

Infrastructure NSW

Cultural Infrastructure Strategy 2016

Advice to the NSW Government

October 2016

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Infrastructure NSW prepared this strategy with the assistance of SGS Economics and Planning, which provided research and input into the recommendations for the cultural infrastructure investment framework, Michael Lynch, CBE, AM, and AEA Consulting, an internationally recognised consultancy in strategy and planning, which provided international benchmarking and valuable insights into world's best practice and current trends in cultural production and delivery. Copies of the SGS Economics and Planning and AEA Consulting reports are available on the Infrastructure NSW website.

Chairman's Foreword



On behalf of the Board of Infrastructure NSW, I am pleased to submit the Cultural Infrastructure Strategy 2016.

Dear Premier

This report highlights the challenges and opportunities faced by the State's cultural institutions as they seek to provide a high-quality, contemporary experience for patrons, maintain their infrastructure in good repair, and secure their pre-eminence amongst the nation's major cultural assets. The report benchmarks the State's cultural infrastructure assets against major cities across Australia and around the world with which we aspire to be compared.

The evidence is plain. New South Wales has fallen behind many of these cities in key areas. We have under-invested in cultural infrastructure over the past 10-20 years. Our report recommends, therefore, increased investment over the next decade to improve the State's competitiveness, strengthen the value of our cultural infrastructure, and enhance the quality of life and, indeed, the prosperity of all citizens of New South Wales.

The report also confirms the importance of having a vibrant cultural sector, not only to support access for our citizens and for the growing visitor economy, but also to make New South Wales an attractive home for globally mobile businesses, particularly those based on the knowledge economy, and the talented individuals they seek to employ.

It is, however, essential that increased capital expenditure should be directed and prioritised using soundly based criteria that will enable the prospective "return on investment" to be properly assessed against competing demands for the State's scarce capital funds. Accordingly, our report recommends that priorities be set having regard to rigorous business cases based on clear assessment criteria, and that projects are delivered and managed effectively and efficiently.

Our report sets out our current view on priorities for the short to medium term, and the medium to long term based on existing business cases, some of which may need to be recast should the Government endorse the criteria which we recommend.

Our report deals with cultural infrastructure. It supports the NSW Government policy *Create in NSW*, however a comprehensive cultural strategy - a strategy which takes into account how the State supports recurrent and operating costs, and collection development across the cultural institutions - is also needed. These complementary policies should be reviewed and updated as companion pieces to this report.

It is also clear that there would be merit in considering grouping all of the State's major cultural institutions in a single ministry. At present, the flagship State Cultural Institutions operate independently alongside Arts NSW within the Justice ministry, while other significant cultural institutions, whose claims for support should be judged on a comparable basis, such as the Royal Botanic Garden and Sydney Living Museums, report elsewhere.

Premier, the importance of ensuring that this State's cultural sector remains vibrant, competitive locally and internationally, as accessible as possible and able to renew itself in response to the growing expectations of patrons, cannot be overstated. I commend this report to you.

Yours sincerely



Graham Bradley AM

**Chairman
Infrastructure NSW**

October 2016

Executive summary

Culture defines who we are. It embraces our history, our values, our place in the world and the way we think, learn, feel and communicate. Culture has historical significance, but it is also evolving in exciting ways that reflect our increasing diversity, our expanding global connections and the power of new technologies, ideas and influences.

NSW is renowned for its culture and creativity. We have dynamic creative enterprises, a culturally diverse community, rich Indigenous artistic practice and culture, strong cultural institutions and a wealth of artists and creative talents.

The *Cultural Infrastructure Strategy* has been prepared by Infrastructure NSW to ensure that future investment by the NSW Government in cultural infrastructure builds on these strengths to deliver greater public value, generate economic and social benefits, and enhance Sydney's status as a distinctive global city.

Background to the Strategy

The *State Infrastructure Strategy Update 2014* prepared by Infrastructure NSW recommended the development of a cultural infrastructure strategy to:

- Review the State's cultural infrastructure assets and future needs
- Advise the NSW Government on priorities for investment in the State's significant cultural places and institutions
- Improve economic and social outcomes from the State's cultural assets
- Ensure that future investment in cultural infrastructure delivers greater public value, consistent with the NSW Government's wider strategic priorities.

The NSW Government accepted Infrastructure NSW's recommendation, and asked it to prepare this strategy.

What does this Strategy do?

A strong creative and cultural sector contributes to NSW's global competitiveness and Sydney's position as a world city. It is a critical component of the NSW visitor economy. Participation in the arts nurtures communities and supports innovation and economic development, as well as playing a part in urban regeneration and renewal.

The *Cultural Infrastructure Strategy* reinforces the value and contribution of the creative and cultural sector to NSW. It responds to a need for clear direction in cultural infrastructure investment, improved communication of NSW Government objectives and policy, better co-ordinated planning and interaction between all levels of government and the private sector, and greater collaboration between all cultural stakeholders to achieve the best outcomes for NSW. The Strategy establishes an evidence-based 'whole-of-sector' investment framework for cultural infrastructure, sets clear priorities for near term investment, recommends strategic direction for future investment and brings rigour to strategic planning for cultural infrastructure across the State.

The Strategy recognises that NSW's distinctiveness and diversity, along with the depth of our cultural offerings, provide our competitive edge. By adopting a forward-looking agenda that sharpens and sustains this edge, with the flexibility to engage with fast moving changes in cultural production and consumption, the Strategy will ensure that NSW Government investment in cultural infrastructure provides significant public benefit, achieves value for money and is delivered efficiently.

The Strategy aligns with and reinforces the NSW Government's vision, articulated in *Create in NSW*, of transforming NSW into a global creative leader with a focus on achieving excellence, access and strength in the cultural sector.

Cultural infrastructure is vitally important

Cultural infrastructure includes buildings and spaces that accommodate or support the visual arts, crafts, media arts, performing arts, heritage, museum, archives, libraries, publishing, sound recording, film, audio visual, radio and television. It ranges from iconic purpose-built facilities such as the Sydney Opera House through to adapting places and re-using spaces for cultural and artistic expression. It also includes the digital and technological infrastructure that enables online access to collections and performances and widens participation and appreciation for all audiences.

NSW: a creative industries leader

NSW is home to close to 40 per cent of Australia's jobs in creative industries and the majority of Australia's creative industry businesses. NSW contains almost half of all film, television and radio businesses in Australia and nearly 40 per cent of all music and performing arts jobs in Australia. Creative industries directly employ almost 148,000 people in NSW (around 4.7 per cent of total employment in the State) and account for 6.8 per cent of NSW's total services exports, worth around \$1.38 billion.

Cultural infrastructure delivers many benefits:

- It makes a vital economic contribution by creating jobs, generating exports and driving innovation in the wider economy. Our major cultural institutions make a substantial contribution to NSW's asset base, with collections and property worth approximately \$8.2 billion
- It plays an increasingly important role in attracting visitors to Sydney and NSW, with cultural and heritage visitors more likely to stay longer and have a higher average spend than other visitors
- It helps to define Sydney as a distinctive and appealing global city with a vibrant urban culture, where people want to live, work and invest
- It supports urban renewal and regional economic development, with new cultural projects proving highly successful in leading the revitalisation, regeneration and rebranding of old industrial areas and regional cities and towns
- It is a public good that benefits all, activating communities and neighbourhoods, improving health outcomes and providing opportunities for learning and self-development.

Ensuring that the benefits of investment in cultural infrastructure are identified, realised, assessed and monitored is a core element of the *Cultural Infrastructure Strategy*.

New trends are changing how we experience arts and culture

Around the world, new trends are emerging in cultural production and presentation, leading to dynamic and dramatic changes in the way we access and experience arts, culture, creativity and technology.

Today, audiences have access to a range of immersive and diverse cultural experiences via technology in their homes and on mobile devices. To remain competitive, cultural institutions must offer experiences that are compelling, authentic and unique to their venues. The next generation of performing and visual arts spaces needs to reflect rapidly evolving creative practices and changing audience expectations.

Digital technology is a major force for change in the creative industries. It provides opportunities for arts and cultural organisations to better understand and expand audiences, provide services at lower cost and make cultural experiences more accessible to more people, wherever they are and on their own terms. Technology also provides a means for artists to build international collaborations, engage in multidisciplinary projects, create innovative art works and experiences, and reach a larger audience.

The resurgence of crafts and production in the Maker Movement, along with the emergence of online platforms that connect artists and consumers globally, means that cultural infrastructure investment must not be confined to traditional museums and performance venues, but have regard to processes, spaces and devices that integrate new technology and new methods of creating and accessing art.

Increasingly, cultural precincts are playing a central role in delivering quality urban renewal, transforming neighbourhoods and supporting regional development. Across the globe, the strategic use of cultural infrastructure is helping to distinguish and revitalise cities, towns and neighbourhoods; create lively civic spaces and attract capital and visitors.

We face challenges in embracing and staying ahead of fast moving trends

Keeping up with and leveraging these trends into economic and social benefits requires us to re-think our approach to investing in cultural infrastructure and overcoming some key challenges. Infrastructure NSW has identified the need to:

- Adopt a better co-ordinated and more strategic approach to prioritising, planning and delivering cultural infrastructure - moving away from the current fragmented and uncoordinated approach that has led to *ad hoc* investment decisions and a lack of focus on shared objectives
- Deliver substantive new investment in arts and cultural infrastructure, facilities and precincts – recognising that NSW’s investment in arts and culture up to now, has resulted in the State’s cultural facilities falling behind their competitors elsewhere
- Develop and support new facilities and venues to keep up with the growing and changing demand for arts and cultural experiences across NSW, including flexible spaces that can accommodate diverse activities, delivered in partnership with councils and the private sector

- Pursue a precinct-based approach to investment priorities as being central to successful cultural infrastructure investment and development – while fledgling arts and cultural precincts have been identified in Sydney and regional NSW, they need to be supported with better decision-making and new investment to ensure they can meet the needs of growing and changing communities
- Explore new sources of investment in cultural infrastructure and ensure that investment delivers value for money.

We need to renew and reinvigorate our cultural assets

The NSW Government has started the process of revitalising the State’s cultural infrastructure, but significant investment is still needed to fix ageing cultural infrastructure and, in particular, renew NSW’s vital State Cultural Institutions. At the same time, new cultural infrastructure is needed to build NSW’s strengths, improve the State’s ability to host cultural and visitor events, and enhance Sydney’s status as a world city.

To date, the NSW Government has set aside \$600 million from the proceeds of the long-term lease of 49 per cent of the State’s electricity transmission and distribution network (the ‘poles and wires’ transaction) to support investment in cultural infrastructure. This program includes investment in the Sydney Opera House Stage 1 Renewal and the refurbishment of the Walsh Bay Arts Precinct. In addition, the Government has committed to the relocation of the Powerhouse Museum to Parramatta.

In addition to this investment, Infrastructure NSW has identified critical gaps where demand and needs are not being met, where emerging opportunities are not being taken up and where Sydney and NSW are in danger of falling behind other places.

Infrastructure NSW has identified the need to:

- **Keep pace: asset renewal and technological improvements**

A backlog of asset renewal and maintenance means that the flagship State Cultural Institutions – the Sydney Opera House, Art Gallery of NSW, Australian Museum, Museum of Applied Arts and Sciences and the State Library of NSW, as well as organisations such as Sydney Living Museums and regional galleries and museums are struggling to maintain the functionality of their buildings, sustain high quality visitor experiences and manage their collections at the appropriate standards. There is an urgent need to address these requirements for renewal and ensure these institutions keep pace with fast-moving trends and technological developments, and that NSW’s important cultural collections are maintained and preserved.

- **Achieve excellence: modernise and upgrade State Cultural Institutions**

As a high priority, significant infrastructure renewal of the State Cultural Institutions is required (in addition to the backlog maintenance needs) to meet contemporary performance standards and public expectations. This investment has flow-on effects for the rest of NSW, enabling these Institutions to expand their reach and partnerships and, in particular through digitisation, enable greater access to collections and performances for everyone. New investment is also essential to maintaining the status and quality of facilities and collections as other Australian and international institutions increase their capacity and renew their infrastructure.

- **Leverage opportunities: build NSW's competitive strengths**

New investment is needed to address specific operational gaps and position NSW to take up emerging opportunities that will build the State's competitive strengths and maintain Sydney's edge in hosting sought-after cultural events, performances and experiences.

Building our competitive strengths

Specific opportunities to enhance NSW's competitive edge include:

- Embedding arts and cultural infrastructure within urban renewal projects and core infrastructure delivery (including transport and health infrastructure)
- A well-designed cultural precinct in Sydney CBD that includes physical and virtual links, multilingual physical and digital infrastructure, and shared ticketing, scheduling and calendars
- A new 1,600 - 2,000 seat lyric theatre to improve the State's capacity to accommodate long-run touring musicals and other live performances
- A large, flexible, state-of-the-art exhibition space to host blockbuster exhibitions
- Creation of a cultural precinct in Parramatta based around the Museum of Applied Arts and Sciences and the public domain along the riverbank with renewal of the Riverside Theatre in Parramatta as a premier performance and theatre venue in Western Sydney
- Increasing opportunities for regional cultural tourism
- Investment in flexible, multidisciplinary spaces in existing cultural precincts across the State
- More rehearsal and studio facilities in both performing and visual arts
- A new, flagship Indigenous Cultural Centre that places Sydney at the forefront of recognising, supporting and celebrating Aboriginal Australians and Torres Strait Islanders
- A functional ballet and opera theatre to enable Sydney to host major cultural and visitor events
- A collaborative initiative between the State's Collecting Institutions, to be located in the Sydney CBD cultural precinct, to tell the story of Sydney
- Additional screen production facilities to support NSW's ambition to remain the leading Australian state for screen production.

Describing our institutions

State Cultural Institutions

These encompass the Art Gallery of NSW, State Library of NSW, the Australian Museum, the Museum of Applied Arts and Sciences and the Opera House. These institutions are governed by Boards of Trustees appointed by the NSW Government. The CEO and staff of the institutions are NSW Government employees. Together with Arts NSW, the institutions are part of the arts and culture cluster within the Department of Justice. The State Cultural Institutions and Arts NSW report to the Minister for the Arts.

MCA and other significant organisations

The Museum of Contemporary Art Australia (MCA) is an important cultural entity and is funded by Arts NSW. However, it is not formally described as a State Cultural Institution as it is not a NSW government entity and does not manage a NSW State collection.

Also excluded from the term State Cultural Institution are the following NSW Government entities that have significant cultural impact but sit outside the arts and cultural cluster:

- Sydney Living Museums

- State Records Authority
- The Royal Botanic Garden
- Western Sydney Parklands (including Parramatta Park).

Collecting Institutions

This is a sub-category of State Cultural Institutions; it encompasses the Art Gallery of NSW, State Library of NSW, the Australian Museum and the Museum of Applied Arts and Sciences. The MCA is not included within this group for the reasons described above. It is noted that the State Records Authority is an important collecting body as it holds archival records valued at \$1 billion.

Arts and cultural organisations

Covers the breadth of arts and cultural organisations across the State. Arts NSW directly funds (in partnership with local Government and/or the Australia Council) the cultural programs of over 250 organisations across the State. This includes Carriageworks, Sydney Theatre Company, Australian Chamber Orchestra, Sydney Symphony Orchestra, Sydney Festival, Sydney Writers' Festival, Biennale of Sydney, National Theatre of Parramatta and Western Plains Cultural Centre.

A new Cultural Infrastructure Investment Framework

Over the next 10 to 20 years, there will be opportunities and pressures to significantly increase the quality and amount of investment in NSW's cultural infrastructure. This increased investment must be supported by better planning across the arts and cultural sector, greater fiscal discipline and a much stronger emphasis on providing significant public benefit and achieving value for money.

Cultural infrastructure investment in NSW has historically suffered from the lack of an agreed strategic, economic and planning framework and from limited demand analysis. This has impeded whole-of-sector planning and the setting of priorities for capital investment, both in government and the private sector. Support for local government or non-government projects has usually been provided as grant funding, with little reference to any overall sectoral strategy and without detailed business cases. In such an environment, decisions have not always been informed by a robust logic related to the public good.

The *Cultural Infrastructure Strategy* signals a **major shift in approach**, with Infrastructure NSW proposing the future deployment of capital funds in accordance with a strategic whole-of-sector Cultural Infrastructure Investment Framework. This will ensure that potential projects are assessed against agreed objectives and criteria and are required to provide a rigorous demonstration of the benefits they seek to deliver. Adopting the Framework will also enable the NSW Government to better plan its investment in creative and cultural projects, while achieving value for money and maximum economic and social benefits from its investment.

Cultural Infrastructure Investment Framework

| Objectives | Criteria |
|---------------------------------------|--|
| Global competitiveness | <ul style="list-style-type: none"> • Directly address the identified market gaps in the State's cultural offering as identified by national and international benchmarking • Increase international and interstate visitation and visitor spending in NSW • Provide an experience that distinctly reflects NSW's culture and history, including that of its Indigenous community • Improve NSW's attractiveness as a place to live, work and do business. |
| Productivity | <ul style="list-style-type: none"> • Sustain jobs and generate additional jobs and industries in the creative and broader economies • Foster economically productive innovation and skills development, including digital capacity and education • Enhance productivity, financial sustainability and cultural vitality of the creative sector by facilitating co-operation and collaboration between cultural institutions across the State. |
| Sustainability | <ul style="list-style-type: none"> • Include demonstrated access to funding sources beyond Treasury • Improve the long term financial and operational viability of the arts organisation or institution • Address identifiable backlogs in maintenance and other deficiencies in existing infrastructure. |
| Equity | <ul style="list-style-type: none"> • Promote increased participation in creative and cultural activities, including for young people • Foster equitable opportunities for the whole NSW community to enjoy and benefit from cultural experiences as artists and audiences. |
| Urban and regional development | <ul style="list-style-type: none"> • Support the Government's land use and urban renewal strategies in Greater Sydney and regional NSW by contributing to the creation of lively and prosperous centres for cultural and economic activity • Support the development of high functioning, productive arts clusters by adopting excellence in design and fostering the development of attractive cultural precincts • Ensure design excellence is considered as part of the project development and procurement processes. |

All projects should be subject to independently assured business cases to provide confidence that they will deliver infrastructure that is fit for purpose and able to generate sustainable and identifiable economic, social and cultural benefits. Infrastructure NSW has identified specific data sets for incorporation within all cultural infrastructure business cases to support a rigorous, evidence-based assessment of the potential project against the framework's investment objectives.

Infrastructure NSW has also developed draft guidelines (agreed with the NSW Treasury) to ensure the cost-effective economic appraisal of cultural infrastructure.

Implementing the Strategy

Facilitating investment

In the *State Infrastructure Strategy Update 2014*, Infrastructure NSW estimated that at least \$2 billion is required to bring Sydney's cultural infrastructure up to nationally and internationally competitive standards. Substantial investment is also required in regional NSW and Western Sydney to meet demand and deliver equitable access.

This Strategy affirms that investment of between \$1.5 billion and \$2 billion over the next 20 years will be required. Our funding recommendations are set out in Appendix D.

Constraints on public expenditure mean that leveraging NSW Government resources to attract further capital funding is essential for the long-term growth and sustainability of the NSW cultural sector. With earned income, private philanthropy and sponsorship becoming increasingly significant in the operating models of successful cultural organisations, achieving ‘value for money’ is critical in delivering cultural infrastructure projects.

In line with international practice, Infrastructure NSW recommends that all major cultural infrastructure projects be required to demonstrate that the State’s capital contribution is supported by funding from other sources. Potential sources of complementary funding are philanthropy, sponsorship and public-private partnerships.

Timing and funding pipeline

The recommendations contained in this Strategy amount to a substantial pipeline of investment funding over the next 10 years. Many of the projects require development funding or need to proceed through final business cases before they are investment-ready.

Broad timeframes and cost/funding implications have been identified for each of the recommended projects and actions. Infrastructure NSW has also identified where development funding is required to deliver the project, where funding reservations should be made and where further investigation is required (through the preparation of business cases, feasibility studies or other studies).

Infrastructure NSW recognises that final decisions on its recommendations rest with the Government, and that the timing of proposed investments will depend on their affordability and availability of funding.

Governance

The implementation of the *Cultural Infrastructure Strategy* will be subject to the Infrastructure NSW Investor Assurance process and monitoring by Infrastructure NSW. All proposals for investment must be endorsed by Arts NSW prior to their review by Infrastructure NSW. Any projects approved for investment by the NSW Government will be subject to the oversight arrangements that apply across all government infrastructure projects.

Given the significant additional strategic work and investment in capital arising from the Strategy, Infrastructure NSW recommends:

- Reforming the current reporting and accountability structures for the arts and cultural cluster, including additional recurrent resourcing, to ensure that it has the capability to implement and update the recommendations in this Strategy
- Development of a comprehensive cultural strategy focused on collections, acquisitions and funding
- Establishing a high level strategic advisory group with representation drawn from State, local government, relevant private sector expertise and the cultural sector.

Investment priorities

Infrastructure NSW has applied the new Cultural Infrastructure Investment Framework to identify a pipeline of priority cultural infrastructure projects for investment. Key recommended priority projects and actions are listed following. Further details about these projects are provided in Section 8.

| Sydney | | |
|---|--|--|
| <p>Sydney is positioned to be a distinctive global city with contemporary cultural infrastructure supporting its creative industries, the visitor economy, a highly attractive quality of life and inclusive and diverse communities</p> | <p>Asset renewal, digitisation and collections management</p> | <ul style="list-style-type: none"> As a high priority, the NSW Government must ensure that the State Cultural Institutions are in good repair and fit for contemporary purposes. <ul style="list-style-type: none"> Expenditure over the short to medium term of about \$40 million per annum is required for maintenance and renewal work and to meet the essential service needs of the Art Gallery of NSW, State Library of NSW, Australian Museum, Museum of Applied Arts and Sciences, Sydney Living Museums and Arts NSW properties Investment in the Sydney Opera House of \$50 million is needed for sea wall repairs and security. Investment will also be needed to repair the outside shell and glass in the medium term A digitisation program for about \$10 million per annum over the short to medium term, to be administered by Arts NSW, should be established for collecting institutions, including the Museum of Contemporary Art Australia. Priority should be given to the critical needs of the Australian Museum, Museum of Contemporary Art, Australia and then the State Library and archives held by the State Records Authority Collection management needs should be reviewed as part of long term storage requirements. |
| | <p>CBD cultural precinct</p> | <ul style="list-style-type: none"> A connected CBD cultural precinct will bolster the State's creative and visitor economies, potentially creating substantial spill-over effects into the broader economy. The City of Sydney and Arts NSW should lead the development of a program to define and establish a Sydney CBD cultural precinct, with initial funding of \$10 million allocated over five years to secure immediate improvements (conditional on significant co-contributions from the City of Sydney) The State Library should canvass options, in collaboration with the other Cultural Institutions, to tell the story of Sydney and the colonisation of Australia. |
| | <p>Urban creative precincts</p> | <ul style="list-style-type: none"> Action should be taken to progress the development of Carriageworks at Eveleigh and the Walsh Bay Arts Precinct, including the preparation of a strategic business case for the Stage 2 development of Carriageworks and incorporating the Sydney Theatre Company's upgraded facilities into the Walsh Bay Arts Precinct. |
| | <p>Sydney Modern</p> | <ul style="list-style-type: none"> With the lack of a large-scale gallery exhibition space in Sydney having a major impact on the city's ability to attract blockbuster exhibitions, progressing the Art Gallery of NSW's Sydney Modern, is a high priority. Continued development funding of \$20 million should be made available for the Sydney Modern project, along with the reservation of a NSW Government contribution of up to \$200 million (on the basis of co-investment with the private sector). The Art Gallery of NSW should proceed to finalise plans for the first stage of Sydney Modern. |
| | <p>A new lyric theatre</p> | <ul style="list-style-type: none"> With evidence showing that Melbourne is securing most of the touring first-run musicals, the addition of a lyric theatre to accommodate long-run musicals would add to Sydney's cultural offering. Arts NSW should undertake a feasibility study of potential sites in the Sydney CBD for a lyric theatre for development by the private sector. |
| | <p>Indigenous Cultural Centre</p> | <ul style="list-style-type: none"> The development of a new internationally recognised institution dedicated to Indigenous culture will be a city-changing initiative, a significant place for Aboriginal and Torres Strait Islanders, and a major contributor to Sydney's cultural and visitor landscape. Arts NSW, in consultation with Indigenous leaders, the Barangaroo Delivery Authority and other relevant government agencies, should lead the development of a strategic business case for the Indigenous Cultural Centre, investigating sites around Sydney Harbour, including Barangaroo. The Commonwealth Government should be invited to be a partner in this work. |
| | <p>Renewal and modernisation</p> | <ul style="list-style-type: none"> Renewal and redevelopment of the State Cultural Institutions should continue, including the staged renewal of the Sydney Opera House, the redevelopment of the Australian Museum, with a focus on improving its exhibition spaces and visitor experience, and the refurbishment of the State Library of NSW linked with proposals to upgrade the Macquarie Street East Precinct. |

| Western Sydney | | |
|--|--|--|
| <p>Parramatta will be renowned for its world class Museum of Applied Arts and Sciences and vibrant cultural precinct, and Western Sydney arts and cultural centres are developed to create a strong cultural offering that contributes to urban amenity</p> | <p>Parramatta cultural precinct</p> | <ul style="list-style-type: none"> The NSW Government has committed to the relocation of the Powerhouse Museum to the banks of the Parramatta River, as the anchor for a broader cultural precinct. The relocation presents an opportunity to develop a vibrant creative and cultural precinct in Western Sydney. Arts NSW, in consultation with Parramatta City Council, should prepare a master plan for a cultural precinct based around the Museum of Applied Arts and Sciences, Riverside Theatre and public domain along the riverbank. |
| | <p>State Library of NSW storage facility and reading room</p> | <ul style="list-style-type: none"> The State Library’s proposal to develop an off-site storage facility, reading room and potential exhibition space in Western Sydney will improve the Library’s accessibility and preservation services, as well as extending its footprint into the city’s west. Investment in the State Library’s Western Sydney storage facility should be considered a priority, followed by the proposed Western Sydney reading room and possible exhibition space (subject to a final business case). The Library should investigate the possibility of co-locating the facility with a university or the State Records Authority reading room in Kingswood. |
| | <p>Western Sydney cultural infrastructure partnership program</p> | <ul style="list-style-type: none"> A program of co-investment in cultural facilities in Western Sydney would increase opportunities for local participation in arts and cultural activities, and contribute to surrounding urban amenity and liveability. Infrastructure NSW recommends the reservation of funds for the establishment of a Western Sydney Cultural Infrastructure Program. All approved projects will require a significant co-contribution from the proponent. All projects should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. |
| | <p>Western Sydney Centre of Contemporary Arts</p> | <ul style="list-style-type: none"> Arts NSW should undertake a feasibility study on the establishment a Western Sydney Centre of Contemporary Arts to meet the need for flexible, multi-disciplinary spaces and rehearsal and studio facilities in Western Sydney. |
| | <p>Film infrastructure</p> | <ul style="list-style-type: none"> While the development of Potts Hill as a film studio site with a large green tank has merit, a broader examination of the available studio and production facilities in Greater Sydney is required before investment decisions are taken. Screen NSW and Arts NSW should undertake further demand and market analysis of studio space and options in Sydney for private sector development. |
| Regional NSW | | |
| <p>Investment in arts and cultural facilities in regional NSW drive dynamic and renewed town centres, with facilities and programs that attract visitors and give regional artists more opportunities</p> | <p>Newcastle and Wollongong</p> | <ul style="list-style-type: none"> Renewal of existing cultural facilities in Newcastle and Wollongong has the potential to create cultural precincts or hubs for activity and investment, with opportunities to support productivity and urban amenity. The development of cultural infrastructure in these cities is a priority, with investment priorities focused on the cultural precinct around the Art Gallery in Newcastle and the cultural precinct around the Town Hall and Performing Arts Centre in Wollongong. |
| | <p>Regional cultural infrastructure partnership program</p> | <ul style="list-style-type: none"> A number of regional centres in NSW provide significant support to arts and cultural activities that benefit local economies. While many cultural infrastructure projects are already being developed and delivered across NSW; Infrastructure NSW recommends that NSW Government investment focus on major centres and local councils with substantial track records of investment in and strategic support for the arts. Funds should be reserved for the establishment of a Regional Cultural Infrastructure Program. All approved projects will require a significant co-contribution from the proponent. All projects should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. |

| State-wide | | |
|---|---|---|
| <p>NSW Government investment will support a cultural offering that is distinctive to NSW and Australia, achieves excellence, access and strength in the cultural sector and maximises economic and social benefits</p> | <p>State-wide leveraging opportunities</p> | <ul style="list-style-type: none"> • International trends point to commercial value of embedding arts and cultural infrastructure in transport infrastructure and residential and commercial developments. There are significant opportunities across NSW to negotiate cultural infrastructure outcomes that deliver improved value for both the developer and for the community. Arts NSW should convene a regular working group with major agencies with significant infrastructure plans - including UrbanGrowth NSW, Government Property NSW and Transport for NSW – to identify appropriate opportunities to embed, enable and support arts and cultural facilities in their developments • Arts NSW should also work more closely with the development sector to encourage the priorities in this Strategy to be considered in urban development decision-making. Opportunities for local communities to adaptively re-use heritage and other buildings for arts and cultural uses should be explored. |

What we don't review

This Strategy focuses on arts and cultural infrastructure and does not examine the needs of educational facilities or significant green spaces such as the Sydney Royal Botanic Garden or Western Sydney Parklands, including Parramatta Park.

Infrastructure NSW recognises that these institutions are part of a vibrant arts and cultural landscape and supports further work to ensure that their assets are fit for contemporary purpose.

National educational training institutions and universities

There are a number of important arts educational institutions in NSW. These organisations are critical to developing our artists and arts workers, and where they have substantial facilities, can be institutional anchors for lively creative precincts.

The national training institutions are: National Institute of Aboriginal and Islander Dance Academy on the Central Coast, the National Institute of Dramatic Arts and the Australian Film, Television and Radio School.

Universities are also critical arts education providers. This includes the University of Sydney's College of the Arts at Callan Park and the University of NSW's creative arts faculty: UNSW Art & Design in Paddington. The National Art School at Darlinghurst is another provider of higher education arts study. Formerly a TAFE, it is now a company independent provider with company structure with two shareholders: the NSW Minister for the Arts and NSW Minister for Education.

A number of universities across NSW offer music training, including Sydney University through the Sydney Conservatorium. NSW also has a network of regional conservatoriums. The original objective of this group was to provide quality music education opportunities for music students outside Sydney. The network now provides extensive music education services that encompass specialist instrumental/vocal training and curriculum and classroom support in music for both government and non-government schools. The network receives support through the NSW Department of Education.

Outcomes and aspirations

Culture and place are intertwined. The *Cultural Infrastructure Strategy* has been developed within a wider context of place and focuses on delivering specific cultural outcomes for Sydney, Western Sydney and regional NSW – as well as more broadly across the State.

Any evaluation of a project under the Cultural Infrastructure Investment Framework will require an examination of demographic trends and economic development priorities in these places, along with an assessment of their existing and potential creative and cultural strengths.

By adopting this approach, the Strategy seeks to support the cultural aspirations of cities, towns and communities across NSW and help them to define a vision for the future that is anchored by their unique strengths, attributes and values.

The outcomes sought by the Strategy are set out below. Importantly, in achieving these outcomes, the Strategy aims not only to enhance cultural vitality, diversity and excellence in these places; but also to provide cultural infrastructure that is a source of lasting economic and social value to these locations and to NSW.

Sydney

Sydney is positioned to be a distinctive global city with contemporary cultural infrastructure supporting its creative industries, the visitor economy, a highly attractive quality of life and inclusive and diverse communities.

- The Sydney Opera House and NSW Collecting Institutions are pre-eminent cultural institutions and drivers of the visitor economy
- Sydney CBD is a vibrant, activated cultural, retail and commercial precinct offering a distinctive connected visitor experience
- Attractive, animated, shared civic spaces and places connect existing CBD cultural institutions, telling the story of Sydney and promoting a distinctive character and a related sense of place
- The Indigenous Cultural Centre is a significant place for Aboriginal and Torres Strait Islanders, is internationally recognised, and contributes to Sydney's cultural and visitor landscape. It supports growth of Aboriginal and Torres Strait Islander creative businesses and employment, promotes a greater access to Indigenous art and culture and the sharing of Indigenous collections
- Walsh Bay and Barangaroo form a thriving arts precinct, anchored by the Walsh Bay performing arts precinct and extending through to the design and technology space at Barangaroo
- A new Lyric theatre has been established in a central arts or entertainment district.

Western Sydney

Parramatta will be renowned for its world class Museum of Applied Arts and Sciences and vibrant cultural precinct, and Western Sydney arts and cultural centres will be developed to create a strong cultural offering that contributes to urban amenity.

- Parramatta's world class Museum of Applied Arts and Sciences and associated cultural precinct, links civic spaces and fosters multi-use, informal spaces to create a vibrant sense of community and place
- The Riverside Theatre is renewed, as part of a successful partnership with the Parramatta City Council, as a premier performance theatre venue for Western Sydney for major concert performances, theatre and short run touring productions
- Western Sydney arts and cultural centres are equipped to meet the projected growth in demand and provide increased opportunities for local participation in the arts, create a strong cultural offering, contribute to the surrounding urban amenity and enable Western Sydney artists to be known nationally and internationally
- Large flexible, dynamic spaces are created and maintained for cultural production and presentation such as 'maker-spaces' for contemporary artists and musicians and venues for collaborative and satellite exhibitions and international travelling blockbuster exhibitions.

Regional NSW

Investment in arts and cultural facilities in regional NSW drive dynamic and renewed town centres, with facilities and programs that attract local residents and visitors and give regional artists more opportunities.

- Local cultural centres, often based around libraries and town halls, become a focus for creative industries and lead outreach and collaborations across the region
- Partnerships with Sydney-based organisations support regional tourism, provide local access for residents and enable artists to live regionally
- Collaborations with State Cultural Institutions ensures that more of the State's collections are exhibited in regional facilities.

Across the State

NSW Government investment will support a cultural offering that is distinctive to NSW and Australia, achieves excellence, access and strength in the cultural sector and maximises economic and social benefits.

- Opportunities for attendance and participation at cultural events and venues are increased through physical, personal and virtual relationships
- NSW Government investment is targeted across the sector in accordance with a cultural infrastructure investment strategy that is periodically updated and refreshed
- Investment decisions stem from a strategic perspective that builds on other strategies such as tourism, urban renewal, transport and economic development
- Arts and cultural experiences are embedded in daily life through legible precincts, vibrant streetscapes, community facilities and transport links that nurture individuals and local communities, ensuring NSW is an attractive, connected, liveable place
- The scale and diversity of cultural experiences and opportunities respond to changing work and living patterns
- Arts and cultural facilities support the trend to greater informality, more deeply integrated technology and greater intimacy of experiences
- Cultural infrastructure is recognised as a catalyst for urban renewal and regional economic development
- The benefits of maintaining and modernising key facilities are recognised and reflected in sustainable long-term funding arrangements.

1. Importance of cultural infrastructure

1.1 What is cultural infrastructure?

Culture defines who we are - it embraces our history, behaviour, values, attitude to the world and the way we think, learn, feel and communicate.

NSW has internationally-renowned cultural and creative assets: a vibrant cultural economy, a strong education system, dynamic creative enterprises, a growing and culturally diverse community, a rich Indigenous culture, high levels of personal adoption of technology, strong existing cultural institutions and a wealth of artists and creative talents.

Cultural infrastructure includes permanent buildings and spaces that accommodate or support one or more of the cultural disciplines of visual arts, crafts, media arts, performing arts, heritage, museum, archives, libraries, publishing, sound recording, film, audio visual, radio and television. It ranges from iconic purpose-built facilities such as the Sydney Opera House through to adaptive uses of built and natural places and spaces for cultural and artistic expression.

In this Strategy, cultural infrastructure includes the digital and technological capacity that enables online access and cultural appreciation and production.

A large and growing body of government and scholarly research shows that diverse and wide-ranging benefits accrue to communities and cities that foster strong creative industries and a vibrant cultural sector.¹

1.2 Economic contribution

1.2.1 NSW cultural institutions

The Sydney Opera House, Art Gallery of NSW, Australian Museum, Museum of Applied Arts and Sciences and the State Library of NSW (collectively called the State Cultural Institutions) manage significant cultural heritage and collections and provide a unique and irreplaceable archive of history and contemporary culture. Together, they comprise assets worth approximately \$8.2 billion, primarily located in Sydney CBD, of which \$2.9 billion is in property and \$5.3 billion is in collections.² They make a significant contribution to NSW's asset base and underpin substantial tourism visitation.

Collectively, the State Cultural Institutions attract 25 million visitors each year (including on-line visits), making a substantial contribution to Sydney's economy.³ They provide collaborative partnerships and outreach programs across the State and access across NSW to the State's collections through loans, travelling exhibitions and digital content. They promote artistic excellence and support artistic development. The collections offer depth and diversity in the visual arts, design, technology, literature, natural sciences, culture and history. They also provide significant educational opportunities for young people.

In addition, other significant cultural organisations located in NSW Government-owned buildings such as the Museum of Contemporary Art Australia, Carriageworks, the National Art School and the Sydney Theatre Company contribute significantly to the State's

cultural and visitor economy. In 2015, for instance, the Museum of Contemporary Art Australia attracted more than one million visitors to its home at Circular Quay.

The importance of arts and culture is reflected in the inclusion of cultural attendance as one of the 30 key priorities for the State as set out in the *Premier's Priorities: Making it Happen, 2016*.

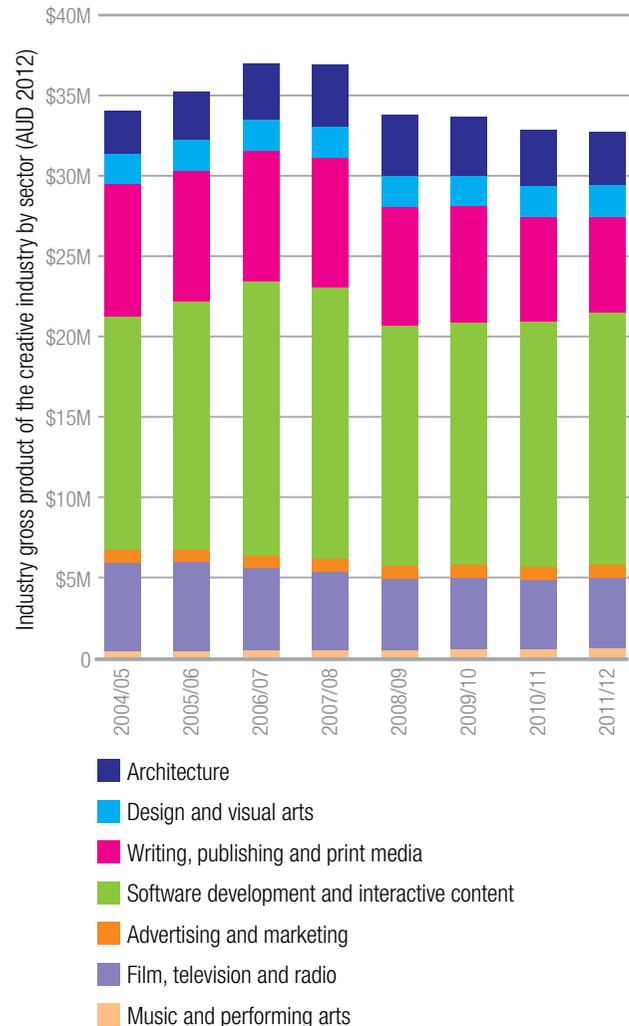
1.2.2 Creative industries sector

The creative sector in Australia⁴ contributes around \$90.2 billion to the national economy annually in turnover. It adds almost \$45.9 billion to gross domestic product (GDP) and helps generate exports of \$3.2 billion dollars annually.⁵

NSW is the home to close to 40 per cent of Australia's jobs in creative industries and the majority of Australia's creative industry businesses.⁶ The State contains almost half (47.5 per cent) of all film, television and radio businesses in Australia and 39.8 per cent of all music and performing arts jobs in Australia.⁷

Creative industries directly employ almost 148,000 people in NSW - around 4.7 per cent of total employment in the State and they also account for 6.8 per cent of NSW's total services exports, worth around \$1.38 billion.⁸ The industry gross product of the Australian creative industries sector is shown in the graph following. Based on IBIS World estimates, the industry value-add of creative industries was approximately \$32.6 million in 2012/2012 - this has been a relatively steady trend since 2008.

Figure 1.1 Industry gross product: Australian creative industries sector (\$million)⁹



Creative facilities and industries contribute to innovation in the wider economy. Creative production, education and showcasing of art and creative practices provide fertile ground for thinking differently, producing a more innovative workforce. The relationship between publicly funded arts and culture and commercial/creative industries is an ‘ecology’ comprising the free flow of talent, content, ideas and finance. The precincts developing around Carriageworks in Sydney’s Redfern/Eveleigh area and around UTS in Central Sydney are good examples and provide the rationale behind the mixed use redevelopment planned for the Bays Precinct, including plans for White Bay Power Station as an innovation, technology, education and cultural precinct. The City of Sydney is also facilitating an innovation and commercial creative enterprise hub as part of the new developments in George Street in the CBD.

1.3 Visitor economy

Strong evidence is emerging as to the importance of culture to the economies of world cities, particularly for tourism and the visitor economy¹⁰.

In addition to local tourism to Sydney, around 3.2 million international tourists visit Sydney every year. This makes Sydney the most visited city in Australia, ahead of Melbourne with 2.1 million annual international tourists, and puts it on par with San Francisco and Vancouver.¹¹

In NSW more generally, 2015 recorded 11 million international and domestic cultural and heritage visitors - an increase of 8.1 per cent on 2014. There has been significant growth in visitor expenditure, with international cultural and heritage visitors spending an estimated \$6.1 billion in NSW in 2015 - up 23.1 per cent on 2014.¹²

NSW is enjoying a dramatic increase in tourism, primarily from East Asia. In 2015, mainland China was the largest individual source of international cultural and heritage visitors to NSW followed by the USA and the UK¹³. In January 2016, Chinese visitation was 25 per cent higher than the previous year, alongside 15 per cent growth in Indian travellers and almost 12 per cent growth from South Korea.¹⁴

Cultural and heritage visitors are typically younger than other categories of tourists. They are more likely to stay longer and have a higher average spend than non-cultural visitors¹⁵. In 2014, cultural and heritage visitors spent almost twice as much as other international visitors - \$6,280 per trip compared to \$3,832 per trip.¹⁶

This Strategy considers how to position existing institutions and develop new facilities to enable the Sydney CBD, Greater Sydney and regional NSW to support and benefit from the significant growth in the visitor economy and in particular, visitors from India and China.

1.4 A distinctive global city

Sydney is recognised as a global city; an active and distinctive cultural life is integral to NSW's brand and ambitions.

In 2012, the City of London published *Cultural Metropolis*, the Mayor's cultural strategy for London. The Strategy was informed by the *World Cities Culture Report, 2012*, which benchmarked London against 12 other world cities and provided an evidence base for the cultural strategy recommended by the City in *Cultural Metropolis*. The *World Cities Culture Report* clearly showed that a distinctive London culture was as important to the economic success of the City as were finance and trade.

In global cities, both culture and its infrastructure:

- Create a distinctive appeal, particularly to more highly skilled and educated workers and the businesses that seek to employ them. In the globalised knowledge economy, having a well-educated workforce is the key to success and such workers demand stimulating, creative environments
- Are at the heart of public policy and central to delivering the priorities of urban governments and economic strategies
- Contribute a richness and vibrancy to city culture that becomes a source of economic value.

The long term positive economic impact derived from a diverse and vibrant cultural environment is a key driver in this Strategy, as is the potential to support a distinctive brand for Sydney.

1.5 Urban and regional development

Policy-makers across the world have embraced culture and cultural infrastructure as having a central role to play in delivering urban renewal and regional economic development.

The deployment of cultural infrastructure internationally has been one of the extraordinary and largely unpredicted phenomena of late-twentieth and early-twenty-first century urban policy. For example, Britain's cultural infrastructure has been renewed and revitalised through the National Lottery; France's through a series of *grands projects* from the 1970s onwards; and China's strategy of building new museums and performing arts centres to revitalise and rebrand old industrial cities is well documented, with the best known project being the West Kowloon Cultural District.

Behind the large-scale projects of Singapore's Esplanade or London's Tate Modern and Bilbao's Guggenheim, there are thousands of more modest projects that are valued for social, economic and cultural impact - helping to define and give character to urban areas.

In an Australian context, *Renew Newcastle*, alongside broader economic development and infrastructure renewal, has supported the regeneration of Newcastle city by encouraging start-ups and pop-up places for arts organisations and creative industries in the area.

In Geelong, the renewal of the old wool stores and the creation of a sculpture walk along the foreshore is helping to revitalise an old industrial estate in the heart of the local CBD. In regional NSW, local councils are developing new facilities as part of regional development plans - developing facilities such as the Lismore Quadrangle to promote economic and cultural development.

NSW will continue to experience above average population growth - especially in Western Sydney - and, in the short term, a strengthening employment market, requiring a diversity of jobs and more homes. Cultural infrastructure has an important role to play in helping to support these new urban environments as well as contributing to urban renewal in older parts of our cities and country towns. It can also play a vital part in supporting regional economic development and facilitating liveability in both regional and urban environments.¹⁷

1.6 Social inclusion, diversity and quality of life

Arts and culture are a public good - delivering significant indirect or spill-over benefits. A thriving cultural sector benefits all: it provides a focus for communities, activates neighbourhoods and provides opportunities for learning and self-development.

A recent wide-ranging study by the Arts and Humanities Research Council entitled *Understanding the Value of Arts and Culture: the AHRC Cultural Value Project*, reviewed existing international literature to provide the most comprehensive and up-to-date understanding of the spill-over effects for arts and culture. It reported that:

- Significant cognitive and behaviour gains are achieved from participation in arts education, particularly for young people from disadvantaged backgrounds

- Arts interventions have a positive impact on health outcomes. A 2004 review of over 400 papers¹⁸ established the multiple benefits of the arts for health, and this has been broadly confirmed by subsequent work. The interaction between arts and health is a dynamic field and positive outcomes are attributable across a range of health conditions including Parkinson's disease and dementia
- There is an association between cultural engagement and innovation. For example, a comparative assessment of the innovation performance of EU States and the Eurobarometer's Active Cultural Participation Table for 2007 found a very strong correlation between the two.¹⁹

1.7 Developing the Strategy

The economic and social benefits of cultural infrastructure are clear and well-established. These benefits are recognised and supported by the NSW Government and they have informed the development of the *Cultural Infrastructure Strategy*.

In developing the Strategy, Infrastructure NSW examined national and international trends, the demands and needs of the sector generally, institutional constraints (particularly in relation to the State Cultural Institutions), national and international comparators (to understand any gaps in NSW's cultural offering and to benchmark the State's facilities against an international peer group), historic and current levels of investment, and opportunities to build NSW's competitive strengths.

Infrastructure NSW's analysis demonstrates three key areas of need:

- Keeping cultural institutions up to date and fit for contemporary purpose, including digital resourcing.
- Modernising and upgrading the State Cultural Institutions.
- Building NSW's competitive strengths.

The presentation of the Strategy in this document is outlined below.

| | |
|--|--|
| Developing trends | Describes current trends in customer preferences, cultural production and technology that are driving the demand and need for cultural infrastructure. This section includes learnings from other countries and cities. |
| Keeping pace: asset renewal and technological improvements | Outlines the urgent need for action to ensure that cultural institutions keep pace with fast-moving trends and do not fall behind. This includes investment to bring the NSW State Cultural Institutions up to date and fit for contemporary purpose by addressing current maintenance backlogs and investing in digital access to collections. |
| Achieving excellence: modernise and upgrade State Cultural Institutions | Discusses why further investment is needed in the State Cultural Institutions, beyond addressing immediate maintenance needs, to meet performance standards and the expectations of the people of NSW and visitors to the State. This section provides the reasons behind the Strategy's staged infrastructure renewal of NSW's iconic institutions: the Sydney Opera House, the Art Gallery of NSW, the Australian Museum, the State Library and the relocated Powerhouse Museum. |
| Challenges | Describes the two key challenges that need to be met for NSW to be in a position to take up new cultural opportunities: fragmentation and poor planning, and under-investment in arts and culture. |
| Leveraging opportunities: Build NSW's competitive strengths | Benchmarks Sydney's and NSW's cultural offerings against other places to determine how best to overcome challenges, address operational gaps and leverage opportunities to build Sydney's and NSW's competitive strengths. Opportunities include a Sydney CBD cultural precinct, a new Indigenous Cultural Centre, a new large exhibition space in Sydney and support for arts precincts across the State. |
| Cultural Infrastructure Investment Framework | Defines the new framework that will guide future investment in cultural infrastructure in NSW. This includes economic objectives and criteria for investment, the evidence required to support proposed projects and considerations of place that will apply to the evaluation of projects. |
| Investment priorities | Sets out Infrastructure NSW's recommended investment priorities to address the identified needs and shortcomings in the State's cultural infrastructure. |
| Implementing the Strategy | Explains how the Strategy can be implemented, including the proposed funding pipeline and governance arrangements, and discusses options to facilitate higher levels of investment in cultural infrastructure in NSW. |

Notes

- 1 A recent survey of the research was undertaken by the Arts and Humanities Research Council. Geoffrey Crossick and Patrycja Kaszynaska, *Understanding the Value of Arts and Culture*. The AHRC Culture Value Project, 2016.
- 2 Art Gallery of NSW (2015) *Annual Report*; State Library (2015) *Annual Report*; Museum of Applied Arts and Sciences (2015) *Annual Report*; Australian Museum (2015) *Annual Report*; Sydney Opera House (2015) *Annual Report*.
- 3 Ibid
- 4 Creative industries can be broken down into two distinct segments: Creative services (major creative business-to-business (B2B) activities of industries such as architectural services, software publishing, advertising services, computer system design services, jewellery and silverware manufacturing, and professional photographic services); cultural production (mostly business-to-consumer (B2C) activities of organisations involved in music publishing, movie making, libraries, museum and archives operation, performing and creative arts, and traditional media (publishing and broadcasting).
- 5 SGS Economics and Planning, *Valuing Australia's Creative Industries*, Final Report, Creative Industries Innovation Centre, December 2013 p. 13
- 6 NSW Government, *NSW Creative Industries*, Economic Profile, 2013 p. 16
- 7 SGS Economics and Planning, *Valuing Australia's Creative Industries*, Final Report, Creative Industries Innovation Centre, December 2013 p. 47-48
- 8 NSW Trade and Investment, *NSW Creative Industries Economic Profile*, June 2013 p. 5
- 9 SGS Economics and Planning, *Valuing Australia's Creative Industries*, Final Report, Creative Industries Innovation Centre, December 2013, p 8
- 10 *World Cities Report*, 2012, 2013, 2014, 2015
- 11 AEA Consulting, *Framework for a Cultural Infrastructure Strategy: July 2016*, p 51; Tourism Victoria Survey Results year ending March 2016
- 12 Destination NSW; Cultural and Heritage Tourism to NSW year ending December 2015
- 13 Ibid
- 14 Destination NSW; Overseas Arrivals and Departures, January 2016
- 15 Includes items not directly related to arts and culture such as accommodation, transport and meals. Tourism Victoria, 2010
- 16 Infrastructure NSW, *State Infrastructure Strategy Update 2014*, p 116
- 17 See examples: Case Study 1: City of Vancouver Cultural Facilities Priorities Plan 2008-2023 and Case Study 3: State of Queensland (Department of Premier and Cabinet) Arts and Culture Investment Framework 2015, in AEA Consulting, *Framework for Cultural Infrastructure Strategy*, July 2016, p 59
- 18 R Staricoff, Arts In Health; a review of the medical literature, London, Arts Council England, referenced in AHRC Culture Value Project, 2016, p 101
- 19 Sacco, PL 2013 *Culture 3.0: the impact of culture on social and economic development and how to measure it*. Presentation to Scientific Support For Growth And Jobs: Cultural And Creative Industries Conference, Brussels, October 2013, referenced in AHRC Culture Value Project, 2016, p 94

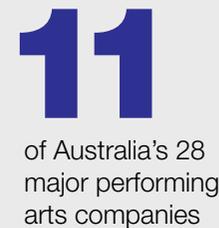
Participation



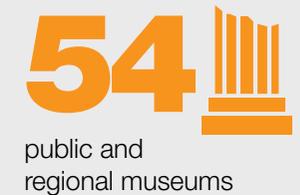
NSW is home to:



Australia's leading music companies:
Australian Brandenburg Orchestra, Australian Chamber Orchestra, Musica Viva Australia, Opera Australia, Sydney Symphony Orchestra



Australia's leading theatre and dance companies:
Bangarra Dance Theatre, Belvoir St Theatre, Bell Shakespeare, Sydney Dance Company, Sydney Theatre Company, Australian Ballet (jointly with Victoria)



Visitation



Sydney Opera House

8.2 million

visitors. 1.4 million attend
1,900 performances



Australian Museum

0.4 million

visitors plus

11.7 million

visits to the website



**Museum of Applied
Arts and Sciences
(Powerhouse)**

0.5 million

visitors



Art Gallery of NSW

1.3 million

visitors including Brett
Whiteley Studio and
10 touring exhibitions



State Library of NSW

0.8 million

visitors plus

3.9 million

on-line visits

Economic Contribution

\$11.2 billion

was spent in 2015 by international and domestic
cultural and heritage visitors

Part A. Keeping a contemporary edge

2. Trends and technology

Around the world, new trends are emerging in cultural production and presentation, leading to dramatic changes in the way we access and experience arts, culture, creativity and technology.¹

2.1 Changes in customer preferences and cultural production

Cultural production and presentation are undergoing a period of dynamic change. Today, audiences have immediate access to a range of immersive and diverse cultural experiences via technology in their homes and on their mobile devices. To remain competitive, cultural institutions must offer experiences that are compelling, authentic and unique to their venues.

The distinction between traditional artistic boundaries is becoming blurred. There is less distinction between visual and performing arts, high and low culture, and the subsidised and commercial sectors. Cross-disciplinary work often incorporates and depends upon new technologies, which increases access to the experience.

In Sydney, Eveleigh's Carriageworks offers large, flexible spaces that can be used by artists working in and across a variety of art forms. The venue attracts artists working in dance, visual arts, music, theatre, film and fashion; encouraging collaboration between artists regardless of the form of their art. The space also provides leisure experiences, such as the Farmers' Market, and is a location where people can meet, shop, eat and choose whether to interact with any of the more formal cultural experiences.

Designing flexible spaces that are responsive to rapidly changing practices will be critical for the long-term success of cultural production and presentation. For example, since 2012 Handa Opera on Sydney Harbour has attracted more than 11,300 overseas and interstate visitors, contributing \$20 million to the NSW economy. Madam Butterfly attracted a crowd of 40,000 in 2013. This event is outdoors, informal and supported by pop-up bars and restaurants, which allow audiences to make an evening of the experience and enjoy world class performances while taking in the spectacular views of Sydney Harbour.

The resurgence of crafts and production in the Maker Movement is also prominent in the work of contemporary artists. The movement has benefited from increased access to design and production technologies, support for environmentally sustainable products and a growing market for locally sourced and unique products. Maker-spaces are being built in creative, forward-looking cities around the world. Large companies such as Sony are investing in online platforms to connect artists and consumers globally.

For NSW, this means that cultural infrastructure investment must not be confined to investment in traditional museums and performance venues, but have regard to new methods of accessing art and the changing needs of artists. The need for integrating new technology, providing small maker-spaces as well as large, flexible and dynamic spaces, particularly through adaptive re-use of heritage and other buildings, must be considered just as important as investment in traditional museums and spaces.

2.2 Technology and collaboration

Sydney Opera House digital outreach

In 2012, the Sydney Opera House launched its Digital Education Program to further its engagement through education. The program consists of live digital tours, workshops and streamed performances for primary and secondary students and teachers.

In 2013/2014, the Sydney Opera House held 116 digital education workshops, reaching about 6,000 students from 97 schools. In regional NSW, 36 schools and more than 1,500 students participated.

2.2.1 Technology

Technology offers opportunities to expand audiences and make cultural experiences more accessible to more people, wherever they are, and on their own terms.

Australian's take-up and penetration of digital technology is high. In NSW in 2014/15, 85 per cent of NSW households had internet access, up from 67 per cent in 2007/08. Nationally, 92 per cent of Australians use the internet and there is an average of eight connected devices per household. Fifty-four per cent of internet users engage in blog and online communities on a regular basis.²

Technology can assist arts and cultural organisations to collect information about their audience's habits and preferences. This information can be used to align programs to audience expectations.

Technology can assist creative organisations to provide services at a lower cost and reach people who might not be able, or be inclined, to attend the institutions themselves. For example, residents in Tamworth were recently provided an access to live stream of the Sydney Writers' Festival at Walsh Bay. Digital collections, live-to-digital performances and crowd-sourced curatorial services are being embraced in cultural hubs internationally.

Technology provides a means for artists to build international collaborations, create innovative art works and reach a larger audience. Cultural organisations are using technologies to provide opportunities for deeper engagement with the arts by enabling far greater self-directed experiences. Technology is also providing new avenues for feedback and critical appraisal of cultural experiences.

The growth in popularity of small screen dramas is impacting on traditional cinemas and is changing consumption and expenditure patterns.

Given the large capital investment required to construct new cultural infrastructure and the ongoing operating expenses associated with maintaining this infrastructure (both existing and new), it is vitally important that the opportunities offered by technology are embedded in the operating models and business case development of any proposed cultural infrastructure project.

Enhanced technological capability will boost the productivity and competitiveness of NSW Cultural Institutions and organisations by:

- Driving services reform
- Attracting and retaining audiences
- Enabling broader reach within Australia and NSW.

United Kingdom collaboration

The Tate Modern art gallery is involved in a number of strategic and collaborative projects including touring exhibitions with museums and galleries across the UK.

The Tate's resources contribute to a network of organisations and individuals, benefiting the wider public, expanding the Tate's reach and increasing public access to the national collection of British art. For example, *Archives and Access* is a national program of digital access, learning and participation with archives led by the Tate and supported by the Heritage Lottery Fund. The program is making 52,000 pieces from Tate's archive fully accessible online, including sketchbooks, photographs and diaries created by key British artists. The Tate is developing new ways of inviting participation and shared learning with these materials. This includes a new interactive albums feature on the website; resources such as films and study guides to tell the stories behind the archives and a series of partnership learning projects in five areas of the UK between 2013 and 2017.

2.2.2 Collaboration

Increased collaboration can deliver economic and social benefits beyond the physical location of traditional cultural infrastructure.

Sydney-based cultural institutions have strategic initiatives and touring programs connecting them to Western Sydney and regional facilities. Major Western Sydney and regional institutions have a strong record of working with Sydney-based institutions across the State by building relationships that enable an exchange of expertise, knowledge and support to artists and arts workers in locations lacking a critical mass.

2.3 Cultural precincts and urban renewal

Policy-makers across the world have embraced culture and cultural infrastructure as having a central role to play in delivering quality urban renewal. Investment in cultural facilities helps transform neighbourhoods and supports regional economic development. The strategic use of cultural infrastructure in urban policy internationally has been a recent unpredicted phenomenon, as has the rise and importance of cultural precincts. A strong cultural precinct can make a city and a neighbourhood more competitive in attracting global capital, knowledge workers and tourists. To be successful tourist attractions, cultural precincts typically require large, flagship institutions that attract artists and audiences. The precinct's public spaces and their capacity for activation are equally important.

Cultural precincts benefit cultural organisations, residents and the retail and commercial sectors by encouraging visitors to spend time and money at multiple institutions in a condensed period of time. They support cultural organisations and offshoot industries.

Cultural precincts also help to distinguish a city or neighbourhood; but the art and culture inspired, created or engaged in within that cultural precinct must be local to or informed by the area itself. This leads to the creation of distinctive, organic, civil spaces and cultural experiences. A thriving cultural precinct can attract audiences from across the globe to an experience that could only happen in that place.

Investment in cultural infrastructure can contribute to attractive, animated, shared civic spaces. Creating new and improved public spaces and creative place-making provides an opportunity to foster multi-use, informal spaces that meet the demand from broader audiences. The Ash Street lane complex in Sydney's CBD is an example of creative public space linking the Recital Hall in Angel Place with the bars and restaurants associated with The Ivy.

Successful cultural precincts require:

- Compelling and high-quality programming in their flagship institutions with less formal, more organic activation of the public spaces in between
- Shared use of spaces by inviting diverse communities to be active participants and programmers in the various spaces
- Partnership with a broad range of businesses, foundations, donors and community groups to create a shared foundation upon which the area can grow and change
- Preparation for evolution of the precinct as it responds to changing community needs and demography
- Engagement within the precinct and its spaces
- Flexibility by welcoming new organisations and players into the precinct once its activation is underway.

The most successful public spaces in the world are:

- Animated with appropriate spaces for programming
- Active 18-24 hours each day
- Built around differences of scale with larger activities alongside smaller
- Walkable and legible
- Neither wholly sanitised nor overly branded
- Clearly connected to the rest of the city
- Distinctive in character with a strong sense of place.

Cultural infrastructure and the creation of cultural precincts can have a central role in defining a city or creating a neighbourhood. Small investments in creating precincts can have much larger economic benefits, particularly on the visitor economy.

Museum of Old and New Art Tasmania

The Museum of Old and New Art (MONA) in Hobart has become the benchmark institution against which to measure the transformative benefits of innovative, iconic cultural infrastructure (referred to as the “MONA effect”). Since opening in 2014, the venue has contributed to artistic development, education, urban amenity and regeneration and with significant economic benefits to the Tasmanian visitor economy. With visitation over 1.7 million to January 2016, MONA is the second most visited tourism attraction in Tasmania (behind Salamanca Markets). Visitors to MONA in 2015 spent a total of \$741 million on their trip to Tasmania. Four per cent of all visitors to Tasmania have indicated that their decision to visit Tasmania was influenced by MONA.

2.4 Learnings from the international landscape

The strategic deployment of cultural infrastructure internationally is providing some important lessons - positive and negative - to inform the next generation of investment. Some of those lessons are already apparent.

- Expanding infrastructure provides opportunities to expand programming but this must be accompanied by operational support, particularly as many arts organisations are already financially strained. Capital investment decisions should include consideration of operational viability and effective programming
- Audiences and artists are seeking greater variety, greater informality, more deeply integrated technology and greater intimacy. The next generation of performing and visual arts spaces needs to reflect this
- Cultural infrastructure can make a profound impact on places by giving them a rich cultural dimension. How cultural infrastructure relates to its urban context, how it contributes to the urban environment and to its functional requirements as a space for the creation, performance and enjoyment of performing or visual arts are critical. One should not be sacrificed to the other
- The most successful investments in culture are strategic and relate to strategies for tourism, urban renewal, transport and economic development. For example, the Guggenheim Bilbao is integral to that city’s strategy for transport, tourism and renewal plans that extend well beyond the museum
- Small and modest interventions can have great benefit. For example, investments in public art programs - when linked to the design of the streetscape and community arts facilities - can have cumulative benefits for the quality of the built environment. These aspects of cultural infrastructure planning and development can be transformative
- Embedding technology in our cities provides opportunities for culture in a more inclusive and expansive context - from directional Wi-Fi and way finding opportunities to the transformational impact of events such as VIVID, through to fast pop-ups - and therefore cost effective and connected informal performance spaces.

The lesson for NSW is that a co-ordinated and strategic approach is needed for investment in cultural infrastructure to enable our existing cultural organisations to thrive in a rapidly changing landscape, keep pace with emerging trends and continue to deliver broad economic and social benefits.

Notes

- 1 This chapter draws significantly on AEA Consulting, *Framework for a Cultural Infrastructure Strategy* July 2016
- 2 EY, *Cultural Infrastructure Strategy Data Analysis*, August, 2016

3. Keeping pace: asset renewal and technological improvements

Research by Infrastructure NSW has highlighted the need for investment to bring cultural institutions up to date and fit for contemporary purpose, including digital resource. There is an urgent and pressing need to address the asset maintenance requirements currently existing across the State Cultural Institutions. This task (together with resolution of a number of more general operational issues, such as the need for adequate storage, including appropriate collection management, data retrieval and reporting) is of critical importance to maintaining and preserving our existing institutions and collections, and the benefits they provide.

Enabling digital access to these collections, and to the programming of performing institutions such as the Sydney Opera House, is also vitally important to facilitate educational programs and remote access to these programs and collections, particularly for regional NSW.

Linked to digital access is the opportunity to maximise collaboration and access between the institutions by sharing technical infrastructure and investing in modern software systems capable of data sharing, joint ticketing and scheduling, operating from a single website. Such collaboration would enhance a precinct-wide visitor experience and improve operational efficiencies.

The *Cultural Infrastructure Strategy* recognises that continued investment in the State's cultural infrastructure is paramount. While high profile new projects with strong champions may be worthy of investment, it is, in our view, inappropriate to redirect scarce resources to new projects at the expense of maintaining existing institutions and reinforcing the substantial real benefits these assets already provide.

3.1. Asset renewal

The State Cultural Institutions are struggling to maintain the functionality of their buildings, maintain the standard of visitor experiences and manage and care for their collections at the appropriate standards.

PwC¹ reviewed historic and average NSW Government expenditure on asset maintenance to inform the State Infrastructure Strategy 2012. Whilst average NSW Government expenditure on asset maintenance was estimated at 2.5 per cent of built asset holdings in 2010/11, recurrent funding levels for the majority of the art and culture portfolio assets were significantly lower: 1.4 per cent for the Art Gallery of NSW, 0.84 per cent for the Australian Museum, 2.3 per cent for the Museum of Applied Arts and Sciences, 0.15 per cent for the State Library of NSW, 1.44 per cent for the Sydney Opera House.

PwC recommended a regular arts allocation of around \$55 million per annum (excluding the Sydney Opera House) to allow for effective planning and prioritisation of capital funds to maintain and improve the functionality of the existing cultural institutions.

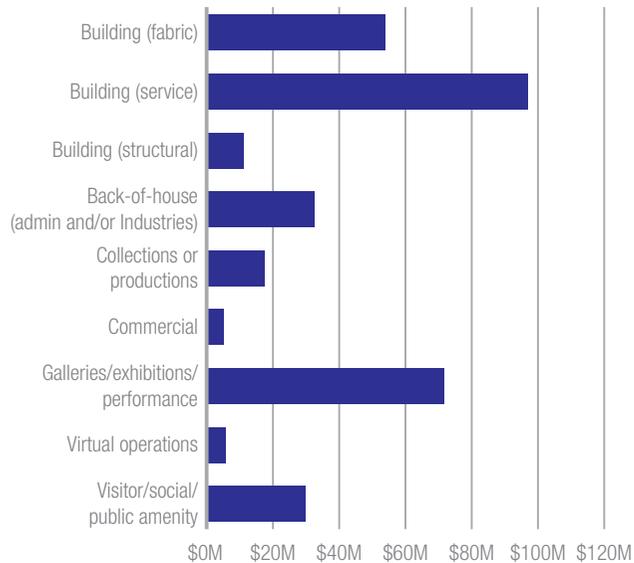
3.1.1 Collecting Institutions and Arts NSW Facilities

In 2014, Jacobs, on behalf of Arts NSW, undertook an analysis of the investment required to ensure basic maintenance and service requirements are not impaired or threatened in the State Collecting Institutions (Art Gallery of NSW, Australian Museum, Museum of Applied Arts and Sciences and State Library of NSW) and the Arts NSW portfolio.

This work revealed a substantial backlog in maintenance across build fabric, services, structure, back-of-house, collections, production, commercial spaces, galleries, technology and visitor amenity, including accessibility.

The estimated value of the capitalised maintenance backlog was \$325 million with a four-year funding requirement of \$196 million.

Figure 3.1 Cultural Venues Renewal Program: project list broken down by area (\$million 2015/16)²



3.1.2 Sydney Opera House

The Sydney Opera House has identified a number of core maintenance needs, covering worker safety, visitor amenity and structural maintenance. Its maintenance grant in 2015/16 is \$33 million, of which around two thirds is allocated to preventative and reactive work and one third to an end-of-life replacement program.

A number of maintenance projects of a capital nature will also require attention in the next 3-10 years, including the replacement of sea wall cladding, the upgrade of security systems, roof shell tile repair and external glass replacement. None of these projects are incorporated within planned staged-works. While further scoping needs to be undertaken for most of this work, initial estimates by the Sydney Opera House identify costs of around \$142 million.

3.2 Digital access

State Collecting Institutions aim to maximise access to their collections. Technological advancement is creating new opportunities for people to engage with and experience the collections and public programs, enabling new collaboration between institutions and artists and expanding the potential for commercial - government partnerships.

Over the next 10 years, there will need to be a continued focus on enabling the Cultural Institutions and Museum of Contemporary Art Australia to adequately digitise the priority elements of their collections to enable better public access, particularly for educational purposes. For example, the Museum of Contemporary Art Australia is presently seeking investment to increase its already strong work with regional galleries, and the Australian Museum has identified significant digitisation requirements for its collections.

3.3 Shared technology to support visitor experiences

Investing in shared technology has the potential to significantly enhance the cultural experience of visitors to Sydney, as well as deliver efficiency improvements to cultural institutions. In particular, sharing software and systems to facilitate data sharing, ticketing, scheduling and joint calendars would:

- Support integration of cultural institutions
- Improve efficiency and reduce costs stemming from operating and maintaining separate technical infrastructure and systems
- Improve customer service.

Development of a single website with ticketing and scheduling information for institutions in a precinct or cluster, such as Sydney CBD precinct, would encourage increased visitation and co-operation between institutions. Shared systems will improve the quality of and access to visitor data and improve service delivery.

The Visitor Economy Taskforce specifically recognised the importance of enhanced visitor experiences, including cross promotion, marketing and precinct-wide experiences to ensure Sydney becomes and remains a competitive destination for cultural and heritage visitors.³

Preliminary advice is that the cost for this work would vary between \$10-\$20 million for way finding and embedding technology in the Sydney CBD cultural precinct, although costs of vertical integration and linked ticketing need to be scoped.

3.4 Collections management and storage

As only a small proportion of State's collections are on display at any time, the secure storage of the collections is an important consideration. Collection management includes development and acquisition, recording and cataloguing, storage, preservation, removal, access and planning and monitoring.

Collection management assessments assure that effective measures are in place to safeguard the State's collections and determine whether institutions have appropriate processes in place to meet international standards.

Over recent years, the NSW Government has invested in the development of the shared storage facility at Castle Hill. Despite this investment, there is still significant storage pressure for the State Library of NSW, which continues to have some non-compliant and substandard storage and significant growth pressure. The Museum of Contemporary Art Australia also has inadequate storage at the Arts NSW facility at Lilyfield.

A comprehensive assessment of the State's collection management, including the Museum of Contemporary Art Australia, updating the previous work undertaken by the Auditor General, is required to identify needs and priorities and assist in an appropriate allocation of funds over the term of this Strategy, and is considered a priority.⁴

Contemporary storage design also incorporates an element of public exhibition and programs. Accordingly, new storage facilities represent an opportunity to exhibit and extend the reach and remit of the State's cultural collections, and should be considered in all storage development proposals.

Notes

- 1 PwC, *Recreation and Arts Baseline Report to Infrastructure NSW*, June 2012, p.16
- 2 Arts NSW, *Cultural Venues Renewal Program*, Final Business Case, updated by Jacobs memo 2015/16
- 3 NSW Government, *Visitor Economy Action Plan*, 2012, page 93-94 and 161
- 4 In 2009, the NSW Auditor General undertook a survey of the NSW Collecting Institutions and a performance audit of the Australian Museum's collection management

4. Achieving excellence: modernise and upgrade State Cultural Institutions

In addition to the immediate backlog maintenance needs, Infrastructure NSW has determined that significant staged infrastructure renewal of the State Cultural Institutions is essential, to meet performance standards and the expectations of the people of NSW and visitors to the State.

4.1 The Sydney Opera House

The Sydney Opera House is a complex operation that must balance a wide range of competing imperatives. One of the great buildings of the 20th century, it received UNESCO World Heritage status in 2007 and is the nation's premier tourist attraction. Each year the Sydney Opera House hosts more than eight million visitors with more than 1.4 million attending about 1,900 performances and more than 350,000 people taking a guided tour of the building.

In 2013, Deloitte estimated that the total value added by the Sydney Opera House from its activities and attracting tourists to Australia to be \$775 million per year. It contributes 8,439 full time equivalent jobs directly, indirectly, and through tourism¹.

The Sydney Opera House anchors a lively cultural precinct that extends to Circular Quay and includes 11 theatre bars, six restaurants, two retail stores, a functions marquee and various public spaces. About 2.5 million food and beverage and retail transactions are conducted on site annually. It is a cultural institution that provides for experiences of artistic expression and development, visitor experiences and education opportunities.

The Sydney Opera House is facing a number of challenges associated with its ageing infrastructure and machinery. These challenges stem from:

- 21st century demands and innovations in the performing arts and education sectors, along with changing public amenity and security demands
- Growth in tourism and the its importance to the visitor economy
- New and evolving market opportunities across the Opera House precinct combined with increased demand for commercial viability and reduced endowments
- Technological advancements including digital interactions and communications
- Compliance issues associated with accessibility, egress and work health and safety standards.

These drivers, combined with backlogs in infrastructure maintenance have placed the Sydney Opera House in danger of:

- Downgraded status as a globally recognised and UNESCO World Heritage-listed performing arts venue
- Loss of recognition as a leader in providing world-class cultural and artistic experiences for artists and audiences
- Forgoing long term commercial gains in the performing arts, tourism, hospitality and retail markets
- Failing to contribute to the State's innovation and creative learning aspirations.

These interrelated problems are impacting on visitors and guests, resident companies, performance artists, staff and the general public.

The Sydney Opera House has developed a staged renewal plan that will position it as a world leading performing arts facility. As discussed in the recommendations, Stage 1 is funded and underway. Stage 2 is in planning.

4.2 The Art Gallery of NSW

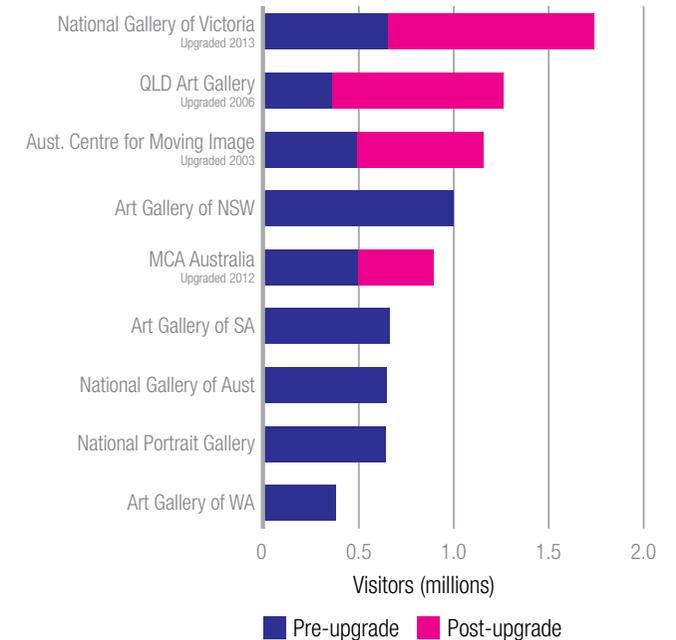
The Art Gallery of NSW had around 1.1 million visitors to its Domain site in 2014/15. In 2007, it was the most visited art museum in Australia and the 28th most visited in the world. However, recently there has been a dramatic decline in the Gallery’s visitation ranking to fourth domestically, whilst dropping out of the top 50 internationally where it now ranks six places behind the Queensland Gallery of Modern Art and 13 behind the National Gallery of Victoria. The Gallery argues that this change is attributable to flat investment levels compounded by considerable expansion and investment in exhibition and other spaces by peer art museums in Australia and abroad.

The Gallery also has restricted capacity to hold blockbuster exhibitions. Its temporary exhibition galleries total less than 1,000 square metres compared to the National Gallery of Victoria, which has exhibition galleries of 3,348 square metres. To house the Picasso exhibition at the Gallery in 2011/12, the 19th and 20th century collections had to be removed and only a limited number of Australian works were left on display. The Gallery cannot accommodate the full range of education visits that are being sought.

Other States have supported significant developments to increase capacity at their institutions, in turn increasing visitor numbers and broadening their offering.

- The National Gallery of Victoria completed a \$212 million renewal in late 2002. This expansion enabled large exhibitions, such as Melbourne Now, which spanned over 8,000 square metres and attracted over 750,000 visitors
- The Queensland Gallery of Modern Art (GOMA) opened in 2006 at a cost of \$290 million and has been successful in attracting blockbuster exhibitions from the Prada in Spain and the Tate in London. It also holds the very successful Triennial of Asian Art
- The \$75 million private development of the Museum of Old and New Art (MONA) in Hobart has made it one of the largest tourist attractions in Tasmania with over 300,000 visitors a year
- The Western Australian Government is delivering a new museum at an estimated cost of \$428 million.

Figure 4.1 Australian art museum visitation pre- and post-upgrade (2013)²



The Gallery began development of a master plan in 2008, resulting in a business case for the redevelopment of the site, called *Sydney Modern*. This includes a major new contiguous wing to the north of the Gallery, with associated major refurbishment of the existing building. Exhibition space would more than double to 23,673 square metres, with visitation projected to double to 2.2 million per annum. In addition to the increased exhibition space, the plan proposes expanded conservation and research space, a new multi-purpose theatre, restaurant and function areas and conference facilities.

4.3 Australian Museum

The Australian Museum has 5,500 square metres available for exhibitions and receives around 390,000 visitors at its William Street site³.

Nationally, demand for museums appears to be strong. Redevelopment of Melbourne Museum in 2000 at a cost of \$290 million created the largest museum in the Southern Hemisphere, attracting over one million visitors to date.

While the Australian Museum has established three new permanent galleries adding 630 square metres of public space and the new award-winning Crystal Hall entry pavilion, the Museum is constrained in its ability to be competitive, largely due to the operational challenges arising from disconnected exhibition space, the lack of a large and modern exhibition hall and the piece-meal development of the site since the 1840s. The site is a campus of buildings, all badly connected. In many cases, the collection's visibility and accessibility are minimal. The Museum exhibits less than one per cent of its collection yet it is the custodian of the world's best Pacific and Islander collections and has an internationally significant Indigenous collection

Key issues are:

- Circulation is complex and constrained, compromising visitor experience and reducing operational efficiency
- Temporary exhibition space is below international standards in terms of size, support facilities and services
- The applied science work of the Australian Museum Research Institute, whilst located within the Museum, is not accessible to the public
- Commercial opportunities are limited and not well located to maximise potential income streams
- Facilities for education programs and public programs are inadequate.

Resolution of these issues will allow the Museum to increase its offer and improve visitation, in line comparable museum experiences in Melbourne and Brisbane.

The Australian Museum is currently developing a master plan and business case - Barrabuwari Muru - for the redevelopment of the site, including the investigation of associated commercial and educational partnerships. The Australian Museum believes that its renewal will double visitation, improve its operational sustainability and support critical cultural, science and education outcomes.

4.4 State Library of NSW

The State Library of NSW collection was valued at \$3.2 billion in June 2015. It includes over 6.3 million items, making it the most valuable library collection, and the third most valuable cultural collection in Australia. The collection includes pictures, posters, sheet music, newspapers, maps, film, videos, photographs, architectural plans, postage stamps and more than 12 kilometres of manuscripts, as well as an ever-increasing digital and digitised collection.

The Library currently houses 50 per cent of its collection in two buildings in the CBD, with the balance of the collection stored at Moorebank, within the Georges River flood plain, which is both costly and non-compliant with international standards for preservation.

The Library recorded more than 800,000 client visits onsite and 3.9 million online visits in 2014/15, while over 24,000 people attended the Library's learning programs (onsite and in regional NSW) in 2015/2016.

The Library has developed a strategic business case for new storage in Western Sydney, which will resolve some of its storage needs and provide an opportunity for people in Western Sydney to access more of its collection.

It is also investing in the renewal and upgrade of its CBD facilities through a multi-stage master plan redevelopment of the heritage Mitchell Building and related State Library of NSW facilities. The Library's master plan includes extensive gallery upgrades in both size and technology, which will enable greater access to the Library's collections, freeing up substantial new exhibition and public spaces.

Relocation of the Fellows Room and the Sir William Dixson Reading Room, removal of recently constructed mezzanine floors, and relocation of collections currently stored in the Mitchell basement will facilitate the construction of a grand staircase, in keeping with the original design, linking the Mitchell Building entrance to all floors.

A 400-seat auditorium is planned to meet the demand for educational programming, and a roof top restaurant will provide additional commercial opportunities. A new collection care laboratory will be built in the basement.

Many of these works have donor funding and are forecast by the Library to increase visitation for exhibitions from 230,000 to 600,000 per year.

A similar redevelopment is underway at the Victorian State Library where a five-year redevelopment project is funded by a \$55.4 million budget allocation from the Victorian Government with \$28 million in philanthropic contributions, scheduled for completion by 2020. This redevelopment project will provide an additional 1,000 square metres of space for public use, an innovation hub and new spaces for children and young people. The redevelopment follows sustained investment in the renewal of the Library in recent years, including the development of the Wheeler Centre.

4.5 Powerhouse Museum

The Museum of Applied Arts and Sciences includes the Powerhouse Museum, Sydney Observatory and the Powerhouse Discovery Centre at Castle Hill.

The Powerhouse Museum is Australia's contemporary museum for innovation in the hybrid disciplines of arts and sciences. Recognised for the calibre of its scholarship and exhibitions, the Museum holds an extensive and unique collection. The Museum operates numerous exhibitions in partnership with museums, galleries and communities across Australia, and has significant educational partnerships.

The NSW Government's decision to relocate the Powerhouse Museum to Parramatta provides the opportunity for NSW to establish a leading Australian and internationally significant museum. The new museum will be an anchor institution to support the NSW Government and City of Parramatta's plan for urban renewal and growth in Parramatta and Western Sydney. It will become the flagship for the surrounding cultural precinct.

Notes

- 1 Deloitte, How do you value an icon?, The Sydney Opera House: economic, cultural and digital value, 2013
- 2 Sandwalk Partners, 2015, Art Gallery League Tables and Art Gallery Upgrade Benchmarks, referred to in Art Gallery of NSW Strategic Business Case
- 3 The Australian Museum also has a research station in Lizard Island, Queensland. A proportion of its William Street site is dedicated to scientific research - the AMRI.

Part B. Embracing the future

5. The key challenges

Embracing and staying ahead of the fast-moving trends and often disruptive changes described in Section 2 of this Strategy will require a co-ordinated and strategic approach to prioritising, planning and delivering cultural infrastructure. It will also require substantial new investment in arts and cultural infrastructure, facilities and precincts.

5.1 Fragmentation and poor planning

Historically, cultural infrastructure investment in NSW has suffered from poor co-ordination and planning, leading to *ad hoc* decisions and a lack of focus on shared objectives.

Responsibility for cultural infrastructure investment in NSW is fragmented.

- The NSW Government is primarily responsible for the State Cultural Institutions. It also invests in the visitor economy, the independent arts and screen sector and facilities associated owned and operated by local government
- Local government is responsible for its facilities and provides recurrent investment in local level activities. Local government is also predominantly responsible for the quality and texture of the public domain, including the built environment and urban activation strategies

- Universities, philanthropists and the commercial sector all shape the cultural landscape through their investment in facilities and services
- The Commonwealth Government invests in the independent arts and screen sector as well as flagship broadcasters and is responsible for the National Cultural Institutions.

This fragmentation of responsibility and relationships across local, regional and national cultural institutions and facilities can lead to poor planning and a lack of focus on joint objectives. Even within the NSW Government, agency responsibilities are not co-ordinated to support overarching Government priorities for cultural activities and cultural facilities.

Additionally, the capital allocation process for cultural infrastructure in NSW has focused on State government-owned institutions. While small-scale and local projects might not require the same depth of analysis as flagship institutions, a clear and uniformly applied strategy can help to ensure that projects on every scale are accomplishing the same objectives and contributing to a singular vision for NSW's cultural infrastructure.

An overview of cultural facilities types and ownership is provided at Appendix B.

5.2 Investment in arts and culture

The levels of investment in NSW's arts and cultural sector over the last ten years has meant that many cultural institutions are struggling to maintain their assets, manage and care for their collections to appropriate standards, sustain high quality cultural experiences and meet public expectations.

This view was also expressed by PwC in its *Recreation and Arts Baseline Report to Infrastructure NSW* in 2012. PwC noted that the results of research into the sector in 2012 indicated that NSW had not made comparable investments to other States in new or expanded cultural infrastructure over the decade to 2012.

5.2.1 NSW Government funding over the past 10 years

NSW government funding for arts and culture over the 10 years to 2016/17 (projected) comprised approximately \$2.4 billion in recurrent grants and \$666 million in capital investment. This represents an average of 0.46 per cent of the NSW budget (General Government Sector) over that period.

5.2.2 Capital investment

Over the 10 years to 2016/17, the average NSW Government capital investment in arts and culture activity averaged 0.45 per cent of total government capital expenses. It has ranged from a low of 0.2 per cent in 2008/09 to a high of 0.93 per cent in 2012/13 when the Sydney Opera House vehicular access and pedestrian safety project commenced, but has declined since. In 2016/17 is budgeted to be 0.36 per cent.¹

Table 5.1 NSW Government capital grant funding for Arts and Culture as a proportion of total capital expenditure, 2007/08 - 2016/17²

| \$'000s (nominal) | 2007 - 08 | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011 - 12 | 2012 - 13 | 2013 - 14 | 2014 - 15 | 2015-16 | 2016 - 17 (budget) | Total |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------|-------------|
| Arts and culture capital grants* | 49,700 | 26,800 | 41,900 | 41,000 | 93,500 | 131,400 | 77,200 | 69,400 | 57,700 | 77,900 | 666,500 |
| Total NSW Govt Capex** | 11,137,800 | 13,267,900 | 16,340,100 | 14,854,600 | 13,068,800 | 14,142,900 | 13,868,600 | 13,408,100 | 16,609,600 | 21,832,600 | 148,531,000 |
| Proportion of total from arts and culture grants | 0.45% | 0.20% | 0.26% | 0.28% | 0.72% | 0.93% | 0.56% | 0.52% | 0.35% | 0.36% | 0.45% |

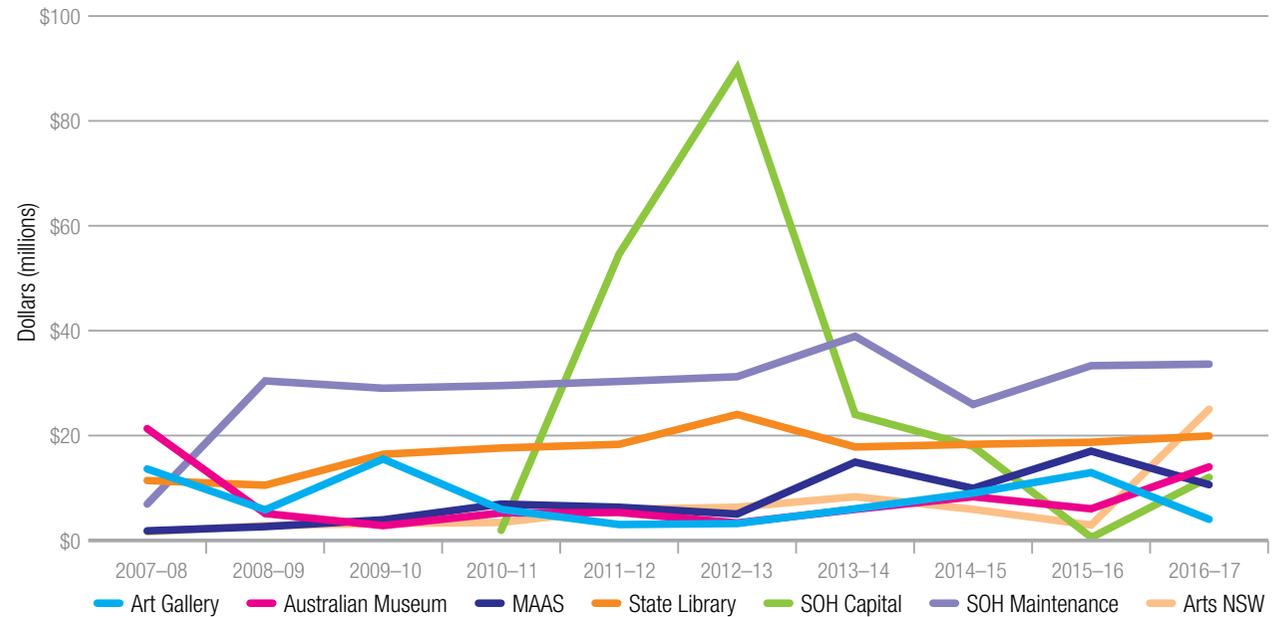
*This does not include CAPEX by NSW Government arts and culture entities funded by non-government sources, e.g. donations, operating revenues. SOURCE: NSW Treasury and Arts NSW.

**This includes both the General Government and Public Trading Enterprise sector, and CAPEX, which is not funded by NSW Government grants SOURCE: NSW Reports on State Finances and Budget Papers.

The following graph shows the investment profile for each State Cultural Institution and Arts NSW over the last ten years. Significant items of capital investment include the Sydney Opera House’s vehicular access and pedestrian safety project in 2012/14, increased investment in the State Library of NSW for digitisation and the first year of expenditure for the Walsh Bay Arts Precinct. The data has been provided by NSW Treasury for the NSW Cultural Institutions and by Arts NSW for Arts NSW.

Other than for these programs funding for cultural activities, including cultural infrastructure, has remained largely static over the last 10 years.

Figure 5.1 Arts and Culture Cluster Entities: total capital grants by cultural entity 2007/8 to 2016/17.³



The 2016 /17 total capital allocation by sector, as shown in Figure 5.2, indicates the relative scale of expenditure on cultural institutions. With a total capital spend of \$21.8 billion across the NSW Government, capital grants for cultural infrastructure is budgeted to be \$78 million, or 0.36 per cent of expenditure.

Figure 5.2 Capital expenditure by sector, 2016/17⁴

This level of investment has resulted in NSW cultural facilities falling behind, both in undertaking capital renewal projects and carrying out the day-to-day operational and maintenance needs of the facility.

Notes

- 1 Treasury NSW advice: Source NSW Budget Papers, including Infrastructure Statement, and Arts NSW
- 2 Ibid
- 3 Ibid
- 4 E.Y., *Cultural Infrastructure Strategy Data Analysis*, August 2016, Source 2016/17 Budget Papers, including Infrastructure Statement and NSW Treasury and Arts NSW
- 5 Hang the Expense, The Age, 17 January 2004 <http://www.theage.com.au/articles/2004/01/14/1073877895371.html>

Victoria

Around 2000, Victoria invested over \$1 billion in the renewal of its cultural landmarks.⁵ This was part of the Victorian Government’s strategy to renew sport, arts and culture. This investment has reinforced Victoria’s brand as a leading creative and innovative state. Major investments are:

- Federation Square opened in October 2002, at a development cost of \$451 million. It now has over 10 million visitors per annum
- Australian Centre for Moving Images opened in October 2002 at a cost of \$90 million. It now has 1.1 million visitors per annum
- Melbourne Museum’s Carlton Gardens building opened in October 2000 at a cost of \$290 million. Its visitation is between 820,000 and over one million per annum
- National Gallery Victorias’ Ian Potter Centre was opened in October 2002 with a development cost of \$80 million
- National Gallery Victoria, International, opened in December 2003 at a cost of over \$200 million. Visitation at both NGV sites is over 2 million

- State Library of Victoria’s \$200 million expansion progressive from mid-1990s-2004. Wheeler Centre was completed in 2015 at a cost of \$15 million

- Australian Centre for Contemporary Art opened in September 2002 at a cost \$11 million.

Victoria is now undertaking a second tranche of investment in cultural infrastructure development with planned and recently completed developments as follows:

- Hamer Hall redeveloped at a cost of \$135.8 million and completed 2012
- Melbourne Recital Centre/Melbourne Theatre Company \$129 million redevelopment was completed 2009
- Circus Oz’s \$15 million development has provided it with a permanent home
- State Library Victoria Redevelopment is underway at a cost of \$80 million
- Plans are being developed for a refurbishment of the National Gallery of Victoria.

6. Leveraging opportunities: build NSW's competitive strengths

In preparing this Strategy, Infrastructure NSW undertook an extensive review of NSW's existing cultural facilities and infrastructure, including conducting more than 50 interviews with key stakeholders and cultural leaders to assess cultural infrastructure requirements and gaps with the potential to harm NSW's competitiveness in the cultural sector. The NSW cultural offering was then assessed against international benchmarks and considered in light of the trends and challenges discussed in Sections 2 and 5.

This assessment identified a number of specific operational gaps (set out in Section 6.2), as well as emerging strategic opportunities (set out in Section 6.3).

6.1 Benchmarking Sydney's competitive position

Infrastructure NSW benchmarked Sydney's competitive position against global cities selected on the basis of population size, land area, GDP per capita, quality of life and global city status. The main lesson for NSW from this analysis is that new investment is needed to build NSW's competitive strengths, keep up with the growing and changing demand for arts and cultural experiences, and maintain Sydney's edge in hosting sought-after cultural events, performances and experiences.

What other global cities are doing¹ Melbourne

Creative place-making and vibrant shared civic spaces

Melbourne has gained a reputation for being a cultural hub, with arts and culture central to the city's identity. Culture is distributed throughout the city's public spaces contributing to a vibrant environment. Substantial and ongoing investment by the Victorian Government, private partnerships and charitable sources has seen the main cultural locations of the city renewed and regenerated over the last 20 years. Since opening in 2002, Federation Square has become one of the most popular attractions in Melbourne with more than 10 million visits a year. It is the centre of the city's public life and its giant stage puts performance at its heart. The Victorian Government's approach to investing in cultural infrastructure goes beyond 'monument building' to emphasise civic spaces that enable international festivals and events.

Singapore

Supporting economic development and urban regeneration

The Singapore Government has been steadily increasing public spending on arts and culture and is committed to developing its arts and culture scene. Culture is valued for its potential to support economic development, urban regeneration and place management. It is used to promote Singapore's profile internationally as an interesting and vibrant place to live. Arts and culture express and define Singapore's identity.

In recent years the government has invested in the Esplanade - Theatres on the Bay complex (opened in 2002), the Victoria Theatre and Concert Hall (renovated in 2014), the Singapore Art Museum (opened in 1996 and extended in 2008), the Gallery for Modern and Historical Visual Art (opened in 2015) and the Indian Heritage Centre (opened in 2015).

The Ministry of Culture, Community and Youth is planning an island-wide network of community arts and culture nodes connecting community museums and galleries, as well as heritage trails. The Ministry also has plans to develop a master plan for the National Library Board and National Archives including the creation of physical and digital collections.

Hong Kong

Effective city branding

Although a global financial centre, culture has become prominent in Hong Kong's public policy. Investment in arts and culture aims to assist city branding. Hong Kong has become one of the top three art markets in the world. The Hong Kong Basel Art Fair and Hong Kong International Film Festival are highly successful internationally renowned events, contributing substantially to the visitor economy. The Hong Kong Government has increased its expenditure for arts and cultural programs to around HKD 3 billion in 2015/16 (AUD 527.3 million), excluding capital expenditure.

The government's major capital project is the West Kowloon Cultural District - a 40-hectare site at the heart of Hong Kong and is the city's flagship cultural investment for which the Government provided an up-front endowment of HKD 21.6 billion (AUD 3.3 billion). One of the largest cultural projects in the world, it will include the Xiqu Centre for Chinese Opera and a 60,000 square metre museum for contemporary visual culture.

San Francisco

Leading in depth and diversity

San Francisco has the largest number of artists and arts organisations per capita of any other major city in the United States. There are 159 museums, 164 galleries and 201 music venues located within the greater city area. Over the past two decades, several major museums have undergone extensive refurbishments and a newly expanded San Francisco Museum of Modern Art is due to open in the Yerba Buena Arts District in 2016.

Every month, hundreds of exhibitions, readings and performances take place in the city's cafés, restaurants, bookstores and shops, connecting artists with communities and local businesses. This is integral to the city's cultural identity. The city's social and cultural diversity contributes to the cultural sector as San Francisco is home to a range of Asian, Latin American, and LGBT arts and cultural organisations and festivals.

Vancouver

Cultural leader

Vancouver is a dynamic, multi-cultural city set in an exceptional natural environment. The city's rich arts and cultural scene plays an important role in attracting international tourism and investment, as well as making the city a place where skilled workers want to live. Vancouver has the highest per capita concentration of artists in Canada and a growing national and international reputation as a cultural and creative city. With 1,800 performances and festivals in parks and community centres, 540 live performing arts productions and more than 600 exhibitions in museums and galleries a year, it is estimated that about three million people attend live arts events every year. The City of Vancouver invests \$10 million annually in operational and project grants. This investment is estimated to generate an additional \$13 for every municipal dollar.

Toronto

Cool neighbourhoods and capital investment

Recurrent and capital investment in culture is a priority for Toronto. A 30 per cent increase in funding for cultural programs is being phased in and the city council has invested in large cultural institutions in such as the Sony Centre for the Performing Arts, Canada's largest new theatre. In 2014, Vogue Magazine voted West Queen West the "second coolest neighbourhood in the world" thanks to its independent shops, home grown labels, galleries and 'art' hotels. The annual Toronto Fringe Festival stages bring unknown fringe artists to the city's established theatres. International media attention is highest during the Toronto International Film Festival and Toronto's live music scene is also renowned globally.

6.2 Specific operational gaps

Benchmarking Sydney's competitive strengths against those of other global cities highlighted a number of specific operational gaps. These are primarily around the amount of exhibition space available in museums and major galleries to host major national and international travelling shows, Sydney's ability to compete for and host long run musicals, the quality and number of concert halls and the lack of defined, supported cultural precincts.

6.2.1 Exhibition space - museums and major galleries

As shown in figure 6.1, other than for Vancouver, the top three Sydney museums are smaller than the top three museums in other benchmarked cities. Sydney currently lags behind comparable cities in terms of major gallery space provision and also has less total museum floor space than in benchmarked cities, as shown in figure 6.2. This limits the city's ability to attract and adequately accommodate large-scale blockbuster exhibitions and places Sydney at risk of being bypassed as a stop on the global contemporary art touring circuit.

In comparison with Melbourne, visitation at Sydney museums is also less than visitation at major Melbourne museums and galleries - see figure 6.3.

In 2014, Sydney's five most popular museums attracted just under 3.6 million visitors. In the same period, Melbourne's top five museums attracted 4.9 million people - 35 per cent more than their Sydney counterparts.²

Figure 6.1 Combined exhibition square metres for five biggest galleries/museums in Sydney and benchmarked cities³

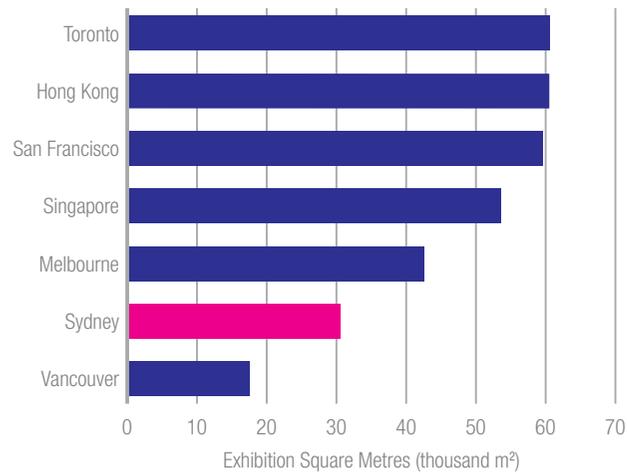
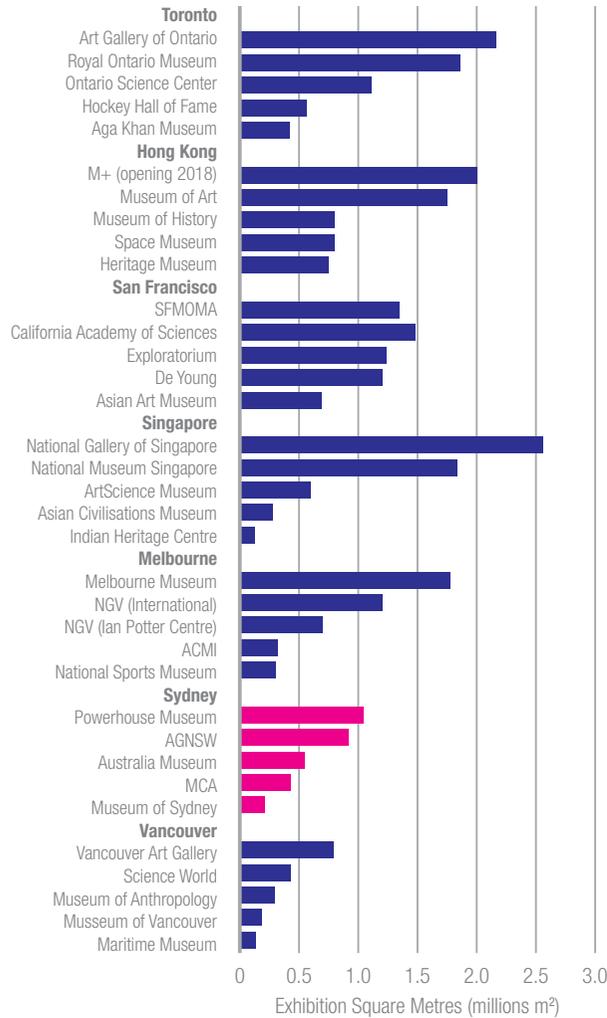
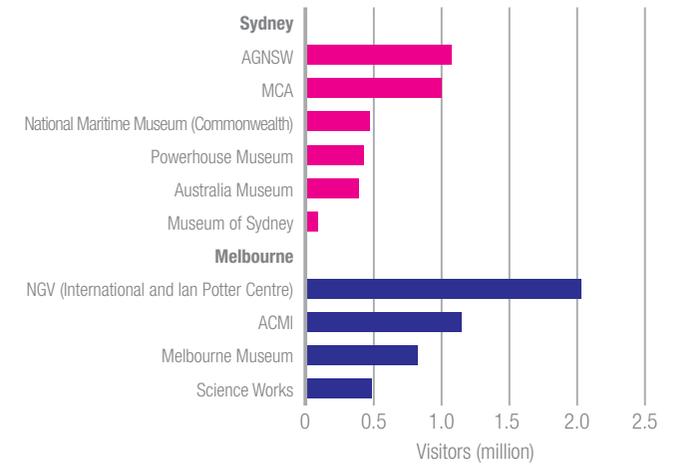


Figure 6.2 Five biggest galleries/museums in Sydney and benchmarked cities⁴



The graph below sets out the visitation for major Sydney and Melbourne museums and galleries.

Figure 6.3 Visitor numbers at museums and galleries 2014/15⁵



6.2.2 Performance venues/lyric theatres

Sydney experiences strong demand for live theatre performances. Live Performance Australia reports that annual NSW attendance at live performances reached 6.1 million in 2014 compared with 5.3 million in Victoria.⁶

Sydney currently has four major concert halls to serve a city of five million people with three halls located in the CBD and one in Chatswood. These are:

- Concert Hall, Sydney Opera House
- Joan Sutherland Opera Theatre, Sydney Opera House
- City Recital Hall
- The Concourse, Chatswood.

In addition, there are smaller halls such as the Joan in Penrith and Verbrugghen in the Sydney Conservatorium of Music.

This is equivalent to one concert hall per 1.21 million residents. By comparison, Melbourne has one hall per 890,000 residents⁷. In addition, both the Sydney Opera House's Concert Hall and the Joan Sutherland Theatre have major acoustic and functionality constraints.

A survey of performers and listeners conducted by Limelight magazine in 2011 ranked the acoustics (orchestral, chamber and vocal music) for the Joan Sutherland Opera Theatre as the worst of 20 major classical music venues around Australia with the Concert Hall ranked 18th.

Table 6.1 Limelight survey ranking of classical music venues⁸

| Rank | Venue | Score (1 - 10) |
|------|--|----------------|
| 1 | Perth Concert Hall | 8.00 |
| 2 | Melbourne Recital Centre | 7.80 |
| 3 | City Recital Hall (Sydney) | 7.60 |
| 4 | Verbrugghen Hall (Sydney Con) | 7.28 |
| 5 | Queensland Conservatorium Theatre | 7.27 |
| 6 | Adelaide Town Hall | 7.27 |
| 7 | Newcastle City Hall | 6.83 |
| 8 | Great Hall, University of Sydney | 6.57 |
| 9 | Elder Hall (Adelaide) | 6.56 |
| 10 | QPAC Concert Hall (Brisbane) | 6.52 |
| 11 | Sydney Town Hall | 6.44 |
| 12 | Federation Hall (Hobart) | 6.13 |
| 13 | Melbourne Town Hall | 6.10 |
| 14 | Llewellyn Hall (Canberra) | 6.06 |
| 15 | South Melbourne Town Hall (ANAM) | 5.91 |
| 16 | Hamer Hall (pre-renovation; Melbourne) | 5.53 |
| 17 | State Theatre (Melbourne) | 4.98 |
| 18 | Sydney Opera House Concert Hall | 4.94 |
| 19 | Festival Theatre (Adelaide) | 4.38 |
| 20 | Sydney Opera House Opera Theatre | 3.93 |

The NSW Government is currently improving the acoustics in the Concert Hall as part of the planned \$202 million upgrade to the Sydney Opera House, but there is still a need to improve the functionality of the Joan Sutherland Theatre. There is also a need to consider planning, in partnership with the local council, for a new concert hall/performance space in Western Sydney to support changing demographics and the projected population increase in the region.

6.2.3 Lyric theatres

Benchmarking against other state capitals indicates that there is a gap in our ability to host long-run musicals and contemporary music shows. The absence of such facilities hinders NSW's competitiveness in booking popular commercial musicals, such as those touring from Broadway or the West End, which require ample rehearsal space and high technical capacity.

Sydney has two fewer theatres suitable for long-run musicals than Melbourne following the loss of the Regent Theatre in 1988 and Her Majesty's Theatre in 2000. Brisbane is exploring opportunities for a new lyric theatre associated with the new casino complex and resort to complement the existing South Bank cultural precinct, already substantially rejuvenated with the establishment of the Queensland Gallery of Modern Art and the Queensland Performing Arts Centre.

Expanding Sydney's range of theatres to include a 1,600-2,000 seat lyric theatre would improve the State's capacity to accommodate large, long-run touring musicals and other live performances. The Visitor Economy Taskforce estimated that a six month run of a first time Sydney musical production generates \$20 million in direct visitor expenditure.⁹

Destination NSW advises that the lack of this infrastructure is negatively impacting NSW's competitiveness in the visitor economy, with Melbourne securing a larger share of first run musicals.

Table 6.2 Live performance venues in Melbourne and Sydney CBDs used for large-scale commercial theatre¹⁰

| Venue | Location | Capacity |
|--|-----------|----------|
| Marriner Theatres - Regent Theatre | Melbourne | 2,162 |
| The Arts Centre - State Theatre | Melbourne | 2,085 |
| Capitol Theatre | Sydney | 2,050 |
| Star City - Lyric Theatre | Sydney | 2,000 |
| Hayden Attractions Pty Ltd - Her Majesty's Theatre | Melbourne | 1,700 |
| Marriner Theatres - Princess Theatre | Melbourne | 1,488 |
| Theatre Royal | Sydney | 1,183 |
| Marriner Theatres a - Comedy Theatre | Melbourne | 1,073 |

The recent construction of theatres as part of the new International Convention Centre at Darling Harbour (2,500, 8,000 and 1,500 seats) will provide much needed theatre capacity, but these theatres do not have the technical, stage or programming capacity to accommodate commercial long-run musicals, resident orchestras and appropriate back-of-house production facilities. They are aimed primarily at the convention market and short-term events (three days), and will not be made available for long-run musical needs.

6.3 Emerging strategic opportunities

As well as addressing specific operational gaps, investment and attention also needs to be directed towards making sure that Sydney and NSW are positioned to take up and leverage emerging opportunities that will maintain and build the State's competitive cultural strengths.

6.3.1 Embedding arts and cultural infrastructure in other developments

A number of Government-led infrastructure upgrades, urban renewal developments are underway or planned across NSW. International trends point to the commercial value of embedding arts and cultural infrastructure in such developments. Increasingly, there are opportunities to negotiate cultural infrastructure outcomes that deliver improved value for the developer and for the community.

For example, *NSW Health and the Arts Framework* released by the Minister for Health in 2016 seeks to ensure opportunities for the arts and culture within the operation and facilities of NSW Health.

Cultural infrastructure and transport

In Minneapolis the new transport interchange station, Target Field Station incorporates a number of additional public amenities, including a 1,000-seat amphitheatre that hosts special events such as concerts, receptions, and movie screenings, as well as public art. This harnesses the cultural opportunities created by an active transport hub and its location close to the stadium for the city's Major League Baseball team, the Minnesota Twins.

Additionally, in Seattle, the Office of Arts & Culture, Seattle Department of Transportation, and the Office of Economic Development, are collaborating to turn the upper floors of its King Street Station into dedicated cultural spaces for residencies and arts programs, resources for the arts sector and to provide public access to staff of the Office of Arts & Culture. A six-month series of focus groups and public meetings commenced in mid 2016 and will culminate in a plan that will identify the greatest needs of the Seattle cultural community.

Opportunities for local communities to adaptively re-use heritage and other buildings for arts and cultural uses and to explore the commercial and other benefits of such uses should also be encouraged.

The priorities described in this Strategy could be considered by various government agencies for inclusion where relevant in their strategic business cases or as part of the options analysis undertaken for major infrastructure projects.

6.3.2 A well designed cultural precinct in the Sydney CBD

In Sydney, the location of the major cultural institutions and facilities close to the harbour is a major point of distinction and attractiveness. This natural advantage should be leveraged by providing physical and virtual links between cultural locations and institutions to create a cohesive CBD cultural precinct.

Benchmarking has found that by comparison, Sydney's CBD way finding is poor, its transport links limited and collaboration and the sense of common identity between cultural institutions fragmented and *ad hoc*.

Growth in international visitors, especially from China, South Korea and India, necessitates investment in multilingual physical and digital infrastructure.

Investing in software and systems to facilitate data-sharing, ticketing, scheduling and joint calendars would help to integrate cultural institutions, making them more efficient and reducing their overhead costs.

The development of a single website with ticketing and current scheduling information for every institution in a given precinct or cluster, such as the Sydney CBD, would help tourists visit more institutions during their stay and break barriers between neighbouring institutions. Exchanging visitor data would help all the institutions to better serve their audiences.

Linking cultural institutions by clear pathways and signage, for example, a delineated cultural walk, is also considered a priority. This would provide better access and visibility for the facilities located along the walk, as well as enabling a precinct-wide visitor experience.

Quartier des Spectacles Partnership

Montreal's *Quartier des Spectacles Partnership* (QDSP), was created in 2003 to oversee the development and management of Montreal's downtown cultural district, the Quartier des Spectacles, comprising one square kilometre of cultural residential and commercial properties. Together with community, cultural and commercial stakeholders, the Partnership has created a highly successful cultural hub with a year-round cycle of events and cultural programming of varying scale, from the internationally-renowned Montreal International Jazz Festival to numerous indoor concerts and small community events.

The Partnership has provided a context for, and invested heavily in, technology that enables the efficient and effective use of public spaces for both visual and performing arts programming. The QDSP has managed to retain large-scale events with strong support from local businesses and residential communities.

The City of Montreal, the Government of Quebec, and the Canadian Government jointly invested CAD \$150 million

in the development of the district, including \$6 million specifically attributed to its technological infrastructure for a fully-wired streetscape, which includes an extensive fibre optics network throughout the area, a "plug and play" system of lighting posts that serve as electrical outlets, weather beacons, Wi-Fi hotspots, and nine permanent projection mapping sites. In addition, the Partnership oversaw the creation of flexible moveable urban furniture.

As a result, the Partnership has become an international leader in the creation and management of cultural precincts and, since 2007, over CAD\$1 billion has been invested by the private sector in some 48 construction projects in the Quartier. Between 2007 and 2014, these investments resulted in growth in property values of around CAD\$1.6 billion, as a result of which the City of Montréal will collect an additional CAD\$20 million each year in property taxes. Ultimately, government will collect a tax surplus of around CAD\$530 million over the useful life of new capital investment in the district.

6.3.3 A new Indigenous Cultural Centre

Research undertaken by the Visitor Economy Taskforce found that international and domestic tourists wanted to better understand Australia's Aboriginal heritage and contemporary culture. Destination NSW supports these findings and the proposal for an Indigenous cultural centre. Consequently, the *Visitor Economy Action Plan* recommended the establishment of an Indigenous Cultural Centre as a way of providing a major benefit to the people of NSW and the NSW economy.¹¹

An Indigenous Cultural Centre presents an opportunity to establish Sydney's leadership in recognising the importance of Aboriginal and Torres Strait Islander culture. It could provide opportunities for collaboration between existing cultural institutions with Indigenous collections, programming, and outreach and education efforts.

The *State Infrastructure Strategy, Update 2014* also supported proposals for a permanent, flagship Indigenous cultural centre.

While there is strong support for the concept, location, organisational capacity, governance and the appropriate operational and business model have yet to be determined.

Aboriginal and Torres Strait Islander leadership will be vital to the success of this significant project.

Keeping places and beyond

NSW is home to Australia's largest Aboriginal population and the world's oldest continuous culture is vigorous and thriving in Aboriginal communities across the State. For Aboriginal people, culture, country, language, kinship and community are intertwined.

From these foundations of connectedness, a vibrant, distinctive and contemporary cultural renaissance is emerging through a diversity of Aboriginal voices. Voices that range from artists, musicians, filmmakers and leaders who work with community and arts and cultural organisations across NSW and allow Aboriginal people to participate, share and strengthen their culture through arts practice and to develop careers.

Increasingly non-Indigenous Australians and visitors are seeking out opportunities to connect with these stories and experience Aboriginal arts and cultural practice. This in turn provides opportunities for growth in Indigenous creative business in export markets and tourism.

The proposal for a new Indigenous Cultural Centre in Sydney would build on NSW's diverse Aboriginal cultural heritage and creative expressions to provide a national point of focus for Aboriginal and Torres Strait Islander peoples and their culture.

In addition, regional NSW and Western Sydney arts and cultural facilities based on the hubs and cluster model provide an opportunity for the renewal or establishment of Aboriginal keeping places and centres.

6.3.4 A large, flexible exhibition space

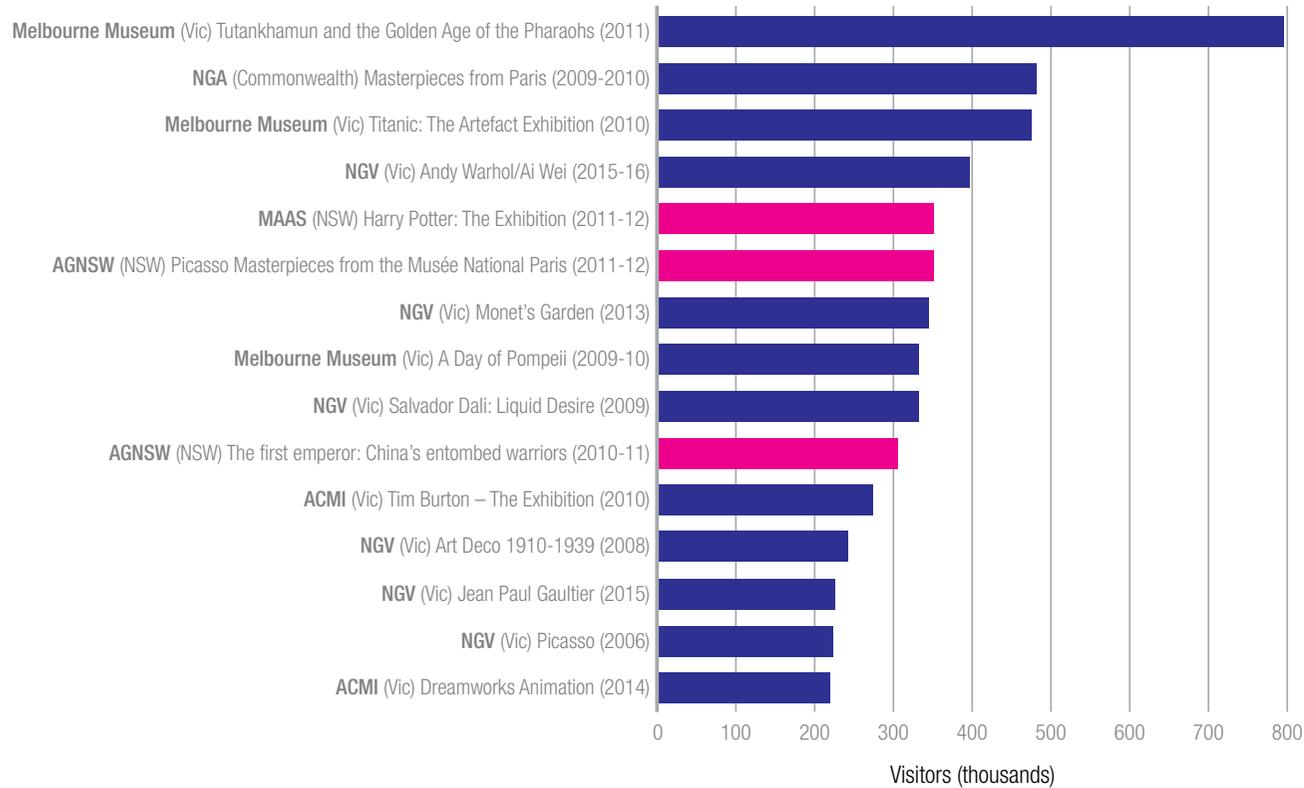
Although the new Exhibition Centre at Darling Harbour will give Sydney the competitive space it needs for trade exhibitions, Sydney does not have a large, flexible, state-of-the-art exhibition space to accommodate blockbuster exhibitions. This means the State struggles to attract and accommodate large-scale blockbuster exhibitions such as the Tutankhamun Exhibition in 2011, which went to the Melbourne Museum, and creates a risk of Sydney being bypassed as a stop on the global art touring circuit.

There is clear evidence from Destination NSW and the Art Gallery of NSW that the State has been unable to secure major exhibitions due to space constraints. This has contributed to recent poor national and international competitive performance.

The new facilities at Darling Harbour will have a number of large exhibition spaces, but these will meet broader trade exhibition needs and will not be available for longer run block-buster exhibitions that run for six weeks or more.

The following table sets out the publicly available attendance numbers for the top ticketed blockbusters at Australia's cultural institutions over the past 10 years. While NSW has three exhibitions in this list, Victoria consistently performs more strongly. In addition, the NGV and GOMA attract significant numbers of visitors for free exhibitions such as the recent Asian Pacific Triennial, which reported over 600,000 visitors and Melbourne NOW with over 750,000 visitors.

Figure 6.4 Australia's top major ticketed cultural exhibitions - 2006-2016¹²



Source: Various media reports, reports from Cultural Institutions; exhibitions are both ticketed and free.

6.3.5 Arts precincts with flexible spaces across the State

International benchmarking points to a need for near-term investment in flexible, multidisciplinary spaces, particularly in fledgling arts precincts in Western Sydney and regional NSW as 21st century audiences continue to demand more experiential cultural events, and as artists continue to blur the boundaries between traditional disciplines.

Investing in flexible spaces for interdisciplinary arts and cultural events and experiences, particularly in new arts precincts, (such as Carriageworks and the Walsh Bay Arts Precinct) is the best way to allow for growth of those precincts, along with the growing and changing demographics they will serve. At a smaller scale, flexible spaces integrated with maker-spaces and other urban infrastructure will be important.

6.3.6 Rehearsal and studio facilities

Arts practice requires work facilities, from sophisticated rehearsal and studio facilities to simple creative and maker-spaces.

An effective approach to providing these types of facilities is to include them in any new performing arts infrastructure plans (for example including a future lyric theatre in flexible multidisciplinary spaces). Expanded rehearsal space at the Walsh Bay Arts Precinct will be a valuable resource for the Australian Theatre for Young People, Bell Shakespeare and Sydney Philharmonic Choir, but there will continue to be a need for practice and work facilities across the State, in both performing and visual arts.

These facilities will be important for attracting artists and creative workers to the State. A recent study of cultural infrastructure in Western Sydney for Arts NSW, confirms that there is a dearth of maker-spaces for artists and performers.¹³ The City of Sydney has also identified this as a priority in its *Creative City Strategy*.

6.3.7 A functional opera and ballet theatre

While opera and ballet are currently performed at the Sydney Opera House, the Joan Sutherland Theatre has space, functional and acoustic constraints that make it difficult to stage world-class opera and ballet providing a substantially inferior experience to other venues in Australia and internationally.

This has resulted in Sydney being unable to host major cultural and visitor events such as Wagner's Ring Cycle (hosted now by Melbourne) and the Paris Opera Ballet (hosted by Brisbane in 2012 with no performance scheduled in Sydney). The need for functional opera and ballet theatre is in addition to the need for a lyric theatre as the scheduling and technical requirements of permanent opera and orchestra companies are inconsistent with long run use for musical theatre.

6.3.8 Screen production facilities

There is preliminary evidence of a need for additional screen production facilities in NSW if the State is to realise its ambition to remain the leading state for screen production, as indicated in *Create in NSW*.

NSW currently loses screen production to Queensland and other countries (United Kingdom, Malaysia, Dominican Republic, Spain and Mexico) due to the lack of a green screen water tank. The facility in Queensland is the largest of its kind in the Southern Hemisphere.

A feasibility study has been undertaken for the establishment of a major tank facility and backlot (comprising set building, administration and production offices) at a decommissioned historical water reservoir at Pott's Hill in Western Sydney.

Notes

- 1 Benchmarking undertaken by AEA Consulting, *Framework for a Cultural Infrastructure Strategy*, July 2016
- 2 Ibid, p.56
- 3 Ibid, p. 55
- 4 Ibid, p. 55
- 5 Institutions' 2014/15 Annual Reports. INSW compiled
- 6 EY, *Live Performance Industry in Australia 2014, Ticket attendance and Revenue Survey*, August 2015, page 10
- 7 AEA Consulting, *Framework for a Cultural Infrastructure Strategy*, July 2016, p. 57
- 8 Francis Merson "Soundwaves in Shoeboxes: the search for Australia's finest Hall" *Limelight* September 2011 p.24-30
- 9 Visitor Economy Action Plan, 2012 p. 93-94
- 10 EY, *Preliminary Business Case for a new live performance venue in Sydney*, Live Performance Australia, November 2010, p. 16
- 11 Visitor Economy Action Plan, 2012 pages 92
- 12 Various press, media and institution sources, INSW compiled
- 13 SGS Economics and Planning, *Mapping Arts and Culture in Western Sydney, Key Findings Report*, May 2016

Part C. Investment framework and priorities

7. Cultural Infrastructure Investment Framework

Over the next 20 years, there will be opportunities and pressures to significantly increase the quality and amount of investment in NSW's cultural infrastructure. This increased investment must be supported by better planning and co-ordination across the arts and cultural sector, greater fiscal discipline and a much stronger emphasis on providing public benefit and achieving value for money.

Future investment delivered in accordance with a strategic Cultural Infrastructure Investment Framework will ensure that potential projects are evaluated against agreed, pre-established objectives and criteria and are required to provide a rigorous demonstration of the benefits they seek to deliver.

7.1 Implement a new investment framework

Recommendation

Infrastructure NSW recommends the adoption of a new Cultural Infrastructure Investment Framework as the basis for prioritising future cultural infrastructure investment.

The Framework defines a clear set of objectives and criteria for assessing investments in cultural infrastructure in NSW. Individual project proposals should be assessed against the strategic criteria set out in the Framework. All projects should be subject to independently assured business cases to provide confidence that they will deliver infrastructure that is fit for purpose and able to generate sustainable and identifiable economic, social and cultural benefits.

7.2 Apply clear economic objectives and criteria to guide investment

Priority should be given to projects and capital investment programs which strengthen the foundations of the cultural sector in NSW and position NSW as a place where:

- People want to visit, live, work and do business
- Future generations of artists can create and engage with audiences about their work.

This can be achieved by evaluating potential projects against the clear investment objectives set out below.

| Objectives | Criteria |
|---------------------------------------|---|
| Global competitiveness | <ul style="list-style-type: none"> • Directly address the identified market gaps in the State’s cultural offering as identified by national and international benchmarking • Increase international and interstate visitation and visitor spending in NSW • Provide an experience that distinctly reflects NSW’s culture and history, including that of its Indigenous community • Improve NSW’s attractiveness as a place to live, work and do business |
| Productivity | <ul style="list-style-type: none"> • Sustain jobs and generate additional jobs and industries in the creative and broader economies • Foster economically productive innovation and skills development, including digital capacity and education • Enhance productivity, financial sustainability and cultural vitality of the creative sector by facilitating co-operation and collaboration between cultural institutions across the State |
| Sustainability | <ul style="list-style-type: none"> • Include demonstrated access to funding sources beyond Treasury • Improve the long term financial and operational viability of the arts organisation or institution • Address identifiable backlogs in maintenance and other deficiencies in existing infrastructure |
| Equity | <ul style="list-style-type: none"> • Promote increased participation in creative and cultural activities, including for young people • Foster equitable opportunities for the whole NSW community to enjoy and benefit from cultural experiences as artists and audiences |
| Urban and regional development | <ul style="list-style-type: none"> • Support the Government’s land use and urban renewal strategies in Sydney and regional NSW by contributing to the creation of lively and prosperous centres for cultural and economic activity • Support the development of high functioning, productive arts clusters by adopting excellence in design and fostering the development of attractive cultural precincts • Ensure design excellence is considered as part of the project development and procurement processes |

These objectives recognise the context of the competing demands of Sydney as a global city, Western Sydney as the centre of population growth, and regional NSW as a competitive and connected economy (described in greater detail at the end of this Section).

Accordingly, where projects are based in Sydney, there is likely to be an emphasis on the role of the investment in supporting the visitor economy and enhancing Sydney’s attractiveness as a place to work and invest.

For projects based in Western Sydney, the priorities will be to support the role of Parramatta as Sydney’s second CBD and meet demand for arts and cultural production and consumption in a growing population.

In regional NSW, the emphasis is on enhancing or creating hubs and clusters that reflect community demand and artistic production.

7.3 Undertaking a robust, evidence-based assessment

Recommendation

Infrastructure NSW recommends that all cultural infrastructure business cases should incorporate the following data sets to enable a robust, evidence-based assessment of the proposed project against the investment criteria.

| Objective | Data required |
|---------------------------------------|--|
| Global competitiveness | <ul style="list-style-type: none"> • Number of additional visitors to NSW generated • Estimate of additional trip conversions from day trips to overnight trips • Estimate of visitor expenditure associated with above • Qualitative description of improvements to NSW's attractiveness as a place to live, work and do business • Identification of the market gap that the proposal specifically aims to fill. |
| Productivity | <ul style="list-style-type: none"> • Number of additional jobs created or sustained in creative industries during operation • Number of additional jobs created or sustained in other industries • Qualitative description of contributions to innovation and skills development, creative sector strengthening and collaboration enhancements • Qualitative description of contribution to the foundation and health of the arts and cultural sector. |
| Sustainability | <ul style="list-style-type: none"> • Indication of the ballpark capital cost of the proposal • Indication of capital cost to be secured from non-State sources • Qualitative description of how the proposal will improve operating finances, backlog maintenance requirements and/or the viability of the broader cultural sector. |
| Equity | <ul style="list-style-type: none"> • Estimate of increase in participation/visitation/usage enabled by the proposal • Identify audience/s that proposal specifically targets • Select demographic indicators of targeted audiences (age, income etc.) • Travel times to the proposed location from key population centres by road and public transport • Qualitative description of how the proposal contributes to improved equity outcomes. |
| Urban and regional development | <ul style="list-style-type: none"> • Location of proposed infrastructure • Qualitative description of how the proposal contributes to land use and urban renewal strategies of Government and/or development of arts precincts or clusters. |

7.4 Guidelines for economic appraisal of cultural infrastructure

As part of any project or program, proponents must undertake a formal economic appraisal of the proposal.

The economic appraisal is a way of systematically analysing all the costs and benefits of a proposed investment, ensuring that economic, social and environmental costs and benefits are considered.

Cultural projects typically generate a number of economic externalities that can be challenging to define and capture in an economic appraisal. For example, the activities that cultural infrastructure supports are often provided at subsidised prices, making consumer-use values difficult to ascertain, whilst non-use values are not captured by conventional economic signals. Methodologies such as contingent valuation, while capable of estimating both use and non-use values, are expensive to apply as they require survey data. There is therefore a likelihood that a degree of unwanted subjectivity may enter the appraisal.

To address these concerns, an approach has been agreed with NSW Treasury to ensure that the economic appraisal of a prioritised project is undertaken rigorously and cost effectively. Attachment C sets out draft guidelines to this end.

7.5 Demonstrating capacity to deliver

An effective business case should fully analyse all issues associated with a capital proposal including the impact of the investment on the long term operating viability of the institution in question. A positive benefit cost ratio is an important indicator of viability, but alone is insufficient to justify NSW Government investment. Further considerations include:

- Capacity to execute or deliver
- Delivery of design excellence
- Quality of procurement practices
- Project oversight
- Risk mitigation
- Extent to which the sponsor is able to fully realise the latent potential of the investment.

Considerations of place

Culture and place are intertwined, and one of the key drivers for cultural infrastructure investment is the aspirations, strengths and values of particular locations and communities. The *Cultural Infrastructure Strategy* has been developed within this wider context of place and focuses on delivering specific cultural outcomes for Sydney CBD, Western Sydney and regional NSW – as well as more broadly across the State.

Any evaluation of a project under the Cultural Infrastructure Investment Framework will require an examination of demographic trends and economic development priorities in these places, along with an assessment of their existing and potential creative and cultural strengths. This context is outlined below.

Sydney

Sydney is Australia's financial and economic capital. 45 per cent of the top 500 Australian companies are based in NSW and most are based in Sydney. Sydney drives around 70 per cent of NSW economic output and over one-fifth of the Australia's Gross Domestic Product. The outputs and jobs of creative industries, cultural industries and the visitor economy are largely Sydney-based. Significant numbers of arts and cultural organisations, artists and arts workers are located in Sydney.

Positioning Sydney as a highly attractive, world-renowned cultural destination with a distinctive visitor economy and precinct-wide visitor experience will build the city's reputation as a global city.

Sydney's cluster of major cultural institutions in and around the CBD is a magnificent asset. The world-class International Convention Centre at Darling Harbour, complemented by making and presentation spaces such as at Walsh Bay and Carriageworks.

Sydney Opera House opened in 1973 and was at the forefront of international investment in high profile cultural infrastructure. It was designed to serve as a context for the creation and presentation of artistic work, an assertion of national and civic identity, a catalyst to urban development and a tourist attraction.

Comparative analysis against benchmarked cities confirms Sydney's locational advantage.

Western Sydney

The population of Western Sydney is forecast to grow by almost one million people in the 20 years from 2011 to 2031. As additional artists and audiences locate in the region, new opportunities will arise and upgraded cultural infrastructure and services will be needed. The NSW Government should seek to deliver quality cultural infrastructure commensurate with this increased demand and cultural participation in Western Sydney.

Between 2011 and 2021, overall jobs growth in Western Sydney is projected to increase by two per cent per annum with 378,000 new jobs created - a higher growth rate than for Greater Sydney. Blacktown, the Hills and Camden are anticipated to have particularly high jobs growth.¹ Parramatta's evolution into a mature CBD will be the key driver of change in Western Sydney, as well as the demand for new opportunities for arts and cultural production and consumption, reflective of a growing culturally diverse population, where demand far outstrips supply. Arts and recreation services have grown in Western Sydney, growing in economic output by approximately 12 per cent for the years between 2008 and 2014.²

Cultural facilities in Western Sydney, outside Parramatta, are varied and dispersed. The most significant professional arts facilities have been established and are operated by local government. For example, Campbelltown Arts Centre and Blacktown Arts Centre were originally to provide

artistic and cultural activities for local residents but they are now increasingly serving populations across the wider region and are having national and international impact.

The NSW Government has made a significant cultural infrastructure commitment to Parramatta by relocating the Museum of Applied Arts and Sciences to the Parramatta Riverbank, supporting a broader cultural precinct. This investment will enhance the development of the visitor economy in Parramatta, support creative industry development and greatly contribute to urban amenity.

In addition, satellite facilities such as the open storage at Castle Hill for Sydney Living Museums and the Australian Museum provide additional access for residents to the State's collections. The proposed establishment of the State Library of NSW storage facility and reading room in Western Sydney will, if funded, improve access and support creative industries.

Cultural facilities in Western Sydney will continue to be provided, in the main, by local government, however there will be opportunities to partner with the NSW Government, in line with the recommendations in this Strategy.

The current chronic lack of flexible making-spaces for artists, including filmmakers, is impacting on the retention of artists in the region and limiting the development of a deep and diverse cultural and creative economy.

Regional NSW

Regional NSW has more than 2.9 million residents, around 41 per cent of the NSW population. It contributes almost \$138 billion of Gross State Product, having grown 4.8 per cent each year since 2006 (on average). Cultural activity is a significant driver of regional tourism and employment with nearly 30,000 people in regional NSW employed in a cultural occupation as their main job.³

Regional NSW has a network of cultural facilities including public libraries, regional galleries, regional conservatoriums,

performing arts centres and museums. These venues offer a mix of locally produced and touring activity. They form an important part of the visitor economy and essential social infrastructure for regional communities.

Many major regional centres have recently invested in critical cultural infrastructure, seeing it as integral to their commercial, social and urban ambitions. For example, Albury has developed a highly successful precinct with the Murray Art Museum Albury, Library Museum and Performing Arts facility. Orange is presently consolidating its precinct of Library, Art Gallery and Museum/Visitor Centre and public space. Stand-alone cultural facilities in regional centres, which have a major attractor, have also proven to be highly successful, such as Tweed Regional Gallery in Murwillumbah.

Through *Create in NSW*, the NSW Government has set out the policy directions for regional arts development. Key priorities are to:

- Support self-determined artistic practice and programs for the development of professional pathways for artists and arts workers
- Enhance opportunities for regional partnerships, collaborations and touring programs between regional institutions and CBD and Western Sydney-based organisations.

The development of regional cultural hubs or centres of excellence should be prioritised where they support arts and cultural activity in the broader community and can interact with arts and cultural communities nationally and internationally.

The principal drivers for investment should be the role of cultural infrastructure in growing the visitor economy, arts development and supporting for liveable regional centres.

Notes

- 1 SGS Economics and Planning, *Mapping Arts and Culture in Western Sydney, Key Findings Report*, May 2016, p. 39
- 2 Ibid, p.26
- 3 NSW Trade and Investment, *Economic Development Strategy for Regional NSW*, January 2015, p.11

8. Investment priorities

This section provides Infrastructure NSW's recommended investment priorities to address the needs and shortcomings in the State's cultural infrastructure. The recommendations take into account the trends and challenges described earlier in this Strategy and also consider the context of place.

Our recommendations are based on an assessment of potential cultural infrastructure projects that reflect the asset renewal, technological improvements, modernisation needs, operational gaps and strategic opportunities identified in Sections 3, 4 and 6.

Once these strategic drivers were identified, the Cultural Infrastructure Investment Framework (described in Section 7) was adopted to assess these projects against criteria related to productivity, global competitiveness, urban and regional development, equity and sustainability, in light of the identified market gaps and needs. The demand and needs analysis highlighted critical and urgent priorities, investment readiness, opportunity cost and the availability of funds were also considered.

Each of the projects assessed is at a different stage in its development. Further analysis of each project will be required as proposals are developed in more detail. Some re-evaluation of priorities and timeframes may arise from the detailed assessment and data sets as they become available.

As local government is responsible for local facilities, Infrastructure NSW considers that upgrades to non-state owned facilities should be delivered in partnership with local councils in Sydney, Western Sydney and regional NSW. Accordingly, a submissions-based funding process should be established to call for and assess projects in accordance with the criteria set out in the Cultural Infrastructure Investment Framework.

Recommendation

Infrastructure NSW recommends that the pipeline of projects set out in this Strategy be reviewed and refreshed annually through the Government's Total Asset Management planning process.

The pipeline can be adjusted as projects progress or new opportunities emerge, and depending on the Government's overall budget capacity.

8.1 Sydney

Sydney is positioned as a distinctive global city with contemporary cultural infrastructure supporting its creative industries, the visitor economy, a highly attractive quality of life and inclusive and diverse communities.

For Sydney and NSW to remain competitive, investment must be made in our existing institutions as well as in facilities and infrastructure that can capitalise on evolving trends and emerging opportunities. Recommended high priority projects will:

- Preserve, maintain and - where demand is demonstrated - expand the operations of the flagship State Cultural Institutions
- Enable iconic developments that underpin growth in Sydney's visitor economy
- Support smaller scale arts projects and increase connectivity and place-making
- Support the creation of a connected Sydney CBD cultural precinct.

Keeping pace

8.1.1 State Cultural Institutions: asset renewal and digitisation

As a high priority, the NSW Government must ensure that the State Cultural Institutions are in good repair and fit for contemporary purposes by attending to the neglect of the last decade.

Previous studies of capitalised backlog and accessibility needs for the State Cultural Institutions, (including Arts NSW properties) should be updated to identify and meet priority needs. Arts NSW should also review current studies of digitisation needs for the State Collecting Institutions and the Museum of Contemporary Art Australia to support investment in the digitisation of priority elements of their collections. This review should be completed for consideration in the 2017/18 budget cycle.

Recommendation

Infrastructure NSW recommends:

- Expenditure over the short to medium term of about \$40 million¹ per annum should be allocated for the capitalised maintenance, renewal work and essential service needs of the State Cultural Institutions, Sydney Living Museums and Arts NSW properties. Ongoing investment at this level will be required
- Expenditure of approximately \$50 million on the Sydney Opera House sea wall repairs and security. Additional investment to repair the outside shell and glass will be required at a later date
- Arts NSW, working with the State Collecting Institutions, commission a study to update the previous collection management work undertaken by the NSW Auditor General to identify needs (including storage pressures) to ensure an appropriate allocation of funds for collection management and storage
- Establishment of a digitisation program, subject to a business case, for the State Collecting Institutions to digitise priority elements of their collections over the next five years. Priority should be given to the critical needs of the Australian Museum and Museum of Contemporary Art Australia. Additional investment may be required in the medium term for the State Library and the State Records Authority. This program is estimated to cost about \$10 million per annum over the short to medium term and should be administered by Arts NSW.

8.1.2 CBD cultural precinct: define and establish

An explicit precinct-based approach to investment priorities is central to this Strategy, with the Sydney CBD in particular having an opportunity to develop a more integrated and connected cultural offering.

Recommendation

Infrastructure NSW recommends:

- Arts NSW and the City of Sydney lead the development of a program to define and establish a Sydney CBD cultural precinct, in collaboration with NSW Government agencies. The program should:
 - Define overarching principles and a guiding strategy
 - Recommend uniform way finding initiatives to link cultural institutions and attractions around Sydney Harbour, the Domain and the Royal Botanic Garden, including proposals for a nature culture walk to link the Bays Precinct and Woolloomooloo
 - Implement a strategy for public access to Wi-Fi
 - Provide joint ticketing and shared market data and intelligence through the development of shared software and systems to achieve efficiencies and service improvements.
- Initial State funding of \$10 million² over five years to deliver the program, subject to a business case. This investment should be conditional on significant funding co-contributions from the City of Sydney.

Figure 8.1 Sydney CBD Cultural Precinct



— Foreshore walk

8.1.3 Walsh Bay Arts Precinct: update business case and complete a unified build

In early 2015, the NSW Government committed \$139 million to the redevelopment of the Walsh Bay Arts Precinct. Pier 2/3 at Walsh Bay will be redeveloped as the home of the Australian Chamber Orchestra (including a performance space for use by the Australian Chamber Orchestra, the Sydney Writers' Festival and other arts companies), Bell Shakespeare Company and the Australian Theatre for Young People, while the facilities for Sydney Dance Company and Bangarra Dance Theatre and the choirs located in Wharf 4/5 will be upgraded.

The Walsh Bay redevelopment will enhance the CBD cultural precinct and contribute to an active working arts precinct adjacent to the redevelopment at Barangaroo.

Infrastructure NSW supports Sydney Theatre Company's planned \$60 million upgrade of its facilities as they are approaching the end of their useful life and not commensurate with Sydney Theatre Company's position as Australia's most internationally recognised theatre company. The concurrent delivery of the development with the wider precinct work at Walsh Bay will reduce sequential development risks for Wharf 4/5 and deliver cost efficiencies for both projects.

Recommendation

Infrastructure NSW recommends, subject to an updated final business case:

- A unified build of the Walsh Bay Arts Precinct that incorporates Sydney Theatre Company's facilities
- Reservation of an additional \$30 million in 2017/18 for the Sydney Theatre Company, on condition that the Sydney Theatre Company contributes \$30 million
- Immediate integration of the two projects to enable the Walsh Bay building program to be delivered on schedule and completed by 2019
- The provision of an additional \$30 million to cover escalation costs associated with the redevelopment of Pier 2/3 and Wharf 4/5.

Achieving excellence

8.1.4 Art Gallery of NSW: expand exhibition space through Sydney Modern

As noted in Section 6, the lack of a large-scale gallery exhibition space in Sydney is having a major impact on the city's ability to attract blockbuster exhibitions.

The Art Gallery of NSW's Sydney Modern proposal has substantial private support and is seeking a 2-for-1 Government contribution. The strategic business case for Sydney Modern forecasts a significant increase in visitation, with an additional 3-6 major touring exhibitions accommodated each year.

The proposal also contributes to the precinct-wide visitor experience as part of the Sydney CBD cultural precinct.

Infrastructure NSW considers Sydney Modern a high priority and recommends exploring a staged development plan in the final business case for the proposal.

Recommendation

Infrastructure NSW recommends that:

- The Art Gallery of NSW final business case for Sydney Modern should identify options that prioritise the delivery of improved exhibition and public spaces
- Continued development funding of \$20 million and reservation of NSW Government contribution of up to \$200 million, on the basis of a contribution of at least \$100 million from the private sector.

8.1.5 State Library of NSW: progress refurbishment plans

The State Library of NSW's preliminary master plan for the Mitchell & Macquarie Buildings proposes a staged redevelopment and refurbishment of its Macquarie Street site. Initial work to improve disability access and refurbish gallery and public spaces is being funded by the NSW Government, internal resources and philanthropic support. This initial work will restore the Mitchell Gallery to its original configuration, reinstall the grand staircase and reconfigure internal spaces to improve circulation to create a new Circulation Gallery between floors.

Further work is proposed to improve exhibition space, create a new auditorium and possible function centre and further improved circulation once storage is moved off site.

Infrastructure NSW considers that further investment of up to \$50 million may be required to complete these further works. This approach of staged and partnership development is supported by Infrastructure NSW.

Recommendation

Infrastructure NSW recommends that the State Library of NSW proceed to develop a business case for the redevelopment of its site based on the Mitchell & Macquarie Buildings master plan. Reservation of up to \$50 million, subject to business case.

8.1.6 Macquarie Street East precinct: reuse, adapt and collaborate

The NSW Government is developing a strategic framework for the historic Macquarie Street East precinct, which includes the Parliament of NSW, Sydney Hospital, the Land and Property Information building, the Mint and the State Library of NSW.

Preliminary proposals for the precinct range from plans to upgrade the amenity of Macquarie Street by creating new city 'squares', a master plan to reposition the State Library, the relocation of the Museum of Sydney to the precinct, and the redevelopment of the precinct by upgrading the already existing Justice precinct. The Macquarie Street East precinct is part of the Sydney CBD cultural precinct (see Section 8.1.2).

Redevelopment of the precinct provides an opportunity for a collaborative initiative between the Art Gallery of NSW, the State Library of NSW, Sydney Living Museums and the Museum of Applied Arts and Sciences to better display and share collections, particularly around the history of colonisation and the story of Sydney. The adaptive reuse of sections of the Land and Property Information building should be considered in this context.

Recommendation

Infrastructure NSW recommends that the State Library is well placed to lead and canvass options, in collaboration with the other Cultural Institutions and the Office of the Government Architect, to tell the story of Sydney and the colonisation of Australia. This could include the potential use of sections of the Land and Properties Information building as a shared exhibition facility within a renewed Macquarie Street East precinct.

8.1.7 Australian Museum: Barrabuwari Muru Master Plan, 2016

The Australian Museum has developed a master plan to renew its facilities, which includes the construction of a new high rise wing at the eastern end of its site to allow for improved access to the collections, increased temporary exhibition space, greater educational and digital engagement and establishing a Pacific and Indigenous Cultural Research Centre.

Infrastructure NSW supports renewing the Australian Museum's facilities and strengthening its educational component.

Plans to enhance the Australian Museum's scientific work and associated expansion of back-of-house research space should be subject to a full options analysis including determining whether location with universities or in Western Sydney would be desirable.

Plans for the Pacific and Indigenous Cultural Research Centre must be developed to align with the proposal for a new Indigenous Cultural Centre.

Recommendation

Infrastructure NSW recommends that:

- Given the significant changes in scope from the strategic business case prepared in October 2013, the Australian Museum update its business case, including undertaking a full options analysis to take into consideration the new Barrabuwari Muru Master Plan, prior to proceeding to develop a final business case
- As part of this update, other mooted development and expansion strategies for the Yurong Street site, including proposals to incorporate educational facilities and undertake commercial and residential development, and to expand its research facilities, be subject to full options analysis, including opportunities for commercial and self-funding and, in the case of the research facilities, options for relocation
- Opportunities to support and collaborate with the proposed Indigenous Cultural Centre should be explored.

8.1.8 Sydney Opera House: deliver Stage 1 works and investigate Stage 2

The Sydney Opera House's staged Renewal Framework seeks to bring the 40-year-old building to contemporary standards for performance, visitor amenity, safety and access.

The NSW Government has reserved \$202 million for Stage 1 Renewal works, which will address priority front-of-house issues and modernise the Concert Hall. Proposed Stage 2 renewal works will upgrade the Studio, Playhouse and Drama theatres as well as the western boardwalk. Options for the development of a functional opera and ballet theatre nearby, which were identified as a longer term strategic gap, should be investigated.

Recommendation

Infrastructure NSW recommends the establishment of an investment partnership with the Commonwealth Government to deliver the Sydney Opera House Stage 2 renewal works and investigate opportunities for a new opera and ballet theatre.

Leveraging opportunities

8.1.9 Indigenous Cultural Centre: develop and partner

The development of a new, internationally recognised institution dedicated to Indigenous culture will add another nationally significant flagship to Sydney's CBD cultural precinct.

While substantial planning work needs to be undertaken on the scope, delivery model and governance structure, preliminary consultation and work suggest that an Indigenous Cultural Centre could provide:

- A space and place for national recognition and preservation of Aboriginal and Torres Strait language, culture and art practices
- An opportunity for dialogue within Aboriginal and Torres Strait communities and more broadly
- A rich and innovative experience for international and domestic visitors
- An opportunity for collaboration with the State Cultural Institutions, in particular the Australian Museum.

Given the significance of a project of this nature sustained Indigenous and government leadership is recommended.

Recommendation

Infrastructure NSW recommends that:

- Arts NSW, in consultation with Indigenous leaders, the Barangaroo Delivery Authority and other relevant NSW Government agencies, lead the development of a strategic business case for an Indigenous Cultural Centre, investigating sites around Sydney Harbour including Barangaroo
- The NSW Government seek to partner with the Commonwealth Government on this project given that it will be a facility of national significance.

8.1.10 A new Lyric Theatre for musical productions

The addition of a 1,600-2,000 seat lyric theatre to accommodate long run musicals and contemporary music shows would add to Sydney's cultural offering and would not duplicate or negatively impact on existing infrastructure or programming.

Recommendation

Infrastructure NSW recommends that Arts NSW, in consultation with the City of Sydney, undertake a feasibility study of potential sites in the Sydney CBD for a lyric theatre and explore the possibility of private sector funding.

8.1.11 Carriageworks: prepare a business case for Stage 2

Carriageworks at Eveleigh has grown into a flourishing urban creative precinct and is a cultural anchor for the Eveleigh to Waterloo redevelopment being led by UrbanGrowth NSW. Visitation is projected to rise to two million by 2021, with significant increase in annual earnings by 2021.

Carriageworks has preliminary plans to further redevelop the site to provide increased spaces for resident companies and commercial uses including an expanded cinema and flexible, multidisciplinary spaces (Stage 2 development). Before Carriageworks can progress these plans, it must resolve its tenure with Arts NSW. This process is close to resolution.

Recommendation

Infrastructure NSW recommends that:

- Arts NSW and Carriageworks finalise the facility's long term lease arrangements
- Carriageworks, in collaboration with Arts NSW, develop a strategic business case for the Stage 2 development of Carriageworks with options for co-funding with the local council to be explored
- UrbanGrowth NSW and Carriageworks undertake a joint feasibility study to explore opportunities to improve the physical connections between Redfern and Australian Technology Park, including the proposal to extend the Goods Line to the Carriageworks site.

8.2 Western Sydney

Parramatta will be renowned for its world class Museum of Applied Arts and Sciences and vibrant cultural precinct, and Western Sydney arts and cultural centres will create a strong cultural offering that contributes to urban amenity

The NSW Government's commitment to relocating the Powerhouse Museum to the banks of the Parramatta River will provide a strong anchor for a broader cultural precinct in Western Sydney. Alongside this development, high priority projects recommended for Western Sydney will:

- Deliver new opportunities for Sydney-based cultural institutions to develop deeper and wider engagement with Western Sydney populations
- Ensure Western Sydney arts and cultural centres can meet projected growth in demand, provide greater opportunities for local participation in the arts, contribute to surrounding urban amenity and support the development and recognition of local artists.

Recent research indicates that population growth in Western Sydney is forecast to be concentrated in areas that are remote from established infrastructure, services, and arts and cultural offerings. This highlights the need to actively partner with local councils to ensure that cultural infrastructure planning responds to the demands of this diverse and growing population.

Keeping pace

8.2.1 State Library of NSW: develop storage facilities and a reading room

Infrastructure NSW considers the resolution of the State Library's current storage crisis to be a priority.

The State Library of NSW is statutorily required to

- Receive and retain a print record of all legal copyright
- Develop a collection that reflects the cultural heritage of NSW in its Australian and international context.

As such, it is critical that the content of the collection is accessible and preserved for future generations. Proper preservation requires conditions that meet international environmental standards.

The State Library of NSW has developed a strategic business case to develop an off-site storage facility, reading room and potential exhibition space in Western Sydney. As well as addressing the Library's priority storage needs, this approach will extend the Library's footprint to Western Sydney and complement existing extensive collaborative work between the State Library and public libraries across NSW.

Recommendation

Infrastructure NSW recommends:

- Investment in a Western Sydney library storage and reading room as a priority, followed by a possible exhibition space, subject to a final business case
- Investigation of co-location of the facility with a university or the State Records Authority reading room in Kingswood.

Achieving excellence

8.2.2 MAAS and associated cultural precinct: support and develop

The NSW Government will consider the final business case for the MAAS Powerhouse proposal in late 2016.

The relocation presents an opportunity to develop a vibrant creative and cultural precinct that encompasses the adjacent commercial and restaurant district, the Civic Link proposed by the City of Parramatta, Riverside Theatre and the public domain leading to the new Western Sydney Stadium, together with much needed making and presentation spaces for local artists.

The Riverside Theatre, owned by the City of Parramatta and located across the river from the MAAS Powerhouse site, is in need of substantial refurbishment or redevelopment and is nearing the end of its asset life. It is the busiest theatre venue in NSW outside the Sydney CBD, attracting approximately 174,000 patrons to more than 1,800 events in 2013/14. Demographic and cultural changes in Western Sydney will contribute to growing demand and pressure on the theatre, particularly given its role as home to the National Theatre of Parramatta.

The Riverside site presents an excellent opportunity for co-funding for new facilities in a redeveloped theatre complex near to the Museum of Applied Arts and Sciences and the new Western Sydney Stadium, and also provides the opportunity to host long run musicals in Parramatta.

Recommendation

Infrastructure NSW recommends that Arts NSW, in consultation with Parramatta City Council, prepare a master plan for a cultural precinct based around the Museum of Applied Arts and Sciences, Riverside Theatre and public domain along the riverbank. Initial funding of up to \$0.5 million for planning. This investment should be conditional on matching funding contributions from Parramatta Council. As part of this work the opportunity to renew Riverside Theatre as a premier performance and theatre venue should be investigated.

Figure 8.2 Parramatta cultural precinct



Leveraging opportunities

8.2.3 Western Sydney Cultural Infrastructure Program: reserve funds, assess projects and explore the feasibility of a Western Sydney Centre of Contemporary Arts

A program of co-investment in cultural facilities in Western Sydney can increase opportunities for local participation in the arts and contribute to surrounding urban amenity and liveability.

The SGS Economics and Planning report *Mapping Arts and Culture in Western Sydney May 2016* identified significant gaps in the supply of cultural facilities. A number of local councils in Western Sydney have plans to expand or redevelop cultural facilities, including at Campbelltown, Penrith, Liverpool and Belmore. However, the projects are at different stages of development and have not yet been subject to formal appraisal.

Recommendation

Infrastructure NSW recommends the reservation of between \$50 and \$100 million to establish a Western Sydney Cultural Infrastructure Program. Following an Expression of Interest process, all projects proposed for inclusion under the program should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. All approved projects will require significant co-funding contributions from the proponent.

Infrastructure NSW also recommends that Arts NSW undertake a feasibility study on establishing a Western Sydney Centre of Contemporary Arts to meet the need for flexible, multi-disciplinary spaces and rehearsal and studio facilities in Western Sydney and to provide for satellite exhibitions from the State Cultural Institutions.

8.2.4 Western Sydney film infrastructure: undertake further analysis

While the development of Potts Hill as a film studio site with a large green tank has been assessed as having merit, Infrastructure NSW considers that a broader examination of the available studio and production facilities in Greater Sydney is required before investment decisions are taken.

Recommendation

Infrastructure NSW recommends that Screen NSW and Arts NSW undertake further demand and market analysis of studio space and options for private sector development.

8.3 Regional NSW

Arts and cultural facilities in regional NSW centres are located in dynamic and renewed regional centres, with facilities and programs that attract visitors and give regional artists more opportunities

Cultural infrastructure has a vital part to play in supporting regional economic development, improving amenity in regional communities and contributing to urban renewal in older parts of country centres and towns. With a strong focus on driving opportunities to partner with local councils and the community, high priority projects in regional NSW will ensure that:

- Arts and cultural facilities in NSW are located in regional centres that support a diverse and distinctive cultural offering, increased participation, regional development and the growth of the regional creative sector
- Increased collaborations, outreach programs and tours across regional NSW are developed with cultural organisations and institutions based in Sydney and Western Sydney
- Facilities and strong programming attract greater numbers of visitors to regional NSW
- Flexible facilities, spaces and programs provide regional artists with greater opportunities and audiences.

Achieving excellence and leveraging opportunities

8.3.1 Newcastle and Wollongong: enhance cultural precincts

Existing cultural facilities in Wollongong and Newcastle have the potential to form the basis of precincts or hubs for arts and cultural activity and investment. While proposals have yet to be developed by the Newcastle and Wollongong councils, there are considerable opportunities for cultural infrastructure to support productivity and urban amenity in each city. Infrastructure NSW considers the development of facilities in these places to be a priority.

Recommendation

Infrastructure NSW confirms its recommendations, made in the *State Infrastructure Strategy Update 2014*, for cultural infrastructure investment in Newcastle and Wollongong.

- In Newcastle, the investment focus should be on the cultural precinct around the Art Gallery and the opportunity to optimise that important institution
- In Wollongong, plans should focus on enhancing the cultural precinct around the Town Hall and Performing Arts Centre.

8.3.2 Regional Cultural Infrastructure Program: reserve funds, develop partnerships and set priorities

While transport and information technology links are essential for regional areas, appropriate local cultural infrastructure and activities can support and drive the development of the regional creative economy, which delivers significant economic and social benefits.

A number of major regional centres provide strong support to arts and cultural activities. These activities deliver productive benefits to local economies by supporting the regional visitor economy and enhancing the vibrancy of regional centres as attractive places to live and work.

Regional centres provide the opportunity to support arts and cultural activities in surrounding areas through a 'hub and spoke' model.

The NSW Government is currently reviewing the needs of regional NSW and has commissioned a mapping study, similar to that completed for Western Sydney.

Smaller scale projects will continue to be able to access support through other funding mechanisms such as Club Grants and the Arts and Cultural Development Program.

Recommendation

Infrastructure NSW recommends the reservation of between \$50 and \$100 million to establish a Regional NSW Cultural Infrastructure Program. Investment under the program should focus on major regional centres and on partnering with local communities. Following an expression of Interest process, all projects proposed for inclusion under the program should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. All approved projects will require significant co-funding contributions from the proponent.

8.4 State-wide leveraging opportunities

The NSW Government is delivering a large program of investment in transport infrastructure, urban renewal and residential and commercial development. International trends point to the economic, social and commercial value of embedding arts and cultural infrastructure in such developments. Increasingly, there are opportunities to negotiate cultural infrastructure outcomes that deliver improved value for both the developer and the broader community.

Recommendation

Infrastructure NSW recommends that Arts NSW convene a regular working group with major NSW Government agencies with significant infrastructure plans - including Transport for NSW, UrbanGrowth NSW and Property NSW - to identify opportunities to embed, enable and support arts and cultural facilities within their developments.

Opportunities for local communities to adaptively reuse heritage and other buildings for arts and cultural uses and explore the commercial and other benefits of such uses should be explored as part of this work.

Notes

- 1 Based on Cultural Venues Renewal Program business case, PwC *Recreation and Arts Baseline Report to Infrastructure NSW*, June 2012
- 2 Based on global city benchmarking and preliminary estimates from AEA Consulting

9. Implementing the Strategy

9.1 The funding pipeline

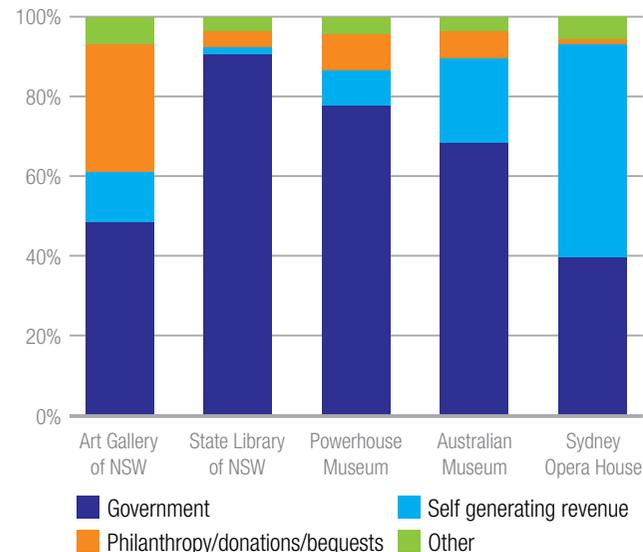
The recommendations contained in this Strategy amount to a substantial pipeline of investment funding over the next 20 years. Many of the projects require development funding or need to proceed through final business cases before they will be investment ready.

Appendix D sets out the projects, priorities and overall pipeline recommended by Infrastructure NSW.

9.2 Diverse revenue streams

Overall, NSW Government funding covers only a portion of the total operating costs of its cultural facilities (including funding for operation and capital works) and varies considerably between institutions and organisations. For instance, in 2014/15 NSW Government funding ranged from approximately 90 per cent of revenue for the State Library of NSW to only 48.0 per cent of revenue for the Art Gallery of NSW.

Figure 9.1 Revenue sources of State Cultural Institutions, 2014/15¹



State Cultural Institutions with free or subsidised admission require a higher proportion of income from Government and philanthropic sources as they have limited potential for self-generation of revenue. NSW Government operational grant funding for independent arts organisations is typically between 20 per cent and 30 per cent of their turnover.

Philanthropy, donations and bequests are a significant revenue stream for the Art Gallery of NSW, providing approximately 32 per cent of its revenue.

Local government is also a major investor in arts and culture in NSW: Councils invested \$435.7 million in arts and culture during 2012/13, a three per cent increase from \$421 million in 2011/12.²

9.3 Facilitating investment in cultural infrastructure

In the *State Infrastructure Strategy Update 2014*, Infrastructure NSW estimated that at least \$2 billion was required to bring Sydney's cultural infrastructure up to nationally and internationally competitive standards. In addition, substantial investment is also required in regional NSW and Western Sydney to meet demand and deliver equitable access.

Leveraging NSW Government resources to attract further capital funding is therefore essential for the long term growth and sustainability of the NSW cultural sector.

Recommendation

Infrastructure NSW recommends (in line with international practice) that all major projects demonstrate that the NSW Government's capital contribution is supported by funding from other sources.

Potential sources of complementary funding are:

- Philanthropy
- Sponsorship
- Other government funding
- Public-private partnerships.

Constraints on public expenditure means that achieving value-for-money is critical. Earned income, private philanthropy and sponsorship are increasingly significant in the operating model of successful cultural organisations.

9.3.1 Philanthropic partnerships

Capital infrastructure projects present opportunities for philanthropic and corporate support. International experience provides successful models for financing growth in the cultural sector by combining government funding with earned income, private philanthropy and sponsorship.

For example, in the United States, \$US100 million has been gifted to the New York Public Library and Lincoln Centre. In July 2016, Ronald Perelman donated \$US75 million for the new facility at the World Trade Centre Memorial while philanthropist David Geffen committed \$US100 million each to New York's MoMA and Lincoln Centre for capital projects.

Experience in the United States demonstrates that capital contributions are perceived to be more attractive to corporations and philanthropists than investment in operational aspects and programs. In the United States this bias has led to a tendency to build or even over-build, rather than fund cultural programs and maintenance. Securing contributions to all aspects of building, maintenance and operational expenses is desirable.

The forms of recognition offered in return for contributions - for example, naming rights and advertising - influence the appeal of contributing. The visibility and relative 'simplicity' of branding and naming of contributors can be instrumental in attracting substantial contributions.

In the United Kingdom, the Government and the Wolfson Foundation co-fund the DCM/Wolfson Museums and Galleries Improvement Fund, which provides money for capital projects in museums. The DCMS/Wolfson Fund was established in 1990 to assist museums and galleries to improve displays, interpretation, public spaces and access for visitors with disabilities. In its first five years it distributed £19 million to over 200 projects across England. The second tranche of the Fund began in 2002 and has awarded £39 million to 336 projects to date. The Fund, financed equally by DCMS and the Wolfson Foundation, has become a source of sustained capital funding for arts organisations.

The UK Arts Impact Fund brings together public, private and philanthropic investment from the Bank of America, Merrill Lynch, Esmée Fairbairn Foundation, Calouste Gulbenkian Foundation, Nesta and Arts Council England. It offers loan finance specifically to arts and cultural organisations across England for capital and non-capital projects that show a combination of social, artistic and financial return. The Fund's first three grants were awarded in April 2016.

- Bow Arts Trust received a £600,000 credit facility to purchase and develop property
- South East Dance in Brighton received a loan to bridge fundraising and allow work to start on its new hub
- Titchfield Festival Theatre will use its finds to improve its venue and improve energy-efficiency.

In Australia, arts philanthropy is still developing. The report chaired by Harold Mitchell, *Building Support: Report of the Review of Private Sector Support for the Arts in Australia* noted that private sector support giving to the arts in Australia in the decade to 2009 had almost doubled from \$111.6 million to \$221 million. Yet giving to the arts remains only a small proportion of total giving in Australia.³

9.3.2 Government investment partnerships

A well designed partnership program enables the development of priority local projects that meet State and local priorities, while leveraging NSW Government investment. Co-investment by the NSW Government in local facilities in Western Sydney and regional NSW has successfully provided joint investment.

9.3.3 Cultural Infrastructure Fund

Recommendation

Infrastructure NSW recommends that Arts NSW, in consultation with NSW Treasury, undertake a development study to explore future opportunities to enable a sound capital base to be established to provide long term ongoing funds for cultural infrastructure.

Options could include making better use of individual assets and balance sheets for the sector as a whole, incentives for collaboration between Government agencies and departments having responsibility for social and cultural infrastructure (such as Education, Planning and Environment, Office of Sport and the Office of Environment and Heritage) and the potential establishment of a Cultural Infrastructure Fund.

The Cultural Infrastructure Fund could receive proceeds from:

- Asset recycling
- Philanthropy
- Government contributions (both State and Commonwealth) – derived from Waratah Bonds, immigration visa contributions and other sources
- Development partnerships
- Investments.

9.4 Commercial development and planning instruments

Cultural infrastructure creates a distinctive identity in public and private developments. Property developers are increasingly becoming significant partners in the creation of cultural infrastructure.

In New York City, variances in zoning and floor-to-area ratio are offered to incentivise developers to provide public and cultural space and this has been an explicit practice since the 1970s. The facilities of companies such as Signature Theatre and Jazz at Lincoln Centre were enabled by these mechanisms, with the developer providing the ‘core and shell’ in return for a larger floor to area ratio. Likewise, Ros Packer Theatre (formerly Sydney Theatre) at Walsh Bay was funded in part by developer contributions.

Recently the City of Sydney entered into a Planning Agreement with Greenland Australia which will result in 2,000 square metres being provided for creative uses as part of its residential tower development in the Sydney CBD. The development will feature soundproofed rooms for music rehearsals, editing suites for filmmakers and studios for visual artists over five levels. Upon completion, the facility will be transferred to the City of Sydney on a 99-year lease for peppercorn rent. This will go some way towards addressing the current shortage of affordable, accessible work, rehearsal, studio and meeting places for professional creative practice by small companies and individuals.

Development contributions are commonly used to fund public art in cities throughout North America and Europe. The Barangaroo Delivery Authority’s public art initiative is being funded through developer contributions including the cultural elements in Barangaroo Central.

Development partnerships

In San Francisco, a partnership has been developed between the City and County of San Francisco and developer Millennium Partners to create a home for the Mexican Museum on Jessie Square Plaza in Yerba Buena Gardens. Under a tripartite agreement, Millennium Partners will deliver the core and shell space to the Museum at no cost as well as an additional \$5 million operating endowment. The Museum’s new home within a 45-story mixed use development will provide it with 52,000 net square feet of space for galleries designated for the permanent collection and temporary exhibitions, an educational centre, the Museum’s store, and a restaurant.

9.5 Design-led planning

The NSW Government’s ambition that cultural infrastructure reflects the best in contemporary design and draws upon the creative talents of NSW architects and designers.

Cultural infrastructure makes a fundamental contribution to the character and identity of our cities. Design affects the functionality and character of the building, as well as the quality and performance of the public domain around and between it through the extent to which it:

- Integrates with the city and draws people in
- Creates new and attractive public space
- Can draw in the widest possible cross section of the community.

Some of our existing cultural buildings have excelled in this role including the Sydney Opera House and the adaptive reuse of Walsh Bay and Carriageworks.

Achieving design excellence requires a clear project vision, robust project formation, (including procurement planning) and quality assurance for example, independent design review by experts). This process gives decision-makers the confidence and information needed to support innovative, high quality designs that meet the needs of all stakeholders and users.

Recommendation

Infrastructure NSW recommends that each proponent embed design excellence processes in project formulation, design and development and involve the NSW Government Architect in the creation of the design strategy. Major projects should have the ongoing involvement of the NSW Government Architect.

9.6 Governance

The implementation of this Strategy should be co-ordinated through a robust and transparent governance structure.

The implementation of the *Cultural Infrastructure Strategy* will be subject to the Infrastructure NSW Investor Assurance process and monitoring by Infrastructure NSW.

Infrastructure NSW considers that all proposals for investment should be endorsed by Arts NSW prior to a strategic and assurance review by Infrastructure NSW. Any projects approved for investment by the NSW Government will be subject to the same oversight arrangements for all other government infrastructure projects, matching the level of risk and complexity to the level and manner of oversight.

The Department of Justice's Total Asset Management (TAM) Plan and budget prioritisation will underpin the annual appraisal process allowing for the orderly investigation of major projects over time, avoiding the costly pursuit of speculative projects and providing consistency in decision-making. Through this process, projects will be able to be identified 'investment ready' and priority given to the investment through the TAM process.

The proposed Western Sydney and regional NSW investment programs should be administered by Arts NSW in collaboration with Infrastructure NSW along the same lines as the joint administration of Restart NSW Funds by Infrastructure NSW and relevant agencies. Assessment of projects should be on the basis of the Cultural Infrastructure Investment Framework.

London established the London Cultural Strategy Group to advise the Mayor on promoting London as a world-class city of culture, shaping the development of and providing cultural activities across the capital. Since 2008, the Group has been chaired by the Director of the Whitechapel Gallery. The group oversaw production of the London cultural strategy '*Cultural Metropolis*' and has worked closely with the Mayor's Office to put its commitments into practice.

In a similar vein, the Government should consider establishing a high level strategic advisory group to support its ongoing planning of cultural infrastructure, with representation drawn from State, local government, relevant private sector expertise and the cultural sector.

Recommendation

Given the significant additional strategic work and investment in capital arising from this Strategy, Infrastructure NSW recommends:

- Reforming the current reporting and accountability structures for the arts and cultural cluster, including additional recurrent resourcing, to ensure that it has the capability to implement and update the recommendations in this Strategy
- Development of a comprehensive cultural strategy focused on collections, acquisitions and funding
- Establishment of a high level strategic advisory group to support its ongoing planning of cultural infrastructure, with representation drawn from State, local government, relevant private sector expertise and the cultural sector.

Notes

- 1 Art Gallery of NSW (2015) *Annual Report*; State Library (2015) *Annual Report*; Museum of Applied Arts and Sciences (2015) *Annual Report*; Australian Museum (2015) *Annual Report*; Sydney Opera House (2015) *Annual Report*. 'Philanthropy/donations/bequests' includes funds from sponsorship where the institution identifies funds from this source. Note: 'Other' includes revenue from investments, personnel services and liabilities, and items marked 'other' in financial statements.
- 2 Australian Bureau of Statistics (2014) *Cultural Funding by Government, Australia 2012-13 Cat No 4183*
- 3 Commonwealth Government, *Building Support: Report of the Review of Private Sector Support for the Arts in Australia*, October 2011, Page 10. This comprises both philanthropic support and corporate sponsorship.

Appendices

Appendix A
Relationship to other NSW Government strategies

Appendix B
Cultural infrastructure

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Cultural infrastructure economic appraisal guidelines

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Recommendations and development pipeline

Appendix E
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Appendix F:
Accessible PDF longform graphic description

Appendix A: Relationship to other NSW Government strategies

The *Cultural Infrastructure Strategy* complements and implements the key cultural priorities identified by the NSW Government over recent years, and draws upon a significant body of research and evaluative work.

Premier's Priorities: Making it Happen

The NSW Government has established 30 key reform priorities for NSW, including 12, Premier's Priorities, for the State in *Making it Happen*.

These priorities include a focus on increasing participation in the arts to promote personal and collective wellbeing, as well as contributing strongly to an innovative and robust local economy.

A target has been set to increase attendance at cultural venues and events by 15 per cent by 2019 which is seen as having flow-on benefits for job creation, the visitor economy and education.

Making It Happen notes strategic partnerships across government, business, education and the creative industries to ensure NSW continues to lead the country in cultural infrastructure, cultural employment, screen production and cultural tourism.

Create in NSW: Arts and Cultural Policy Framework, 2015

This 10-year policy framework establishes an approach to grow and support the creative economy in NSW, focusing on three pillars: Excellence, Access and Strength.

The framework includes a strong focus on equitable distribution of resources and on the role of the State Cultural Institutions and major organisations to collaborate with, and deliver to citizens across the state. The policy recognises the shift occurring in consumption and production and seeks to create an environment where the entrepreneurial activities of major institutions and organisations can be successful

The State's diversity is identified as a rich untapped resource and the Framework signals investment in the development and support of this resource through supporting the creative practice of artists and arts workers in Western Sydney and regional NSW, and providing new opportunities and pathways, particularly for Aboriginal artists and arts workers.

The framework supports the approach to cultural infrastructure investment outlined in the *State Infrastructure Strategy Update 2014*.

The State Infrastructure Strategy, First Things First, 2012 and Update 2014

The State Infrastructure Strategy, as updated in 2014 (SIS 2014), sets the foundation and direction for investment in infrastructure across NSW. It represents independent advice by Infrastructure NSW to the NSW Government on critical infrastructure investments and approaches.

Arts and cultural infrastructure is placed clearly within the broad infrastructure challenges outlined by Infrastructure NSW, sharing similar challenges of capacity constraints, ageing assets, growing demand and rapidly evolving technology trends with other infrastructure assets.

The SIS 2014 calls for the establishment of a standardised cultural investment framework, within a broader cultural infrastructure strategy and sets the drivers and directions for investment in the Sydney CBD, Greater Sydney and regional NSW. It suggests that Sydney CBD investment should be focused on a defined Sydney cultural precinct, and identifies particular projects in this precinct. In Western Sydney priorities include the development of a cultural precinct at Parramatta and promoting collection sharing and co-investment with local councils; in regional NSW the Strategy recommends creating regional creative hubs and cultural precincts including through cultural investment in infrastructure.

A number of the projects identified in the SIS 2014 are underway, including the establishment of the MAAS in Parramatta and investment in the Sydney CBD precinct through investment in the Walsh Bay Arts Precinct and the Stage One renewal of the Sydney Opera House.

A Plan for Growing Sydney, December 2014

To strengthen Sydney's position as a global city and vibrant place to live and work, the *Plan for Growing Sydney* advocates the establishment of a "cultural ribbon" connecting the cultural institutions located in the Sydney CBD from the Australian Museum through to Barangaroo and International Convention Centre at Darling Harbour.

The Plan recommends the development of a Parramatta Cultural Precinct to provide major exhibition facilities, making and presentation spaces for artists and Western Sydney arts organisations and adaptive reuse of heritage buildings for arts and cultural activities.

The Plan foreshadows targeted investment in local arts and culture and partnerships with local councils in looking at the roles of and opportunities for places and facilities. It also requires plans for strategic centres to include provision of local arts and culture and as appropriate, adaptive reuse of heritage sites.

The Plan largely adopts the same priorities for cultural infrastructure as the SIS 2014.

Visitor Economy Industry Action Plan 2012

The Plan was written in response to the final report of the Visitor Economy Taskforce and articulates a path towards the goal of doubling overnight expenditure by visitors to NSW. This work has been supplemented by recent research and sector strategies seeking growth in priority markets. A relevant gap identified and not yet filled is the desirability of strengthening the Indigenous arts and culture offering.

Appendix B: Cultural infrastructure

The table below sets out the broad type and range of cultural infrastructure and facilities in NSW. It is not a comprehensive statement of all cultural facilities.

NSW Government or Commonwealth Government

| | |
|--|---|
| NSW State Cultural Institutions | Sydney Opera House, Art Gallery of NSW, State Library of NSW, Australian Museum (it also has a significant scientific research remit), Museum of Applied Arts and Sciences. |
| Other State institutions | Sydney Living Museums (Historic Houses Trust), State Records Authority. |
| Major institutions linked to NSW Government | Museum of Contemporary Art, Australia and Carriageworks (independent operating models). |
| Major open spaces | The Domain, Parramatta Park, Royal Botanic Garden, Sydney. |

Predominantly local government, university or private

| | |
|---|---|
| Major regional galleries, multi-disciplinary spaces and major private run public galleries | Over 50 public and regional galleries (for example, Tweed Regional Gallery, White Rabbit Gallery, Lismore Regional Gallery) and multi-disciplinary spaces such as Campbelltown Arts Centre. |
| Major regional museums and Aboriginal keeping places | Over 20 public and regional museums including university museums and 25 keeping places (for example Wagga Museum and University of Sydney Macleay Museum). |
| Major theatre, performance venues and concert halls | Major performance venues across the State (Angel Place, Concourse at Chatswood, Dubbo Performing Arts Facility), Four Winds at Bermagui and some facilities, including Walsh Bay owned by the NSW Government. |
| Local public libraries and writer's centres | Over 360 public libraries, plus satellite locations, mobile libraries and writers' centres. |
| Artist run initiatives and community galleries and volunteer run museums | Many hundreds across NSW, including Lady Denman Museum and First Draft Gallery, and over 290 volunteer run museums. |

Predominantly commercial or private

| | |
|---|--|
| Major commercial performance venues | International Convention Centre, Enmore Theatre, Theatre Royal, Capitol Theatre. |
| Smaller scale facilities, some with community base | Includes clubs and pubs. |

Appendix C:

Cultural infrastructure economic appraisal guidelines

1. Economic benefits of cultural infrastructure

1.1 Economic appraisal

Economic appraisal is a way of systematically analysing all the costs and benefits associated with proposed investments. Economic appraisal takes a broad community welfare perspective, meaning that economic, social and environmental costs and benefits are considered.

Economic appraisal is encouraged in all relevant areas of public sector activity, including proposed cultural infrastructure and program investments.

Guidelines for the economic appraisal of capital investment proposals are published by NSW Treasury at:

http://www.treasury.nsw.gov.au/data/assets/pdf_file/0016/7414/tpp07-5.pdf

Economic appraisals form one part of a broader business case for investment proposals. Business case guidelines for capital investment projects are published by NSW Treasury at:

http://www.treasury.nsw.gov.au/data/assets/pdf_file/0020/12953/tpp08-5.pdf

Both sets of NSW Treasury guidelines are relatively generic in that they aim to guide the development and assessment of a wide variety of investments proposals across NSW Government agencies.

This paper aims to provide more targeted guidance in relation to cultural infrastructure investment proposals; specifically on how the usual socio-economic benefits of cultural infrastructure investment are categorised and measured. The NSW Economic Appraisal Guidelines typically count as benefits only those that accrue to producers, consumers or workers within NSW and should not include benefits to other States or overseas jurisdictions.

1.2 Benefits of cultural infrastructure

The most common benefits of cultural infrastructure investment fall within the following framework.

| | | |
|----------------|-------------------|-------------------|
| Total benefits | Consumer benefits | Use benefits |
| | | Non-use benefits |
| | Producer benefits | Labour surpluses |
| | | Capital surpluses |

NSW Consumer Benefits

Consumer benefits include fall into two broad categories: use benefits and non-use benefits.

Use benefits include the value that individuals place on consuming the cultural goods/services enabled by cultural infrastructure. This includes the direct 'enjoyment' value provided by the cultural goods/ services to the consumer, as well as any indirect benefits that might be enjoyed (for example, education, wellbeing, prestige, etc.).

Non-use benefits are enjoyed by NSW residents who don't use the cultural infrastructure directly. These residents value some or all of the following discrete elements of non-use benefits:

- Existence benefit - knowing the cultural infrastructure is available,
- Option benefit - knowing that the cultural infrastructure is available for their use at a future date,
- Altruistic benefit - knowing that the cultural infrastructure is available for others to use,
- Bequest benefit - knowing that the cultural infrastructure is available for future generations, and
- Vicarious benefit - the value obtained from the indirect consumption of the cultural infrastructure, often gained through media, reviews, etc.

In practice, the distinction between the various categories of private non-use values (for example, option benefit) and social use values (for example, bequest benefit, altruism benefit) is very difficult to draw for purposes of estimating economic benefits. For this reason, private non-use values and social use values tend to be included in a single estimate, particularly if that estimate is based on willingness-to-pay surveys. Any attempt to treat these benefits as mutually exclusive is likely to lead to significant risk of double-counting of economic benefits.

NSW Producer Benefits

As NSW Treasury¹ points out, producer benefits can fall into the categories of direct and indirect producer benefits. However, given that cultural infrastructure generally requires government or philanthropic subsidies to operate, direct producer benefits are generally not relevant.

Indirect producer benefits are often experienced by producers outside of the cultural infrastructure (venue). That is, cultural infrastructure can attract cultural tourists to NSW, and the expenditures made by these tourists enable higher returns (surpluses) to be earned by producers in servicing their needs.

Producer benefits (or surpluses) can be derived by labour and capital resources:

- Labour surpluses are the difference between the after tax earnings from the additional work generated by incremental tourism expenditures, minus the opportunity cost of workers time
- Capital surpluses are the additional after tax operating profits derived by NSW-owned businesses from the incremental tourism expenditures experienced.

Relevant expenditures include those made by:

- International and interstate tourists that come to NSW because of the cultural infrastructure, i.e. it is their main reason for visiting
- NSW residents who substitute interstate/international travel with local cultural trips, i.e. because of the cultural infrastructure.

1.3 Measuring the benefits of cultural infrastructure

When measuring the benefits of cultural infrastructure, economic appraisals need to clearly differentiate between what cultural infrastructure investment will add. That is, economic appraisal needs to compare 'with' project cost and benefits against 'without' project costs and benefits.

Consumer Benefits

Use Benefits

The price consumers pay to use (consume) cultural goods and services enabled by cultural infrastructure is not a good indicator of the benefit they derive, because entry fees to cultural infrastructure are often heavily subsidised, if not free. Effectively this means that consumers are likely to enjoy a 'consumer surplus' as they are willing to pay (WTP) more than the entry fees.

Well established techniques can be used to establish use values. The most common of these are the Revealed Preference Method (travel cost method), Stated Preference Surveys and Benefit Transfer.

Revealed Preference Method

Revealed preference methods measure WTP based on what a consumer would be likely to actually pay, usually measured through controlled experiments. For this reason, measures of WTP based on revealed preference techniques tend to be more reliable and valid than Stated Preference Survey methods.

A first-best revealed preference measure can usually be obtained through controlled experiments. A second-best revealed preference method would measure consumers' WTP indirectly by observing their actions - one example of this approach is the travel cost method (TCM).

Travel Cost Method

The TCM basically assumes that the benefit derived by consumers must at least outweigh the time and out of pocket expenses consumers bear to travel to and use cultural infrastructure.

To use the TCM the following data is generally required:

- Number and origins of NSW resident visitors (number by origin)
- Out-of-pocket travel costs to/from these resident origins (dollars by origin)
- Duration of travel time to/from infrastructure location by residents (hours by origin)
- Value of travel time (dollars per hour)
- Duration of stay at cultural infrastructure (hours), and
- Value of leisure time (dollars per hour).

The TCM simply sums the time and out of pocket travel costs borne by NSW residents to get to and from the infrastructure, i.e. $(a \times b) + (a \times c \times d)$, with the value of time spent at the infrastructure, i.e. $= (a \times e \times f)$.

While the TCM approach is simple, some complexities exist in terms of adjusting for non-NSW resident visitors, multi-purpose trips and entry fees when they exist.

The value of travel time and leisure time is generally accepted to be between \$15 and \$20 per hour in 2016 dollars.

Stated Preference Surveys

Stated preference (SP) surveys can also be used to estimate use benefits. The basic goal of stated preference surveys is to:

- Inform survey respondents of the outcome that they are being asked to value,
- Elicit responses from respondents regarding their WTP for this outcome,
- Elicit additional information about respondents to allow respondents to be categorised
- Apply the average WTP value for each respondent category across the estimated user population.

The risk of double-counting of benefits is likely to be much greater with SP techniques. Because there is usually no observable “true” value against which a hypothetical WTP estimate can be evaluated, SP surveys require expert design in order to ensure that the results are both representative and valid. Values derived from SP techniques need to meet the following specific tests of validity²:

- a. **Criterion validity** - is the WTP estimate similar to what would arise in markets, or as a result of voting or experiments? Is the WTP estimate similar to what would be generated if a real payment were made by individuals responding to the survey? In all instances, an actual payment or donation made is a superior measure to a hypothetical survey response.
- b. **Convergent validity** - is the WTP estimate similar to answers that might arise from revealed preference tests?

- c. **Construct validity** - is the WTP estimate consistent with well-established economic principles - for example, does it relate to income, prices and other variables in a way that is consistent with economic theory? For instance, WTP would be expected to rise as income increases, or decline as the price of the service increases.
- d. **Content validity** - does the WTP estimate reflect statistically valid and good study design? Is the estimate reliable and based on best practice? Can the estimate be replicated? Can the estimate be validly applied in different contexts?

Estimates using SP techniques that fail to meet these validity tests should be excluded from the analysis.

Benefit Transfer

Benefit transfer (BT) techniques can also be used to assess use benefits. BT techniques entail using the WTP values generated by previous studies to value the use benefits of a different investment proposal.

BT attempts to:

- Identify a highly relevant study to the investment proposal at hand
- Assess the WTP values estimated on a per user basis in the earlier study
- Adjust this earlier WTP estimate to account for different study contexts (for example, time period, relative income levels, etc.)
- Apply this adjusted WTP value per user to the estimated user numbers for the proposal at hand.

There are many pitfalls in using BT techniques but if applied appropriately, benefit transfer can provide a useful scaling of use benefits. As a general rule, BT techniques are valid only where the measures are:

- Based on previous projects with similar nature and characteristics, conditions and context
- Consistent with sound economic theory
- Based on comprehensive, accurate and reliable data
- Based on robust and valid measurement techniques
- Relevant to the project to which the benefit transfer estimate is applied
- Able to yield consistent and comparable measures of WTP or other measures of social welfare
- Adjusted where appropriate to control for differences in attributes (for example, population size or density, educational attainment, socio-demographic characteristics).

WTP can be measured on either individuals or households, and care should be taken to specify which unit of analysis is used. Studies

suggest that adding up WTP of individuals in a given household will tend to yield aggregate WTP benefits estimates greater than the WTP of the household as a whole. Therefore for most purposes, it is appropriate to measure household rather than individual WTP. Using household WTP is also preferred because it is a more practical approach for data collection purposes.

Consumer Benefits

Non-use Benefits

Non-use benefits can also be gauged using **stated preference surveys, revealed preference** and/or **benefit transfer** techniques. Again care and expertise is required in order to avoid invalid results.

Producer Benefits

Labour and capital benefits

To value labour and business surpluses, the following data is required to enable the calculation of the increase in factor incomes (returns to providers of labour and capital) based on incremental visitor expenditure:

- Incremental visitor expenditures (that are specifically attributable to the cultural infrastructure investment)
- The cost and ownership structures of the array of industries that experience incremental tourism expenditures.

Producer benefits for investment proposals cannot be calculated using generic values or formulas. Individual benefit transfer analysis will need to be undertaken for each proposal or there is a serious risk of over-stating benefits. This would undermine the credibility of the proposal.

Arts NSW/Infrastructure NSW can provide initial guidance on producer benefits for interstate visitors and international visitors including sample data from historic projects, which may be used to guide proposal development. This guidance will cover average NSW trip expenditure, labour surplus as a percentage of NSW trip expenditure, and business surplus as a percentage of NSW trip expenditure.

This guidance is not intended to be definitive data. It is designed to enable investment proposals to be satisfactorily scoped in the first instance.

1.4 Drivers of cultural infrastructure benefits

Based on the above discussion, it can be concluded that the drivers of the main types of cultural infrastructure benefits are the degree to which proposals increase:

- NSW resident visitation/usage/participation in cultural activities (use benefits)
- The quality of cultural goods/services made available to the NSW community (non-use benefits)
- Tourism spending in NSW (producer benefits).

2. Current methods for quantifying benefits of cultural infrastructure

2.1 Introduction

To determine the relevance of the benefit transfer technique to future cultural infrastructure proposals, the economic appraisals developed in support of recent investment proposals in NSW have been examined. In the sections that follow:

- The costs and benefits generated by these proposals are identified, as are their respective estimation methodologies
- Potential benefit transfer benchmarks are identified
- Conclusions regarding the usefulness of these benchmarks are made.

2.2 Costs assessed by proposals reviewed

The costs considered in the economic appraisals analysed generally fall into two categories:

- Capital costs - costs associated with establishing and construction of the proposal project
- Recurrent costs - costs associated with the operation and maintenance of the proposed project.

2.3 Benefits assessed by proposals reviewed

Monetised benefits

The list of monetised benefits included in the cultural infrastructure proposals reviewed include:

Consumer benefits

- Use value (how much NSW individuals or households value using the proposal)
- Existence value (NSW non-user benefit of knowing the proposed project exists in NSW).

Producer benefits

- Returns to NSW labour across industries
- Additional visitor spend and additional time spent in NSW.

Other benefits

- Philanthropy and bequests from outside NSW (philanthropy and bequests from inside NSW are treated as a transfer effect and not a benefit)
- Volunteer time (potentially double-counts benefits already included in consumer and/or producer benefits)
- Value uplift for nearby properties (potentially double-counts benefits already measured in consumer and/or producer benefits)
- Residual value of assets.

The majority of economic appraisals analysed utilise the benefit transfer technique, using established benchmarks from the Australian Bureau of Statistics, Destination NSW, Tourism Research Australia, and NSW Government guidelines. Benefit transfers from case studies, domestic and international, are also utilised. Willingness to pay surveys have been employed to ascertain the use and existence value of cultural infrastructure in some economic appraisals. Input/output economic modelling has been employed in some economic appraisals to ascertain returns to NSW labour and returns to NSW capital.

Unquantified benefits

In addition to the quantified benefits, a number of unquantified benefits have been identified in the economic appraisals analysed. Unquantifiable benefits are considered qualitatively in these appraisals. Identified unquantifiable benefits include:

- Education opportunities and outcomes
- Benefits to individuals through volunteerism
- Ability to host blockbuster events
- Improved flow through existing facilities
- Placemaking benefits
- Retained spend in NSW
- Agglomeration benefits of co-location of arts organisations and activity, including knowledge and resource sharing
- Branding benefits to Sydney and NSW

- Enhanced reputation for the state due to support of the arts
- Workplace health and safety benefits
- Benefits associated with greater cultural experiences and exposure to a greater variety of arts and cultural works
- Research benefits
- Improved health outcomes
- Social inclusion
- Crime prevention
- Environmental benefits of sustainable building design
- Increased cultural diplomacy
- Indigenous economic development and empowerment.

2.4 Conclusions

There appears to be limited opportunities to apply the valuation of benefits used in existing economic appraisals submitted as part of the business case development for the projects reviewed by Infrastructure NSW as part of this Strategy, unless future cultural infrastructure investment proposals are highly similar to those proposals reviewed. This is due to a number of factors.

- **The scale of proposals analysed**

Many of the proposals analysed are for significant cultural institutions with substantial collections and visitors. The value and benchmarks for these economic appraisals may not be applicable for smaller proposals across Western Sydney and regional NSW.

- **Variation in consumer surplus and existence value**

There is substantial variation in the values reported in the economic appraisals reviewed. This is both in terms of the monetary value and the unit of measurement (per person or per household).

- **Lack of clarity around how some benefits are calculated**

Some benefits identified, quantified and monetised in the economic appraisals did not provide clear explanations of the methods used to calculate the value of the benefit. This limits its reliability and application outside of the specific economic appraisal for which it was generated.

However, the relative consistency between visitor spend per person by origin point and type of stay (day visit or overnight) indicate that these values may be able to be used to assess the relative strategic merit of potential cultural infrastructure investment across NSW.

Notes

- 1 NSW Treasury (June 2014) Issues for the *Economic Appraisal of Proposed Investments in Cultural Venues*
- 2 Paraphrased from Kling, C.L., Phaneuf, D.J. and J. Zhao, 2012, "From Exxon to BP: *Has Some Number Become Better than No Number?*", *Journal of Economic Perspectives*, 26 (4), 2-26
- 3 See for example Quiggin, J., 1997, "Individual and Household Willingness to Pay for Public Goods", *American Journal of Agricultural Economics*; and Lindhjem H. and S.Navrud, 2008, Asking for Individual or Household Willingness to Pay for Environmental Goods - Implication for Aggregate Welfare Measures, MPRA Paper No.24070 posted 23 July 2010 (accessed at <https://mpra.ub.uni-muenchen.de/24070/>).

Appendix D: Recommendations and development pipeline

Set out below is a summary of Infrastructure NSW’s recommendations.

Each of the projects described below is at a different stage of development. Further analysis will be required as projects are developed in further detail. The costing information is indicative only. The pipeline can be adjusted as projects progress or new opportunities emerge. Infrastructure NSW recognises that final decisions on its recommendations rest with the Government and that funding of the proposed investments will depend on their affordability.

Sydney

| | Recommendation | Timeframe | Capital cost/ funding implications | Development and planning funding |
|--|--|----------------------|---|--|
| Keeping pace | | | | |
| State Cultural Institutions: asset maintenance and renewal and digitisation | Expenditure of about \$40 million per annum for the capitalised maintenance and renewal work and essential service needs of the State Cultural Institutions, Sydney Living Museums and Arts NSW properties. Ongoing investment at this level is likely to be required. | Short to medium term | Estimated \$40 million per annum | Not required |
| | Expenditure of \$50 million on the Sydney Opera House sea wall repairs and security. Additional investment to repair the outside shell and glass will be required at a later date. | Short to medium term | About \$50 million in the short to medium term and \$100 million in the medium to long term | Not required |
| | Arts NSW, working with the State Collecting Institutions, commission a study to update the previous collection management work undertaken by the NSW Auditor General to identify needs (including storage pressures) to ensure an appropriate allocation of funds for collection management and storage. | Short to medium term | N/A | Not required |
| | Expenditure of about \$10 million per annum for a digitisation program, subject to a business case, for the collecting institutions to digitise priority elements of their collections over the next five years. Priority should be given to the critical needs of the Australian Museum and Museum of Contemporary Art Australia. Additional investment may be required in the medium term for the State Library and the State Records Authority. The program should be administered by Arts NSW. | Short to medium term | About \$10 million per annum | Not required |

Sydney continued

| | Recommendation | Timeframe | Capital cost/ funding implications | Development and planning funding |
|------------------------------|---|----------------------|--|--|
| Keeping pace | | | | |
| CBD Cultural precinct | <p>Arts NSW and the City of Sydney lead the development of a program to define and establish a Sydney CBD cultural precinct, in collaboration with NSW Government agencies. The program should:</p> <ul style="list-style-type: none"> • Define overarching principles and guiding strategy • Recommend uniform way finding initiatives to link cultural institutions and attractions around Sydney Harbour, the Domain and the Royal Botanic Garden, including proposals for a nature culture walk to link the Bays Precinct and Woolloomooloo • Have regard to the Macquarie Street East Precinct Strategic Framework • Implement a strategy for public access to Wi-Fi • Provide joint ticketing and shared market data and intelligence through the development of shared software and systems to achieve efficiencies and service improvements. <p>Initial funding of \$10 million over five years to deliver the program, subject to a business case. This investment should be conditional on significant co-funding contributions from the City of Sydney.</p> | Short to medium term | \$10 million estimate for precinct and way finding. No estimate for technical infrastructure update. | \$0.5million |
| Walsh Bay | <p>Subject to an updated final business case:</p> <ul style="list-style-type: none"> • A unified build of the Walsh Bay Arts Precinct that incorporates Sydney Theatre Company's facilities • Reservation of an additional \$30 million in 2017/18 for the Sydney Theatre Company, on condition that the Sydney Theatre Company contributes \$30 million • Immediate integration of the two projects to enable the Walsh Bay building program to be delivered on schedule and completed by 2019 • The provision of an additional \$30 million to cover escalation costs associated with the redevelopment of Pier 2/3 and Wharf 4/5. | Short term | \$60 million | Not required |

Sydney continued

| | Recommendation | Timeframe | Capital cost/ funding implications | Development and planning funding |
|---------------------------------------|---|--|---|--|
| Achieving excellence | | | | |
| Art Gallery of NSW | The Art Gallery of NSW final business case for Sydney Modern should identify options that prioritise the delivery of improved exhibition and public spaces. Continued development funding of \$20 million and reservation of NSW Government contribution of up to \$200 million, on the basis of a contribution of at least \$100 million from the private sector. | Short to medium term | Total cost approximately \$370 million (to be confirmed in business case). | \$20 million |
| State Library of NSW | The State Library of NSW proceed to develop a business case for the staged redevelopment of its site, based on the Mitchell & Macquarie Buildings Master Plan. Reservation of up to \$50 million, subject to business case. | Planning only in the short term; delivery in the medium term | Up to \$50 million for State Library for final stage of refurbishment. | Not required |
| Macquarie Street East precinct | The State Library is well placed to lead and canvas options, in collaboration with the other Cultural Institutions and the Office of the Government Architect, to tell the story of Sydney and the colonisation of Australia. This could include the potential use of sections of the Land and Property Building as a shared exhibition facility, within a renewed Macquarie Street East precinct. | Short to medium term | Unknown | \$ 0.5 million |
| Australian Museum | Given the significant changes in scope from the strategic business case reviewed in October 2013, the Australian Museum update its business case (including undertaking full options analysis) to take into consideration the new Barrabuwari Muru Master Plan, June 2016 prior to proceeding to develop a final business case. As part of this update: <ul style="list-style-type: none"> other mooted development and expansion strategies for the Yurong Street site including proposals to incorporate educational facilities and expand the research facilities should be subject to full options analysis, including investigation of commercial opportunities, self-funding and, in the case of the research facilities, options for relocation opportunities to support and collaborate with the proposed Indigenous Cultural Centre should be explored. | Planning only in the short term; delivery in the medium term | Estimated total development cost \$250 million. NSW Government funding of \$175 million (estimated) sought (to be confirmed in business case). | Not required |

Sydney continued

| | Recommendation | Timeframe | Capital cost/ funding implications | Development and planning funding |
|-----------------------------------|---|---------------------------------|--|--|
| Achieving excellence | | | | |
| Sydney Opera House | The establishment of an investment partnership with the Commonwealth Government to deliver the Sydney Opera House Stage 2 renewal works and investigate opportunities for a new opera and ballet theatre. | Medium term | Total development cost (estimated) \$220 million (to be confirmed in business case). | Not required |
| Leveraging opportunities | | | | |
| Indigenous Cultural Centre | Arts NSW, in consultation with Indigenous leaders, the Barangaroo Delivery Authority and other relevant NSW Government agencies, lead the development of a strategic business case for an Indigenous Cultural Centre, investigating sites around Sydney Harbour including Barangaroo. The NSW Government seek to partner with the Commonwealth Government on this project given that it will be a facility of national significance. | Planning only in the short term | To be determined. | \$10 million |
| Lyric Theatre | Arts NSW, in consultation with the City of Sydney undertake a feasibility study of potential sites in the Sydney CBD for a lyric theatre and explore the possibility of private sector funding. | Planning only in the short term | Assume private sector solution. | \$1 million |
| Carriageworks | Arts NSW and Carriageworks finalise the facility's long term lease arrangements. Arts NSW and Carriageworks develop a strategic business case for the Stage 2 development of Carriageworks with co-funding with the local council to be explored. UrbanGrowth NSW and Carriageworks undertake a joint feasibility study to explore opportunities to improve the physical connections between Redfern and Australian Technology Park, including the proposal to extend the Goods Line to the Carriageworks site. | Medium term | Total development cost \$60 million (estimated). NSW Government funding of \$30 million (estimated) sought. | \$0.5 million |

Western Sydney

| | Recommendation | Timeframe | Cost and funding implications | Development funding required |
|---|--|---------------------------------|---------------------------------------|------------------------------|
| Keeping pace | | | | |
| State Library of NSW storage and reading room | Investment in Western Sydney State Library storage as a priority, followed by the proposed Western Sydney reading room and possible exhibition space, subject to a final business case. Investigation of co-location of the facility with a university or the State Records reading room in Kingswood. | Short to medium term | Up to \$80 million | Not required |
| Achieving excellence | | | | |
| MAAS in Parramatta and cultural precinct | Arts NSW, in consultation with Parramatta City Council, prepare a master plan for a cultural precinct based around the Museum of Applied Arts and Sciences, Riverside Theatre and public domain along the riverbank. As part of this work the opportunity to renew Riverside Theatre as a premier performance and theatre venue should be investigated. Initial funding of up to \$0.5 million for planning. This investment should be conditional on matching funding contributions from Parramatta Council. | Short to medium term | | Up to \$0.5 million |
| Leveraging opportunities | | | | |
| Western Sydney Cultural Infrastructure Program | The reservation of \$50 to \$100 million to establish a Western Sydney Cultural Infrastructure Program. Following an Expression of Interest process, all projects proposed for inclusion under the program should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. All approved projects will require significant co-funding contributions from the proponent. | Short to medium term | \$50 to \$100 million | Not required |
| | Arts NSW undertake a feasibility study on establishing a Western Sydney Centre of Contemporary Arts to meet the need for flexible, multi-disciplinary spaces and rehearsal and studio facilities in Western Sydney and to provide for satellite exhibitions from the State Cultural Institutions. | Planning only in the short term | Up to \$ 20 million (estimated) | \$0.25 million |
| | Screen NSW and Arts NSW undertake further demand and market analysis of studio space and options for private sector development. | Medium term | Potential private sector partnership. | \$ 0. 25 million |

Regional NSW

| | Recommendation | Timeframe | Cost and funding implications | Development funding required |
|--|--|--|-------------------------------|------------------------------|
| Achieving excellence and leveraging opportunities | | | | |
| Newcastle and Wollongong | <p>Infrastructure NSW confirms its recommendations, made in the <i>State Infrastructure Strategy Update 2014</i>, for cultural infrastructure investment in Newcastle and Wollongong:</p> <ul style="list-style-type: none"> In Newcastle, the investment focus should be on the cultural precinct around the Art Gallery and the opportunity to optimise that important institution In Wollongong, plans should focus on enhancing the cultural precinct around the Town Hall and Performing Arts Centre. | Planning only in the short term; delivery in the medium term | To be determined. | \$0.5 million |
| Regional Cultural Infrastructure Program | <p>The reservation of \$50 to \$100 million to establish of a regional NSW Cultural Infrastructure Program. Investment under the program should focus on major regional centres and on partnering with communities.</p> <p>Following an Expression of Interest process, all projects proposed for inclusion under the program should be assessed for investment using the Cultural Infrastructure Investment Framework set out in this Strategy. All approved projects will require significant co-funding contributions from the proponent.</p> | Short to medium term | Up to \$100 million. | Not required |

State-wide

| | Recommendation | Timeframe | Cost / funding implications | Development funding required |
|---------------------------------|--|-----------|-----------------------------|------------------------------|
| Leveraging opportunities | | | | |
| State-wide opportunities | Arts NSW convene a regular working group with major NSW Government agencies with significant infrastructure plans including Transport for NSW, UrbanGrowth NSW and Property NSW to identify opportunities to embed, enable and support arts and cultural facilities within their developments. | Ongoing | N/A | N/A |

Other recommendations

| | Recommendation | Timeframe | Cost / funding implications | Development funding required |
|---|---|------------|-----------------------------|------------------------------|
| Cultural Infrastructure Investment Framework | Adoption of the Cultural infrastructure investment framework as a basis for prioritising cultural infrastructure investment. | Ongoing | N/A | N/A |
| Evidence-based assessment | All cultural infrastructure business cases should incorporate specified data sets to enable a robust evidence-based assessment of the project against the investment criteria. | Ongoing | N/A | N/A |
| Co-funding | All major projects demonstrate that the NSW Government's capital contribution is supported by funding from other sources. | Ongoing | N/A | N/A |
| Cultural Infrastructure Fund | Arts NSW in consultation with NSW Treasury undertake a development study to explore future opportunities to enable a sound capital base to be established to provide long term ongoing funds for cultural infrastructure. | Short term | N/A | N/A |
| Governance | <p>Reform of the current reporting and accountability structures for the arts and cultural cluster, including additional resourcing, to ensure that it has the capability to implement and update the recommendations in this Strategy.</p> <p>Development of a comprehensive cultural strategy focused on collections, acquisitions and funding.</p> <p>Establishing a high level strategic advisory group to support the Government's ongoing planning of cultural infrastructure, with representation drawn from State, local government, relevant private sector expertise and the cultural sector.</p> | Short term | To be determined | No |
| Projects to be updated | The pipeline of projects set out in the Strategy be reviewed and refreshed annually through the Total Asset Management planning process. | Ongoing | N/A | N/A |
| Design Excellence | Each proponent embed design excellence processes in project formulation, design and development and involve the NSW Government Architect in the creation of the design strategy. Major projects should have the ongoing involvement of the NSW Government Architect. | Ongoing | N/A | N/A |

Appendix E: Expert Reports and Interviews

Infrastructure NSW's advice to the NSW Government has been informed by the research undertaken by AEA Consulting and the following reports. We also thank those who gave so freely of their time and participated in the stakeholder interviews conducted by AEA Consulting and Michael Lynch CBE, AM during February 2016 and in the Chairman's Forum held in August 2016, which reviewed the Cultural Infrastructure Investment Framework. A list of those interviewees and attendees is below.

External Reports

| | |
|--|--|
| AEA Consulting (July 2016) | Framework for a Cultural Infrastructure Strategy |
| Arts and Humanities Research Council Geoffrey Crossick and Patrycja (2016) | Understanding the value of arts and culture. The AHRC Cultural Value Project |
| Arts and Humanities Research Council Hasan Bakhshi, Daniel Fujiwara, Ricky Lawton, Susan Mourato and Paul Dolan (2015) | Measuring Economic Value in Cultural Institutions |
| Arts Council England (2009) | Building excellence in the arts: A guide for clients |
| BOP Consulting /Mayor of London (2014) | World Cities Culture Report |
| BOP Consulting/ Mayor of London (2014) | Transformational Cultural Projects Report |
| BOP Consulting/ Mayor of London (2015) | World Cities Culture Report |
| Mayor of London (2014) | Cultural Metropolis |
| City of Sydney (August 2014) | Creative City: cultural policy and action plan |

External Reports

| | |
|--|---|
| Committee for Sydney (August 2016) | First Amongst Equals? Benchmarking Sydney's Performance |
| Commonwealth Government (October 2011) | Building Support: Report of the Review of Private Sector Support for the Arts in Australia (Mitchell Report) |
| Deloitte (2015) | Building Western Sydney's Cultural Arts Economy- a key to Sydney's success |
| Deloitte (2013) | How do you value an Icon? The Sydney Opera House: economic, cultural and digital value |
| Ernst and Young (August 2016) | Cultural Infrastructure Strategy Data Analysis |
| Ernst and Young (August 2015) | Live Performance Industry in Australia, 2014 Ticket Attendance and Revenue Survey, Live Performance Australia |
| Positive Solutions (March 2010) | Arts NSW: Cultural Facilities Audit |
| PwC (June 2012) | Recreation and Arts Baseline Report, Infrastructure NSW |
| REA Consulting (October 2015) | Planning Sydney's Cultural Facilities: REA Update and Review |
| SGS Economics and Planning (2013) | Valuing Australia's Creative Industries. Final Report. Creative Industries Innovation Centre |
| SGS Economics and Planning (July 2016) | Economic Benefits of Cultural Infrastructure, Infrastructure NSW |
| SGS Economics and Planning (July 2016) | Cultural Infrastructure Prioritisation Framework, Infrastructure NSW |
| SGS Economics and Planning (May 2016) | Mapping Arts and Culture in Western Sydney, Key Findings Report |

External Reports

| | |
|---|---|
| SGS Economics and Planning (October 2014) | NSW Cultural Infrastructure: Investment Framework, Infrastructure NSW |
| Sweet Reason (March 2011) | Planning Sydney's Cultural Facilities |
| Victorian Auditor General (October 2012) | Collections Management in Cultural Agencies |
| Visitor Economy Taskforce (June 2012) | Final Report of the Visitor Economy Taskforce |

NSW Government Reports

| | |
|--|---|
| Arts NSW (2015) | Create in NSW: Arts and Cultural Policy Framework |
| Barangaroo Delivery Authority (May 2015) | Barangaroo: Public Art and Culture Plan |
| Infrastructure NSW | First Things First: State Infrastructure Strategy 2012 |
| Infrastructure NSW | State Infrastructure Strategy Update 2014 |
| NSW Auditor General (September 2010) | Performance Audit: Knowing the Collections, Australian Museum |
| NSW Government (2014) | Rebuilding NSW: State Infrastructure Strategy 2014 |
| NSW Government (2015) | Premier's Priorities: Making it Happen |
| NSW Health (2016) | NSW Health and the Arts Framework |
| NSW Planning and Environment (December 2014) | A Plan for Growing Sydney |

NSW Government Reports

| | |
|---|---|
| NSW Trade and Investment (2014) | The NSW Economic Development Framework - 2014 Priorities |
| NSW Trade and Investment (December 2012) | NSW Government response to the Final Report of the Visitor Economy Taskforce |
| NSW Trade and Investment (January 2015) | Economic Development Strategy for Regional NSW |
| NSW Trade and Investment June 2013 | NSW Creative Industries, Economic Profile |
| NSW Treasury (June 2014) | Issues for the Economic Appraisal of Proposed Investments in Cultural Venues (June 2014) |
| NSW Treasury - Dr Peter Abelson (August 2014) | The Role of Economic Evaluation in Developing a Cultural Strategy for NSW: An Introductory Note |

Stakeholder Interviews

| | | | |
|------------------------------|---|------------------------------|---|
| Wayne Borg | Managing Director, Fox Studios Australia | Sharne Hiscoke | Arts Policy Advisor, Office of the Deputy Premier |
| David Borger | Director, Western Sydney, Sydney Business Chamber | Penny Hutchinson | Former CEO, Arts Victoria; Consultant |
| Michael Brand | Director, Art Gallery of NSW | The Hon. Paul Keating | Former Prime Minister of Australia |
| Alex Byrne | CEO and State Librarian, State Library of NSW | Robert Love | Director, Riverside Theatres |
| Sandra Chipchase | CEO, Destination NSW | Liz Ann MacGregor OBE | CEO, Museum of Contemporary Art, Australia. Western Sydney Cultural Ambassador |
| The Hon. Helen Coonan | Chair, Crown Resorts Foundation. Trustee Sydney Opera House Trust | David McCracken | Director, Property Development, Barangaroo Delivery Authority |
| Matt Crocker | Policy Director, Office of the Premier | Patrick McIntyre | Executive Director, Sydney Theatre Company |
| Michael Dagostino | Director, Campbelltown Arts Centre | Kim McKay AO | CEO and Director, Australian Museum |
| Mary Darwell | CEO, Arts NSW | Dolla Merrillees | Director, Museum of Applied Arts and Sciences |
| Greg Dezman | Advisor, Office of the Deputy Premier | Rupert Myer AO | Chair, Australia Council for the Arts |
| Geoff Donaghy | CEO, International Convention Centre, Sydney | Hania Radvan | CEO, Penrith Performing and Visual Arts |
| Kate Dundas | Deputy Secretary, Department of Justice | Lisa Ripponlee | Head, Stakeholder Engagement, UrbanGrowth NSW |
| Jo Dyer | Executive Director, Sydney Writers Festival | Leo Schofield AM | Journalist, Festival Director, Cultural Commentator |
| Kim Ellis | Executive Director, Royal Botanic Garden and Centennial Parklands | Marie Scoutas | Deputy Chief of Staff, Ministry for Trade, Tourism, Major Events and Sport |
| Sonya Errington | Governance Director, Barangaroo Delivery Authority | Bridget Smyth | Design Director, City of Sydney |
| Richard Evans | Managing Director, Australian Chamber Orchestra | Michael Snelling | Director, National Art School |
| Courtney Gibson | Chief Executive, Screen NSW | Greg Storrier | Director, Office of the Chief Executive, Office of Environment and Heritage |
| Mark Goggin | CEO, Sydney Living Museums | Ben Strout | CEO, Biennale of Sydney |
| David Gonski AC | Chancellor, University of NSW. President, Art Gallery of NSW Board of Trustees | Chris Tooher | Executive Director, Sydney Festival |
| Lisa Havilah | Director, Carriageworks | Gabrielle Trainor | Non-Executive Director, Barangaroo Delivery Authority |
| Louise Heron AM | CEO, Sydney Opera House | David Withey | Director, Agency and Budget Policy Group, NSW Treasury |
| Ben Hewett | Deputy Government Architect, Office of the Government Architect | | |

Chairman's Forum

| | |
|--------------------------|---|
| Graham Bradley AM | Chairman, Infrastructure NSW |
| Nicholas Moore AM | Chairman, Sydney Opera House Trust |
| George Souris AM | President, Library Council of NSW |
| David Gonski AC | President, Art Gallery of NSW Board of Trustees |
| David Armstrong | Trustee, Australian Museum Trust |
| Lisa Chung | Deputy President, Museum of Applied Arts and Sciences Trust |
| Terry Moran AC | Chairman, Barangaroo Delivery Authority |
| Michael Rose AM | Chairman, Board of Trustees, Sydney Living Museums. Chair, Committee for Sydney |
| Ken Boundy | Chairman, Royal Botanic Garden and Domain Trust |
| Lucy Turnbull AO | Chief Commissioner, Greater Sydney Commission |
| Kim Williams AM | Chair, NSW State Library Foundation. Chair, Copyright Agency |
| Katie Lahey AO | Chairman, Tourism and Transport Forum |
| Ann Johnson | Deputy Chair, Sydney Theatre Company |
| Adrian Ellis | Principal, AEA Consulting |

Appendix F: Accessible PDF longform graphic description

Figure 1.1 Industry gross product: Australian creative industries sector

| Sector | 2004/5 | 2005/6 | 2006/7 | 2007/8 | 2008/9 | 2009/10 | 2010/11 | 2011/12 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Music & performing arts | \$372,000,000 | \$412,000,000 | \$450,000,000 | \$440,000,000 | \$459,000,000 | \$494,000,000 | \$512,000,000 | \$559,000,000 |
| Film, television & radio | \$5,516,000,000 | \$5,504,000,000 | \$5,105,000,000 | \$4,883,000,000 | \$4,418,000,000 | \$4,463,000,000 | \$4,327,000,000 | \$4,419,000,000 |
| Advertising & marketing | \$778,000,000 | \$779,000,000 | \$793,000,000 | \$806,000,000 | \$805,000,000 | \$784,000,000 | \$768,000,000 | \$767,000,000 |
| Software development & interactive content | \$14,500,000,000 | \$15,373,000,000 | \$17,000,000,000 | \$16,876,000,000 | \$14,931,000,000 | \$15,053,000,000 | \$15,286,000,000 | \$15,708,000,000 |
| Writing, publishing & print media | \$8,254,000,000 | \$8,159,000,000 | \$8,131,000,000 | \$8,016,000,000 | \$7,365,000,000 | \$7,231,000,000 | \$6,484,000,000 | \$5,925,000,000 |
| Design & visual arts | \$1,867,000,000 | \$1,897,000,000 | \$1,943,000,000 | \$1,965,000,000 | \$1,925,000,000 | \$1,876,000,000 | \$1,907,000,000 | \$1,939,000,000 |
| Architecture | \$2,680,000,000 | \$3,020,000,000 | \$3,470,000,000 | \$3,820,000,000 | \$3,800,000,000 | \$3,700,000,000 | \$3,525,000,000 | \$3,350,000,000 |
| Total creative industries | \$33,966,000,000 | \$35,144,000,000 | \$36,891,000,000 | \$36,805,000,000 | \$33,704,000,000 | \$33,600,000,000 | \$32,809,000,000 | \$32,666,000,000 |

Figure 1.2 NSW Cultural and Sporting overview

Participation

- Nine out of ten NSW residents take part in the arts every year.
- Two million people attend major NSW arts festivals each year
- Five million people attend small-to-medium museum and gallery events in NSW annually
- There are one hundred and twenty nine thousand arts and heritage volunteers across NSW

NSW is home to:

- Forty percent of Australia's creative industries workforce
- Eleven of Australia's twenty eight major performing arts companies
- Australia's five leading music companies: Australian Brandenburg Orchestra, Australian Chamber Orchestra, Musica Viva Australia, Opera Australia, and the Sydney Symphony Orchestra
- Australia's leading theatre and dance companies: Bangarra Dance Theatre, Belvoir St Theatre, Bell Shakespeare, Sydney Dance Company, Sydney Theatre Company, and the Australian Ballet (jointly with Victoria)
- Twenty five Aboriginal Cultural Centres
- Fifty seven public and regional galleries
- Two hundred and ninety community run museums
- Fifty four public and regional museums

Visitation

- Sydney Opera House: 8.2 million visitors. 1.4 million attend 1,900 performances
- Australian Museum: 0.4 million visitors plus 11.7 million visits to the website
- Museum of Applied Arts and Sciences (Powerhouse): 0.5 million visitors
- Art Gallery of NSW: 1.3 million visitors including Brett Whiteley Studio and ten touring exhibitions
- State Library of NSW: 0.8 million visitors plus 3.9 million on-line visits

Economic Contribution

- \$11.2 billion was spent in 2015 by international and domestic cultural and heritage visitors

Figure 3.1 Cultural Venues Renewal Program: project list broken down by area (2015/16)

| Building (fabric) | Building (service) | Building (structural) | Back-of-house (admin and/or Industries) | Collections or productions | Commercial | Galleries/ exhibitions/ performance | Virtual operations | Visitor/ social/public amenity |
|-------------------|--------------------|-----------------------|---|----------------------------|-------------|-------------------------------------|--------------------|--------------------------------|
| \$53,900,000 | \$97,000,000 | \$11,300,000 | \$326,000,000 | \$17,500,000 | \$5,300,000 | \$71,700,000 | \$5,800,000 | \$30,100,000 |

Figure 4.1 Australian art museum visitation pre- and post-upgrade (2013)

| Museum | Year upgraded | Pre upgrade visitors | Post upgrade visitors |
|-------------------------------|---------------|----------------------|-----------------------|
| National Gallery of Victoria | 2013 | 656,388 | 1,742,130 |
| QLD Art Gallery | 2006 | 360,302 | 1,265,300 |
| Aust. Centre for Moving Image | 2003 | 492,428 | 1,156,490 |
| Art Gallery of NSW | — | 999,441 | — |
| MCA Australia | 2012 | 498,942 | 894,876 |
| Art Gallery of SA | — | 665,613 | — |
| National Gallery of Aust | — | 652,043 | — |
| National Portrait Gallery | — | 64,4659 | — |
| Art Gallery of WA | — | 385,230 | — |

Figure 5.1 Arts and Culture Cluster Entities: total capital grants by cultural entity 2007/8 to 2016/17

| Institution | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| AGNSW | \$13,600,000 | \$5,800,000 | \$15,500,000 | \$5,900,000 | \$3,000,000 | \$3,200,000 | \$6,000,000 | \$9,000,000 | \$12,900,000 | \$4,000,000 |
| Aust Museum | \$21,300,000 | \$5,100,000 | \$2,800,000 | \$5,200,000 | \$5,300,000 | \$3,300,000 | \$5,900,000 | \$8,300,000 | \$6,000,000 | \$3,000,000 |
| MAAS | \$1,800,000 | \$2,600,000 | \$3,900,000 | \$6,900,000 | \$6,300,000 | \$5,000,000 | \$14,900,000 | \$9,900,000 | \$17,000,000 | \$10,600,000 |
| State Library | \$11,400,000 | \$10,500,000 | \$16,400,000 | \$17,600,000 | \$18,300,000 | \$24,000,000 | \$17,800,000 | \$18,300,000 | \$18,700,000 | \$19,900,000 |
| SOH - Maintenance grant | \$6,900,000 | \$30,400,000 | \$29,000,000 | \$29,500,000 | \$30,300,000 | \$31,200,000 | \$38,900,000 | \$25,900,000 | \$33,300,000 | \$33,600,000 |
| SOH - Capital | | | | \$1,900,000 | \$54,600,000 | \$90,000,000 | \$24,000,000 | \$17,900,000 | | \$12,000,000 |
| Arts NSW | \$1,600,000 | \$2,800,000 | \$3,200,000 | \$3,400,000 | \$5,900,000 | \$6,300,000 | \$8,300,000 | \$5,900,000 | \$2,900,000 | \$25,000,000 |

Figure 5.2 Capital expenditure by sector, 2016/17

| Transport | Health | Education | Justice | Housing | Electricity | Water | Venues | Arts and Culture | Other |
|-----------|--------|-----------|---------|---------|-------------|-------|--------|------------------|-------|
| 54.4% | 6.7% | 3.0% | 7.4% | 3.0% | 6.7% | 4.3% | 8.34% | 0.36% | 5.8% |

Figure 6.1 Combined exhibition square metres for five biggest galleries/museums in Sydney and benchmarked cities

| Toronto | Hong Kong | San Francisco | Singapore | Melbourne | Sydney | Vancouver |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 61,000 m ² | 61,000 m ² | 60,000 m ² | 54,000 m ² | 43,000 m ² | 31,000 m ² | 18,000 m ² |

Figure 6.2 Five biggest galleries/museums in Sydney and benchmarked cities

| City | Gallery/Museum | Floor space |
|----------------------|--------------------------------|-----------------------|
| Toronto | Art Gallery of Ontario | 21,665 m ² |
| | Royal Ontario Museum | 18,580 m ² |
| | Ontario Science Center | 11,148 m ² |
| | Hockey Hall of Fame | 5,600 m ² |
| | Aga Khan Museum | 4,199 m ² |
| Hong Kong | M+ (opening 2018) | 20,000 m ² |
| | Museum of Art | 17,530 m ² |
| | Museum of History | 8,000 m ² |
| | Space Museum | 8,000 m ² |
| | Heritage Museum | 7,500 m ² |
| San Francisco | SFMOMA | 13,470 m ² |
| | California Academy of Sciences | 14,800 m ² |
| | Exploratorium | 12,400 m ² |
| | De Young | 12,021 m ² |
| | Asian Art Museum | 6,880 m ² |
| Singapore | National Gallery of Singapore | 25,600 m ² |
| | National Museum Singapore | 18,375 m ² |
| | ArtScience Museum | 6,000 m ² |
| | Asian Civilisations Museum | 2,800 m ² |
| | Indian Heritage Centre | 1,236 m ² |

| City | Gallery/Museum | Floor space |
|------------------|-------------------------|-----------------------|
| Melbourne | Melbourne Museum | 17,728 m ² |
| | NGV (International) | 12,000 m ² |
| | NGV (Ian Potter Centre) | 7,000 m ² |
| | ACMI | 3,200 m ² |
| | National Sports Museum | 3,000 m ² |
| Sydney | Powerhouse Museum | 10,394 m ² |
| | AGNSW | 9,182 m ² |
| | Australia Museum | 5,500 m ² |
| | MCA | 4,261 m ² |
| | Museum of Sydney | 2,080 m ² |
| Vancouver | Vancouver Art Gallery | 7,897 m ² |
| | Science World | 4,275 m ² |
| | Museum of Anthropology | 2,973 m ² |
| | Museum of Vancouver | 1,858 m ² |
| | Maritime Museum | 1,375 m ² |

Figure 6.3 Visitor numbers at museums and galleries 2014/15

| City | Gallery | Visitors |
|------------------|---|-----------|
| Sydney | AGNSW | 1,076,196 |
| | MCA | 1,000,000 |
| | National Maritime Museum (Commonwealth) | 476,436 |
| | Powerhouse Museum | 428,177 |
| | Australia Museum | 392,297 |
| | Museum of Sydney | 91,501 |
| Melbourne | NGV (International and Ian Potter Centre) | 2,031,580 |
| | ACMI | 1,148,294 |
| | Melbourne Museum | 828,378 |
| | Science Works | 486,938 |

Figure 6.4 Australia's top major ticketed cultural exhibitions - 2006-2016

| State | Gallery | Exhibition | Year | Visitors |
|-----------------|--------------------|--|---------|----------|
| Victoria | Melbourne Museum | Tutankhamun and the Golden Age of the Pharaohs | 2011 | 796,277 |
| Victoria | NGA (Commonwealth) | Masterpieces from Paris | 2009-10 | 482,000 |
| Victoria | Melbourne Museum | Titanic: The Artefact Exhibition | 2010 | 476,000 |
| Victoria | NGV | Andy Warhol/Ai Wei | 2015-16 | 451,000 |
| NSW | MAAS | Harry Potter: The Exhibition | 2011-12 | 351,308 |
| NSW | AGNSW | Picasso Masterpieces from the Musée National Paris | 2011-12 | 336,753 |
| Victoria | NGV | Monet's Garden | 2013 | 343,000 |
| Victoria | Melbourne Museum | A Day of Pompeii | 2009-10 | 332,679 |
| Victoria | NGV | Salvador Dali: Liquid Desire | 2009 | 332,000 |
| NSW | AGNSW | The first emperor: China's entombed warriors | 2010-11 | 305,621 |
| Victoria | ACMI | Tim Burton - The Exhibition | 2010 | 276,000 |
| Victoria | NGV | Art Deco 1910-1939 | 2008 | 241,000 |
| Victoria | NGV | Jean Paul Gaultier | 2015 | 226,000 |
| Victoria | NGV | Picasso | 2006 | 224,000 |
| Victoria | ACMI | Dreamworks Animation | 2014 | 220,000 |

Figure 8.1 Sydney CBD Cultural Precinct

Figure 8.1 shows a map of the Sydney CBD Cultural Precinct. The map highlights a Foreshore walk, starting in Darling Harbour, continuing along the foreshore past; Barrangaroo, Headland Park, Walsh Bay Arts Precinct, The Rocks, the Museum of Contemporary Art, the Sydney Opera House, through the Royal Botanic Garden and concludes at the Art Gallery of NSW. The Australian Museum, State Library of NSW and Angel Place are within the precinct.

Figure 8.2 Parramatta cultural precinct

Figure 8.2 depicts a map of the Parramatta Cultural Precinct. The map highlights an area in Parramatta around the Parramatta River, encompassing Parramatta Stadium, Old Government House, Riverside Theatre, Powerhouse Parramatta, and the Parramatta Civic Centre and the River Walk.

Figure 9.1 Revenue sources of State Cultural Institutions, 2014/15

| Source | Art Gallery of NSW | State Library of NSW | Powerhouse Museum | Australian Museum | Sydney Opera House | Sydney Living Museums |
|---|--------------------|----------------------|-------------------|-------------------|--------------------|-----------------------|
| Government | 48.4% | 86.7% | 77.6% | 69.2% | 39.7% | 65.7% |
| Self generating revenue | 12.6% | 2.7% | 8.9% | 21.7% | 52.2% | 19.0% |
| Philanthropy/donations/ bequests | 32.1% | 5.8% | 9.2% | 5.5% | 4.9% | 9.6% |
| Other | 6.9% | 4.8% | 4.3% | 3.6% | 3.1% | 5.6% |