Bremer Bay Cultural and Civic Precinct Cost Benefit Analysis

Stantec

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Table of Contents

Executive Summary ..... **ii**
1 Introduction **1**
1.1 Scope and Purpose 1
1.2 The Proposal 1
2 The Site **2**
2.1 Site Context 2
3 Strategic Alignment **3**
3.1 Investment Logic Map 3
4 Background Review **4**
4.1 Population Trends 4
4.2 Visitation Trends 4
4.3 Existing Facilities 4
5 Economic Assessment **7**
5.1 Introduction and Approach 7
5.2 Estimated Costs 8
5.3 Microeconomic Benefits 8
5.4 Macroeconomic Benefits 12
5.5 Intangible Economic Benefits 14
5.6 Results of the CBA 14
5.7 Conclusions 16

List of Tables

Table 4-1. Identified Gaps
Table 5-1. Participation in Arts and Cultural Activities
Table 5-2. Frequency of Attending Art Events
Table 5-3. Willingness to Pay for Improved Arts and Cultural Access
Table 5-4. Calculated Value of Improved Access to Arts and Culture
Table 5-5. Annual Tourist Expenditure in Bremer Bay
Table 5-6. Calculated Economic Impact of Visitor Centres on Tourist Spending
Table 5-7. Value of Rent Revenue
Table 5-8. Value of Total Benefits
Table 5-9. CBA Combined Results Discounted at 5%
Table 5-10. Sensitivity Test Results

List of Figures

Figure 2-1. Site Layout
Figure 3-1. Investment Logic Map
Figure 4-1. Survey Responses to Attitudes of Existing Facilities
Figure 5-1 CBA Framework

Executive Summary

The proposal comprises the development of the Bremer Bay Cultural and Civic Precinct at 21 Seadragon Avenue, Bremer Bay. The project is being led by the Shire of Jerramungup and forms a key component of the broader vision to establish a central civic, cultural and community hub within the emerging Bremer Bay Town Centre.

The proposed precinct is intended to address a number of identified gaps in existing community infrastructure, including the lack of suitable meeting facilities, office space, visitor servicing facilities, community gathering spaces and flexible event areas. Through the co-location of services and community functions, the development aims to improve accessibility, operational efficiency and service outcomes for residents and visitors while supporting the continued growth of Bremer Bay as a regional tourism destination.

There are 4 main objectives shown in the Investment Logic Map (ILM):

- Reduce travel times for Shire and Wagyl Kaip employees in Bremer Bay
- Provide accessible community facilities
- Improve tourist outcomes
- Improve emergency resilience with an evacuation centre.

These objectives link directly to benefits and outcomes in the short, medium and long terms.

A hybrid Cost Benefit Analysis (CBA) has been undertaken combining elements of conventional CBA (measuring microeconomic benefits) with a financial model which measures some macroeconomic and commercial benefits.

Based on the assumptions outlined below and the estimates within the hybrid CBA model, it shows a viable project with a Benefit Cost Ratio (BCR) of 1.64 based on 5 percent real discount rate over the 30-year appraisal period. With a 5% discount rate, key KPIs are summarised below:

Indicator	Value
PV Cost ($000)	$17,897
PV Benefit ($000)	$29,430
NPV($000)	$11,533
BCR	1.64

These results may be conservative because there are a number of unknowns such as how often the evacuation centre would be used. The sensitivity testing showed that even with very pessimistic modelling, the project is still viable.

1 Introduction

1.1 Scope and Purpose

This Cost Benefit Analysis (CBA) has been prepared for BlueSalt Consulting (the Client) to assess the economic and community impacts associated with the proposed Bremer Bay Cultural and Civic Precinct in Bremer Bay, Western Australia. The assessment compares the costs and benefits of delivering the proposed precinct against a base case scenario in which the project does not proceed.

The purpose of this assessment is to inform future investment decisions and funding applications by evaluating the economic, social and community value generated by the project. The CBA considers the anticipated impacts of the project on residents, visitors, businesses, service providers and the broader Great Southern region, supporting evidence-based decision making regarding the future delivery of the proposed precinct.

1.2 The Proposal

The proposal comprises the development of the Bremer Bay Cultural and Civic Precinct at 21 Seadragon Avenue, Bremer Bay. The project is being led by the Shire of Jerramungup and forms a key component of the broader vision to establish a central civic, cultural and community hub within the emerging Bremer Bay Town Centre.

The proposed development seeks to establish a purpose-built cultural, community and civic facility that will support local government services, visitor servicing, community events, business activity, cultural initiatives and broader community development outcomes. The facility is proposed to accommodate a range of co-located services including Shire administration offices, the Bremer Bay Community Resource Centre, library, visitor information centre, meeting rooms, community function spaces and supporting amenities. Office accommodation is also proposed for external organisations including the Department of Biodiversity, Conservation and Attractions (DBCA) and the Wagyl Kaip Southern Noongar Aboriginal Corporation (Wagyl Kaip).

The proposed precinct is intended to address a number of identified gaps in existing community infrastructure, including the lack of suitable meeting facilities, office space, visitor servicing facilities, community gathering spaces and flexible event areas. Through the co-location of services and community functions, the development aims to improve accessibility, operational efficiency and service outcomes for residents and visitors while supporting the continued growth of Bremer Bay as a regional tourism destination.

2 The Site

2.1 Site Context

The subject site is located at 21 Seadragon Avenue within the Bremer Bay Town Centre, approximately 515km south-east of Perth, 180km east of Albany and 100km south-east of Jerramungup. Bremer Bay is situated within the Great Southern Region of Western Australia and lies within the Wagyl Kaip Southern Noongar agreement area.



Figure 2-1. Site Layout

Source: H+H Architects

The site occupies a prominent location within the developing Bremer Bay Town Centre and is intended to form part of the Town Centre vision established by the Shire of Jerramungup. The site is currently undeveloped and is situated adjacent to existing community infrastructure, including the town skate park, playground and civic space. Future residential and town centre development is proposed on surrounding land, with the Cultural and Civic Precinct intended to function as a central community and civic hub within the precinct.

3 Strategic Alignment

3.1 Investment Logic Map

An Investment Logic Map (ILM) has been developed to identify the key problems, project outputs, expected outcomes and long-term benefits associated with the proposed Bremer Bay Cultural and Civic Precinct. The ILM provides the framework for the cost benefit analysis by establishing the logical relationship between the investment and the benefits expected to be generated over the life of the project.

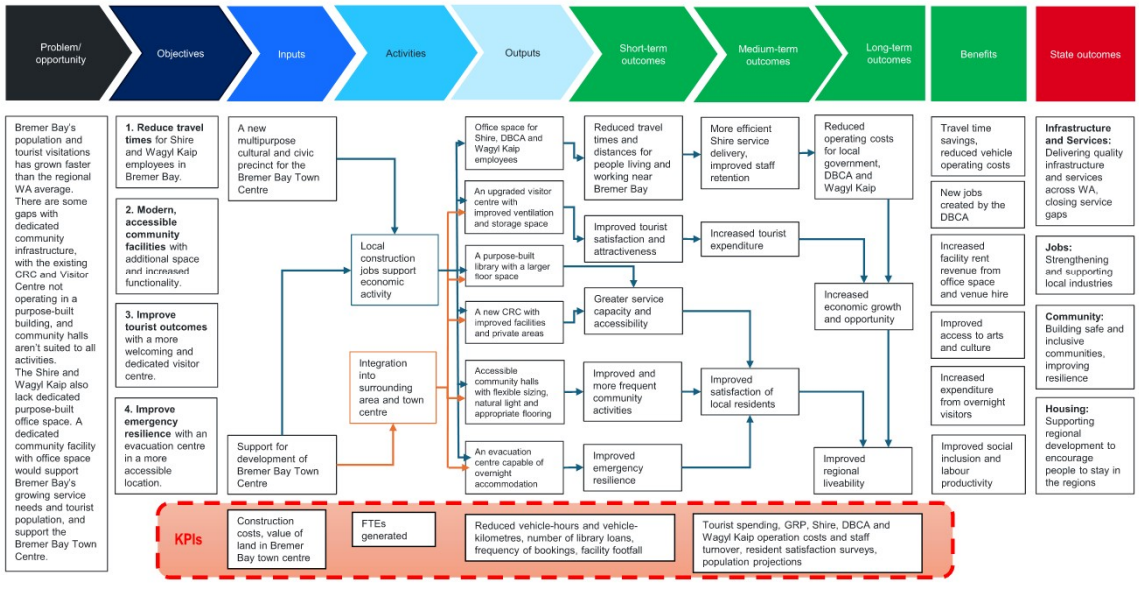

Figure 3-1. Investment Logic Map

4 Background Review

4.1 Population Trends

The Shire of Jerramungup had a resident population of approximately 1,217 people in 2021, of which 424 residents were located within the Bremer Bay locality. Between 2016 and 2021, Bremer Bay experienced population growth of approximately 13.7%, increasing from 373 to 424 residents. This is almost twice as much as the WA statewide average, which saw 7.5% growth over the same period. Bremer Bay contained approximately 484 dwellings in 2021, compared to 440 dwellings in 2016.

Despite the relatively small permanent population, Bremer Bay experiences significant seasonal population fluctuations. Only 38.2% of dwellings were occupied on Census night in 2021, indicating a high proportion of holiday homes and absentee owners. As a result, permanent population figures do not fully reflect the demand placed on local services and community infrastructure throughout the year.

4.2 Visitation Trends

Tourism is a significant contributor to the local economy and places additional demand on community infrastructure and visitor services. Tourism Research Australia data indicates that the Shire attracts approximately 55,000 domestic overnight visitors annually, generating approximately 153,000 visitor nights and $29 million in annual visitor expenditure.

The region also attracts approximately 5,000 international overnight visitors annually, generating approximately 17,000 visitor nights. Visitor expenditure associated with international tourism is estimated at approximately $1.82 million per annum. Tourism Research Australia identified international tourism as a growing market for Bremer Bay.

The vast majority of tourist visits take place in the summer months, with an estimated 20,000 visitors in January, and typically around 10,000 visitors in December and February each.

4.3 Existing Facilities

4.3.1 Community Facilities

While the Bremer Bay locality currently does have community facilities, many of these are housed in buildings that are not fit-for-purpose and no longer have enough space to accommodate increasing demand for services. The following facilities were identified as no longer being fit-for purpose:

- Function hall
- Community Resource Centre (CRC)
    - » Library
    - » Post office
- Shire office
- Visitor centre
- Medical centre

All of the above functions, except the medical centre, are currently catered for in a single building with a hall at the rear and enclosed walkway that functions as a visitor information centre and function space. The CRC, library and post office are all housed in the same space, with Shire staff performing work duties in Bremer Bay working in a single room. The proposed cultural and civic precinct would accommodate the function hall, CRC, Shire office and visitor centre.

In a survey conducted by the Client, while the local community generally identified the existing facilities as "average" at catering to their needs, there were still a considerable number of residents rating the facilities as "poor," with the existing community hall facility having the most respondents rate it as "poor." **Figure 4-1** shows the responses to the survey.

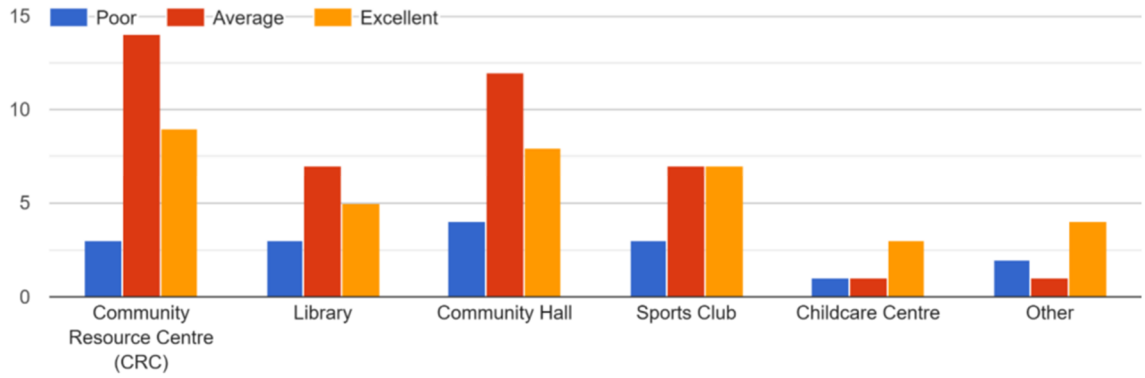

Figure 4-1. Survey Responses to Attitudes of Existing Facilities

Source: BlueSalt Consulting

4.3.2 Office Facilities

As mentioned previously, Shire employees with work responsibilities in Bremer Bay currently do not have dedicated office space. These employees include planners, administration and rangers. Existing employees work in a single room in the existing community facility that is not purpose built when working in Bremer Bay. The existing Shire building is in Jerramungup proper, meaning that Shire employees have to travel 86km or approximately one hour each way to get to Bremer Bay.

Wagyl Kaip and DBCA employees also currently lack dedicated office facilities.

4.3.3 Identified Gaps

The following gaps were identified with respect to the existing community and office facilities:

Table 4-1. Identified Gaps

Facility type	Facility	Notable issues
Community Facilities	CRC	• Insufficient floor space and storage • Lack of privacy for people accessing government services • Lack of disability access
	Library	• Insufficient floor space • No provision for desk hire or internet access. • Lack of disability access
	Community hall	• Cold and inaccessible flooring • Lack of natural light • Unsuitable for both children and seniors' activities due to flooring and atmosphere
	Indoor gathering spaces	• Lack of dedicated spaces for community during poor weather
	Dedicated visitor information centre	• Lack of storage space • Poor ventilation • Unable to display service brochures
	Cultural information	• Lack of dedicated visitor and cultural info hub that integrates history, interpretation and Aboriginal cultural heritage
Office Facilities	Meeting and workshop rooms	• Lack of dedicated facility limits meetings and events that can be hosted
	Office space	• Shire, Wagyl Kaip and DBCA staff do not have dedicated office facilities • Staff currently have to travel long distances and work in rooms not designed as offices

5 Economic Assessment

5.1 Introduction and Approach

This chapter assesses the economic impacts of the Bremer Bay Cultural and Civic Precinct by investigating the value of benefits and costs associated with the facility.

This hybrid Cost Benefit Analysis (CBA) measures a mixed benefit of both microeconomic and macroeconomic benefits associated with each option. The analysis is split into two components: microeconomic effects based on conventional CBA principles such as opportunity cost and willingness to pay (WTP) metrics, and macroeconomic effects based on additional revenue expected to be generated by the Site which is more akin to conventional Financial Analysis (FA).

The methodology underlying the CBA is based on Treasury guidelines for economic analysis using Rapid Appraisal techniques. Stantec is committed to best practice principles and is grounded in Activity Based Costing (ABC) principles which we believe most closely reflect a real-world situation hence our primary focus is on the operations model in the first instance.

The economic appraisal will be undertaken in accordance with the requirements of the brief, utilising Stantec's in-house CBA model, which comprises of a series of proven versatile spreadsheet-based financial models which can test up to 36 scenarios at a time. The model is built around tranches each of 36 runs with variations on common parameters such as capital and operating cost basis, traffic growth and composition factors, and various operational and economic parameters. In this instance, there is a single option for the proposal to compare against the base case.

The economic analysis considers the comparative costs and benefits of the facility. The key benefits incorporated within this CBA assessment are listed in Section 5.3 and 5.4. The model is based on the rapid appraisal techniques.

Stantec uses a 6-step approach as depicted below which is compatible with most State and Commonwealth guidelines. This approach has been successfully employed by Stantec for numerous projects and business cases in NSW, Qld, WA and Australia wide for all levels of government and public and private clients and Stantec has a spreadsheet-based model to support this process. **Figure 5-1** summarises the framework.

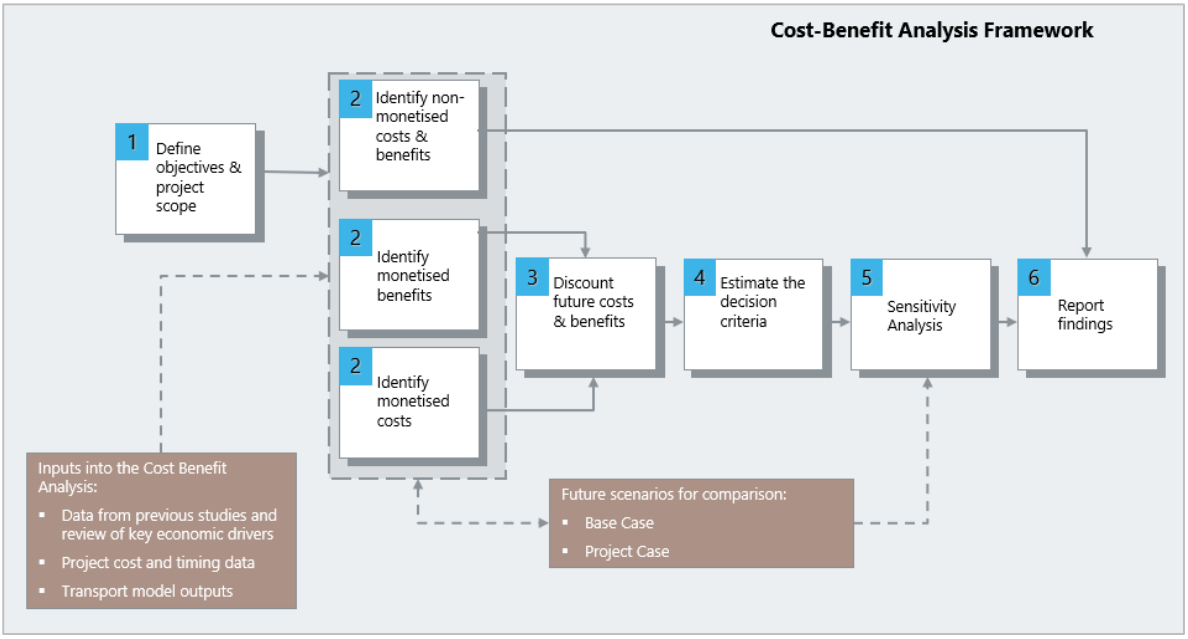

Figure 5-1 CBA Framework

5.2 Estimated Costs

Capital Expenditure was calculated by HW & Associates in November 2025. From their estimates, the P90 cost is assumed to be $19.25 million, including a 12-month escalation rate of 5%. The $19.25 million is therefore assumed to be the P90 cost of construction in 2026 dollars.

In lieu of more detailed information on construction timelines, it is assumed that the facility is constructed over two years from 2027 to 2028, with an opening year of 2029 and with capital expenditure costs split equally between the two years.

The maintenance costs of the facility were not calculated and was not included within the CBA for the proposed facility.

5.3 Microeconomic Benefits

5.3.1 Travel Time Savings

It is assumed that there would be significant travel time savings. Currently, Shire of Jerramungup staff, such as planners, administrative staff and rangers work from the existing Shire Office in Jerramungup, 86km and a one-hour drive away from Bremer Bay.

Having a purpose-built office space in Bremer Bay would reduce the staff who currently have to drive this distance when performing work duties in Bremer Bay. In lieu of detailed information on the work duties of shire staff, it is assumed that fifteen shire staff have to perform work duties in and around Bremer Bay approximately two days in a typical work week. It was assumed that each staff member drove between Jerramungup and Bremer Bay, and that the average **vehicle-kilometres saved was 172 km per staff member per day** when performing work duties in Bremer Bay. The average **vehicle-hours saving** was assumed to be **two hours per staff member per day** when performing work duties in Bremer Bay, identical to the travel distances and times outlined in **Section 4.3.2**. The actual benefit

associated with this measure would be higher if more staff had work duties in and around Bremer Bay, so the benefits associated with this measure should be interpreted as a conservative estimate.

The methodology of calculating the value of benefits associated with reduced vehicle-hours, and vehicle-kilometres travelled was calculated in line with Australian Transport Assessment and Planning (ATAP) guidelines. These savings are assumed to quantify all benefits associated with having Shire, DBCA and Wagyl Kaip employees all capable of working together in a shared space, with the travel time and vehicle-kilometres savings also assumed to encompass the reduced need for commuting to meet in person.

With respect to travel time savings, the ATAP guidelines provide for the monetisation of the following benefits:

- Travel time savings (TT)S
- Vehicle operating cost savings (VOC)S
- Environmental externalities including CO_2 allowance
- Accident reductions
- Reliability and links with network resilience and on time arrivals

Travel time savings are the principal benefit relates to the potential reduction in travel times from workers travelling shorter distances to reach the facility. This is valued using a unit cost rate times the incremental delays for project case and the base case measured as vehicle hours travelled (VHT) by vehicle class.

VOC savings, and other benefits such as environmental externalities, etc are driven by the vehicle kilometres travelled (VKT). Stantec has applied the ATAP algorithms based on Austroads 2004.

Safety – Reduced travel distances over rural roads will improve safety by reducing the number of accidents. Stantec has applied the WA algorithm for calculating the cost of car accidents.

Environmental Externalities – this now includes the decarbonisation costs as well as the traditional ATAP categories.

5.3.2 Evacuation Centre

The community facility could also function as an evacuation centre, given its relatively central location and accessibility from other directions. The existing evacuation centre at the existing Bremer Bay Sports Club is located at the end of a cul-de-sac and is only accessible from one direction. Relocating the evacuation centre to a more accessible location would improve emergency resilience.

The economic benefits of the community facility being able to act as an evacuation centre could be measured by considering the opportunity cost of building a separate evacuation centre.

Since 2023, the Commonwealth Government's Disaster Ready Fund has funded various evacuation centres across Regional WA. Considering the funding provided by the Commonwealth for these facilities, it is possible to provide a rough estimate to the value of constructing a similar facility for Bremer Bay.

In 2024, a regional multi-purpose emergency evacuation centre was funded in Kununurra, through the Disaster Ready Fund, with the whole facility valued at $15.7 million. Kununurra has a population of 5500 people.

The Stubbs Park Evacuation Centre Redevelopment occurred in 2024 cost $2.21 million, with an existing community facility being upgraded to deliver a modern, fit-for-purpose evacuation centre. The project would be capable of accommodating displaced residents across the Shire of Dumbleyung. The Shire had a population of 681 people.

The Shire of Mingenew Emergency Recreation Centre was renovated and upgraded in 2025 at a cost of $1.02 million in order to improve disaster resilience and allow its use as an evacuation centre. The upgrades were described as improving accessibility as well as allowing up to 50 beds to be used to accommodate people, as well as be used as a mustering point for emergency services personnel. The Shire had a population of 407.

Between these three facilities in Regional WA, all built from 2025, there is a strong linear relationship between population and facility cost. Using this relationship, considering Bremer Bay's population of 424, it is estimated that constructing an evacuation centre would cost $1.27 million in 2025 dollars. The community facility would therefore deliver **$1.27 million** in economic benefits, by being built with evacuation centre capabilities at the outset, due to the costs saved in not having to upgrade or construct another evacuation centre.

5.3.3 Improved Access to Arts and Culture

There is also an opportunity for displaying local art in the shared community space. Measuring the utility and economic benefits gained from local residents visiting to experience local arts and cultural events could be used to measure the community benefits associated with the facility that aren't associated with either events run through the community hall, the library or the community resource centre. The Western Australian Department of Creative Industries, Tourism and Sport (DCITS) outlines guidelines for contingent valuation of cultural infrastructure. Catalyse also conducts an annual monitor for DCITS evaluating attitudes to arts and culture across Western Australia.

Benefits can be split into user and non-user categories. Users of the facility have their benefit calculated by considering their willingness to pay (WTP) to access arts and cultural facilities. While the WTP has a dollar value, it is used only to quantify the economic benefits of arts and culture, and should not be interpreted as an endorsement for an entry fee for the facility.

Non-users would also have a much lower WTP with a value reflecting willingness to pay for the continued existence of the site. While non-users may not currently use the facility, they still receive a benefit from knowing there is a facility they may be able to use in future.

In lieu of detailed guidance or survey results around potential attitudes of Bremer Bay residents to improved arts and cultural facilities, the 2026 annual monitor was used to approximate potential users and non-users in the Great Southern region.

Table 5-1 shows that participation in arts and cultural facilities was lower in the Great Southern region compared to the statewide average. The top three activities in the Great Southern region were for movies, indoor art exhibitions and community arts. Given the facility is not anticipated to have a cinema or film component, the benefits associated with indoor and community arts will be the main components considered.

Table 5-1. Participation in Arts and Cultural Activities

Activity	Great Southern	WA Average
Attending at least one art or cultural activity in the past 12 months	61%	73%
Visited a museum	32%	46%
Visited an art gallery	19%	29%

Source: Catalyse, for DCITS (2026)

Participants in indoor and community art events typically attend these events relatively infrequently. **Table 5-2** shows that on average, participants in these activities generally attend these events three times a year.

Table 5-2. Frequency of Attending Art Events

Statewide frequency of attendance	Assumed visits per year per bracket	Indoor arts (%)	Community arts (%)
At least once a week	52	1	0
Every 2 to 3 weeks	18	2	4
Once a month	12	4	5
Every couple of months	4	10	17
Three or four times per year	3	21	18
Once or twice per year	1	62	55
Weighted average per year		**3.01**	**3.09**

Source: Catalyse, for DCITS (2026)

Table 5-3 shows that the average Great Southern resident would be prepared to pay up to $1.62 extra per week in order to fund improved access to the arts and culture, or $84.24 per year. Dividing this by three gives a willingness to pay of $28.08 per visit to access arts and cultural activities.

Table 5-3. Willingness to Pay for Improved Arts and Cultural Access

Description	% of Great Southern residents	Assumed average WTP
% not willing to pay extra	35	0
% willing to pay $0.01 to $2 extra	16	$0.50
% willing to pay $2.01 to $10 more	48	$3
% willing to pay over $10 more	1	$10
Weighted average WTP extra	**$1.62 per week**	

Source: Catalyse, for DCITS (2026)

The entire Shire of Jerramungup has 483 households and a population of 1,160, with the proposed community facility assumed to have a catchment including the Shire. A conservative estimate would have 19% of households as users of the facility, with 81% being non-users, as shown in **Table 5-1**. This is a conservative estimate, noting some people outside the Shire boundaries may be willing to drive further to access the facility.

Table 5-4 shows that a conservative estimate for the value of improved access to arts and culture provided by the facility is **$7,776 per year**. The actual benefits could be higher if more households were enticed to visit the facility for greater access to arts and culture, and so this value should be interpreted as a conservative estimate.

Table 5-4. Calculated Value of Improved Access to Arts and Culture

Description	Visitor Value	Non-Visitor Value
Lower confidence interval WTP value	$28.08 per visit	$0
Total households in catchment	(19%) 92 households	(81%) 391 households
Visits per year	3.01	0
Total annual value	**$7 776**	

Source: DCITS (2026)

5.4 Macroeconomic Benefits

5.4.1 New DBCA Employment

It is estimated the facility would create four positions to be employed by the Department of Biodiversity, Conservation and Attractions (DBCA), with more positions to be created in future. These jobs would likely be to service the nearby marine park.

The value of these jobs has been calculated by considering the median salary and multiplying by four. After five years from opening, two new jobs are created. The median salary of park rangers in Western Australia in 2025 was $81,000 per year. Multiplying this by four gives **$324,000** in economic benefits per year with new jobs created. After five years, two additional jobs are created, with **$486,000** in economic benefits per year.

5.4.2 Increased Tourism Expenditure

There is considerable literature around the impact of visitor centres on increasing the number of visitors to an area, the average length of stay as well as the average amount spent per person per day. There already exists a tourist visitor centre in Bremer Bay, however; the current facility is not fit-for-purpose and would benefit from having a modern centre in the new community facility.

A factor of 15% was applied, with it being assumed that the benefits of upgraded, fit-for-purpose visitor centres is 15% the value of benefits for brand new visitor centres. This is a conservative estimate that reflects that given there already exists a visitor centre in Bremer Bay, an improved facility would provide a much smaller uplift in tourist expenditure.

Tourism Research Australia data categorises external visitors to Bremer Bay into two categories: domestic tourists and international tourists, each with different spending profiles and stay lengths. **Table 5-5** shows the average profile of visitors to Bremer Bay from 2021 to 2024.

Table 5-5. Annual Tourist Expenditure in Bremer Bay

Description	Domestic visitors	International visitors	Total
Annual average number of overnight visitors	55,000	5,000	60,000
Average length of overnight stay	2.78	3.4	
Average expenditure per person per night (2025 dollars)	$191	$107	
Average annual economic activity generated (2025 dollars)	$29,203,900	$1,819,000	**$31,022,900**

Source: BlueSalt Consulting

Table 5-6. Calculated Economic Impact of Visitor Centres on Tourist Spending

Benefit category	Reference	New visitor centres
Average increase in length of overnight stay	South West WA, 2014	2 nights
Percentage of visitors increasing length of overnight stay	South West WA, 2014	13%
Percentage increase in average length of overnight stay	South West WA, 2014	9.4%
Average increase in expenditure	South West WA, 2014	15%
Total increase in economic activity		**25.8%**

Source: Tourism Research Australia (2015)

Therefore, as a result of the upgraded visitor centre, it is anticipated that the level of spending from tourists increases by 3.9% per year, from $31 million in 2025 dollars to $32.2 million, representing a **$1.2 million increase per year** in 2025 dollars.

5.4.3 Venue Hire Revenue

The Client also provided estimates for the value of renting out the facility for office space. As a benchmark, the Client assumed a market rate estimate for the value of rent to be $214 per sqm per annum, similar to advertised commercial rents for office space in Albany and Esperance.

It is noted that this was provided for benchmarking purposes and should not imply an expectation that current community lease arrangements would change, noting that the existing Community Resource Centre pays rent of $2,000 per annum, below the market rate. However, as a conservative estimate, it can be assumed that the economic benefit associated with the Community Resource Centre is at least the value of rent the centre would pay at a market rate.

A similar approach is used when quantifying the economic benefits associated with the library, as well as any community events that could be held in the community hall. For any event or meeting to be viable, the benefits would have to be equal to or greater than the cost of renting the meeting room or hall. Therefore, a conservative estimate for the value of benefits associated with community events is the anticipated revenue from the venue hire fee. An estimate for the value of benefits associated with the library is the level of funding required to maintain a new and expanded facility, approximately $40,000 per year.

Potential revenue sources from renting both the office facility and the venue are provided below in **Table 5-7**.

Table 5-7. Value of Rent Revenue

Revenue type	Potential revenue source	Assumed floor area	Assumed unit rate	Estimated annual rent value
Long term fee for service	DBCA lease agreement	76.32 sqm	$214 per sqm per annum	$16 332
	Wagyl Kaip lease agreement	20.6 sqm	$214 per sqm per annum	$4 408
	Community Resource Centre	147 sqm	$214 per sqm per annum	$31 458
Venue hire	Meeting room		$19 per hour	$2 280
	Hall hire		$40 per hour	$1 200
Services fee	State Library		N/A	$40 000
	Other potential services			Unknown
Total				**$95 678 + potential services**

Source: BlueSalt Consulting

5.5 Intangible Economic Benefits

In addition, it is noted that there are a range of other intangible benefits and non-quantified benefits that were not assessed as part of this preliminary economic assessment, as they were considered beyond the scope of the assessment. As such this economic evaluation should be seen as a conservative appraisal. Other benefits arising from the facility are likely to include:

- Local recreation, lifestyle and health benefits from increased community activities
- Visual amenity from having a visually pleasing, modern community facility
- Government reputational gains, such as increased integrity through completion of projects
- Social inclusion arising from having a non-commercial, welcoming public space that residents can freely use for social activities
- Education benefits from having a more welcoming library environment
- Benefits to First Nations and LGBTQ+ communities through increased community engagement and increased opportunities to engage in arts and culture
- Improved labour productivity from Shire of Jerramungup, DBCA and Wagyl Kaip employees having purpose-built office space that adequately meets workplace needs
- An improved benefit for residents accessing government services with more reliable internet and private spaces.

5.6 Results of the CBA

The value of estimated benefits against the base case from 2029 to 2055 are summarised below in **Table 5-8**.

Table 5-8. Value of Total Benefits

Description	Undiscounted		Discounted (5%)	
	Value ($000)	As % of total benefits	Value ($000)	As % of total benefits
Travel time	$3,972	6.2	$1,954	6.6
VOC savings	$818	1.3	$402	1.4
Safety	$852	1.3	$419	1.4
Externalities	$353	0.6	$174	0.6
Total benefit associated with traffic	**$5,995**	**9.4**	**$2,949**	**10.0**
Opportunity cost of evacuation centre	$1,270	2.0	$1,097	3.7
Benefit from art	$210	0.3	$103	0.4
Residual value of facility (after 2055)	$9,240	14.4	$2,245	7.6
Total microeconomic benefit	**$16,715**	**26.1**	**$6,394**	**21.7**
Additional employment	$12,312	19.2	$5,819	19.8
Additional tourist expenditure	$32,416	50.6	$15,946	54.2
Revenue from rent and venue hire	$2,583	4.0	$1,271	4.3
Total macroeconomic benefit	**$47,311**	**73.9**	**$23,036**	**78.3**
Total benefit	**$64,026**		**$29,430**	

The results of the CBA are outlined below in **Table 5-9**.

Table 5-9. CBA Combined Results Discounted at 5%

Description	Value
PV Cost ($000)	17,897
PV Benefit ($000)	29,430
NPV ($000)	11,533
BCR	1.64
NPVI	**0.64**
EIRR	10%

NPV = net present value = PV benefits minus PV costs which is the absolute value of the project and the economist's preferred method of prioritisation.
BCR = benefit cost ratio = relative measure of the value of the project.
NPVi = Capital efficiency ratio = NPV divided by capital cost.
EIRR = Economic internal rate of return = the discount rate where all costs exactly equal benefits.

A sensitivity test was also undertaken, shown in **Table 5-10**. Sensitivity testing is used as an alternative to a risk assessment and provides a quick way to understand the interactions of key variables on the outcome of a proposal, with the BCR and NPV used as a suitable performance indicator.

Table 5-10. Sensitivity Test Results

Description	BCR
Reference case (5% discount)	1.64
Cost estimate +40%	1.17
Cost estimate +20%	1.37
Cost estimate -20%	2.06
PV Benefits +20%	1.97
PV Benefits -20%	1.32
PV Benefits -40%	0.99
Only including micro benefits	0.36

5.7 Conclusions

When taking a hybrid approach and quantifying both microeconomic and macroeconomic benefits together, the BCR is 1.64, meaning the value of benefits is 64% greater than the value of costs, and that the proposed facility is an economically sound project that will generate significant economic benefits associated with increased tourist expenditure, additional employment and travel time savings for Shire, DBCA and Wagyl Kaip employees. It is also clear that the project is commercially viable based on the real-world financial cash flows the project would deliver through additional tourism and rental revenue uplift.

Sensitivity testing reveals that if realised costs and benefits are up to 20% higher or lower, the BCR is at least 1.32, suggesting that even if the benefits are not fully realised or construction costs increase, the facility will still provide a considerable economic net benefit.

The proposed facility is an economically sound project that will generate significant economic benefits associated with increased tourist expenditure, additional employment and travel time savings for Shire, DBCA and Wagyl Kaip employees. As secondary and intangible economic benefits are not included, this appraisal should be interpreted as a conservative estimate of benefits.

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