement at Horseshoe Bend within the Pioneer Settlement's current land precinct, generates some concern as people struggle to conceptualise how this option may physically look so this site in particular requires some schematic images to help interpret the potential; and
- utilising Spoons Riverside Restaurant to a greater extent and to help its commercial viability is seen as an important outcome rather than creating a further cafe within the Riverfront Precinct which would act as direct competition to it. Therefore, utilising sites around Spoons where Spoons could offer the food and beverage services close by, to support a collocated facility, was seen as preferable.

4. Site Assessment

Stafford has reviewed material provided to them by Council, has reviewed the Commercial Riverfront Strategy prepared by Hill PDA, and has undertaken a site assessment along with Council personnel.

The following reflects the appropriateness of the sites assessed and any challenges.

4.1. GrainCorp Site

The GrainCorp site is a large track of land which runs parallel to the railway corridor and which also includes the potential to secure Vic Track land as part of a composite land parcel. The GrainCorp land is characterised as follows:

- The size of the land parcel is large enough to cater for a 4,000 sqm collocated MRIC, Information Centre and Art Gallery, along with car parking and landscaping and potential outdoor areas for sculpture etc.
- The land is relatively narrow, constrained by a rail corridor on one boundary and the access road down the Riverfront Precinct.
- A user of any facility would need to cross the railway line to gain access to the site, but this is the same scenario for all of the sites which were requested to be assessed.
- The cost of demolition as previously been assessed by Hill PDA is approximately [redacted] which we suspect, due to time, would now be approximately [redacted].
- There is a significantly large grain shed which currently only serves a purpose for storing a few vehicles so is underutilised, but which could potentially be retrofitted for a variety of concept uses though it is yet uncertain whether the shed would be easily retrofitted for a collocated facility.
- The shed is a significant building on the land and, if budget allows, could be decorated externally with a strong external art theme as an attraction as well.
- The land has sufficient space for coach parking and car parking and is opposite a Big 4 holiday park as well as Council open space recreational areas so is well located within the Riverfront Precinct.
- Council advised that the land is not flood prone so there would appear to be minimal risks associated with site development.

While the grain silos are no longer able to be used for storing grain due to their condition, it is understood that they cannot be used for other purposes without being redeveloped and which may come at considerable cost. They are prominent in their scale and could offer an opportunity to be externally painted in a way that they become an art attraction on their own.

The same applies to the large shed on site which could provide an opportunity for an exterior art display. The challenge with the shed, specifically, is the necessity to undertake significant built enhancements to make it appropriate and viable as a site for an interpretive centre, information centre and art gallery. There are no windows in the shed, so the Integrity of the structure would need to be modified to allow for natural light to enter where required. In addition, there are likely to be significant costs associated with heating and cooling within the structure, with bringing utility services into the shed and removing those which currently exist.

Industrial buildings are often used in many locations as highly attractive and unique venues for a variety of purposes including events, shows, art galleries and museums, etc. This does come at a significant cost, however. But the shed may be able to be used as a complimentary event venue.

In addition to the above noted constraints, is the fact that Council (with the support of State Government) would need to purchase the site from GrainCorp and only an indicative cost estimate has yet been determined. This does make it challenging in trying to add an additional capital cost element to cover land acquisition with any accuracy.

The other principal reason why we consider the GrainCorp site not to be desirable, is because it was specifically identified within the Hill PDA Commercial Riverfront Strategy as a site for commercial development. As such, the site is likely to be better utilised for commercial uses including owner occupied apartments, serviced apartments and hotels as well as other commercial uses deemed appropriate.

If, however, there is strong desire to utilise the site, or part of, for an interpretive centre co-located with an art gallery, we would recommend that this be assessed as part of a joint initiative with a commercial hotel or serviced apartment facility. That is, a joint commercial and community-based use for part of the site with the commercial component helping to provide some cost reduction for the public community elements, if at all possible. The challenge, however, is finding a suitable developer to create such a facility without Council having to heavily subsidise such an outcome.

Our view is that the Graincorp site was previously identified as a commercial development site and should be retained for this purpose.

4.2. Horseshoe Bend Site – Pioneer Settlement

Pioneer Settlement covers a large track of land with significant historic buildings and with a major sound and light show on the river bank. There is, however, part of the site in between the Gem (static river steamer) and at the edge of the historic buildings which offers a site of approximately 4,400 square metres. The site is bounded by the river on one edge as well and a stand of large river gums and other vegetation on the road edge. It is an attractive site with strong physical attributes.

It offers a parcel of land of sufficient size and scale to co-locate an interpretive centre along with a new information centre and potentially a new art gallery.

It is also approximately 70 metres from the current Swan Hill Regional Art Gallery and is approximately 20 metres from Spoons Riverside Restaurant, so could be part of a unique and attractive cluster of elements which act as a composite attraction.

As understood, all of the land in question is owned by Council so, as part of a precinct development, there is only one land owner involved which makes it an easier proposition to plan and develop.

The site offers a variety of benefits including the following:

- The potential to create a centralised reception area which would allow visitors to go to either the Art Gallery, the interpretive centre or Pioneer Settlement and to use this reception space as a new information centre as well.
- Accommodating the needs of all the elements over two levels (reflecting a building which has the ability to look over the river as a key attraction as well).

- Allowing separate functional entrance ways for Pioneer Settlement, the Art Gallery and the interpretive centre, though it would be preferable for all visitors to be funnelled into a common shared reception area, so the necessity for clever design is essential.
- The historic nature of the Pioneer Settlement does not create a necessity to build in a similar style but, rather, creating a highly attractive modern structure to complement Pioneer Settlement would probably be a better option from a design perspective for a new collocated facility.
- Pioneer Settlement needs to attract stronger visitation as a paid-for visitor experience so co-locating an interpretive centre, the information centre and the Art Gallery will generate far stronger foot traffic and with the potential to encourage a percentage of other visitors to pay for entry into Pioneer Settlement.
- Offering a shared co-located site also provides an opportunity to look at joint ticketing if there are programs and exhibitions which benefit from some movement over the various components (Pioneer Settlement, the Interpretive Centre and the Art Gallery).
- As Council owns the land, there is no land acquisition cost but merely the cost of redeveloping part of the actual precinct site.

The consultation reflected community concern that putting the various elements together on this site may risk losing or watering down the focus of the individual institutions either accidentally or intentionally. There would, therefore, need to be a very careful assessment made of mechanisms which can strengthen the positioning of the Art Gallery, in particular, so that it was integrated but able to operate on a standalone basis as well.

This would mean the need for high-quality wayfinding and signage, the need for a grand entrance to the Art Gallery component with a clear point of difference so that visitors and community could clearly recognise the difference in the exhibition and related spaces which the Art Gallery needs to provide. One of the major benefits should be the opportunity to offer shared services across Pioneer Settlement, the Art Gallery and the Interpretive Centre including but not limited to:

- offering improved but standardised information technology support;
- offering public relations and marketing support across the institutions for a variety of standalone but also joint initiatives;
- managing human resource and related services on a collective basis;
- looking at synergies in financial management and accounting/auditing;
- offering a cluster of meeting rooms which provide the opportunity for each of the institutions to book and utilise;
- conducting art forums and symposiums as well as heritage and related forums across the sites which will cover the needs of all the institutions;
- creating an auditorium within the MRIC component but which could be booked and used by the other element as well;
- each of the institutions requires a strong education program and education support facilities which may, through clever design, create an opportunity for a shared educational hub which can be used collectively or separately, depending on how programs are managed; and
- the ability to provide shared toilet facilities, kitchens and other back-of-house support facilities.

It is also understood that the Art Gallery, in particular, needs expanded storage so the creation of a larger onsite storage facility to cater for not only the Art Gallery in its own air-conditioned environment but also other forms of storage which are needed for the Interpretive Centre and for Pioneer Settlement is something which can also be considered and planned for.

It will be particularly important to prove to community and related stakeholders that co-locating and offering shared facilities does not weaken the individual positioning of the Art Gallery or Pioneer Settlement. Rather, the ability to share a number of facilities and support services helps Council better manage and fund these important requirements. And should lead to a number of cost savings as well.

4.3. Art Gallery Current Site

We appreciate that there is a considerable investment by Council already into this building and surrounds for the Swan Hill Regional Art Gallery. Though there is a need to provide a redeveloped Art Gallery to better meet the needs particularly for improved storage, educational facilities and expanded exhibition facilities, this does come at some cost. Previous work in approximately 2010 by the Art Gallery indicated the cost of redeveloping facilities to help future-proof them was likely to cost \$7m+ which, over time, is now more likely to cost \$10m+.

There are a variety of benefits in using the Art Gallery site including but not limited to the following:

- The site is owned by Council already so there is no land acquisition required.
- The site is not flood prone but is close enough to the river and other attractions.
- The site is close to (80 metres approx.) Pioneer Settlement and adjacent to Spoons Riverside Restaurant, which already make up an arts and cultural cluster although the elements are not yet well connected.
- The site does have additional spare land around it to enable expansion but would require a clever design solution to integrate other elements and to ideally retrofit the current art gallery building.
- The potential exists to utilise the land between the Art Gallery and Spoons Riverside Restaurant for a stronger link and with Spoons Riverside effectively offering the cafe component for any new integrated facility and avoiding the spatial and cost needs of trying to cater for this within a new facility.
- There is already some car parking facilities and available land within the facility for expanding this.
- The Art Gallery effectively anchors one end of the Riverfront Precinct so strengthening the Art Gallery site is an important and useful outcome for the ongoing development of the Riverfront Precinct.
- It may be possible to retain much of the existing Art Gallery building by retro fitting it to better meet Art Gallery needs and, including on the Art Gallery site, additional space for the interpretive centre, but design work is required to determine this.
- Ideally, there would need to be a co-located reception entry area which also doubles as the information centre, noting that its needs for the future are likely to be far smaller than the current information centre.
- The walking distance between a co-located interpretive centre, information centre and art gallery to Pioneer Settlement is only approximately 80 metres making it easily walkable and able to be promoted as a cultural attraction cluster of experiences.

The benefit of the site is that there is the existing Art Gallery building already on it even though it may require a number of significant enhancements to future-proof it. It is well understood that the option of demolishing the Art Gallery, to clear the site to allow for a purpose built new facility, may meet elements of resistance because of the life span of the current building.

Opportunities to retrofit existing buildings without compromising quality and which can be done on a more cost-effective basis than demolition and rebuild, are also likely to find favour with state funding agencies who will see this as a more cost-effective outcome.

To a large extent, the ability to utilise the Art Gallery site and retain at the Art Gallery building with modifications are subject to clever design outcomes which would need to be looked at as a next stage of work.

The only downside to this option is that there is no co-location area with Pioneer Settlement so the two would effectively operate as separate visitor experiences as per their current arrangement. It would also be more difficult to create an effective shared service by operating on two different sites even though they are relatively close together. So, some potential synergies with Pioneer Settlement would be lost.

4.4. Other sites

Council have also raised the option of potentially using the River Plaza site though, we note, this site already has a variety of buildings on it (utility buildings, as understood) and is next to the GrainCorp site.

Whilst the site is a high-profile site in that it is close to the railway crossing and, therefore, visually prominent, it would need to be a green field site with all existing facilities likely to be demolished. The site may have greater value and benefit for commercial development purposes rather than community and cultural-based services as identified within the Hill PDA commercial strategy assessment.

If a long-term view was held for the development of an interpretive centre, one could look to leverage off any commercial development which happens on the GrainCorp site as the site is adjacent to it and may offer an attractive non-commercial alternative in the longer term.

However, as it is understood that the window of opportunity for potential State and Federal funding support is quite short, focusing on this site is seen to be a longer-term option rather than a short-term opportunity and therefore isn't seen as an optimal site for collating the MRIC with the art gallery and information centre.

4.5. Site Summary

Based on the research and analysis Stafford considers, there are two preferred options which should be focused on:

- the Horseshoe Bend land parcel within the Pioneer Settlement precinct; and
- an expanded parcel of land utilising the Art Gallery site and the land between the Art Gallery and Spoons.

The benefit of the Pioneer Settlement site is that it offers the potential for a totally purpose-built new building to service the future needs of the Art Gallery, Information Centre and new interpretive centre along with a new shared major reception space which Pioneer Settlement could also use and benefit from the cross flow of visitors to the other elements.

The challenge with the Art Gallery building is the likely necessity to retain as much of that as practically possible, so one is working within a degree of constraint rather than from a blank canvas approach. Design work would need to determine if the Art Gallery building could be easily and cost effectively retrofitted or not.

Ultimately, the costs associated with a co-located facility will be a major determinant going forward. However, care is needed as it will be clever design options which will help drive the appeal and functionality of either a retrofitted facility on the Art Gallery site with new elements added or a new standalone art gallery and interpretive centre combined on a site within the Pioneer Settlement precinct.

Both options have merit and justify being assessed further.

4.6. Information Centre Requirements for the Future

Stafford notes that the rental on the current Information Centre (which also includes first-floor level office space for economic development, tourism and Council related personnel), is high. We fully understand and appreciate Council's desire to move out of a commercial high-profile premise for a variety of reasons.

The current location, however, of the Information Centre is high profile, being the conduit to the main street as well as down to the Riverfront Precinct and across the Murray River. It is a high-profile site and we suspect if the site was owned by Council, it would be a highly competitive location for a co-located facility.

Nevertheless, this is not the scenario and there is a desire to relocate the Information Centre.

Nationally and globally, visitor information centres are changing rapidly. Visitors are getting far more information online prior to visiting and through iPhones, iPads and other forms of technology, are downloading information once in a destination as well. Whilst there still is a desire to speak to someone to get further local insight or information, the use of visitor information centres as booking facilities, in particular, has diminished significantly over the last 10 years.

The important fact which destinations are finding is the low percentage of visitors who actually come into visitor information centres. In recent studies in Queensland, this has been assessed at 3.5% of all visitors which begs the question how the other 96.5% of visitors are having their information needs catered for. Most recently, the visitor centre in Cairns, a major tourism hub in Australia, advised it was going to be closed because less than 3% of its visitors to Cairns were actually utilising it. The same scenario is being seen in many other parts of the country.

The need for visitor information continues to change significantly and an opportunity exists to create a new visitor information facility of an appropriate size and scale and linked to the entrance/reception area for a co-located interpretive centre and art gallery, in particular.

There is still a need for information personnel to help with any queries, but the focus needs to be different than the status quo and the spatial needs of an information centre also could be much smaller.

Any co-located facility would need to include touchscreens and other technology to assist visitors who do come in wanting more traditional information but, at the same time, would need to have reception personnel knowledgeable about the Art Gallery and about the new Interpretive Centre because they will help drive visitation and interest. Multi skilling any front of house staff to be able to offer well informed views on the MRIC, the Art Gallery, and more general information will be important.

5. Cost Benefit Analysis

The following reflects the nine different cost-benefit scenarios which have been modelled to reflect the various options requested from Council. It is important to note:

- the first five models reflect those developed for the earlier feasibility study undertaken but have been updated with more recent visitation estimates along with some revision to operating costs; and
- the four new economic models reflect the new scenarios requested from Council and with a focus on different sites for assessment.

Following this section is a summary section which provides a comparative table to allow for easy assessment between the various models.

It is also important to note that until there is design work undertaken on any of the sites decided on, the likely costs should be seen as indicative only subject to engineering, geotechnics, design and related requirements. Each of the economic models, however, does provide for a contingency cost and it is fair to say that there may be opportunities to reduce capital costs for some of the options through clever design solutions as well.

Visitation estimates have also been conservatively assessed deliberately to offer a more realistic scenario so the percentage of the various visitor markets expected to visit are low (5-6% for domestic markets but much higher (40%) for the much small international market currently visiting the Swan Hill region.

5.1. Model 1

Model description: Murray River Interpretive Centre and Information Centre on land adjacent to the Art Gallery)

The following cost benefit analysis (Table 2) indicates the visitation estimates, revenue streams, expenditure and operating costs and the estimated cash flow able to be generated over a ten-year period. It also highlights the anticipated economic result reflected in an internal rate of return and a net present value.

The key findings and assumptions reflect the following:

- Model 1 assumes that it is only the new Murray River Interpretive Centre and relocated Information Centre co-located.
- The suggested site is land which fits between the current Swan Hill Art Gallery and Spoons Riverside.
- As this project is a public good project rather than a commercial project, a lower required yield is applied (4%) and a discount rate (7%) is applied reflecting the likely cost of capital and an acceptable rate often applied by State Treasury to projects.
- The visitation estimates for Swan Hill LGA are based on data provided for the year to December 2017 with visitation reflecting only:
 - 5% of domestic day visitors using the visitor facility;
 - 6% of domestic overnight visitors as this is expected to include more of leisure market travelling through Swan Hill as part of a Murray River experience;

- 40% of international visitation as international visitor numbers are low anyway and people staying overnight are more likely to want to experience what is possible through an interpretive centre especially; and
- approximately 8% of locals (people living within the Swan Hill region) will visit on average two times per annum.

5.2. Model 2

Model description Interpretive Centre and Information Centre with café leased out)

The following cost benefit and cash flow (Table 3) reflect a slight difference to Model 1 with Council not operating the cafe facility but rather leasing this out to a third party. The net result reflects:

- a lower level of required Council ongoing funding (\$300k) which is a better proposition than Model 1; and
- a reduced amount of staffing required because of the lack of a need to operate the café.

For all intents and purposes, the other elements reflected in Model 1 apply to Model 2.

Table 3: Model 2 Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 2 (Café is leased out) - MRIC and Info Centre - site adjacent to art gallery											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
	1	2	3	4	5	6	7	8	9	10	
Visitation estimates for Sw an Hill LGA											
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Sw an Hill											
	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC											
Visitors											
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239
International Overnight	40%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992
Locals											
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre		46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452
Total to the co-located Information Centre	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969
Total to the combined MRIC		62,973	63,945	64,935	65,944	66,973	68,021	69,090	70,179	71,289	72,421
Revenue Streams											
	<i>Average spend</i>										
Lease fee from café		\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration rate	\$15	\$141,690	\$147,473	\$149,757	\$152,083	\$154,456	\$156,874	\$159,338	\$161,850	\$164,411	\$167,022
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft w ork displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Total Revenue		\$571,019	\$583,757	\$593,143	\$602,718	\$612,495	\$622,473	\$632,659	\$643,057	\$653,672	\$664,511
Expenditure											
Maintenance and cleaning estimated	\$1,000	\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986
Salaries		\$385,000	\$394,625	\$404,491	\$414,603	\$424,968	\$435,592	\$446,482	\$457,644	\$469,085	\$480,812
Salary on costs (holiday, sick leave, super loadings)	20%	\$77,000	\$78,925	\$80,898	\$82,921	\$84,994	\$87,118	\$89,296	\$91,529	\$93,817	\$96,162
Marketing and promotion (5% of revenue)		\$28,551	\$29,265	\$29,996	\$30,746	\$31,515	\$32,303	\$33,110	\$33,938	\$34,787	\$35,656
Merchandise cost of sales	40%	\$56,676	\$60,464	\$61,400	\$62,354	\$63,327	\$64,318	\$65,329	\$66,359	\$67,409	\$68,479
Website maintenance		\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122
Café cost of sales	deleted										
Communication charges		\$3,600	\$3,690	\$3,782	\$3,877	\$3,974	\$4,073	\$4,175	\$4,279	\$4,386	\$4,496
Accounting-auditing fees		\$6,000	\$6,150	\$6,304	\$6,461	\$6,623	\$6,788	\$6,958	\$7,132	\$7,310	\$7,493
Insurance re public liability		\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
utilities		\$28,800	\$36,900	\$37,823	\$38,768	\$39,737	\$40,731	\$41,749	\$42,793	\$43,863	\$44,959
ongoing building maintenance		\$12,000	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Total Expenditure		\$636,127	\$655,661	\$671,508	\$687,747	\$704,387	\$721,439	\$738,912	\$756,817	\$775,165	\$793,968
Council community service contribution		\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Net saving		-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000
EBITDA		\$410,892	\$404,096	\$397,634	\$390,971	\$384,108	\$377,035	\$369,747	\$362,240	\$354,506	\$346,543
Capital Costs											
Earthworks, site preparation, excavation (4.5%)	\$125,268										
Pavements/terraces/outdoor decking	\$120,000										
Concrete and tilt panels (1200 sqm)	\$480,000										
Structural steel and internal framing	\$528,000										
Carpentry, fix out, plastering and painting	\$312,000										
Kitchen and fixtures	\$146,124										
Cladding and roofing	\$336,000										
Electrical	\$216,000										
Hydraulic (plumber) including fire services	\$237,600										
Mechanical (air conditioning)	\$144,000										
Glazing	\$264,000										
Projectors/AV displays , AV equipment PC sum	\$145,000										
Furniture PC sum	\$100,000										
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$170,000										
Stormwater, onsite water detention PC Sum	\$120,000										
Fitout costs (1200 sqm)	\$1,380,000										
Service relocation	\$70,000										
Consultant and Design Costs (6%)	\$286,123										
Contractors OH and Profit Margin (8%)	\$381,498										
Contingency (10%)	\$489,399										
Upgrades (year 5 and 10)							-\$200,000				-\$200,000
Total Establishment Costs	\$6.05m										
Project Value											
Cash Flow	-\$6,051,012	\$ 410,892	\$ 404,096	\$ 397,634	\$ 390,971	\$ 184,108	\$ 377,035	\$ 369,747	\$ 362,240	\$ 354,506	\$ 8,663,575
IRR	8.7%										
NPV	\$751.3k										

5.3. Model 3

Model description: Interpretive Centre and Visitor Information Centre without a café

Model 3 (Table 4) is similar to Models 1 and 2 with the exception of having no cafe being provided within the complex but, rather, the Spoons Riverside Restaurant is providing this service as an adjacent building.

Other key outcomes reflect:

- a slightly higher Council ongoing contribution of \$350k because of the lack of a lease fee from leasing out a cafe within the complex so a revenue stream is lost;
- the same assumption as for Models 1 and 2 that the facility would sit on land between the art gallery and Spoons Riverside; and
- an undercover walkway to Spoons Riverside from the Interpretive Centre and Information Centre co-located would be required in the absence of an in-house cafe available to visitors.

Out of these three model options (Models 1, 2 and 3) Model 2 is estimated to provide a lower level of ongoing annual financial support from Council to generate a positive economic and financial outcome because of the ability to lease out an in-house cafe facility. The challenge, however, with this model is that Models 1 and 2 would act as a competitor to Spoons Riverside

There are therefore wider risks which would need to be assessed before Models 1-3 were considered because of the impact this may have on Spoons Riverside business viability with the only exception being Model 3, where there is no in-house cafe or restaurant actually offered.

Importantly, these first three models illustrate that the likely ongoing cost to Council from operating the MRIC and collocated information centre, is approximately \$350k per annum.

Table 4: Model 3 Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 3 (No Caf�) - MRIC and Info Centre - site adjacent to art gallery											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
	1	2	3	4	5	6	7	8	9	10	
Visitation estimates for Sw an Hill LGA	2017	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Sw an Hill	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visitors											
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239
International Overnight	40%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992
Locals											
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre		46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452
Total to the co-located Information Centre	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969
Total to the combined MRIC		62,973	63,945	64,935	65,944	66,973	68,021	69,090	70,179	71,289	72,421
Revenue Streams											
	Average spend										
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration rate	\$15	\$141,690	\$147,473	\$149,757	\$152,083	\$154,456	\$156,874	\$159,338	\$161,850	\$164,411	\$167,022
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Total Revenue		\$547,019	\$559,157	\$567,928	\$576,872	\$586,003	\$595,319	\$604,826	\$614,529	\$624,430	\$634,538
Expenditure											
Maintenance and cleaning estimated	\$1,000	\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986
Salaries		\$385,000	\$394,625	\$404,491	\$414,603	\$424,968	\$435,592	\$446,482	\$457,644	\$469,085	\$480,812
Salary on costs (holiday, sick leave, super loadings)	20%	\$77,000	\$78,925	\$80,898	\$82,921	\$84,994	\$87,118	\$89,296	\$91,529	\$93,817	\$96,162
Marketing and promotion (5% of revenue)		\$27,351	\$28,035	\$28,736	\$29,454	\$30,190	\$30,945	\$31,719	\$32,512	\$33,324	\$34,158
Merchandise cost of sales	40%	\$56,676	\$60,464	\$61,400	\$62,354	\$63,327	\$64,318	\$65,329	\$66,359	\$67,409	\$68,479
Website maintenance		\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122
Communication charges		\$6,000	\$6,150	\$6,304	\$6,461	\$6,623	\$6,788	\$6,958	\$7,132	\$7,310	\$7,493
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Insurance re public liability		\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
utilities		\$28,800	\$36,900	\$37,823	\$38,768	\$39,737	\$40,731	\$41,749	\$42,793	\$43,863	\$44,959
ongoing building maintenance		\$12,000	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Total Expenditure		\$635,327	\$654,841	\$670,668	\$686,885	\$703,504	\$720,533	\$737,984	\$755,866	\$774,191	\$792,969
Council community service contribution		\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Net saving	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000
EBITDA		\$437,692	\$430,316	\$423,260	\$415,987	\$408,499	\$400,786	\$392,842	\$384,662	\$376,239	\$367,569
Capital Costs											
Earthworks, site preparation, excavation (4.5%)	\$120,942										
Pavements/terraces/outdoor decking	\$120,000										
Concrete and tilt panels (1200 sqm)	\$480,000										
Structural steel and internal framing	\$528,000										
Carpentry, fix out, plastering and painting	\$312,000										
Kitchen and fixtures	\$50,000										
Cladding and roofing	\$336,000										
Electrical	\$216,000										
Hydraulic (plumber) including fire services	\$237,600										
Mechanical (air conditioning)	\$144,000										
Glazing	\$264,000										
Projectors/AV displays , AV equipment PC sum	\$145,000										
Furniture PC sum	\$100,000										
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$170,000										
Stormwater, onsite water detention PC Sum	\$120,000										
Fitout costs (1200 sqm)	\$1,380,000										
Service relocation	\$70,000										
undercover walkway to Spoons Restaurant for F&B	\$175,000										
Consultant and Design Costs (6%)	\$280,356										
Contractors OH and Profit Margin (8%)	\$373,808										
Contingency (10%)	\$479,354										
Upgrades (year 5 and 10)						-\$200,000					-\$200,000
Total Establishment Costs	\$6.10m										
Project Value											\$ 9,189,234
Cash Flow	-\$6,102,060	\$ 437,692	\$ 430,316	\$ 423,260	\$ 415,987	\$ 208,499	\$ 400,786	\$ 392,842	\$ 384,662	\$ 376,239	\$ 9,356,804
IRR	9.4%										
NPV	\$1.1m										

5.4. Model 4

Model description: Interpretive Centre and Information Centre combined with high tech added experiences

This model (Table 5) assumes that the cafe would not be included but, rather, additional revenue would be generated from offering 2-3 hi-tech paid-for visitor experiences by way of interactive displays, expanded audio-visual experiences and, potentially, a virtual reality simulator. The virtual reality simulator may offer a 10-15 minute experience taking people back in time to highlight the history, geology, cultural significance, etc. of the Murray River, in particular, as a clever way of imparting history and knowledge and also offering an element of entertainment.

The key findings from this model reflect:

- a far higher capital cost up because of the estimated expenditure required in introducing a virtual reality simulator and other high-tech interactive displays;
- a higher level of ongoing annual Council contribution to achieve a positive IRR and NPV and reflecting \$850k per annum; and
- additional costs associated with servicing hi-tech componentry over and above other forms of ongoing displays.

Though this model was supported by some at Council when it was initially put forward, we consider that the costs of introducing technology and the ongoing maintenance as well as the challenges of a limited visitor market (as already experienced with the Pioneer Settlement Sound and Light Show) make this model a higher risk option for Council.

Table 5: Model 4 Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretive Centre (Model 4 - High Tech Option) - MRIC and Info Centre - site adjacent to art gallery											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
	1	2	3	4	5	6	7	8	9	10	
Visitation estimates for Sw an Hill LGA	2017	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Sw an Hill	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visitors											
Domestic Day	6.0%	19,799	20,195	20,599	21,011	21,431	21,859	22,297	22,742	23,197	23,661
Domestic Overnight	7.0%	31,962	32,282	32,604	32,930	33,260	33,592	33,928	34,268	34,610	34,956
International Overnight	40%	4,198	4,219	4,240	4,261	4,283	4,304	4,326	4,347	4,369	4,391
Locals											
Locals (visiting 2 times p/ year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre		59,221	59,961	60,713	61,476	62,250	63,037	63,835	64,646	65,469	66,305
Total to the co-located Information Centre	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969
Total to the combined MRIC		75,211	76,351	77,513	78,695	79,900	81,128	82,379	83,653	84,951	86,274
Revenue Streams											
	Average spend										
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration rate	\$15	\$169,225	\$171,790	\$174,403	\$177,064	\$179,776	\$182,538	\$185,352	\$188,219	\$191,140	\$194,117
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$142,131	\$143,907	\$145,711	\$147,542	\$149,401	\$151,288	\$153,205	\$155,150	\$157,126	\$159,132
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$118,442	\$119,923	\$121,426	\$122,951	\$124,501	\$126,074	\$127,670	\$129,292	\$130,938	\$132,610
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$59,221	\$59,961	\$60,713	\$61,476	\$62,250	\$63,037	\$63,835	\$64,646	\$65,469	\$66,305
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$88,832	\$89,942	\$91,070	\$92,214	\$93,376	\$94,555	\$95,753	\$96,969	\$98,204	\$99,458
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Total Revenue		\$658,995	\$669,078	\$679,358	\$689,836	\$700,524	\$711,422	\$722,535	\$733,869	\$745,427	\$757,218
Expenditure											
Maintenance and cleaning estimated	\$1,000	\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443
Annual interactive displays maintenance contract		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Salaries		\$385,000	\$394,625	\$404,491	\$414,603	\$424,968	\$435,592	\$446,482	\$457,644	\$469,085	\$480,812
Salary on costs (holiday, sick leave, super loadings)	20%	\$77,000	\$78,925	\$80,898	\$82,921	\$84,994	\$87,118	\$89,296	\$91,529	\$93,817	\$96,162
Marketing and promotion (5% of revenue)		\$32,950	\$33,774	\$34,618	\$35,483	\$36,370	\$37,280	\$38,212	\$39,167	\$40,146	\$41,150
Merchandise cost of sales	40%	\$67,690	\$68,716	\$69,761	\$70,826	\$71,910	\$73,015	\$74,141	\$75,288	\$76,456	\$77,647
Website maintenance		\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122
Communication charges		\$6,000	\$6,150	\$6,304	\$6,461	\$6,623	\$6,788	\$6,958	\$7,132	\$7,310	\$7,493
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Insurance re public liability		\$36,000	\$36,900	\$37,823	\$38,768	\$39,737	\$40,731	\$41,749	\$42,793	\$43,863	\$44,959
utilities		\$36,000	\$36,900	\$37,823	\$38,768	\$39,737	\$40,731	\$41,749	\$42,793	\$43,863	\$44,959
contract to service high tech componentary		\$90,000	\$90,000	\$90,000	\$94,500	\$94,500	\$94,500	\$99,225	\$99,225	\$99,225	\$99,225
ongoing building maintenance		\$12,000	\$6,180	\$6,365	\$6,556	\$6,753	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Total Expenditure		\$899,140	\$910,082	\$927,442	\$949,731	\$967,958	\$986,636	\$1,010,499	\$1,030,110	\$1,050,205	\$1,070,797
Council community service contribution to achieve positive NPV		\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Net saving	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000
EBITDA		\$785,856	\$784,996	\$777,916	\$766,106	\$758,566	\$750,787	\$738,036	\$729,759	\$721,222	\$712,421
Capital Costs											
Earth works, site preparation, excavation (4.5%)	\$125,268										
demolition of part of art gallery internals and externals linking to MRIC adjacent site	\$450,000										
Pavements/terraces/outdoor decking	\$120,000										
Concrete and tilt panels (1200 sqm)	\$480,000										
Structural steel and internal framing	\$528,000										
Carpentry, fix out, plastering and painting	\$312,000										
Kitchen and fixtures	\$146,124										
Cladding and roofing	\$336,000										
Electrical	\$216,000										
Hydraulic (plumber) including fire services	\$237,600										
Mechanical (air conditioning)	\$144,000										
Glazing	\$264,000										
Projectors/AV displays, AV equipment PC sum	\$145,000										
Furniture PC sum	\$100,000										
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$170,000										
Stormwater, onsite water detention PC Sum	\$120,000										
H-tech interactive display screens and audio visual and VR simulator	\$4,800,000										
Fitout costs (1200 sqm)	\$1,380,000										
Service relocation	\$70,000										
undercover walkway to Spoons Restaurant for F&B	\$175,000										
Consultant and Design Costs (8.5%)	\$813,342										
Contractors OH and Profit Margin (8%)	\$765,498										
Contingency (10%)	\$1,014,399										
Upgrades (year 5 and 10)						-\$500,000					-\$700,000
Total Establishment Costs	\$12,911m										
Project Value											\$ 17,810,526
Cash Flow	-\$12,912,230	\$ 785,856	\$ 784,996	\$ 777,916	\$ 766,106	\$ 758,566	\$ 750,787	\$ 738,036	\$ 729,759	\$ 721,222	\$ 712,421
IRR	7.7%										
NPV	\$ 699,890										

5.5. Model 5

Model description: Interpretive Centre combined with Information Centre and Art Gallery but no cafe

As previously indicated, the feasibility study undertaken had highlighted that this combined model offered far greater benefit and opportunity not only to support the viability of an interpretive centre but also because of the support it would give to a revitalised art gallery. The art gallery has advised that there is a need for improvements to the education and training facilities including workshop space and, in addition, to re-assessing storage requirements and improving exhibition spaces.

The key findings from this model (Table 6) indicate the following:

- The ability to generate higher levels of visitation because of the connection with co-locating the art gallery and with an expectation of a 15% uplift in art gallery visitation as a result as well.
- The estimated spend attributed to each of the revenue streams has been kept constant with the other models as well.
- There is currently revenue associated with the Art Gallery which is anticipated to continue into the future based on 2017/18 financial information provided by Council.
- The estimated Council ongoing contribution to generate a positive IRR and NPV result is \$900k per annum, noting that this covers the new interpretive centre, a reconstituted information centre as well as the art gallery. As understood, the Council contribution over and above what the art gallery is able to generate by way of revenue each year indicates an approximate current ongoing cost on its own of \$600k which would indicate that, under this model, a number of clever cost savings may be able to be generated through:
 - a common reception front-of-house area with multi-skilled personnel;
 - the ability to share back-of-house facilities such as meeting rooms, training and education areas, etc.;
 - the opportunity to share an auditorium space which could include the use for an art-based film festival as well as symposiums, etc.; and
 - the ability to utilise exhibition spaces both within the Interpretive Centre as well as the art gallery for a variety of interrelated experiences and shows.

The estimated capital cost for Model 5 is also similar to Model 4 even though Model 4 does not include the art gallery as a component, reflecting the benefits of this model through what it can collocate together.

Table 6: Model 5 Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 5 (combined with Art Gallery and info centre) - art gallery site												
Assumptions												
Required Yield	4.0%											
Discount rate	7.0%											
Visitation estimates for Swan Hill LGA												
	2017	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504	
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978	
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979	
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k	
Local Population Living In Swan Hill												
	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604	
Visitation estimate for the MRC												
	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Visitors												
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925	
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239	
International Overnight	40%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992	
Locals												
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297	
Total Estimated Visitation to Interpretive Centre												
	-	46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452	
Total to the co-located Information Centre												
	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969	
Total to the co-located Art Gallery												
	11,500	13,225	13,886	14,233	14,589	14,954	15,328	15,711	15,868	16,027	16,347	
Total to the combined MRC/Art Gallery/info centre												
		76,198	77,831	79,169	80,533	81,927	83,349	84,801	86,047	87,316	88,769	
Revenue Streams												
	Average spend											
Merchandise (online and via shop retail outlet) - 15% of MRC visitation penetration rate	\$15	\$171,446	\$179,498	\$182,582	\$185,730	\$188,943	\$192,223	\$195,572	\$198,446	\$201,373	\$204,723	
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885	
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904	
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244	
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452	
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678	
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352	
Art Gallery revenue from user fees, charges, grants, major projects		\$183,925	\$189,443	\$195,126	\$200,980	\$207,009	\$213,219	\$219,616	\$226,205	\$232,991	\$239,980	
Total Revenue		\$760,700	\$780,625	\$795,879	\$811,498	\$827,500	\$843,889	\$860,676	\$877,329	\$894,382	\$912,220	
Expenditure												
Maintenance and cleaning estimated	\$2,000	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973	
Salaries		\$555,000	\$568,875	\$583,097	\$597,674	\$612,616	\$627,932	\$643,630	\$659,721	\$676,214	\$693,119	
Salary on costs (holiday, sick leave, super loadings)	20%	\$111,000	\$113,775	\$116,619	\$119,535	\$122,523	\$125,586	\$128,726	\$131,944	\$135,243	\$138,624	
Marketing and promotion (5% of revenue)		\$38,035	\$38,986	\$39,961	\$40,960	\$41,984	\$43,033	\$44,109	\$45,212	\$46,342	\$47,501	
Merchandise cost of sales	40%	\$68,578	\$73,594	\$74,859	\$76,149	\$77,467	\$78,812	\$80,184	\$81,363	\$82,563	\$83,936	
Website maintenance		\$3,500	\$3,588	\$3,677	\$3,769	\$3,863	\$3,960	\$4,059	\$4,160	\$4,264	\$4,371	
Communication charges		\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986	
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995	
Insurance re public liability		\$36,000	\$36,900	\$37,823	\$38,768	\$39,737	\$40,731	\$41,749	\$42,793	\$43,863	\$44,959	
utilities		\$47,490	\$48,915	\$50,138	\$51,391	\$52,676	\$53,993	\$55,342	\$56,726	\$58,144	\$59,598	
exhibition project expenses, public programs		\$99,960	\$102,959	\$106,048	\$109,229	\$112,506	\$115,881	\$119,357	\$122,938	\$126,626	\$130,425	
plant hire		\$15,055	\$15,507	\$15,972	\$16,451	\$16,945	\$17,453	\$17,976	\$18,516	\$19,071	\$19,643	
ongoing building maintenance		\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758	\$15,201	\$15,657	
Total Expenditure		\$1,026,618	\$1,056,458	\$1,082,948	\$1,110,114	\$1,137,975	\$1,166,547	\$1,195,850	\$1,225,678	\$1,256,267	\$1,287,788	
Council community service contribution (to achieve positive NPV)		\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	
Net saving	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	
EBITDA		\$810,082	\$800,167	\$788,931	\$777,384	\$765,525	\$753,341	\$740,826	\$727,651	\$714,115	\$700,432	
Capital Costs												
Earthworks, site preparation, excavation (4.5%)	\$260,601											
demolition of part of art gallery internals and externals	\$450,000											
Pavements/terraces/outdoor decking	\$200,000											
Concrete and tilt panels (2500 sqm)	\$1,000,000											
Structural steel and internal framing	\$1,100,000											
Carpentry, fix out, plastering and painting	\$650,000											
Kitchen and fixtures	\$146,124											
Cladding and roofing	\$700,000											
Electrical	\$550,000											
Hydraulic (plumber) including fire services	\$495,000											
Mechanical (air conditioning)	\$400,000											
Glazing	\$550,000											
Projectors/AV displays, AV equipment PC sum	\$245,000											
Furniture PC sum	\$200,000											
Carparking, access roads and landscaping (2000 sqm), fencing PC	\$170,000											
Stormwater, onsite water detention PC Sum	\$120,000											
Fitout costs (2500 sqm)	\$3,000,000											
Service relocation	\$95,000											
undercover walkway to Spoons Restaurant for F&B	\$175,000											
Consultant and Design Costs (6%)	\$577,267											
Contractors OH and Profit Margin (8%)	\$769,690											
Contingency (10%)	\$1,033,172											
Upgrades (year 5 and 10)							-\$350,000				-\$350,000	
Total Establishment Costs	\$12.89m											
Project Value												
Cash Flow	-\$12,886,854	\$ 810,082	\$ 800,167	\$ 788,931	\$ 777,384	\$ 415,525	\$ 753,341	\$ 740,826	\$ 727,651	\$ 714,115	\$ 714,115	
IRR		8.0%										
NPV		\$894.8k										

5.6. Model 5a

Model description: Interpretive Centre, Information Centre, Art Gallery and Library co-located

This model (Table 7) also assumes that the various elements are able to be accommodated on the art gallery site due to the amount of available land on all sides of the current art gallery. Key findings include the following:

- The co-location is expected to show growth and visitation to the library so, potentially, there could be flow on growth able to be generated to the art gallery as well.
- Total visitation to the co-located facilities significantly grows beyond the other models primarily because of the visitation (67,500) to the library.
- It is noted that the art gallery felt the library was a far better co-located component than other possible elements such as Pioneer Settlement.
- There are likely to be a variety of back-of-house cost savings opportunities as well as a joint front-of-house reception information area.
- The level of ongoing annual Council contribution required to generate a positive IRR and NPV, however, significantly grows to \$1.55m which reflects the additional approximate \$650k which is attributed to adding in the library component.
- The model also reflects a net savings from relocating from the current library site, so there is a savings of an estimated \$90k reflecting the current lease provision.

Because of the expanded area and noting that adding the library in will increase the square meterage by an estimated 1,500 square metres, the capital cost expands to an estimated \$20.4m which adds approximately \$8m above collocating the MRIC with the information centre and art gallery only.

There are a number of upgrades and improvements for the library which could be generated from co-locating and it would provide the opportunity to introduce new hi-tech innovation which libraries nationally are introducing as part of a refocus as technology and knowledge centres. However, we see there are significant risks in relocating the library to the Riverfront Precinct. These include the following:

- It may not be practical to refurbish elements of the existing art gallery and co-locate a library adjacent to this as part of an integrated facility, but detailed design work would be needed to explore this further.
- If it was required that the entire art gallery site had to be demolished, this would add further capital cost over and above what has been estimated as it had been assumed that much of the existing art gallery structure could be retrofitted or repurposed, but the library adds a significant further spatial need.
- Our greatest concern, however, is taking the library out of Swan Hill's CBD where it acts as an important economic driver and pedestrian stimulator.

Feedback from some of the surrounding businesses indicates that removing the library from the main street would create an economic void potentially at one end of the Swan Hill CBD and which would be hard to replace. There is, therefore, inherent risk of moving it out and there is also a risk that moving it to the Riverfront Precinct could end up dragging too much of a local crowd into the Riverfront Precinct which has further negative impacts on pedestrian foot traffic within the Swan Hill CBD area.

Table 7: Model 5a Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 5a (combined with info centre, Art Gallery and library) - art gallery site												
Assumptions												
Required Yield	4.0%											
Discount rate	7.0%											
	1	2	3	4	5	6	7	8	9	10		
Visitation estimates for Sw an Hill LGA												
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504	
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978	
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979	
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k	
Local Population Living In Sw an Hill												
	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604	
Visitation estimate for the MRIC												
Visitors												
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925	
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239	
International Overnight	40%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992	
Locals												
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297	
Total Estimated Visitation to Interpretive Centre	-	46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452	
Total to the co-located Information Centre	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969	
Total to the co-located Art Gallery	11,500	13,225	13,886	14,233	14,589	14,954	15,328	15,711	16,102	16,507	16,936	
total to library	67,500	69,188	72,647	74,463	76,325	78,233	80,189	82,193	84,248	86,354	88,513	
Total to the combined MRIC/Art Gallery/info centre/library		145,386	150,478	153,632	156,858	160,159	163,537	166,994	170,295	173,670	177,282	
Revenue Streams												
	<i>Average spend</i>											
Merchandise (online and via shop retail outlet) - 15% of I	\$15	\$327,118	\$347,040	\$354,313	\$361,753	\$369,368	\$377,158	\$385,130	\$392,743	\$400,527	\$408,857	
Entry to touring exhibitions (30% of Interpretive Centre v	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885	
Art classes, symposiums, event attendance (10% of Inte	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904	
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244	
10 % sale of art and craft work displayed (5% of Interpre	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452	
Live music cover charge (15% of Interpretive Centre pen	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678	
Info Centre revenue from user fees, charges, other income	\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352		
Art Gallery revenue from user fees, charges, grants, major projects		\$183,925	\$189,443	\$195,126	\$200,980	\$207,009	\$213,219	\$219,616	\$226,205	\$232,991	\$239,980	
library revenue from charges, grants, other income		\$185,000	\$190,550	\$196,267	\$202,154	\$208,219	\$214,466	\$220,900	\$227,527	\$234,352	\$241,383	
Total Revenue		\$1,101,372	\$1,138,717	\$1,163,876	\$1,189,677	\$1,216,143	\$1,243,289	\$1,271,133	\$1,299,153	\$1,327,889	\$1,357,736	
Expenditure												
Maintenance and cleaning estimated	\$2,000	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973	
Salaries		\$940,000	\$963,500	\$987,588	\$1,012,277	\$1,037,584	\$1,063,524	\$1,090,112	\$1,117,365	\$1,145,299	\$1,173,931	
Salary on costs (holiday, sick leave, super loadings)	20%	\$188,000	\$192,700	\$197,518	\$202,455	\$207,517	\$212,705	\$218,022	\$223,473	\$229,060	\$234,786	
Marketing and promotion (5% of revenue)		\$55,069	\$56,445	\$57,856	\$59,303	\$60,785	\$62,305	\$63,863	\$65,459	\$67,096	\$68,773	
Merchandise cost of sales	40%	\$130,847	\$142,286	\$145,268	\$148,319	\$151,441	\$154,635	\$157,903	\$161,205	\$164,216	\$167,631	
Website maintenance		\$3,500	\$3,588	\$3,677	\$3,769	\$3,863	\$3,960	\$4,059	\$4,160	\$4,264	\$4,371	
Communication charges		\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973	
Accounting-auditing fees		\$8,000	\$8,200	\$8,405	\$8,615	\$8,831	\$9,051	\$9,278	\$9,509	\$9,745	\$9,991	
Insurance re public liability		\$72,000	\$73,800	\$75,645	\$77,536	\$79,475	\$81,461	\$83,498	\$85,585	\$87,725	\$89,918	
utilities		\$94,980	\$97,829	\$100,275	\$102,782	\$105,352	\$107,985	\$110,685	\$113,452	\$116,288	\$119,196	
exhibition project expenses, public programs		\$99,960	\$102,959	\$106,048	\$109,229	\$112,506	\$115,881	\$119,357	\$122,938	\$126,626	\$130,425	
plant hire		\$15,055	\$15,507	\$15,972	\$16,451	\$16,945	\$17,453	\$17,976	\$18,516	\$19,071	\$19,643	
ongoing building maintenance		\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095	
Total Expenditure		\$1,675,411	\$1,726,614	\$1,769,899	\$1,814,282	\$1,859,791	\$1,906,453	\$1,954,300	\$2,003,137	\$2,053,212	\$2,104,707	
Council community service contribution (to achieve positive NPV)		\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	\$1,550,000	
Net saving		\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	\$176,000	
Net saving		\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	
EBITDA		\$1,241,961	\$1,228,103	\$1,209,977	\$1,191,395	\$1,172,353	\$1,152,836	\$1,132,834	\$1,112,016	\$1,090,678	\$1,069,029	
Capital Costs												
Earthworks, site preparation, excavation (4.5%)	\$409,776											
demolition of part of art gallery internals and externals	\$450,000											
Pavements/terraces/outdoor decking	\$200,000											
Concrete and tilt panels (2500+1500 sqm library)	\$1,600,000											
Structural steel and internal framing	\$1,760,000											
Carpentry, fix out, plastering and painting	\$1,040,000											
Kitchen and fixtures	\$146,124											
Cladding and roofing	\$1,120,000											
Electrical	\$880,000											
Hydraulic (plumber) including fire services	\$792,000											
Mechanical (air conditioning, lift)	\$688,000											
Glazing	\$880,000											
Projectors/AV displays , AV equipment PC sum	\$245,000											
Furniture PC sum	\$350,000											
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$1,170,000											
Stormwater, onsite water detention PC Sum	\$120,000											
Fitout costs (2500 sqm+1100 sqm)	\$4,320,000											
Service relocation	\$95,000											
undercover walkway to Spoons Restaurant for F&B	\$315,000											
Consultant and Design Costs (6%)	\$924,367											
Contractors OH and Profit Margin (8%)	\$1,232,490											
Contingency (10%)	\$1,626,590											
Upgrades (year 5 and 10)							-\$350,000				-\$350,000	
Total Establishment Costs	\$20,36m											
Project Value											\$26,725,735	
Cash Flow	-\$20,364,347	\$1,241,961	\$1,228,103	\$1,209,977	\$1,191,395	\$822,353	\$1,152,836	\$1,132,834	\$1,112,016	\$1,090,678	\$27,444,765	
IRR		7.7%										
NPV		\$951.0k										

5.7. Model 6a

Model description: combining the Interpretive Centre with Information Centre and Art Gallery at Horseshoe Bend site

This model (Table 8) is the same as Model 5 but offers the alternative site of co-locating within the Pioneer Settlement precinct. Feedback indicates that the Pioneer Settlement site offers a footprint of 4,400 square metres at the site adjacent to Spoons Riverside with benefits including:

- the ability to offer a separate service access area so there is no conflict with Pioneer Settlement;
- a shared reception centre for Pioneer Settlement, an interpretive centre, information centre and art gallery which is likely to lead to a level of flow over visitors from one element to the other which would support Pioneer Settlement's desire to strengthen its visitor base, in particular;
- the opportunity exists to link in with Spoons Riverside for food and beverage facilities; and
- the site is a high-profile site as well and also allows the existing art gallery facility to be repurposed for education, training, workshop spaces, potentially, and for more storage.

The key findings also include the following:

- The anticipated annual ongoing cost to Council is estimated at \$950k to achieve a positive annual IRR and NPV.
- The capital cost is slightly higher at \$13.8m taking account of the need for site clearance within the Pioneer Settlement precinct, a new joint larger entrance reception area noting there are a greater number of elements combined for this.
- A cost estimate for repurposing the existing Art Gallery building as a community hub, a training centre and for storage needs.

The economic and financial modelling results illustrate that this option is likely to have similar benefits as the Art Gallery site and, as such, is worthy of further consideration through concept design work to determine how this option may work effectively.

From a design perspective as well, there is no need to build in a similar style to the Pioneer Settlement heritage construction but, rather, the potential to create a design which is totally modern and offers a clever contrast as well as a clear point of difference.

Table 8: Model 6a Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 6 (combined with Art Gallery and Info Centre) - Horse Shoe Bend - Pioneer Settlement											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
		1	2	3	4	5	6	7	8	9	10
Visitation estimates for Sw an Hill LGA	2017	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Sw an Hill region	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visitors											
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239
International Overnight	40%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992
Locals											
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre	-	46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452
Total to the co-located Information Centre	15,600										
Total to the co-located Art Gallery	11,500	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969
Total to the combined MRIC/Art Gallery/info centre		76,198	77,831	79,169	80,533	81,927	83,349	84,801	86,047	87,316	88,769
Revenue Streams	Average spend										
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration rate	\$15	\$171,446	\$179,498	\$182,582	\$185,730	\$188,943	\$192,223	\$195,572	\$198,446	\$201,373	\$204,723
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Art Gallery revenue from user fees, charges, grants, major projects		\$183,925	\$189,443	\$195,126	\$200,980	\$207,009	\$213,219	\$219,616	\$226,205	\$232,991	\$239,980
Total Revenue		\$760,700	\$780,625	\$795,879	\$811,498	\$827,500	\$843,889	\$860,676	\$877,329	\$894,382	\$912,220
Expenditure											
Maintenance and cleaning estimated	\$2,000	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
Salaries		\$555,000	\$568,875	\$583,097	\$597,674	\$612,616	\$627,932	\$643,630	\$659,721	\$676,214	\$693,119
Salary on costs (holiday, sick leave, super loadings)	20%	\$111,000	\$113,775	\$116,619	\$119,535	\$122,523	\$125,586	\$128,726	\$131,944	\$135,243	\$138,624
Marketing and promotion (5% of revenue)		\$38,035	\$38,986	\$39,961	\$40,960	\$41,984	\$43,033	\$44,109	\$45,212	\$46,342	\$47,501
Merchandise cost of sales	40%	\$68,578	\$73,594	\$74,859	\$76,149	\$77,467	\$78,812	\$80,184	\$81,586	\$83,017	\$84,476
Website maintenance		\$3,500	\$3,588	\$3,677	\$3,769	\$3,863	\$3,960	\$4,059	\$4,160	\$4,264	\$4,371
Communication charges		\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Insurance re public liability		\$60,000	\$61,500	\$63,038	\$64,613	\$66,229	\$67,884	\$69,582	\$71,321	\$73,104	\$74,932
utilities		\$55,000	\$56,650	\$58,066	\$59,518	\$61,006	\$62,531	\$64,094	\$65,697	\$67,339	\$69,023
exhibition project expenses, public programs		\$99,960	\$102,959	\$106,048	\$109,229	\$112,506	\$115,881	\$119,357	\$122,938	\$126,626	\$130,425
plant hire		\$15,055	\$15,507	\$15,972	\$16,451	\$16,945	\$17,453	\$17,976	\$18,516	\$19,071	\$19,643
ongoing building maintenance		\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758	\$15,201	\$15,657
Total Expenditure		\$1,058,128	\$1,088,793	\$1,116,092	\$1,144,087	\$1,172,797	\$1,202,240	\$1,232,434	\$1,263,177	\$1,294,704	\$1,327,185
Council community service contribution (to achieve positive NPV)		\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000
Net saving	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000
EBITDA		\$828,572	\$817,832	\$805,788	\$793,412	\$780,703	\$767,649	\$754,241	\$740,152	\$725,679	\$711,034
Capital Costs											
Earthworks, site preparation, excavation (4.5%)	\$264,201										
clearing of Pioneer Settlement site	\$110,000										
new joint entry-reception with Pioneer Settlement, Art Gallery and MRIC	\$480,000										
repurposing of art gallery building as community hub, training centre etc	\$600,000										
Pavements/terraces/outdoor decking	\$200,000										
Concrete and tilt panels (1200 sqm Interpretive Centre, 1300 sqm Art Gallery)	\$1,000,000										
Structural steel and internal framing	\$1,100,000										
Carpentry, fix out, plastering and painting	\$650,000										
Kitchen and fixtures	\$146,124										
Cladding and roofing	\$700,000										
Electrical	\$550,000										
Hydraulic (plumber) including fire services	\$495,000										
Mechanical (air conditioning, lift)	\$480,000										
Glazing	\$550,000										
Projectors/AV displays , AV equipment PC sum	\$245,000										
Furniture PC sum	\$200,000										
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$170,000										
Stormwater, onsite water detention PC Sum	\$120,000										
Fitout costs (2500 sqm)	\$3,000,000										
Service relocation	\$95,000										
undercover walkway to Spoons Restaurant for F&B	\$175,000										
Consultant and Design Costs (6%)	\$582,067										
Contractors OH and Profit Margin (8%)	\$776,090										
Contingency (10%)	\$1,115,532										
Upgrades (year 5 and 10)						-\$350,000					-\$350,000
Total Establishment Costs	\$13.80m										
Project Value											\$17,775,860
Cash Flow		\$ 828,572	\$ 817,832	\$ 805,788	\$ 793,412	\$ 430,703	\$ 767,649	\$ 754,241	\$ 740,152	\$ 725,679	\$18,136,894
IRR	7.3%										
NPV	\$263.0k										

5.8. Model 6b

Model description: combining the Interpretive Centre, Information Centre and Art Gallery at the GrainCorp site

The same elements and results in revenue and expenditure are determined for the GrainCorp site as for the Pioneer Settlement and Art Gallery site with the same components/elements included. There are differences, however, which raise the capital and operating costs including (Table 9):

- the need to acquire the site from GrainCorp and including adjacent land from Vic Tracks with the GrainCorp site
- repurposing the existing Art Gallery building rather than demolishing it with the potential for a community hub, training centre and art storage;
- an estimate for demolition work for the GrainCorp silos as advised by Council is also included

The estimated capital cost is higher at \$15.4m and Council would need to contribute, on an annual basis, an estimated \$1.05m to generate a positive cash flow and generate a positive IRR and NPV.

We consider that this site does have a variety of costs and benefits which also need to be considered as they impact on the risk assessment of the site and include the following:

- The site is a high-profile site and well located to the Riverfront Precinct.
- The major grain shed is a significant building and may be able to be retrofitted fit-for-purpose though, from our experience, trying to put a variety of non-traditional facilities within a traditional large industrial shed/building often comes at far higher cost than initially anticipated, including the need for introducing new lighting, electrical services, windows and ventilation, and potentially building strengthening.
- We also question whether GrainCorp would be willing to release the site (even though it is no longer needed) but have applied the figure as advised to us by Council.
- There would likely need to be a significant remedial budget for the remainder of the site to cover the cost of car parking spaces, landscaping and any potential cost of site contamination which may exist.

Though the site is a high-profile site, we consider it does come with considerably higher risk and needs to be treated as a more challenging option accordingly. It is also noted as a preferred site for commercial development within the Riverfront Commercial Development Strategy undertaken by Hill PDA so using it for community purposes risks a sub optimal outcome.

The option however, may exist to combine a mix of commercial development elements with a collocated cultural attraction as proposed, though the timing to allow for this is thought to be out of sync with the shorter window of opportunity which Council is keen to work to.

Table 9: Model 6b Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretative Centre - Model 6B (combined with Art Gallery and Info Centre) - Graincorp Site											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
		1	2	3	4	5	6	7	8	9	10
Visitation estimates for Swan Hill LGA											
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Swan Hill region											
	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC											
	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visitors											
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239
International Overnight	4.0%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992
Locals											
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre											
Total to the co-located Information Centre	15,600	46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452
Total to the co-located Art Gallery	11,500	13,225	13,886	14,233	14,589	14,954	15,328	15,711	15,868	16,027	16,347
Total to the combined MRIC/Art Gallery/info centre		76,198	77,831	79,169	80,533	81,927	83,349	84,801	86,047	87,316	88,769
Revenue Streams											
	Average spend										
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration rate	\$15	\$171,446	\$179,498	\$182,582	\$185,730	\$188,943	\$192,223	\$195,572	\$198,446	\$201,373	\$204,723
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452
Live music cover charge (15% of Interpretive Centre penetration as evening experience)	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Art Gallery revenue from user fees, charges, grants, major projects		\$183,925	\$189,443	\$195,126	\$200,980	\$207,009	\$213,219	\$219,616	\$226,205	\$232,991	\$239,980
Total Revenue		\$760,700	\$780,625	\$795,879	\$811,498	\$827,500	\$843,889	\$860,676	\$877,329	\$894,382	\$912,220
Expenditure											
Maintenance and cleaning estimated	\$2,000	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
Salaries		\$555,000	\$568,875	\$583,097	\$597,674	\$612,616	\$627,932	\$643,630	\$659,721	\$676,214	\$693,119
Salary on costs (holiday, sick leave, super loadings)	20%	\$111,000	\$113,775	\$116,619	\$119,535	\$122,523	\$125,586	\$128,726	\$131,944	\$135,243	\$138,624
Marketing and promotion (5% of revenue)		\$38,035	\$38,986	\$39,961	\$40,960	\$41,984	\$43,033	\$44,109	\$45,212	\$46,342	\$47,501
Merchandise cost of sales	40%	\$68,578	\$73,594	\$74,859	\$76,149	\$77,467	\$78,812	\$80,184	\$81,583	\$82,563	\$83,936
Website maintenance		\$3,500	\$3,588	\$3,677	\$3,769	\$3,863	\$3,960	\$4,059	\$4,160	\$4,264	\$4,371
Communication charges		\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Insurance re public liability		\$60,000	\$61,500	\$63,038	\$64,613	\$66,229	\$67,884	\$69,582	\$71,321	\$73,104	\$74,932
utilities		\$55,000	\$56,650	\$58,066	\$59,518	\$61,006	\$62,531	\$64,094	\$65,697	\$67,339	\$69,023
exhibition project expenses, public programs		\$99,960	\$102,959	\$106,048	\$109,229	\$112,506	\$115,881	\$119,357	\$122,938	\$126,626	\$130,425
plant hire		\$15,055	\$15,507	\$15,972	\$16,451	\$16,945	\$17,453	\$17,976	\$18,516	\$19,071	\$19,643
ongoing building maintenance		\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758	\$15,201	\$15,657
Total Expenditure		\$1,058,128	\$1,088,793	\$1,116,092	\$1,144,087	#####	\$1,202,240	#####	#####	#####	\$1,327,185
Council community service contribution (to achieve positive NPV and IRR)		\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	#####	\$1,050,000	#####	#####	#####	\$1,050,000
Net saving	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000	-\$176,000
EBITDA		\$928,572	\$917,832	\$905,788	\$893,412	\$880,703	\$867,649	\$854,241	\$840,152	\$825,679	\$811,034
Capital Costs											
potential land acquisition cost for Graincorp site	\$	500,000									
repurposing of art gallery building as community hub, training centre, art storage		\$900,000									
demolition work for Graincorp silos as advised by Council		\$500,000									
Earthworks, site preparation, excavation (4.5%)		\$280,203									
Pavements/terraces/outdoor decking		\$200,000									
Concrete and tilt panels (1200 sqm Interpretive Centre, 1300 sqm Art Gallery)		\$1,080,000									
Structural steel and internal framing		\$1,188,000									
Carpentry, fix out, plastering and painting		\$702,000									
Kitchen and fixtures		\$146,124									
Cladding and roofing		\$756,000									
Electrical		\$594,000									
Hydraulic (plumber) including fire services		\$534,600									
Mechanical (air conditioning)		\$432,000									
Glazing		\$594,000									
Projectors/AV displays, AV equipment PC sum		\$245,000									
Furniture PC sum		\$200,000									
Carparking, access roads and landscaping (2000 sqm), fencing PC sum		\$170,000									
Stormwater, onsite water detention PC Sum		\$120,000									
Fitout costs (2500 sqm)		\$3,240,000									
Service relocation		\$95,000									
undercover walkway to Spoons Restaurant for F&B		\$245,000									
Consultant and Design Costs (6%)		\$617,803									
Contractors OH and Profit Margin (8%)		\$823,738									
Contingency (10%)		\$1,222,193									
Upgrades (year 5 and 10)						-\$350,000					-\$350,000
Total Establishment Costs		\$15.39m									
Project Value											\$20,275,860
Cash Flow	-\$15,385,661	\$ 928,572	\$ 917,832	\$ 905,788	\$ 893,412	\$530,703	\$ 867,649	\$854,241	\$840,152	\$825,679	\$20,736,894
IRR		7.6%									
NPV		\$629.0k									

5.9. Model 6c

Model description: Interpretive Centre, Information Centre and Art Gallery at Riverfront Plaza site

Like Models 5, 6a and 6b, Model 6c (Table 10) is very similar except that the Riverfront site is identified. This site is adjacent to the GrainCorp site but closer to the major road crossing of the Murray River and, therefore, closer to Swan Hill CBD. The site currently has a variety of buildings on it which would need to be demolished. Key findings include the following:

- Similar to the GrainCorp Model 6b, there would be an ongoing annual need for Council to contribute \$1.05m per annum to cover the ongoing operating loss and to achieve a positive IRR and NPV.
- There is no land acquisition cost attributed to this model as it is understood the Council control the site.
- The capital cost is estimated at \$14.5m so is approximately \$1m less than the Graincorp site.
- There is the potential for greater on-site promotion and marketing because of its prominence close to the bridge across the Murray River and the proximity to the Swan Hill CBD.

The challenge with Model 6c, in similar fashion to the GrainCorp model, is the risk that there may be site contamination and related issues which pushed the capital cost up further. There are also costs associated with repurposing the current Art Gallery building as it has a number of other uses which could be applied to it.

A further consideration is that if the existing Art Gallery site was not to be the preferred site for a co-located series of components, it would be preferable to have the new art gallery and interpretive centre close by so that any storage requirements within the old art gallery building were easily accessible. This gives those sites around the existing Art Gallery an edge over the GrainCorp site and the Riverfront site due to ease of access.

Finally, the notion of creating a strong cultural arts hub to anchor one end of the Riverfront Precinct, is effectively lost under Model 6c.

Table 10: Model 6c Cost Benefit Assessment

Cost Benefit Assessment for Murray River Interpretive Centre - Model 6C (combined with Art Gallery and info centre) - River Plaza Site											
Assumptions											
Required Yield	4.0%										
Discount rate	7.0%										
Visitation estimates for Swan Hill LGA	2017	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Domestic Day	283,000	299,980	305,980	312,099	318,341	324,708	331,202	337,826	344,583	351,474	358,504
Domestic Overnight	403,000	415,090	419,241	423,433	427,668	431,944	436,264	440,626	445,033	449,483	453,978
International Overnight	9,400	9,541	9,589	9,637	9,685	9,733	9,782	9,831	9,880	9,929	9,979
Total Visitation	695,400	725k	735k	745k	756k	766k	777k	788k	799k	811k	822k
Local Population Living In Swan Hill region	20,449	20,390	20,413	20,437	20,459	20,483	20,507	20,531	20,555	20,579	20,604
Visitation estimate for the MRIC	2015	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visitors											
Domestic Day	5.0%	14,999	15,299	15,605	15,917	16,235	16,560	16,891	17,229	17,574	17,925
Domestic Overnight	6.0%	24,905	25,154	25,406	25,660	25,917	26,176	26,438	26,702	26,969	27,239
International Overnight	4.0%	3,816	3,835	3,855	3,874	3,893	3,913	3,932	3,952	3,972	3,992
Locals											
Locals (visiting 2 times p/year on average)	8%	3,262	3,266	3,270	3,273	3,277	3,281	3,285	3,289	3,293	3,297
Total Estimated Visitation to Interpretive Centre		46,983	47,555	48,136	48,724	49,323	49,930	50,546	51,172	51,807	52,452
Total to the co-located Information Centre	15,600	15,990	16,390	16,799	17,219	17,650	18,091	18,543	19,007	19,482	19,969
Total to the co-located Art Gallery	11,500	13,225	13,886	14,233	14,589	14,954	15,328	15,711	16,102	16,507	16,937
Total to the combined MRIC/Art Gallery/info centre		76,198	77,831	79,169	80,533	81,927	83,349	84,801	86,047	87,316	88,769
Revenue Streams	average spend										
Merchandise (online and via shop retail outlet) - 15% of MRIC visitation penetration	\$15	\$171,446	\$179,498	\$182,582	\$185,730	\$188,943	\$192,223	\$195,572	\$198,446	\$201,373	\$204,723
Entry to touring exhibitions (30% of Interpretive Centre visitation)	\$8	\$112,760	\$114,132	\$115,525	\$116,939	\$118,374	\$119,832	\$121,311	\$122,813	\$124,337	\$125,885
Art classes, symposiums, event attendance (10% of Interpretive Centre visitation)	\$20	\$93,966	\$95,110	\$96,271	\$97,449	\$98,645	\$99,860	\$101,092	\$102,344	\$103,614	\$104,904
Leasing of function space for events	\$250	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
10 % sale of art and craft work displayed (5% of Interpretive Centre visitation)	\$200	\$46,983	\$47,555	\$48,136	\$48,724	\$49,323	\$49,930	\$50,546	\$51,172	\$51,807	\$52,452
Live music cover charge (15% of Interpretive Centre penetration as evening exper	\$10	\$70,475	\$71,333	\$72,203	\$73,087	\$73,984	\$74,895	\$75,819	\$76,758	\$77,711	\$78,678
Info Centre revenue from user fees, charges, other income		\$76,145	\$78,429	\$80,782	\$83,206	\$85,702	\$88,273	\$90,921	\$93,649	\$96,458	\$99,352
Art Gallery revenue from user fees, charges, grants, major projects		\$183,925	\$189,443	\$195,126	\$200,980	\$207,009	\$213,219	\$219,616	\$226,205	\$232,991	\$239,980
Total Revenue		\$760,700	\$780,625	\$795,879	\$811,498	\$827,500	\$843,889	\$860,676	\$877,329	\$894,382	\$912,220
Expenditure											
Maintenance and cleaning estimated	\$2,000	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492	\$27,154	\$27,833	\$28,528	\$29,242	\$29,973
Salaries		\$555,000	\$568,875	\$583,097	\$597,674	\$612,616	\$627,932	\$643,630	\$659,721	\$676,214	\$693,119
Salary on costs (holiday, sick leave, super loadings)	20%	\$111,000	\$113,775	\$116,619	\$119,535	\$122,523	\$125,586	\$128,726	\$131,944	\$135,243	\$138,624
Marketing and promotion (5% of revenue)		\$38,035	\$38,986	\$39,961	\$40,960	\$41,984	\$43,033	\$44,109	\$45,212	\$46,342	\$47,501
Merchandise cost of sales	40%	\$68,578	\$73,594	\$74,859	\$76,149	\$77,467	\$78,812	\$80,184	\$81,589	\$83,027	\$84,499
Website maintenance		\$3,500	\$3,588	\$3,677	\$3,769	\$3,863	\$3,960	\$4,059	\$4,160	\$4,264	\$4,371
Communication charges		\$12,000	\$12,300	\$12,608	\$12,923	\$13,246	\$13,577	\$13,916	\$14,264	\$14,621	\$14,986
Accounting-auditing fees		\$4,000	\$4,100	\$4,203	\$4,308	\$4,415	\$4,526	\$4,639	\$4,755	\$4,874	\$4,995
Insurance re public liability		\$60,000	\$61,500	\$63,038	\$64,613	\$66,229	\$67,884	\$69,582	\$71,321	\$73,104	\$74,932
utilities		\$55,000	\$56,850	\$58,066	\$59,518	\$61,006	\$62,531	\$64,094	\$65,697	\$67,339	\$69,023
exhibition project expenses, public programs		\$99,960	\$102,959	\$106,048	\$109,229	\$112,506	\$115,881	\$119,357	\$122,938	\$126,626	\$130,425
plant hire		\$15,055	\$15,507	\$15,972	\$16,451	\$16,945	\$17,453	\$17,976	\$18,516	\$19,071	\$19,643
ongoing building maintenance		\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758	\$15,201	\$15,657
Total Expenditure		\$1,058,128	\$1,088,793	\$1,116,092	\$1,144,087	\$1,172,797	\$1,202,240	\$1,232,434	\$1,263,177	\$1,294,704	\$1,327,185
Council community service contribution (to achieve positive NPV)		\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000	\$1,050,000
Net saving	-\$176,000										
EBITDA		\$928,572	\$917,832	\$905,788	\$893,412	\$880,703	\$867,649	\$854,241	\$840,152	\$825,679	\$811,034
Capital Costs											
potential land acquisition cost for River Plaza site	\$ -										
repurposing of art gallery building as community hub, training centre, art storage	\$900,000										
demolition work for River Plaza site estimate	\$150,000										
Earthworks, site preparation, excavation (4.5%)	\$280,203										
Pavements/terraces/outdoor decking	\$200,000										
Concrete and tilt panels (1200 sqm Interpretive Centre, 1300 sqm Art Gallery)	\$1,080,000										
Structural steel and internal framing	\$1,188,000										
Carpentry, fix out, plastering and painting	\$702,000										
Kitchen and fixtures	\$146,124										
Cladding and roofing	\$756,000										
Electrical	\$594,000										
Hydraulic (plumber) including fire services	\$534,600										
Mechanical (air conditioning)	\$432,000										
Glazing	\$594,000										
Projectors/AV displays , AV equipment PC sum	\$245,000										
Furniture PC sum	\$200,000										
Carparking, access roads and landscaping (2000 sqm), fencing PC sum	\$170,000										
Stormwater, onsite water detention PC Sum	\$120,000										
Fitout costs (2500 sqm)	\$3,240,000										
Service relocation	\$95,000										
undercover walkway to Spoons Restaurant for F&B	\$245,000										
Consultant and Design Costs (6%)	\$617,803										
Contractors OH and Profit Margin (8%)	\$823,738										
Contingency (10%)	\$1,187,193										
Upgrades (year 5 and 10)						-\$350,000					-\$350,000
Total Establishment Costs	\$14.50m										
Project Value											\$20,275,860
Cash Flow	-\$14,500,661	\$ 928,572	\$ 917,832	\$ 905,788	\$ 893,412	\$ 880,703	\$ 867,649	\$ 854,241	\$ 840,152	\$ 825,679	\$ 20,736,894
IRR	8.4%										
NPV	\$1.5m										

6. Summary

The research analysis based on the information made available, indicates that there are some models which offer a lower risk option to Council, at face value than others. The direction for the next steps, therefore, are as follows.

- Optimising the opportunity and reducing cost to Council is far more likely to be achieved through co-locating a variety of elements with a preference for the Interpretive Centre, the Information Centre and the Art Gallery being the elements co-located.
- The option of introducing hi-tech displays, including a potential virtual reality simulator, generate additional capital cost and far greater operating risk and should not be contemplated.
- Any new integrated co-located facility, however, needs to have state-of-the-art technology applied wherever possible.
- It is timely for the Art Gallery to be upgraded and co-locating with the Interpretive Centre and this collocation offers far greater flexibility in space and back-of-house facilities which can be shared.
- National level research and analysis now clearly affirms that information centres tend to service a very small percentage of visitors to a region (4.5% at best) and the cost implications of operating the current Information Centre at Swan Hill are high, particularly due to the commercial nature of the site which Council leases.
- A repurposed co-located facility would enable the introduction of technology to support visitor information needs going forward, while still allowing face to face contact with over the counter personnel.
- A co-located facility will provide a number of shared roles including for front-of-house reception and related personnel who would need to be multitasked.
- There are co-location opportunities for back-of-house facilities including staff rooms, meeting rooms, education and training facilities, shared auditorium and related spaces, etc. as well as storage.
- The GrainCorp site and the Riverfront site do not appear to offer sufficient additional upside for such a co-located facility but tend to bring additional risk which may impact on not only the likely capital costs for development on these sites, but also potential ongoing operating cost which Council would have to wear.
- The need will continue to exist for Council to contribute to cover the operating cost deficit which revenue cannot cover but, considering how much Council currently pays for the Information Centre facilities and the Art Gallery, co-location should generate a number of cost savings without compromising the quality of service delivery.
- The analysis indicates that Model 5 and Model 6a provide a better financial and economic outcome for Council and both warrant further investigation through engineering and design analysis.

Table 11 summarises the outcomes of each model and their economic and financial competitiveness.

Table 11: Summary of Cost Benefit Findings

elements included	Model 1	Model 2	Model 3	Model 4	Model 5	Model 5a	Model 6a	Model 6b	Model 6c
	MRIC + VIC	MRIC + VIC	MRIC + VIC	MRIC + VIC	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery+Library	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery	MRIC+VIC+Art Gallery
Required Yield	4%	4%	4%	4%	4%	4%	4%	4%	4%
Discount rate	7%	7%	7%	7%	7%	7%	7%	7%	7%
Visitors to All Elements - Year 1	63k	63k	63k	75k	76k	145k	76k	76k	76k
Visitors to All Elements - Year 10	72k	72k	72k	86k	89k	177k	89k	89k	89k
Revenue - Year 1	\$735k	\$571k	\$547k	\$659k	\$761k	\$1.1m	\$761k	\$761k	\$761k
Revenue - Year 10	\$847k	\$665k	\$635k	\$757k	\$912k	\$1.4m	\$912k	\$912k	\$912k
Expenditure - Year 1	\$968k	\$636k	\$635k	\$899k	\$1.0m	\$1.7m	\$1.1m	\$1.1m	\$1.1m
Expenditure - Year 10	\$1.2m	\$794k	\$793k	\$1.1m	\$1.3m	\$2.1m	\$1.3m	\$1.3m	\$1.3m
Council contribution p/a to achieve positive NPV & IRR	\$500k	\$300k	\$350k	\$850k	\$900k	\$1.6m	\$950k	\$1.1m	\$1.1m
CAPEX	\$6.1m	\$6.1m	\$6.1m	\$12.9m	\$12.9m	\$20.4m	\$13.8m	\$15.4m	\$14.5m
Upgrades Required - Year 5	\$100k	\$200k	\$200k	\$500k	\$350k	\$350k	\$350k	\$350k	\$350k
Upgrades Required - Year 10	\$100k	\$200k	\$200k	\$700k	\$350k	\$350k	\$350k	\$350k	\$350k
Cashflow - Year 1	\$443k	\$411k	\$438k	\$786k	\$810k	\$1.2m	\$829k	\$829k	\$829k
Cashflow - Year 10	\$220k	\$147k	\$168k	\$12k	\$350k	\$1.1m	\$711k	\$811k	\$811k
RR	8.4%	8.7%	9.4%	7.7%	8.0%	7.7%	7.3%	7.6%	8.4%
NPV	\$806k	\$751k	\$1.1m	\$700k	\$895k	\$951k	\$263k	\$829k	\$1.5m

In conclusion, it is, therefore, recommended that Council look at engaging designers to assist with a series of concept level drawings to support a joint interpretive centre, information centre and art gallery over the existing Art Gallery site, or at the Pioneer Settlement Horseshoe Bend site (Models 5 and 6a).

The design analysis will also provide the opportunity to refine estimated capital costs as well as ongoing operating costs once the functionality of spaces is determined.

