

Whitehorse Centre Enquiries and Responses

Enquiry : #1

Can you please send me a copy of the councils funding proposal for the \$78m centre.

I cannot find it in the business case.

What I am looking for is:

- 1) are there to be any rate increases to fund the centre if so how much?
- 2) are there to be borrowings and if so how much?
- 3) the term of the loan and proposed interest rates?
- 4) Is the proposed running loss each year to be funded by increase in rates?
- 5) Is the proposed running loss each year to be funded out of current rates.

Council must have produced a financial plan on what it is going to cost. I would like a copy of that plan and has it been submitted to council for approval. Copy of council minute please.

If no plan has been prepared then when will one be available?

Councillor Munro has stated to me that the current reserves and cash on hand is necessary for the current running of council. Thus the finance for this centre must be external and should be disclosed under the local government act.

I await the financial plan with interest

Response:

In reference to your enquiry regarding the Whitehorse Centre business case received on the 25 December 2015.

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
- 2% would be sought through as yet unidentified grants or other income sources.
- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modelling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modelling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability.

Council also notes that approximately 77% of the combined funding is from non-rate sources. As Council considers further community research on the three Whitehorse Centre options and we now know the details of the rates cap legislation and the cap amount Council will update the long term financial modelling accordingly, and await further Council direction.

It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed ie. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
Council (theatre season, sports awards, women's forums)	115	154
Community (Utassy Ballet, Nova Music Theatre)	465	808
Commercial (Yarra valley Water, Blue Cross)	51	241

Last years (2015/16) budget funding discussion above was based on the best information at that time and included the Nunawading Hub and the Whitehorse Centre.

The current and further community consultation will assist Council's decision on the direction of the Whitehorse Centre and revised financial projections will then be made.

Based on the 2015/16 budget we did not financially model any future special extra rates increases.

Borrowings were assumed to be approximately \$33m repayable over 15+ years to smooth out the repayments from future income years. Any loans are disclosed in the budget and to the Department.

The current centre operating subsidy is borne by rate income. As outlined above the anticipated subsidy required is similar while providing greatly increased community use. The financial modelling behind the Budget 2015/16 did not require any additional special rates increase.

When Council makes its final decision on the Whitehorse Centre financial modelling will be updated and included in future budgets.

Council trusts this information will be of assistance.

Enquiry: #2

I have visited the centre in Nunawading several times for some business issues and use the library. It is the best office I have seen for a while and I have difficulties understanding that is nearing the end of its useful life. I cannot make judgement about the entertainment centre, like many of the citizen of the Whitehorse area I haven't visited it.

I would expect that you would arrange for a cost-benefit analysis and a totally neutral assessment of the buildings before spending a whopping 78 million dollars which will be 150 million if and when the job is finished. Without an analysis from at least two independent competent companies, with very open and transparent processes in the analysis of the true benefits to the community I am not convinced that there is a need at all. Do you have numbers of functions in the centre? What is the average patronage? Where are the problems? Just because there may not be the latest gadgets does not justify this.

With regards to transparent assessment: Who is benefiting the investment? Are there any links to previous or current employees (public servants and similar) that may constitute conflict of interest? We had enough "milking" the tax payers in the previous government and we hope that this is not another case. At least the excessive rate increases over the last years have been limited to the CPI.

I have a small company helping our ageing power stations in the Latrobe Valley to extend their life and this makes me a little suspicious about the reasons for spending such an amount when there are better things to do for the community.

Please don't forget that the people working in the Council buildings are Public Servants, they are supposed to serve the public and not the other way round. They are helpful and nice (the ones I met) and they deserve a good and safe working place. But they should not be above the rest of the community, feudal times are no longer popular in our society.

I am happy to accept the need for spending our money on the buildings, but I need to be convinced that there is actually a true need. And I hope that many more in our community request the same. Your job is to communicate this to the people you serve.

Response (with attachments – refer Council website) :

Council Minutes - Extract - 14-12-15 - Item 9.3.1 Whitehorse Centre

Item 9.3.1 Whitehorse Centre Business Case Project Overview Final Oct 2015

I refer to your enquiry regarding the Whitehorse Centre business case received on the 30 December 2015.

Over the past five years two independent organisations have completed a feasibility and business case study on the Whitehorse Centre and have presented this information to Council for consideration. These reports pertain only to the performing arts centre and do not refer to Council's Civic Office and the Library located on the same Civic precinct. This independent approach has provided a transparent analysis by industry specialists on the issues facing the Whitehorse Centre and a business assessment that increases future community use of the centre under the presented redevelopment option.

Attached for your reference are two documents that provide an overview of the most recent business case conducted by Williams Ross Architects Consortium and the Council Report considering the three possible options for consideration by Council for the future of the Whitehorse Centre.

Council trusts this information will be of assistance.

Enquiry: #3

Question 1:

Table 6.2 of the Project Overview shows the following:

Attendance 2014 120,865

Attendance 2023/24 163,155

Please provide detailed calculations as to how the figure of 163,155 was arrived at.

Question 2:

Also the figures for 2014/15 for the following table:

Event	No of Perfs	Total Patrons	House Capacity
Midweek Matinee - Live Shows			
Midweek Matinee - Classic Film			
Pro Season - Matinee Performances			
Pro Season - Evening Performances			
Kids Shows			
Total			

Response:

I refer to your enquiry regarding the Whitehorse Centre business case received on the 9 January 2016:

Table 6.2 of the Project Overview shows the following:

Attendance 2014 120,865

Attendance 2023/24 163,155

Please provide detailed calculations as to how the figure of 163,155 was arrived at.

The modelling is based on conservative assumptions of usage and attendance. The projections were informed by:

- the research and consultation with likely users,
- current usage patterns,
- the ability to attract new audiences through additional spaces, and
- an increase in the demand for functions.

The in-depth knowledge within Council, given the centre's operation since 1986 was also taken into consideration.

The projections also took into consideration that a re-opened centre takes time to build up to 'business as usual' operation, so the Year 5 projections are taken as the relevant comparison to current operation.

The table below shows the detailed projection numbers. The current usage data was used as a base and then this has been extrapolated out to a five year growth as well as taking into consideration the increase in spaces and market research findings identifying the demand for meetings and function spaces. The average attendance capacity for performance events at 60% is conservative and the 90% capacity for school productions reflects current practice.

Whitehorse Centre projected usage				
Year 5 — Summary				
Total Theatre /Studio				86,300
Total Functions/Rehearsals				76,855
Total Estimated Attendance Year 5				163,155
No. of Non-Theatre Events Year 5 Function, meeting, rehearsal studios (including Willis & Courtyard Room)	Number of Hires —Year 5	Nominal capacity	Av. Attendance %	Total projected attendance
Rehearsal Studio	283	100	65%	18,395
Sound Shell	138	120	25%	4,140
Function Room	222	300	65%	43,290
Meeting Room	113	20	50%	1,130
Courtyard Room	150	60	35%	3,150
Willis Room	250	90	30%	6,750
Total (other than theatre)	1156			76,855
No. of Events Year 5 — Proscenium Theatre				
Performing Arts Events:				
Dance	31	600	60%	11,160
Music	11	600	60%	3,960
School Show	16	600	90%	8,640
Theatre Children's	10	600	60%	3,600
Theatre Comedy	7	600	60%	2,520
Theatre Drama/Musical Theatre	81	600	60%	29,160
Films/Midweek Matinees	11	600	60%	3,960
Rehearsal/Bump In/Out Days	108	600	5%	3,240
Sub-total: Performing Arts Events	275			66,240
Civic & Ceremonial Events:				
Council civic events	2	600	60%	720
Community meetings	0	600	60%	0
Schools presentations/graduations	2	600	100%	1,200
Sub-total: Civic & Ceremonial Events	4			1,920
Corporate Events:				
Conferences	3	600	75%	1,350
Trade shows/launches	2	600	100%	1,200
Sub-total: Corporate Events	5			2,550
Total: Proscenium Theatre Attendance				70,710

No. of Events Year 5 — Studio Theatre	Number of Hires —Year 5	Nominal capacity	Av. Attendance %	Total projected attendance
Performing Arts Events:				
Dance	20	200	60%	2,400
Music/Cabarets	10	200	60%	1,200
School Show	5	200	90%	900
Creative Development	12	200	50%	1,200
Theatre Children's	1	200	60%	120
Theatre Comedy	4	200	60%	480
Theatre Drama	14	200	60%	1,680
Midweek Matinees	10	200	60%	1,200
Rehearsal/Bump In/Out Days	43	200	5%	430
Sub-total: Performing Arts Events	119			9,610
Other Events:				
Food & wine events	2	200	60%	240
Festivals	2	200	60%	240
Sub-total: Other Events	4			480
Civic & Ceremonial Events:				
Council civic events	18	200	60%	2,160
Community meetings	2	200	60%	240
Schools presentations	0	200	100%	0
Sub-total: Civic & Ceremonial Events	20			2,400
Corporate Events:				
Conferences	15	200	75%	2,250
Staff presentations	3	200	75%	450
Trade shows/launches	2	200	100%	400
Sub-total: Corporate Events	20			3,100
Total Studio Attendance				15,590
Total Theatre and Studio	447			86,300
Total Functions / Rehearsals	1156			76,855
TOTAL ESTIMATED EVENTS & ATTENDANCE —YEAR 5	1603			163,155

Please provide detailed calculations as to how the figure of 163,155 was arrived at.

2014-2015		Number of Performances	Total Patrons	House Capacity per show type
Midweek Matinee	Live shows	9	3220	86%*
Midweek Matinee	Classic Films	4	807	49%
Pro Season	Matinees	7	1810	62%
Pro Season	Evening	24	8079	81%
Kids Shows		5	2003	97%

Total

49

15919

78% **

* Midweek Matinee House Capacity: two additional afternoon performances were added to the program due to patron demand for sold out midweek matinees. Based on the originally programmed Midweek Matinee Live Shows the average capacity would have been 99% and the true overall house capacity for 2014/15 would have been 80%.

** True Overall House Capacity: the Whitehorse Centre has 408 theatre seats and 6 accessible spaces in the theatre totalling a house capacity of 414 per performance. Forty-nine performances multiplied by the house capacity (414) equals a total capacity of 20,286 seats/spaces. With 15919 of these seats/spaces occupied during the period, the average capacity was 78%.

Council trusts this information will be of assistance.

Enquiry: #4

I write in reply to the letter from the Mayor re the above facility. I would like to state at the beginning that I have lived in _____ since 1961. Over the years I have contributed to the community by being _____ of the local kindergarten for over _____ years, have been on _____ for both _____ and _____, been a voluntary companion visitor for the _____.

I have also been involved in my _____ and am also active in the _____ (where I set up and run a theatre group), having many dealings with the Whitehorse Theatre, so feel I can put forward my concerns re the cost of the above Centre. I have always been a supporter of the Centre, both in attending live performances, also performing and attending outdoor functions, ie Australia Day. I agree that the foyer could be larger and also the change rooms backstage are all too small and the facility could be updated. I also get the impression from the options given that the Council wish to have Option A - the feeling conveyed to me re Option B was quite negative and also I feel Option C is not an option at all.

Could the following questions please be considered by JWS Research for their study:

- . Is there another option between Option A and Option B
- . Option A has seating for 580 - 600 - what is the current seating capacity and has any research been done with the amateur groups who use the theatre re bookings - ie. how often have people been refused tickets because lack of seating. I have never found that to be the case.
- . Has any research been done re population growth in the area. My observations are that most theatre goers are now older people - would the younger people support the project. The Centre Business Case states the activity mix of a redeveloped Centre is projected to be 67% - how was this statistic arrived at, as I do not know of anyone, in my wide circle of friends in our area, who has been approached re the centre.
- . Given Option A has \$10.9 million allocated for carparking - given that we now have a new police complex in Springvale Road, is the existing one on Whitehorse Road to stay or if not could that land be used for carparking.
- . How is this project to be funded.

As previously stated whilst I do support the Whitehorse Centre surely there could be a more realistic plan that could slot in between Options A and B as I find \$79m quite excessive, greatly extravagant and a burden for future ratepayers. If no other option is forthcoming I would have to support Option B to be updated in 8-10 years if required. I also feel that this is the option supported by the majority of people living in the City of Whitehorse.

I also state that these are my private thoughts and are in no way related to the _____ to which I belong..

I look forward to your reply and also the outcome of the JWS research project.

Response:

In reference to your enquiry regarding the Whitehorse Centre business case received on the 19 January 2016.

Question 1. *Is there another option between Option A and Option B?*

Council is also considering three possible options for the future of the Centre:

- a) Potential redevelopment as identified in the Business Case;
- b) Undertake essential works (indexed to approximately \$7 million) to keep the Centre open for another 8-10 years;
- c) Closure of the Centre within two years.

Any other documented options received during this next stage of consultation will be forwarded to Council.

Question 2. *Option A has seating for 580 - 600 — what is the current seating capacity and has any research been done with the amateur groups who use the theatre re bookings - ie. How often have people been refused tickets because lack of seating.*

The current seating capacity is 408 seats.

Extensive consultation was undertaken to identify the needs of all current user groups including community hirers who are the major users of the centre.

In 2010-12 SGL Consulting Group P/L used a survey, focus groups, stakeholder interviews, a 200 person Whitehorse Centre user survey (this is in addition to a broader telephone survey of 500 Whitehorse households).

Key findings of this study identified the need for a larger theatre around 550-600 seat capacity. A further study in 2013-2015 by Williams Ross Architects, Positive Solutions and Artefact Consulting reviewed these findings and also conducted an online survey and asked potential users about their facility needs and usage patterns. 47 hirers, community organisations and arts organisations responded. The majority of respondents preferred a 400-599 seat.

There are no statistics available identifying 'how often have people been refused tickets because lack of seating', however not all performances are a full house and a larger capacity allows for future audience development.

It should be noted that audience numbers vary depending on the type of event and also the day of the week. It is very rare for any theatre to be fully booked out. The larger capacity will assist in meeting the demand in tickets during the peak days of Thursday to Saturday.

Seating capacity over 500 seats is also attractive to a range of commercial hirers for whom less than this is not commercially viable. The seating increase will therefore help attract events that currently choose not to use the centre, even though they could attract an audience.

An increase in seating capacity will also enable community groups to reduce overall hire costs by increasing potential ticket sales whilst hiring the theatre for less time.

Question 3. *Has any research been done re population growth in the area? My observations are that most theatre goers are now older people - would the younger people support the project.*

The following demographic profile was included in the Whitehorse Centre Business Case:

The 2011 Census data reveals that approximately 66% of Whitehorse's residents are aged between 18 and 69, 21% are aged under-18 years and 13% are aged over 70. The Whitehorse population estimate for 2036 is forecast to grow to 186,365.

Between 2011 and 2021, the age structure forecasts for Whitehorse indicate a 3.1% increase in population under working age, a 14.7% increase in population of retirement age, and a 10.4% increase in population of working age.

The forecasts do identify a larger increase in the retirement age population, however a significant section of the population are under 18 years. The Whitehorse Centre has an important role to develop younger audiences.

Although the majority of attendees for the main theatre seasons are an older audience, the usage of the theatre also needs to take into consideration the very large number of local schools, dance schools and community groups involving young performers who also use the facilities.

The proposed redevelopment also includes a smaller second space and this would provide an opportunity for a range of programming and hiring that is currently not catered for. In particular, it increases the opportunity for young people's theatre and creative development programs.

Question 4. *The Centre Business Case states the activity mix of a redeveloped Centre is projected to be 67% - how was this statistic arrived at, as I do not know of anyone, in my wide circle of friends in our area, who has been approached re the centre.*

The 67% refers to the projected community use of the redeveloped facility (the projections also indicate that the remainder of the bookings would be 13% Council for public and community programs and 20% commercial usage).

It is projected that there will be an increase in all types of users and the largest growth is in community usage.

The projections were informed by the research and consultation with likely users, current usage patterns and the ability to attract new audiences through additional spaces.

The overall consultation process to identify the potential activity mix involved a telephone survey of 500 households in Whitehorse and 200 Whitehorse Centre users through surveys and focus groups in 2010 - 2012. In 2013-2015 additional on online surveys and interviews were conducted involving 47 hirers, community organisations and arts organisations.

Question 5. *Given Option A has \$10.9 million allocated for carparking - given that we now have a new police complex in Springvale Road, is the existing one on Whitehorse Road to stay or if not could that land be used for carparking.*

The site of the former Police Station is State Government owned and is currently utilised by Highway Patrol.

Question 6. *How is this project to be funded?*

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
- 2% would be sought through as yet unidentified grants or other income sources.
- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modelling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modelling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability. Council also notes that approximately 77% of the combined funding is from non-rate sources. As Council considers further community research on the three Whitehorse Centre options and we now know the details of the rates cap legislation and the cap amount Council will update the long term financial modelling accordingly, and await further Council direction.

It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed ie. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
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Last years (2015/16) budget funding discussion above was based on the best information at that time and included the Nunawading Hub and the Whitehorse Centre.

The current further community consultation will assist Council’s decision on the direction of the Whitehorse Centre and revised financial projections will then be made.

Based on the 2015/16 budget we did not financially model any future special extra rates increases.

Borrowings were assumed to be approximately \$33m repayable over 15+ years to smooth out the repayments from future income years. Any loans are disclosed in the budget and to the Department.

The current centre operating subsidy is borne by rate income. As outlined above the anticipated subsidy required is similar while providing greatly increased community use. The financial modelling behind the Budget 2015/16 did not require any additional special rates increase.

When Council makes its final decision on the Whitehorse Centre financial modelling will be updated and included in future budgets.

Council trusts this information will be of assistance.

Enquiry: #5

I read with interest in the February 2016 edition of "Whitehorse News" details re: the Business Case and the three options which have been proposed for the Centre.

Whitehorse News, page 7, gives a breakdown of how the council would pay for a new centre. I note approximately 77 per cent of the combined funding for the project will be from non-rate sources and that 21 per cent will be from rates over a five year period.

To put the amount of 21 per cent over 5 years into a meaningful dollar amount, could you please give an estimate on what the additional fee is likely to be on my quarterly rate payment. To help with this estimate, I expect I am an average rate payer. Once the amount is known it will at least give me an idea of whether I think the proposal is affordable.

Thanking you in anticipation.

Response:

In regard to your enquiry received on the 28 January 2016 on the future of the Whitehorse Centre.

Rate capping has been introduced for the 2016/17 year and future rate increases will be set by the State Government.

Based on the 2015/16 budget we did not financially model any future special extra rates increases.

Council trusts this information will be of assistance.

Enquiry: #6

Good afternoon. I have a couple of questions re the proposed centre and have sent them to this address as advised in the "Whitehorse News" of Feb 2016.

Can you please tell me what the operating profit/loss for the current centre was in the last financial year? Can you please give me a figure which does not include any council subsidies or the like.

Option A provides that 46 per cent of the required \$78m would come from exiting reserves and asset sales and 31% from loans and only 21% from rates.

Depending on the answer to my first question, can you please advise how the loans, and the interest payable on them, are intended to be repaid if not from rates revenue?

Where did the existing reserves come from if not from rates revenue?

I understand that some of the reserves may have been from other than rates revenue but 46% of \$78m is \$35.88m so a fair portion must be from rates revenue. If that is the case then is it not a little disingenuous to say that only 21% will be from rates?

Response :

In regard to your enquiry received on the 1 February 2016 on the future of the Whitehorse Centre.

The current operating subsidy for the Whitehorse Centre is approximately \$1.2m.

Councils existing reserves have not come from rates but from the sale of surplus land assets with interest earned also added to the reserves.

Council trusts this information will be of assistance.

Enquiry: #7

Enquiry (Part A):

It is probably in the detail of the Business Case, but would appreciate advice if there is a financially Positive Return On Investment and over what period of time for the \$77.9 million invested in the redevelopment.

Response (Part A) :

In regard to your enquiry received on the 11 February 2016 on the future of the Whitehorse Centre.

The cost estimate (indexed capital cost) for the building works and project fees is \$67 million. The car park costs are estimated at \$11 million. Total project costs - \$78 million.

It is projected that by the fifth year of operation, the redeveloped Whitehorse Centre will attract an earned income of \$2,743,928 per year. However, as with all community arts facilities, an on-going subsidy will be required. It is anticipated that this will be \$1,219,710 which is similar to the current operational subsidy.

The majority of Victorian and Australian Councils recognise their responsibility to support community cultural activity as well as other activities such as sports and recreation, children's services, age and disability services. Therefore, the return on investment can not only take into consideration financial outlay.

Council has a responsibility to provide services that contribute to the health and wellbeing of local residents and arts activities are recognised as a significant contributor to community engagement and development. As with the investment in parks and recreation facilities it would not be expected that there would be a financially positive return on the investment.

The cost benefit analysis cannot be based solely on a financial return. The benefits of a more vibrant arts and cultural sector in Whitehorse, a more engaged community, the increase in economic activity by attracting new business and employment opportunities also need to be taken into consideration.

Council trusts this information will be of assistance.

Enquiry (Part B) :

I would appreciate if you are able to advise what the costs would be in the **first** 5 years please.

Response (Part B) :

In reference to your enquiry regarding the Whitehorse Centre business case received on the 29 March 2016.

The following table provides the projected income, expenditure and the operational subsidy required for the first five years. As with all new facilities, it will take time for the activity levels to build.

In line with good financial practice, the table shows the effect of the business building over the first five years. Year 1 is projected at a 65% level of activity and then increasing to 100% level of activity by Year 5. It should be noted that the activity levels do not represent the capacity levels. The percentages are a conservative projection of the level of activity (i.e. number of events/attendances).

As the table indicates, the subsidy required in Year 1 is projected at \$1,768,061 and decreasing to \$1,219,710 as the activity level and business builds.

5 year Projected Financial Summary	2019/20	2020/21	2021/22	2022/23	2023/24	2014/15
Level of Activity	65%	75%	85%	95%	100%	Existing Centre
	Year 1 Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget	Year 5 Budget	2014/15 Budget
Total Income	\$1,529,921	\$1,833,505	\$2,158,948	\$2,507,511	\$2,743,928	\$1,098,473
Total Expenditure	\$3,297,982	\$3,421,085	\$3,599,730	\$3,787,550	\$3,963,638	\$2,373,169
Operational subsidy	\$1,768,061	\$1,587,580	\$1,440,782	\$1,280,039	\$1,219,710	\$1,193,561

I trust this information is of assistance.

Enquiry: #8

I am writing in regards to the proposed “Whitehorse Centre” and would like the Whitehorse City Council to consider the points I have raised and what if any steps will be taken.

Consultation Process

I refer to the feasibility study of 2010-2012 and the consultation process in 2015.

The Council undertook a feasibility study in 2010-2012 and it was disappointing to see that the survey was done only with existing hirers, other local arts and cultural groups and local businesses. It appears that the Council and SGL Consulting have forgotten to ask the most important people, - the ratepayers, the people who are being asked to support and fund this development.

In May 2015 the report by Williams Ross indicates that 700 people were consulted in May 2015. When I researched the methodology adopted to gather this research it was not done openly and transparently to all Whitehorse ratepayers.

Nevertheless the number of people surveyed (700) is far too low as it only represents 0.42% of the Whitehorse ratepayers.

Of this number there were only 559 responses representing just 0.34% of Whitehorse ratepayers.

In addition only 26% of the respondents highly supported the development. This translates to 145 people out of the 163,697 Whitehorse ratepayers, or if you like 0.08% of the Whitehorse ratepayers.

I am strongly opposed to proceeding on the development on the basis of just 145 people saying they feel that this is an “Important Project for the City of Whitehorse”.

Financial Impact

In the Business case prepared by Positive Solutions (September 2015) and I refer to Table 8 Profit and Loss on page 24. This table shows that the Whitehorse Centre will generate a Total Income of just \$10.7M in the first 5 years of operation, against an expenditure of \$18.06M.

Irrespective of depreciation this amounts to a cost to rate payers of \$7.3M over this period which the report describes as an “Operational Subsidy”.

My question to the Whitehorse City Council is. **Other than ratepayers funding this development, how does the council intend to fund the \$78M?**

Hence when we take the proposed costs of \$78M into account the business case just does not stack up.

Future Consultation

We see that the Council has now started to consult with the Community, however I would suggest that a new consultation process be undertaken. This new process should be by way of a letter to each Whitehorse ratepayer and responses to be received via stamped self addressed envelope back to the council.

With this consultation I would also like to see a financial analysis be provided to enable rate payers to have a clear picture of what the costs are, how the council intends to fund it and what is being proposed.

I believe that the Whitehorse City Council needs to keep their rate payers fully informed of what is going on and it is disappointing to see that the information being provided now is only as a result of a number of ratepayers voicing their concerns to the local media.

I would now like to propose that the Council embark on a serious community consultation program (as I described above) with all Whitehorse residents and ratepayers and I welcome the opportunity to be part of this.

I look forward to hearing from the Whitehorse City Council in regards to the concerns raised above.

Response (with attachment – refer Council website)

Council Minutes - Extract - 14-12-15 - Item 9.3.1 Whitehorse Centre

In regard to your enquiry received on the 7 February 2016 on the future of the Whitehorse Centre.

In response to your statement that only existing hirers, other local artists, cultural groups and business were consulted and the most important people (ratepayers) have been forgotten.

The following community consultation overview is provided:

- The feasibility study undertaken in 2010-2012 had an extensive consultation plan and did include an independently conducted random 500 person (household) telephone survey.
- In the second stage of the project Williams Ross Architects Consortium were engaged by Council to investigate the market demand for a performing arts centre and what size would be required to fulfil this community demand now and into the future. Consultants interviewed and surveyed relevant stakeholders to determine demand and develop a business case.
- In May 2015 a further community consultation program was implemented across the municipality. Draft findings and concepts designs were released for a potential redevelopment of the Whitehorse Centre for public comment by ratepayers, residents, stakeholders and users. Over 600 responses were received to the proposed development.
- The findings from this extensive consultation process informed and finalised the Whitehorse Centre Business Case. On the 14 December 2015 Council released the Business Case for the public. Copies are available on-line, at Council Customer Service Centres and display copies available in the municipal libraries. The concerns raised in the media for the release of the Business Case did not prompt Council to action the request. It is understood Council's regularly releases information of this nature and followed the appropriate governance protocols as is the process to release this information to the public.

Other than ratepayers funding this development, how does the council intend to fund the \$78M?

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
- 2% would be sought through as yet unidentified grants or other income sources.
- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modelling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modelling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability.

Council also notes that approximately 77% of the combined funding is from non-rate sources. As Council considers further community research on the three Whitehorse Centre options and we now know the details of the rates cap legislation and the cap amount Council will update the long term financial modelling accordingly, and await further Council direction.

It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed ie. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
Council (theatre season, sports awards, women's forums)	115	154
Community (Utassy Ballet, Nova Music Theatre)	465	808
Commercial (Yarra valley Water, Blue Cross)	51	241

Last years (2015/16) budget funding discussion above was based on the best information at that time and included the Nunawading Hub and the Whitehorse Centre.

The current further community consultation will assist Council's decision on the direction of the Whitehorse Centre and revised financial projections will then be made.

Based on the 2015/16 budget we did not financially model any future special extra rates increases.

Borrowings were assumed to be approximately \$33m repayable over 15+ years to smooth out the repayments from future income years. Any loans are disclosed in the budget and to the Department.

The current centre operating subsidy is borne by rate income. As outlined above the anticipated subsidy required is similar while providing greatly increased community use. The financial modelling behind the Budget 2015/16 did not require any additional special rates increase.

When Council makes its final decision on the Whitehorse Centre financial modelling will be updated and included in future budgets.

This new process should be by way of a letter to each Whitehorse ratepayer and responses to be received via stamped self-addressed envelope back to the council.

Council has contracted an independent consultant, JWS Research, to conduct this consultation. Public community consultation will commence from 9am Wednesday 30 March and close at 5pm Friday 22 April.

This consultation will include the following:

- A randomly selected telephone survey of 600 people within the Whitehorse municipality. It should be noted that:
 - Survey quotas on age and gender and post-weighting to ABS population estimates to ensure accurate representation
 - The maximum margin of error on a sample of n=600 is +/-4.0% at the 95% confidence interval, with higher margin of errors for sub-samples.
 - A 600 person independent survey is a statistically reliable and cost-effective measure of Whitehorse households. The relatively small margin of error ensures confidence in results. Statistical tests will be applied to highlight statistically significant differences of results where they occur.
 - This method of survey analysis is conducted in the majority of research across all tiers of government and private enterprise due to its accuracy and cost effectiveness.
- An separate on-line survey (or hardcopy) will be available for anyone to complete and have their say on the future of the Whitehorse Centre.
- Written submissions will also be received as part of the consultation.

Council will advise through the Whitehorse News, Whitehorse Leader and online details of how to participate in this consultation closer to its commencement.

With this consultation I would also like to see a financial analysis be provided to enable rate payers to have a clear picture of what the costs are, how the council intends to fund it and what is being proposed.

This financial information is already publicly available. Attached is the 14 December 2015 Council report that provides this information.

Council trusts this information will be of assistance.

Enquiry: #9

Letter dated 20/2/2016

Letter received 23/02/2016)

Dear Sir/Madam,

I am attaching a copy of letters sent to the CEO dated 26th May 2015 (copy also sent to all councillors) and 9th February 2016 outlining my concerns with the proposed spending of \$78m on redevelopment of the Whitehorse Centre.

As you will see in the letter dated 9th February I requested a personal response from the CEO, but obviously the letter has just been handed on to someone else to deal with – it is possible she did not even see the letter!! It is possible that the letter received from the Mayor dated 12th February was a response to my letter but it just reiterates the process which is currently underway and does not address my concerns at all.

I contacted JWS Research who advised me the survey is being carried out by Stable Research. I was invited by email to be part of a focus group but even though I replied immediately I was told it was full.

As one of many concerned ratepayers, I am frustrated and angry that nobody is listening to what the majority is saying. Refer to letter where 79% said in 2012 they agreed with the philosophy of Council to limit expenditure on new assets and give priority to maintaining existing assets.

Yours sincerely,

Dear Madam,



I attended last week an information session on the proposed redevelopment of the Whitehorse Centre at a cost of \$78m.

Why is Council proposing a project which is said to be the biggest investment in a single project in the Council's history? Such grandiose ideas for spending other peoples money – it seems everything has to be done bigger and better than other Councils. A good example of this is when the Council offices were redeveloped a few years ago at great expense to ratepayers which included a huge area at reception which is completely unnecessary. I recently went there to collect a copy of the draft budget and the only person in sight in this massive reception area was one lady sitting at the reception desk!! This is not a competition to pat yourselves on the back and say 'look what we did in my term of office'. The purpose of Council is to provide essential services for ratepayer and to be accountable to ratepayers for how all money is spent.

There are three options for the Whitehorse Centre -

1. Refurbishment at an estimated cost of \$5.2 m
2. Redevelopment as planned at a cost of \$78m
3. Redevelopment on a smaller scale which has apparently not been considered

These options should have been presented to the community with a preliminary feasibility plan for each for the community to vote on before spending massive amounts of money on detailed plans for option 2 with glossy brochures and questionnaires, and a proposed extra 2% on our rates to fund this project assuming this is a done deal!

It seems that contrary to the mayor's claim that there has been extensive consultation the consultation is coming after the plans have been made and so much money has already been spent.

The survey by way of a Questionnaire to be submitted to Council is worded in such a way to bias the result to achieve acceptance of the project. A question as to whether redevelopment at a cost of \$78m or a refurbishment at a cost of \$5.2m was preferred would, I am sure, have received a 100% tick for the refurbishment!

I subscribe to the Whitehorse Theatre performances and also attend the Utassy Ballet performances and rarely is it house full so where is the need for the huge increase in capacity from 2390 to 6400 square metres. A larger complex will result in higher running costs flowing through to higher costs to those hiring the complex and ultimately higher costs to patrons.

There are 80 municipal councils in Victoria and they do not all need Performance Arts Centres!

Why is it that Whitehorse ratepayers are expected to fund what is described in the Whitehorse Leader (11th May 2015) as the premier arts centre in Melbourne's east, It is not even close to public transport and parking is barely adequate for the current Centre. There are many other venues available in the eastern suburbs – not everyone needs to come to Whitehorse. Several years ago schools were given money by the government to build halls and many schools also have theatres both of which can be used for their own purposes or hired out to the community.

The role of Councilors was initially to truly represent the interest of the ratepayer/residents and to protect them from the Council's uncontrolled spending habits. Now that Councilors are paid by the Council, as employees of the Council they are restricted and cannot truly represent two masters.

Why would they vote to accept the draft budget with an extra 2% rate increase to fund this \$78m project which was irresponsibly ignoring the warning of the Local Government Minister Natalie Hutchins against raking in cash prior to the planned rate capping in 2016/2017? This is exactly what Whitehorse Council is doing!

I am extremely upset that the Whitehorse Council has attracted much negative publicity in the media from their actions in blatantly proposing an extra 2% rate increase against the warning of the Local Government Minister and also the millions of dollars spent on executive salaries.

I do support a refurbishment of the Whitehorse Centre but am totally against this proposed redevelopment.

Yours sincerely,

Dear Madam,

Reference: The Whitehorse Centre

The matter of the future of this Centre has been under discussion since 2010 and has involved, as far as I can ascertain, three separate outside organizations – SGL Group, William Ross Architects and JWS Research – at great expense to ratepayers. The matter is still far from being resolved and further money is now being spent on yet another survey of the community.

In February 2012 feedback on budget development consultation reported that “79% of residents surveyed agreed with Council’s decision to limit expenditure on new assets and give priority to maintaining and upgrading existing community needs”.

What has happened to that philosophy??

A feasibility study on redeveloping the Centre was finally presented to Council at a meeting on 24th November 2012, for a decision on whether to (i) endorse the presented plan or (ii) to spend \$100,000 on another business plan. After a 5-5 split in voting the mayor at that time, Mark Lane used his casting vote to decide on option 2. One councillor criticised the idea of the council spending more time and money on the plan, describing visions of bringing the Whitehorse Centre into line with the recently announced Regional Development Australia’s model of a 1000 seat venue in Melbourne’s east as a “pipe dream”. Another councillor said all that spending this \$100,000 will do is confirm the existing feasibility study which is exactly what has happened!

Why did this feasibility study only consider one option?

There are three options for the Whitehorse Centre -

1. Refurbishment at an estimated cost of \$5.2 m
2. Redevelopment as planned at a cost of \$78m
3. Redevelopment on a smaller scale which has apparently not even been considered

These options should have been presented to the community with a preliminary feasibility plan for each option for the community to vote on before spending massive amounts of money on detailed plans for option 2 with glossy brochures and questionnaires, assuming this is a done deal!

Over the past years there have been many letters published in the Whitehorse Leader the absolute majority of which are against spending ratepayers money on a massive redevelopment of the Whitehorse Centre. As the Council needs to be seen to having an appropriate consultation process, the community is invited to contribute their ideas and comments but Council are not listening to what is being said! Ratepayers are not interested in Council's grandiose ideas – they just want Council to provide essential services and be accountable to ratepayers for how all money is spent.

Some comments of interest over the past year –

*In February 2015 it was stated that an engineering report found that the existing building was sound and in good order although the foyer space needed to be increased.

*In October 2015 one resident had to go to FOI and VCAT to obtain survey results which Council would not release. – surely residents/ratepayers are entitled to know the results of surveys or perhaps they are too revealing and against what Council has already decided it wants!

*In November 2015 a very interesting article in the Leader gave alternative uses for the \$78m earmarked to the redevelopment:

- 7.9 years - sports ground and parks maintenance
- 8.25 years - garbage and recycling collection
- 35.6 years - road resurfacing
- 37.8 years - footpath renewal
- 95.7 years - playground upgrades

No one can reliably predict how things will have changed in 10 years time. Improved technology and innovative processes are constantly increasing efficiency and reducing costs in many industries including building so it is absolutely unnecessary to carry out this major costly redevelopment at this time. Why is it that Europe can have theatres hundreds of years old without having to be demolished every few years?

The topic for the new costly survey by JWS Research will only consider 3 options. Option 2 and 3 being extremely negative the survey is absolutely biased to the Council's preferred option 1. We all know the Centre will never close so why not say the matter will be reconsidered after 10 years?

Yours sincerely

Dear

I have written to you previously on this matter but I think it is time you personally took responsibility for the inefficient way this matter has been handled resulting in so much of ratepayers money being wasted already on duplication of studies/surveys. Whitehorse ratepayers should not have to fund a \$78m redevelopment of the Centre which is used in the majority by people/organizations outside of the Whitehorse area.

As I have mentioned the current survey is so biased to the redevelopment with a threat to close the Centre in the other two options.

I would appreciate your personal reply to my concerns.

Response(dated 17/02/2016) :

I refer to your letter of 9 February, received 15 February and the covering note seeking my personal reply.

I appreciate from your letter that you are not supportive of the current process.

The future of the Centre remains under consideration and Council will further deliberate on the future of the facility following this next stage of research on the community's views.

The comprehensive business case was not completed until the end of last year. This does deliberate comprehensively on the options for the facility and as a result Council determined to proceed with consultation on the full document.

Your reference to the resident who sought access to the survey results is inaccurate. To clarify the matter the majority of the material was provided prior to VCAT. What was protected and not released was the identity of individuals who had contributed, and in some cases, whose comments were considered to consist of personal material. Although the resident referred the matter to the Victorian Civil and Administrative Tribunal, after a confidential compulsory conference the resident withdrew his application. Council is of the view that an individual should not have access to the personal information of others and the correct decision was to protect the information.

Thank you for your feedback.

Enquiry: #10

Having received a letter from the Mayor dated 12 February recapping the three options being looked at for the Centre I would like to:-

- (a) make 2 comments and
- (b) pose 2 questions

Comment: The very tone of the letter indicates that unless a huge dollar amount is spent the Centre WILL CLOSE, it's just a matter of when. This to me is not offering options but merely a threat i.e do it the way we want or it WILL close!

Comment Whitehorse Council should be serving the needs of its ratepayers and not trying to become a Federal/State Government Arts body. I attend the Centre to watch the plays etc and it is extremely difficult to understand why the theatre needs to double its capacity, and certainly the need for an additional theatre seems to be total extravagance. Is someone in Council trying to leave a legacy?

Question 1 Why will the expenditure of \$7M only keep the Centre operational for another 8-10 years? As I see the Centre, it certainly needs a major facelift but I cannot understand why the Council considers it has a terminal illness.

Question 2. If the redevelopment proposed does proceed at a projected cost of \$78M (and Governments estimates are never correct) what is the Business Case investigation into the financial impact on the ratepayers of the Municipal area?.(and surely this must have been part of the Business Plans financial planning).

Yours comments would be appreciated. I am certainly aware that the group of up to 15 who attend the theatre with us are all likeminded in the Councils plans and desires to spend \$78M for no real benefit.

Response :

Thank-you for your written correspondence received 1 March 2016 and your email correspondence dated 26 January 2016.

The error regarding your wife's name on our database has been corrected. Please accept our apology.

Information will be forwarded to you shortly regarding how you can have your say on the future of the Whitehorse Centre.

In reference to your enquiry received on Friday 26 February regarding the Whitehorse Centre.

Question 1 Why will the expenditure of \$7M only keep the Centre operational for another 8-10 years? As I see the Centre, it certainly needs a major facelift but I cannot understand why the Council considers it has a terminal illness.

Attached to this email is the Council Report on the Whitehorse Centre. This report outlines in detail the costs and implications regarding all options, including the \$7m essential works option for the Whitehorse Centre.

Question 2. If the redevelopment proposed does proceed at a projected cost of \$78M (and Governments estimates are never correct) what is the Business Case investigation into the financial impact on the ratepayers of the Municipal area?.(and surely this must have been part of the Business Plans financial planning)

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
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- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modelling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modelling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability.

Council also notes that approximately 77% of the combined funding is from non-rate sources. As Council considers further community research on the three Whitehorse Centre options and we now know the details of the rates cap legislation and the cap amount Council will update the long term financial modelling accordingly, and await further Council direction.

It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed ie. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
Council (theatre season,sports awards, womens forums)	115	154
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Commercial (Yarra valley Water, Blue Cross)	51	241

Last years (2015/16) budget funding discussion above was based on the best information at that time and included the Nunawading Hub and the Whitehorse Centre.

The current further community consultation will assist Council's decision on the direction of the Whitehorse Centre and revised financial projections will then be made.

Based on the 2015/16 budget we did not financially model any future special extra rates increases.

Borrowings were assumed to be approximately \$33m repayable over 15+ years to smooth out the repayments from future income years. Any loans are disclosed in the budget and to the Department.

The current centre operating subsidy is borne by rate income. As outlined above the anticipated subsidy required is similar while providing greatly increased community use. The financial modelling behind the Budget 2015/16 did not require any additional special rates increase.

When Council makes its final decision on the Whitehorse Centre financial modelling will be updated and included in future budgets.

Council trusts this information will be of assistance.

Enquiry: #11

Why has there not been a business case for a smaller redevelopment e.g. with a single hall, etc. say something in the \$30m range?

1. In the business case for the major redevelopment, I think the revenue to break even needs to be around twice the amount (in today's dollars) than the current centre earns. Is this true?
2. What is the confidence level on this level of revenue?
3. What sensitivities have been undertaken on different levels of revenue?

Response:

In regard to your enquiry received on the 28 February 2016 on the future of the Whitehorse Centre.

1. Why has there not been a business case for a smaller redevelopment e.g. with a single hall, etc. say something in the \$30m range?

The current proposal has been developed in response to findings from the consultation and research process. As identified in the business case, the size and scope of the redevelopment is tailored to meet the needs of community hirers, provide increased programming opportunities and attract new business to Whitehorse.

In 2010-12 SGL Consulting Group P/L used a survey, focus groups, stakeholder interviews involving 200 Whitehorse Centre users (this is in addition to a broader telephone survey of 500 Whitehorse households)

Key findings of this study identified the need for a larger theatre around 550-600 seat capacity. A further study in 2013-2015 by Williams Ross Architects, Positive Solutions and Artefact Consulting reviewed these findings and also conducted an online survey and asked potential users about their facility needs and usage patterns. 47 hirers, community organisations and arts organisations responded. The majority of respondents preferred a 400-599 seat.

The proposed redevelopment also includes a smaller second space and this would provide an opportunity for a range of programming and hiring that is currently not catered for. In particular, it increases the opportunity for young people's theatre and creative development programs.

On the basis of the research it was concluded that the following configuration would be appropriate for the Centre following redevelopment:

- A larger auditorium, of c.580 - 600 seats
- A second, studio theatre of c.200 seats
- A larger foyer, appropriate to the increased audience sizes, and available for other uses
- A rehearsal space/ dance studio, scaled to align with the stage size of the main theatre
- A sound shell, with its stage doubling as a second rehearsal room (as at present)
- A larger function space, with separate foyer space. The function space to accommodate up to 300 seated or 600 standing

- A meeting room
- Improved staff accommodation and storage
- Improved disability access, to current standards

Therefore, a smaller, single space facility would not meet the requirements as identified through the consultation and research process.

In the business case for the major redevelopment, I think the revenue to break even needs to be around twice the amount (in today's dollars) than the current centre earns. Is this true?

Throughout Australia, Council owned facilities such as the Whitehorse Centre do not breakeven and require an on-going subsidy to ensure residents have access to a wide variety of cultural activities.

However, the earned income is maximised where possible to ensure the subsidy levels are within budgeted parameters.

It is true, the projected revenue of the redeveloped centre is significantly higher than the current revenue levels.

As the table below shows, increased activity and income from the new facilities is likely to lead to (conservatively) 572 more events, almost 10,000 more tickets and over 38,000 more attendances at the Centre than now, while the subsidy required will be similar to the existing level of subsidy.

Comparison of Current and Projected Future Operation			
Activity / Space	2014 / 15 Budget/ Actual		
Total attendance	120,865*	163,155	+42,290 visitors
Number of events	631*	1,203	+572 events
Subsidy level	\$1,193,561	\$1,219,710	-\$26,149

*2014 attendance/events

In 2014/15 the revenue of the Whitehorse Centre was \$1,356,647. The projected revenue for the redeveloped centre in Year 5 (approximately financial year 2023/24) of operation is \$2,743,928 (the projections take into consideration that a re-opened centre takes time to build up to 'business as usual' operation, so the Year 5 projections are taken as the relevant comparison to current operation). This figure also includes cost inflation that would occur over that time.

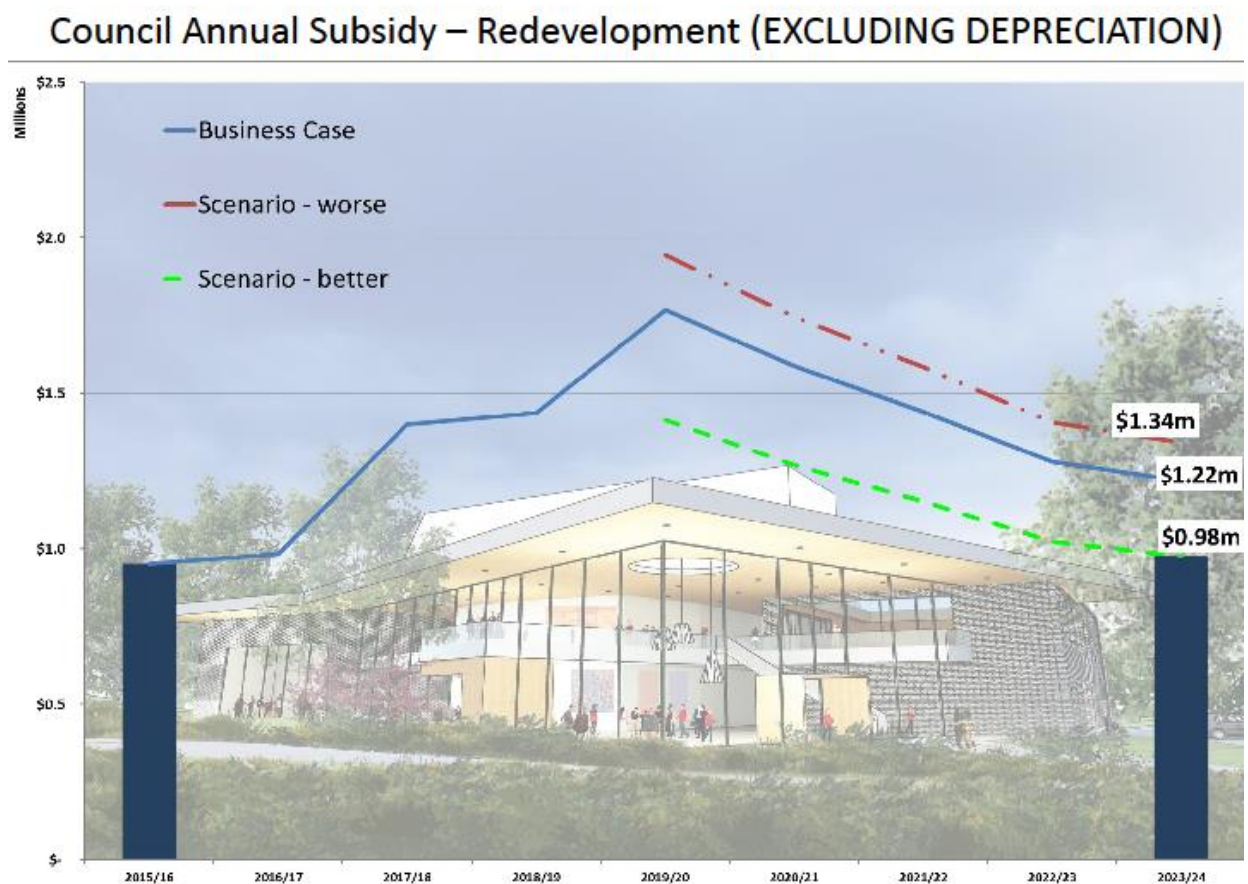
The increase in revenue in Year 5 of a redeveloped centre, in comparison to the current levels, takes into consideration the significant increase in activity, the additional spaces for hirer and the larger seating capacity. It also takes into consideration the increase in new business to the Whitehorse Centre attracted through improved facilities.

2. What is the confidence level on this level of revenue?

The modelling is based on conservative assumptions of usage and attendance. The projections were informed by the research and consultation with likely users, current usage patterns, the ability to attract new audiences through additional spaces and an increase in the demand for functions. The in-depth knowledge within Council, given the centre's operation since 1986 was also taken into consideration.

3. What sensitivities have been undertaken on different levels of revenue?

Council has also examined a best and worst case operational scenarios in the graph below based upon the commissioned business case. The business case provided a fiscally responsible conservative projection for the Whitehorse Centre. Based on this conservative outlook Council has projected a 10% worst case scenario and a 20% best case scenario to indicate alternate scenarios in 2023/2024.



The annual operating subsidy scenario graph indicates that once a redeveloped Centre has re-established itself in the fifth year of operation the annual subsidy is similar to the 2014/215 subsidy (although higher than the expected 2015/16 subsidy) but has an increased booking usage as identified in the previous table. Potentially the outcome in the better scenario option is a further reduction again in the annual operating subsidy.

To understand the Council subsidy of the Centre it is important to note that the Whitehorse Centre hire charges for Not-For-Profit Organisations are subsidised rates by Council to assist community use and access to the Centre. Additionally Whitehorse community groups who fulfil Councils Discount Support

Grants Program criteria also have access to further subsidised support by Council. The patron ticket prices for the theatre and music season and midweek matinee program is also subsidised by Council to provide arts and cultural opportunities in the local area.

Council trusts this information will be of assistance.

Enquiry: #12

I have a couple of questions regarding Options A and B. Cost is estimated at \$78 m in 2019 dollars - 31% = \$24m, 21% = \$16m

Option A - Funding plus

- 1) Please CONFIRM that the 31% (\$24m) will be for period greater than 5 years
- 2) Please CONFIRM that the 21% (\$16m) would be borrowed with repayments over a 5 year period (from rate receipts)
- 3) Please CONFIRM that the 21% (\$16m) would be repaid from rates income as part of the Council's annual capital expenditure cash flow at around \$3.2 million each year once construction completed.
- 4) If passed, when is demolition of existing site planned?
- 5) If passed, what is the estimated construction time and estimated opening date?

Option B

- 1) Will the \$7m be funded from 1 or 2 years expenditure from Rates income (or will any be borrowed)?
- 2) If passed, when will repairs start, and when will Centre be re-opened?

Response:

In regard to your enquiry received on the 3rd of March 2016 on the future of the Whitehorse Centre.

Option A - Funding plus

- 1) Please CONFIRM that the 31% (\$24m) will be for period greater than 5 years.**

The 31% is for long term loans at an average interest rate of 5.5% over a 15 year period.

- 2) Please CONFIRM that the 21% (\$16m) would be borrowed with repayments over a 5 year period (from rate receipts).**

The 21% will be funded over a 5 year period from the operating surplus within Councils forecasted rate rises which are now known to be capped annually at CPI.

- 3) Please CONFIRM that the 21% (\$16m) would be repaid from rates income as part of the Council's annual capital expenditure cash flow at around \$3.2 million each year once construction completed.**

The \$16m will be repaid from Council's normal operations and the ongoing operating subsidy of \$1.2m will also be funded from Council's existing operations.

- 4) If passed, when is demolition of existing site planned? There are no dates confirmed.**
The demolition dates would be dependent on the resolution of Council

Option B

1) Will the \$7m be funded from 1 or 2 years expenditure from Rates income (or will any be borrowed)?

The amount would, if selected, become part of Councils five year capital works program. It is likely this would be funded from operating surpluses and potentially reserves.

Council trusts this information will be of assistance.

Enquiry: #13

Enquiry (Part A):

Please consider the following feedback relating to Council's proposal to utilise rate-payer's funds for the existing Whitehorse Centre.

- I've been a resident and reliable ratepayer of Whitehorse for the past 23 years.
- I and my family have never used this loss making facility.
- I believe I never will use this facility.
- I do not support the use of my yearly rate fees (which rise every year, greater than CPI) for the purpose of subsidising others who do use this facility.
- I would support a Business Case that involved additional funds being spent on this facility, only if the Business Case sourced its' additional funding from a "User Pays" model; i.e. the proposed tens of millions of dollars of rate-payer's funds should instead be sought from the people who use this facility.

Perhaps during the next two years that the facility remains in a functional state, users could pay an appropriate amount each time they use the facility that reflects the ongoing maintenance and proposed improvement costs. The funds collected during the next two years would accurately reflect whether or not the users of this facility are prepared to proportionately contribute to the facilities' upkeep. If insufficient funds are collected then this would indicate that the using public are themselves unprepared to proportionately fund the facility they frequent and use regularly, and by extension, rate-payers who don't use this facility should not be forced to contribute either. User Pays systems successfully work on many of Melbourne's road networks, we don't expect motorists who never use certain roads to pay tolls, so I see no reason for non-users to pay for arts buildings that they don't use either.

- I have been unemployed for XXXX months of the current financial year and I'm not in a position to provide additional rate monies to fund the extravagant proposals being put forward by Whitehorse Council.
- My own home is XXXX years old and in need of many maintenance and improvement works, it has only one room that is heated during winter for example. I struggle to source funding of my own to address constant home maintenance shortfalls. My own home would also fail to meet current building standards if it were built today, so whilst my thoughts are with Whitehorse Councils' 30 year old Centre – I urge Councilors to spare a thought for the many rate-paying home owners who are in a worse situation with their own dwellings. This topic is an invalid argument for a new Centre and is not news.
- The proposal to build a "grand monument to the arts" using the little people's money, is akin to Dark Ages European villages having grand Church buildings constructed and funded by the minions and poor inhabitants who lived humbly whilst elected officers basked in "their achievements."

This proposal is a “religion” I cannot support unless a majority of rate-payers vote for it democratically.

- Council have conducted democratic voting in the past on contentious issues (e.g. Selling of Liquor in Box Hill’s previously “Dry Areas”) and I believe using rate-payer’s funds in the amounts proposed by Council, again warrants a majority of rate-payers to be in agreement. This proposal needs to be voted for by rate-payers – not simply residents who don’t pay rates.
- Currently I pay over \$XXXX each year in Council rates for an average traditional XXXX bedroom dwelling on a traditional block of XXXX square metres.

Given that Whitehorse Council has commissioned a presumably comprehensive “Business Case” study,

I have one question;

What does the Business Case study, accurately predict my yearly rate bill will increase to, and for how many years, to pay for the proposals, if approval is granted for:

Option A = \$?

Option B = \$?

Option C = \$?

I believe ratepayers have the right to know accurately, how much this is going to cost them and for how long they’ll be paying off any new loss making facilities that are proposed by their elected representatives in Council.

Response (Part A):

In regard to your enquiry received on the 4th of March 2016 on the future of the Whitehorse Centre.

What does the Business Case study, accurately predict my yearly rate bill will increase to, and for how many years, to pay for the proposals, if approval is granted for:

Option A = \$?

Option B = \$?

Option C = \$?

Rate capping has been introduced for the 2016/17 year and future rate increases will be set by the State Government.

Based on the 2015/16 budget we did not financially model any future special extra rates increases in order to fund a redevelopment or any of the options.

Council trusts this information will be of assistance.

Enquiry (Part B)

Thank you for your response.

I note that Council did not financially model any future special extra rates increases in order to fund redevelopment or any of the options;

With this in mind, I have a further query which is specifically based on my only and first question ;

- How does Council propose any of the proposed options would be funded?

Response (Part B):

The proposed funding model for Option A is as follows:

Preliminary long term financial modelling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
- 2% would be sought through as yet unidentified grants or other income sources.
- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modeling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modeling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability. Council also notes that approximately 77% of the combined funding is from non-rate sources.

The proposed funding model for Options B & C would be from Council's normal operational surplus.

Council trusts this information will be of assistance.

Enquiry: #14

Could you please supply the business case details for the option to redevelop the Whitehorse Centre.

In particular I would like to know

1. the ratepayer contribution (effect on rates (both for funds held and future contributions) for capital costs and running costs broken down to the individual ratepayer.
2. The user pay contribution – how much of the operating costs are covered on an annual basis from forward bookings.
3. Funding holding costs and payback period.
4. State government or other contributions to this project.
5. Details of other nearby councils who have undertake investments of this nature.

Response:

In regard to your enquiry received on the 24 March 2016 on the future of the Whitehorse Centre.

Preliminary long term financial modeling was undertaken during preparation of the 2015/16 Budget. This was based on a scenario of Council proceeding with both the Nunawading Community Hub project and the Whitehorse Centre project. The assumed funding model of these two projects was approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
 - 2% would be sought through as yet unidentified grants or other income sources.
 - 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modeling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modeling was undertaken prior to the expected introduction of rate capping, Council believe the 2% Whitehorse City Renewal Fund introduced for 2015/16 may provide an offset.

Council also notes that approximately 79% of the combined funding for a redevelopment is from non-rate sources.

As Council considers further community research on the three Whitehorse Centre options and we now know the details of the rates cap legislation and that is capped at CPI.

It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed i.e. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
Council (e.g.: theatre season, sports awards, women’s forums)	115	154
Community (e.g.: Utassy Ballet, Nova Music Theatre)	465	808
Commercial (e.g.: Yarra valley Water, Blue Cross)	51	241

Based on the 2015/16 budget Council did not financially model any future special extra rates increases. Borrowings were assumed to be approximately \$33m repayable over 15+ years to smooth out the repayments from future income years. Any loans are disclosed in the budget and to the Department. The current centre operating subsidy is borne by normal Council operations. As outlined above the anticipated subsidy required is similar while providing greatly increased community use.

Throughout Australia, Council owned facilities such as the Whitehorse Centre do not breakeven and require an on-going subsidy to ensure residents have access to a wide variety of cultural activities. However, the earned income is maximised where possible to ensure the subsidy levels are within budgeted parameters.

As the table below shows, increased activity and income from the new facilities is likely to lead to (conservatively) 572 more events, almost 10,000 more tickets and over 38,000 more attendances at the Centre than now, while the subsidy required will be similar to the existing level of subsidy.

Comparison of Current and Projected Future Operation			
Activity / Space	2014 / 15 Budget/ Actual	2023 / 24 Year 5 projection	Difference
Total attendance	120,865*	163,155	+ 42,290 visitors
Number of events	631*	1,203	+ 572 events
Subsidy level *2014 attendance/events	\$1,193,561	\$1,219,710	-\$26,149

In 2014/15 the revenue of the Whitehorse Centre was \$1,356,647. The projected revenue for the redeveloped centre in Year 5 (approximately financial year 2023/24) of operation is \$2,743,928 (the projections take into consideration that a re-opened centre takes time to build up to ‘business as usual’ operation, so the Year 5 projections are taken as the relevant comparison to current operation). This figure also includes cost inflation that would occur over that time.

The most recent example of nearby investments in facilities of this nature is currently underway at the City of Casey.

I trust this information is of assistance.

Enquiry: #15

The first paragraph of the redevelopment brochure received in the mail today, is what I would like an answer to, nowhere have I seen an amount in Dollars as to what the two independent studies on the Whitehorse Centre have cost so far, I do think this amount needs to be added to the overall cost of the centre, so from you I would like to know this cost. Also Woorwarren lane off Doulton Rd., is in desperate need of resurfacing following the building of 7 townhouses, and also there is no lighting in the lane where the units have been built I have asked council twice about this but have been told it is not in the budget, not good enough when money can be found for many other items. Looking forward to your reply.

Response:

I refer to your enquiry received on the 4 April 2016.

In 2010 Council engaged the SGL Group to conduct two projects:

- Whitehorse Centre Feasibility Study
- Whitehorse Arts Cultural Strategy.

The combined research, community consultation and analysis engaged a number of speciality consultants and produced two detailed reports on the feasibility of the Whitehorse Centre and the Whitehorse Arts & Cultural Strategy. The combined cost for this work was \$102,000 approx. +GST

In late 2012 Council resolved to undertake the next stage of research and contracted the Williams Ross consortium to conduct a business case on the Whitehorse Centre. A number of speciality and technical consultants were engaged on this project producing a 550+ business case on the proposed redevelopment of the Whitehorse Centre. A market analysis including two rounds of community consultation, a business case, facility review and concept design scenarios were produced alongside technical support documentation as part of this project. The cost for this work was \$215,000 approx. +GST

I trust this information will be of assistance.

Enquiry: #16

Enquiry:

Can these questions about the Business Case for the Building Proposal please be passed on to the relevant person for early answer.

1. A proportion of the funding is proposed to be met by long-term loan. What does the business case assume is the length of time of the loan(s)?
2. At what year does the business case expect that the new building will return a profit, after all building costs, maintenance and operational costs are taken into account?
3. Part of the funding is proposed to come from sale of assets. Exactly what community assets are proposed for sale?

The answers to these questions will vitally affect my response to the current survey.

Response:

I refer to your enquiry dated 6 April 2016.

1. **A proportion of the funding is proposed to be met by long-term loan. What does the business case assume is the length of time of the loan(s)?**

A long term loan would be over a 15 year period.

2. **At what year does the business case expect that the new building will return a profit, after all building costs, maintenance and operational costs are taken into account?**

It is projected that by the fifth year of operation, the redeveloped Whitehorse Centre will attract an earned income of \$2,743,928 per year. However, as with all community arts facilities, an on-going subsidy will be required. It is anticipated that this will be \$1,219,710 which is similar to the current operational subsidy.

The majority of Victorian and Australian Councils recognise their responsibility to support community cultural activity as well as other activities such as sports and recreation, children's services, age and disability services. Therefore, the return on investment can not only take into consideration financial outlay.

Council has a responsibility to provide services that contribute to the health and wellbeing of local residents and arts activities are recognised as a significant contributor to community engagement and development. As with the investment in parks and recreation facilities it would not be expected that there would be a financially positive return on the investment.

The cost benefit analysis cannot be based solely on a financial return. The benefits of a more vibrant arts and cultural sector in Whitehorse, a more engaged community, the increase in economic activity by attracting new business and employment opportunities also need to be taken into consideration.

The Whitehorse Centre booking usage is expected to increase as follows:

Types of Bookings	2014	2024
Council (e.g.: theatre season, sports awards, women's forums)	115	154
Community (e.g.: Utassy Ballet, Nova Music Theatre)	465	808
Commercial (e.g.: Yarra valley Water, Blue Cross)	51	241

3. Part of the funding is proposed to come from sale of assets. Exactly what community assets are proposed for sale?

Before any Community asset can be considered surplus or underutilised Council must give public notice of its intentions and invite community input including the right to speak to a written submission. Council considers asset sales based upon the current and future needs of the Whitehorse community and if a sale occurs the proceeds are placed in Councils development reserve to become a source of funds for approved future major community infrastructure projects. The effect is to reduce reliance on rates funding when undertaking very large projects by recycling proceeds from underutilised assets. A small unsealed car park in Box Hill was sold earlier this year. Currently community consultation is underway for the potential sale and redevelopment of a site in Cambridge Street Box Hill. Should this proceed required outcomes include provision of a significantly larger replacement Child Care Centre and replacement of more public car parking places than currently exist in the near vicinity and net funds being available future community infrastructure needs.

Council trusts this information will be of assistance.

Enquiry: #17

My question relates to the EXPECTED PRACTICAL & USEABLE LIFE OF A PROPOSED NEW CENTRE AND ITS ENVIRONS.

I think this is critical to the evaluation and eventual decision between the proposed case studies..

Assuming the presented data is all correct.

The life span of the PRESENT Facility is 40 years (30 existing + 10 essential works) equating to current values of \$2m PA (Original cost +\$7m + \$2m.) End result for the Community will be NIL.

Assume life span of NEW building to be 40 years this, also equates to \$2m PA (\$67 + \$10.9m + overrun) . Is its End result also likely to be NIL, like the present facility?

If life span is longer(e.g. 80 yrs of Present Boxhill Town Hall), ratio of capital cost of use period is less and facility still useable. A viable consideration.

QUESTIONS

- 1 Will the design of a new building allow for flexibility of growth and changes to Public needs of Performing and static ARTS, CULTURE & Recreation over 80+ years .**
(Example Iconic Boxhill Town Hall, concept 1927 for 1935 opening. End result an ongoing memorable facility, even if now limited to specific Community needs of use due to its lack of planning at time of design for its unknown and dramatically changed future).
- 2 Will the grounds surrounding the footprint of the NEW building incl Car Parking facility allow for expansion by construction of additional facilities to blend into the original design, and so allow for a changing and Increasing Municipality population, as well as changes to the formats of culture of the ARTS & RECREATION ENTERTAINMENT.**
End result an ongoing Facility enjoyed by many over a long period.

I would appreciate your comments.

Regards for the Council's detail consideration of ARTS as a valuable part of civilisations' growth over Centuries.

Response:

In reference to your enquiry received 9 April 2016.

The best means to future-proof the proposed new performance and functions venues for future changes in performance and community activity is to design and build them to a best-practice standard in terms of excellent functionality, spatial provision and quality of construction materials. This requires 'getting the building right' including funding its construction adequately. When this is done, theatres have proven capable of adapting to changing practice over long periods of time. There are numerous examples of working proscenium theatres that are up to two hundred years old, and which have adapted to upgrades in performance activity and technology.

Theatre and performance venues are fairly stable building types — while their technical infrastructure changes with ongoing innovation (cabling, lighting systems and so on) — a well-built theatre changes relatively little. The proscenium theatre form has been stable for at least three hundred years, and the studio theatre form for about a hundred years. In these time frames these building types have proven suitable for evolving performing art forms and are likely to remain so. Good quality building structures remain in sound working order for at least these periods.

If the venues are designed and built with appropriate functionality, spatial allocations and support facilities, they should remain useable for at least fifty years and probably longer, provided that they enable ongoing technical upgrade of fittings and equipment. They are also then more likely to be adaptable to internal modification if required. The buildings will need minor refurbishments at 10-12 years age, and major refurbishment at 20-25 year periods, when major plant and equipment will require replacement.

Not only would the proposed theatres be unlikely to require major change (other than technical), it is undesirable that they become bigger in terms of the performance experience they provide. It is more likely that as using the centre becomes popular, a desirable adaptation or expansion may be to add facilities. These could be such facilities as more functions and studios/rehearsal rooms, artists' studios, music tuition/rehearsal, recording studio and so on, to support a wider range and increased number of community activities.

The best means to provide for this type of expansion is to 'master-plan' the site, facility design and surrounds to facilitate the future addition of these facilities.

The reasons that the current Whitehorse Centre is not suitable to continue as Whitehorse's main proscenium theatre are that it has limitations with its design and build, with construction materials that are now not fit-for-purpose, with inadequate space allocations and with substantially insufficient support facilities. The theatre is too small in every respect (audience capacity, stage size, support facilities) for the scale of performing arts activity it is required to host into the future.

Council trusts this information will be of assistance.

Enquiry: #18

I have some questions I would like answered, so I can make an informed decision on the Whitehorse Centre redevelopment issue –

1. Long term maintenance plan – All large buildings have a 10 year maintenance plan, is there one for the Whitehorse Centre and is it being followed?
2. 30yr old building – 30 years is not a long time in the life of a building, if the building has been maintained properly over this time, why is it to be demolished in 2 years?
3. Roof replacement – What is the basis for the decision that the roof needs to be replaced rather than repaired, again given the age of the structure and presuming it has had proper and regular maintenance over this time, this needs to be properly justified.
4. Structural engineers report – For the structure to be deemed nearing its end of life, there should be a structural engineers report . This report needs to be made public, so the community is able to see for themselves the findings on the condition of the building.
5. Misleading cost attribution – The indication that the cost to rate payers is 21%, which is the rate based contribution to the project is misleading, there is also the long term loans contributing 31%, wouldn't the cost of servicing of the long term loans also fall on the rate payers, making the total cost burden to rate payers 52%.
6. Exhausting of reserves – If 46% of the cost is drawn from reserves and asset sales, this will mean that all other deserving projects well into the future will not be able to be supported as the council has consumed reserves on this one project.
7. Utilising rate rises over a 5year period – If each year's rate rise for a period of 5 years will be utilised on this one project, no department or other area will be able to get additional funding from the annual rate rises, effectively putting a freeze on the budget for all areas of council for 5years. Which will mean a reduction of services in all areas over time, as costs are rising, with a stagnant budget each department will be able to do less and less with the same bucket of money each year. How is this in the best interest of the community?
8. Future Staffing and Maintenance cost – There is no information on the future cost to rate payers to run the new enlarged Centre, with the need for additional staff and maintenance costs. We need to know what that will be, as that is also a cost burden to rate payers into the future.

Response:

I refer to your enquiry sent on 13 April 2016 regarding the future of the Whitehorse Centre.

1. Long term maintenance plan – All large buildings have a 10 year maintenance plan, is there one for the Whitehorse Centre and is it being followed?

There is a ten year asset maintenance and capital renewal plan in place for the Whitehorse Centre which has been developed from detailed asset condition assessment audits and information. Council has structured rolling building renewal programs in place which enable the replacement of building components which have reached their end of useful life.

2. 30yr old building – 30 years is not a long time in the life of a building, if the building has been maintained properly over this time, why is it to be demolished in 2 years?

The structure of the building is in good to fair condition however the Whitehorse Centre building components such as the roof, mechanical plant and equipment, fit out (such as toilets, carpet) have much shorter useful lives as compared with a building structure. These components require renewal during the life of a building.

The building would only be decommissioned in 2 years if no maintenance or renewal was applied to the building.

3. Roof replacement – What is the basis for the decision that the roof needs to be replaced rather than repaired, again given the age of the structure and presuming it has had proper and regular maintenance over this time, this needs to be properly justified.

Council cleans roofs and gutters as part of a regular cyclic maintenance program which ensures we get a full life out of roofs on Council buildings and facilities. The expected useful life of a sheet metal roof is approximately 25 years (as per manufacturers claim) before it begins to leak and causes other issues to the building structure and fabric. Council applies a structured asset management strategy and intervenes to replace building roofs before they begin to cause significant damage to the broader building. The metal roof sheeting at the Whitehorse Centre requires renewal due to its age and condition as identified by engineers.

4. Structural engineers report – For the structure to be deemed nearing its end of life, there should be a structural engineers report . This report needs to be made public, so the community is able to see for themselves the findings on the condition of the building.

An Engineers Report was made publicly available in December 2015 as part of the release of the Business Case. The report can be viewed or downloaded at www.whitehorse.vic.gov.au/Whitehorse-Centre.html. Alternatively this report is also included in the suite of publicly available documents. Please reply to this email and a copy can be arranged for your collection from the Nunawading Council Offices.

5. Misleading cost attribution – The indication that the cost to rate payers is 21%, which is the rate based contribution to the project is misleading, there is also the long term loans contributing 31%, wouldn't the cost of servicing of the long term loans also fall on the rate payers, making the total cost burden to rate payers 52%.

The loan repayments would be paid from total consolidated council operations which includes a range of sources of income e.g. fees and charges and fines, interest earned, grants and rates income.

6. Exhausting of reserves – If 46% of the cost is drawn from reserves and asset sales, this will mean that all other deserving projects well into the future will not be able to be supported as the council has consumed reserves on this one project.

The funding strategy for major infrastructure projects has been developed over a number of years where Council has made a conscious effort to build up reserves and cash balances in readiness to fund major community infrastructure projects like the Nunawading Community Hub and the Whitehorse Centre if it is approved. Council Reserves would still be available for future major projects beyond these as a result of annual interest reinvestment replacing partial drawdowns made for any one project.

7. Utilising rate rises over a 5year period – If each year’s rate rise for a period of 5 years will be utilised on this one project, no department or other area will be able to get additional funding from the annual rate rises, effectively putting a freeze on the budget for all areas of council for 5years. Which will mean a reduction of services in all areas over time, as costs are rising, with a stagnant budget each department will be able to do less and less with the same bucket of money each year. How is this in the best interest of the community?

As a result of the funding strategy as outlined above Council expects to maintain service delivery and the five year capital works program within its existing long term financial plan. These are not additional rate increases for the project but rather the regular (currently capped at CPI) increase each year.

8. Future Staffing and Maintenance cost – There is no information on the future cost to rate payers to run the new enlarged Centre, with the need for additional staff and maintenance costs. We need to know what that will be, as that is also a cost burden to rate payers into the future.

It is projected that by the fifth year of operation, the redeveloped Whitehorse Centre will attract an earned income of \$2,743,928 per year. However, as with all community arts facilities, an on-going subsidy will be required. It is anticipated that this will be \$1,219,710 (including staffing and maintenance costs) which is similar to the current year operational subsidy of the existing centre, but with increased community usage. In December 2015, Council released the consultants Business Case for the redevelopment of the Whitehorse Centre and this can be viewed or downloaded at www.whitehorse.vic.gov.au/Whitehorse-Centre.html. Due to the size of this report (550+ pages) there is also a printed copy available along other reports (as identified in question four). Please reply to this email and a copy can be arranged for your collection from the Nunawading Council Offices.

Council trusts this information will be of assistance.

Enquiry: #19

With reference to the Council requesting feedback on the proposed redevelopment of the new centre, I would like to obtain feedback on the following queries:

1. What was the total building cost of the current Centre when it was built?
2. Since the current Centre was built in 1986, what has been the total maintenance costs?
3. Since the current Centre was built in 1986, what has been the total administration costs?
4. Since the current Centre was built in 1986, what has been the total income generated to date?
5. The proposed new centre is expected to cost \$78 million, including the car park. How will it be funded and over what period?
6. What are the proposed construction timelines for the proposed new centre?
7. What income is the proposed new centre expected to generate per year and also over a ten year period?
8. For the proposed new centre, what will it cost to maintain per year?
9. For the proposed new centre, what will be the administration costs per year?
10. What plans and guarantees are in place to ensure that the proposed new centre will be built within the proposed budget?
11. If it goes over budget who will fund the additional cost?
12. If the proposed centre is not built, and the current one demolished, would the residents of Whitehorse not benefit, as they would not have to fund it through increased rates?

Look forward to receiving a response to the above requested information promptly. Thanking you in anticipation.

Response:

In reference to your enquiry received 14 April 2016.

- 1. What was the total building cost of the current Centre when it was built?**
- 2. Since the current Centre was built in 1986, what has been the total maintenance costs?**
- 3. Since the current Centre was built in 1986, what has been the total administration costs?**
- 4. Since the current Centre was built in 1986, what has been the total income generated to date?**

When the Whitehorse Centre opened some 30 years it was operated under a committee of management. The centre was then managed by the former City of Nunawading. Whitehorse City Council has commissioned extensive business planning over the last five years that has been conducted by two independent consultants and has focused on the current and future operations of the Whitehorse Centre. The information you have requested has not been compiled. Analysis has not focused on the operations from a 30 year period as this historic data was not seen to directly inform the current operations and future business plan for any proposed future works.

5. The proposed new centre is expected to cost \$78 million, including the car park. How will it be funded and over what period?

Preliminary long term financial modeling was undertaken during preparation of the 2015/16 Budget. The assumed funding model of is approximately:

- 46% would be drawn from existing reserves and realise funds from asset sales
- 31% from long term loans (predominately to fund the Whitehorse Centre combined at an average rate of 5.5% over 15 years)
- 2% would be sought through as yet unidentified grants or other income sources.
- 21% will be funded over a 5 year period within Councils forecasted rate rises which are anticipated to be capped annually at CPI.

This modeling demonstrated a capacity to fund the Whitehorse Centre Redevelopment Business Case. While the modeling was undertaken prior to the expected introduction of rate capping, Council believes the 2% Whitehorse City Renewal Fund may provide an offset for lower future rate generation capability.

Council also notes that approximately 77% of the combined funding is from non-rate sources. It is anticipated that the annual subsidy by Council will be similar to the current Council subsidy once the redevelopment has been completed ie. little further subsidization than currently required. However usage of the Whitehorse Centre is expected to increase as follows:

Types of Bookings	2014	2024
Council (theatre season, sports awards, women’s forums)	115	154
Community (Utassy Ballet, Nova Music Theatre)	465	808
Commercial (Yarra valley Water, Blue Cross)	51	241

6. What are the proposed construction timelines for the proposed new centre?

If the Whitehorse Centre was to be redeveloped the next stage would be a detailed design based upon the endorsed components for the centre. Timelines would be confirmed at a later stage but a building of this size and complexity would typically take 18 months to 24 months to complete.

7. What income is the proposed new centre expected to generate per year and also over a ten year period?

The financial modeling has been projected for assessment 10 years from now and within the first five years of operation. In line with good financial practice, the table shows the effect of the business building over the first five years. Year 1 is projected at a 65% level of activity and then increasing to 100% level of activity by Year 5. It should be noted that the activity levels do not represent the capacity levels. The percentages are a conservative projection of the level of activity (i.e. number of events/attendances).

5 year Projected Financial Summary	2019/20	2020/21	2021/22	2022/23	2023/24	2014/15
Level of Activity	65%	75%	85%	95%	100%	Existing Centre
	Year 1 Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget	Year 5 Budget	2014/15 Budget
Total Income	\$1,529,921	\$1,833,505	\$2,158,948	\$2,507,511	\$2,743,928	\$1,098,473
Total Expenditure	\$3,297,982	\$3,421,085	\$3,599,730	\$3,787,550	\$3,963,638	\$2,373,169
Operational subsidy	\$1,768,061	\$1,587,580	\$1,440,782	\$1,280,039	\$1,219,710	\$1,193,561

8. For the proposed new centre, what will it cost to maintain per year?

As the table indicates, the subsidy required in Year 1 is projected at \$1,768,061 and decreasing to \$1,219,710 as the activity level and business builds.

9. For the proposed new centre, what will be the administration costs per year

The business case for the Whitehorse Centre was released in December 2015. For these enquiries please refer to www.whitehorse.vic.gov.au/Whitehorse-Centre.html. Alternatively please reply to this email and a copy can be arranged for your collection from the Nunawading Council Offices.

10. What plans and guarantees are in place to ensure that the proposed new centre will be built within the proposed budget?

Council has not made any decision on the future of the Whitehorse Centre. If a redevelopment was to proceed Council would prepare a detailed plan and appropriate scope for works that facilitates a realistic market cost plan. On projects of such a scale Council would:

- establish an appropriate governance structure with embedded probity controls
- ensure procurement processes were statutorily compliant and structured to achieve cost competitive outcomes utilising proven suppliers
- assemble a dedicated and competent project management and delivery team to provide assurance that the project could meet scope, quality and realistic cost parameters
- Ensure rigorous monitoring and regular performance and status reporting over the various delivery phases of the project.

11. If it goes over budget who will fund the additional cost?

The project will be designed to align with a realistic cost plan and that there will be checks and controls in place at various project delivery milestones.

12. If the proposed centre is not built, and the current one demolished, would the residents of Whitehorse not benefit, as they would not have to fund it through increased rates?

As Council considers further community research on the three Whitehorse Centre options and we now know the details of the State Government imposed rates cap legislation and that is capped at CPI.

The majority of Victorian and Australian Councils recognise their responsibility to support community cultural activity as well as other activities such as sports and recreation, children's services, age and disability services. Therefore, the return on investment can not only take into consideration financial outlay.

Council has a responsibility to provide services that contribute to the health and wellbeing of local residents and arts activities are recognised as a significant contributor to community engagement and development. As with the investment in parks and recreation facilities it would not be expected that there would be a financially positive return on the investment.

The cost benefit analysis cannot be based solely on a financial return. The benefits of a more vibrant arts and cultural sector in Whitehorse, a more engaged community, the increase in economic activity by attracting new business and employment opportunities also need to be taken into consideration.

If Council chose to close the centre there are no other appropriate Council facilities to support these theatre community groups.

Council trusts this information is of assistance.

Enquiry: #20

I have posted to you yesterday copies of submissions I have made in support of Option A in the re-development of our Whitehorse Centre.

I would like to know if there is going to be a "Forum" in regard to this major project. If there is to be a "face to face" consultation/forum, I would be very interested to attend.

Response:

Thank you for taking the time to provide a submission.

In response to your query regarding 'face to face' consultation, there is no immediate plan to hold a community forum at this point in time. The consultants conducting this consultation, JWS Research, did undertake a series of focus group sessions comprising randomly selected people within Whitehorse. At this stage of the consultation the consultants are receiving written community feedback and survey responses for consideration by Council.

Council notes your suggestion of face to face communication in future consultation.

Enquiry: #21
Enquiry (Part A)

Hallo Management Team.

About a year ago I attended a Ward meeting of Councillors Stennet and Daw.

My specific question regarding the plan to spend some \$74M to build a new Arts Centre was answered: because of high maintenance cost.

Upon my question "which maintenance costs" neither of the councillors of my ward were able to give me any answer.

I herewith write to Whitehorse management and request the details of maintenance and the cost associated for an annual period.

I wish to communicate that I do not approve of spending, be it \$60M or \$80M on even the best Arts Centre. I support that Whitehorse keeps some Reserves for the Future.

I look forward to your response within 7 days. Thank You

Response with attachment (refer Council website) (Part A)
Council Minutes - Extract - 14-12-15 - Item 9.3.1 Whitehorse Centre

In response to your enquiry received on Friday 22 April 2016.

The maintenance cost expended for the Whitehorse Centre in the last twelve months has been approximately \$80,000. Maintenance works have continued as Council considers the future of the Whitehorse Centre.

Council is considering three possible options:

- a) Potential redevelopment as identified in the Business Case;
- b) Undertake essential works to keep the centre open for another 8-10 years;
- c) Closure of the centre within two years.

The future maintenance cost, identified as Option B, will cost approximately seven million dollars. The Council Report attached to this email outlines further information on these costs and the limitations associated with undertaking these works.

If you require further information please refer to the reports tabled at the Council meeting held on the 14 December 2015. The link below provides direct access to:

- the Whitehorse Centre Business Case,
- additional consultant reports on the Whitehorse Centre
www.whitehorse.vic.gov.au/Agendas-Minutes-2015.html

Council trusts this information will be of assistance.

Respondent Comment

Thank you very much XXXX for the Library of documents

Having looked through the Arts Centre related docs - I think a Refurbishment is the way to go. Of course, particularly with all the old installations inside, one can find many things outdated - not necessarily dysfunctional. I however support Safety.

However, WCC's latest newspaper front page appears to having overshoot the necessity to completely rebuild.

Enquiry (Part B)

In my reply on Monday 2nd I forgot to remind you of the outstanding annual maintenance **costs** of the Whitehorse Centre.

I did receive all the quotes and investigations etc., but I really wish to find out how much money did Whitehorse spend over the years on maintenance on an annual basis - as this is the fact publicly floated.

Please put some numbers toward this public broadcasting. Thank You.

Response (Part B)

In response to your further enquiry received on Wednesday 4 May 2016.

As earlier advised the maintenance cost expended for the Whitehorse Centre in the last twelve months has been approximately \$80,000. Over previous years the maintenance costs range from \$50,000-80,000 approximately on an annual basis. The centre is an ageing facility and Council forecasts escalating renewal maintenance costs will be incurred in future years. If the existing centre is retained Council will continue its proactive asset management of the facility requiring significant and increasing ongoing investment due to its current condition.

Council trusts this information will be of assistance.

Enquiry (Part C)

Thank You XXXX for responding to my question regarding Whitehorse Centre's maintenance costs.

The maintenance Costs which vary between \$50,000 and \$80,000 annually over the last few years represent considerable amounts of Dollars.

Having seen a lot of photos, taken by various consultants recently, which you had attached to your previous reply I am amazed that despite the \$\$ spent, the centre presents itself in the need of maintenance.

Therefore, could you please present me with the details of the maintenance costs over the past years, so I can get a clearer picture of the Maintenance aspect, as the answers I have received so far do not quite add up in my mind.

I herewith declare that I have Bcc'd my mail to some of the Ratepayers' members.

In appreciation of further clarity regarding maintenance costs, I remain yours sincerely,

Response with attachment (Part C)

Good Afternoon

In response to your further enquiry received on Wednesday 13 May 2016.

The Whitehorse Centre is large and complex facility and as such requires a broad range of maintenance activities annually to ensure that the facility is safe and functional. As can be seen in the attached spread sheet, Council undertakes a range of programmed and reactive maintenance activities at the centre. A portion of the annual maintenance expenditure at the Whitehorse Centre is a result of completing legislative maintenance visits such as building essential safety measure maintenance and air conditioning plant maintenance. In addition to legislative maintenance, Council performs regular asset maintenance such as pest control and security/CCTV systems maintenance.

Maintenance conducted at the Whitehorse Centre over the past 3 years is detailed in the table attached including details of maintenance activities, approximate number of visit per activity and estimated overall expenditure.

I trust this information clarifies and now fully answers your enquiry.

ATTACHMENT

Description of Maintenance at Whitehorse Centre - 16.5.13 - 16.5.14	Number of Visits
After Hours Service Calls for Air-conditioning / Heating and Cooling	1
Air-conditioning Plant Renewals	1
Planned Maintenance for Automatic Doors	5
Planned Maintenance for Roof and Gutter Cleaning	3
Planned Maintenance for Annual Certification for Safe Roof Access Equipment	1
Planned Maintenance for Possum Control	4
Planned Maintenance for Rat & Mice Control	4
Planned Maintenance for Access Control and Alarm Systems	2
Planned Maintenance for Electrical Switchboards checking for "Hot" Spots	1
Reactive repairs for Minor Building issues such as Flooring, Loose or Damaged Fixtures and Fittings	9
Reactive repairs for Electrical Faults - Globe Replacements, Power Faults	13
Reactive repairs for Fire Alarm and Sprinkler Systems	3
Reactive repairs for Keys and Lock Systems (includes key replacements)	1
Reactive repairs for Air-conditioning / Heating and Cooling Systems includes Pumps and Electrical Controls	2
Reactive Pest Control Calls - Possums , Rats /Mice, Bees , Wasps, Termites	1
Reactive repairs for Plumbing Faults, Sewer Blockages, Water Leaks	13
Reactive repairs for Access Control and Alarm Systems	4
Retro Fit of Sustainable Light Fittings	1
Glass replacements and works	2
Dishwasher works	3
Refrigeration works	7
Theatre Curtain motor repair	1
Audio visual repair works	1
Electrical services works	5
Visits	88
Approx Cost	\$ 43,000
Legislative Essential Fire Services Systems Checks	
Planned Maintenance for Fire Alarm Systems, Fire Sprinklers, Fire Extinguishers, Emergency Lights & Exit Signs	
Visits	78
Approx Cost	\$ 7,000
Total Visits	166
Total Approx Cost	\$ 50,000

Description of Maintenance at Whitehorse Centre - 16.5.14 - 16.5.15	Number of Visits
After Hours Service Calls for Air-conditioning / Heating and Cooling	1
Air-conditioning Plant Renewals	1
Planned Maintenance for Automatic Doors	5
Planned Maintenance for Roof and Gutter Cleaning	3
Planned Maintenance for Annual Certification for Safe Roof Access Equipment	1
Planned Maintenance for Updating Pest Control Data Sheets for products on site	1
Planned Maintenance for Air-conditioning / Heating and Cooling Systems	12
Planned Maintenance for Possum Control	4
Planned Maintenance for Rat & Mice Control	4
Planned Maintenance for Access Control and Alarm Systems	2
Planned Maintenance for Electrical Switchboards checking for "Hot" Spots	1
Reactive repairs for Minor Building issues such as Flooring, Loose or Damaged Fixtures and Fittings	9
Reactive repairs for Electrical Faults - Globe Replacements, Power Faults	13
Reactive repairs for Fire Alarm and Sprinkler Systems	3
Reactive repairs for Keys and Lock Systems (includes key replacements)	1
Reactive repairs for Air-conditioning / Heating and Cooling Systems includes Pumps and Electrical Controls	4
Reactive Pest Control Calls - Possums , Rats /Mice, Bees , Wasps, Termites	1
Reactive repairs for Plumbing Faults, Sewer Blockages, Water Leaks	13
Reactive repairs for Access Control and Alarm Systems	4
Glass replacements	2
Repair to theatre fly lines and curtains	3
Refrigeration works	7
Visits	95
Approx Cost	\$ 47,000
Legislative Essential Fire Services Systems Checks	
Planned Maintenance for Fire Alarm Systems, Fire Sprinklers, Fire Extinguishers, Emergency Lights & Exit Signs	
Visits	74
Approx Cost	\$ 8,000
Total Visits	169
Total Approx Cost	\$ 55,000

Description of Maintenance at Whitehorse Centre - 16.5.15 - 16.5.16	Number of Visits
After Hours Service Calls for Air-conditioning / Heating and Cooling	1
Air-conditioning Plant Renewals	2
Building Access Control and Alarm Systems Installations / Renewals	2
Planned Maintenance for Automatic Doors	2
Planned Maintenance for Building Automation (Plant Controls)	1
Planned Maintenance for Roof and Gutter Cleaning	2
Planned Maintenance for Annual Certification for Safe Roof Access Equipment	1
Planned Maintenance for Updating Pest Control Data Sheets for products on site	10
Planned Maintenance for Air-conditioning / Heating and Cooling Systems	12
Planned Maintenance for Possum Control	12
Planned Maintenance for Rat & Mice Control	12
Planned Maintenance for Servicing Roller Doors	2
Planned Maintenance for Access Control and Alarm Systems	3
Planned Maintenance for Electrical Switchboards checking for "Hot" Spots	1
Reactive repairs for Minor Building issues such as Flooring, Loose or Damaged Fixtures and Fittings	15
Reactive repairs for Door Binding Doors, Door Closers and Minor Lock / Hardware Faults	1
Reactive repairs for Electrical Faults - Globe Replacements, Power Faults	22
Reactive repairs for Fire Alarm and Sprinkler Systems	1
Reactive repairs for Keys and Lock Systems (includes key replacements)	2
Reactive repairs for Air-conditioning / Heating and Cooling Systems includes Pumps and Electrical Controls	11
Reactive Pest Control Calls - Possums , Rats /Mice, Bees , Wasps, Termites	2
Reactive repairs for Plumbing Faults, Sewer Blockages, Water Leaks	11
Reactive repairs for Access Control and Alarm Systems	9
Supply and Renewal of Safe Roof Access Equipment	1
Refrigeration works	8
Theatre audio works	5
Theatre lighting works	1
Visits	152
Approx Cost	\$ 80,000
Legislative Essential Fire Services Systems Checks	
Planned Maintenance for Fire Alarm Systems, Fire Sprinklers, Fire Extinguishers, Emergency Lights & Exit Signs	
Visits	75
Approx Cost	\$ 9,000
Total Visits	227
Total Approx Cost	\$ 89,000

Enquiry (Part D)

Dear XXXX. Thank you very much for the tables of maintenance costs. I am presently away and unable to fully comprehend your information, so I also inform others to decipher.

To answer my question, I only need the figures of the COSTCENTRE called Whitehorse Centre. Any standard accounting practices are able to provide me with figures from desired cost centres.

The fact that Councillors referred to High Cost

Maintenance and High Cost Maintenance of the Centre covered Leader's front page justifies to have exactly those figures given to me and other ratepayers. This is only logic.

In anticipation of common sense I remain

With sincere greetings,

Response (Part D)

Good afternoon XXXX

In clarification of this recent enquiry received on the 27 May 2016. Your previous enquiries have referred to 'maintenance costs' and this information has been supplied.

The publicly released Business Case outlines the 2014/2015 budget subsidy for the Whitehorse Centre was \$1,193,561.

The Whitehorse Centre Business Case and Council Report provides information on the increase to utilisation for a redeveloped facility. For further information please refer to these publicly available documents listed on the 14 December 2015 on the Council website <http://www.whitehorse.vic.gov.au/Agendas-Minutes-2015.html>

Council trusts this information will be of assistance.