
CASE FOR CHANGE REPORT

HERVEY BAY LIBRARY AND ADMINISTRATION CENTRE (INCORPORATING DISASTER RESILIENCE CENTRE)

FRASER COAST REGIONAL COUNCIL

MARCH 2023

aecgroup ltd.com

Executive Summary

Purpose

Council is building a new library and administration centre incorporating a disaster resilience centre in Pialba. The new building will overcome the significant deficiencies and constraints of the existing library in Pialba and the existing administration centre in Hervey Bay, in addition to providing a central facility for disaster resilience agencies to come together to respond to disaster events in the region. An assessment has been undertaken to determine the case for constructing the new library and administration centre against other potential options available to Council.

Need for Change

The current Pialba library does not meet the current or future needs of the community and should be more than double its current size to meet the community's needs over the next decade. The current library also does not appropriately cater for disabled and elderly users and in some instances is non-compliant, with the building also requiring significant investment to overcome significant defects.

The current Hervey Bay Council administration centre is too small to meet the organisation's operational needs, resulting in teams being located across many buildings and locations and impacting operational efficiency. Bringing the right teams together would lead to enhanced strategic planning, operational efficiencies and improved service provision to the community.

Council does not currently have a disaster resilience facility to house a call centre and operations room with sufficient space for key agencies to come together to effectively respond to disasters and emergency events.

The proposed new library and administration centre in Pialba is a key initiative to achieve Council's strategic objectives and vision for the region. It also forms an integral part of the Hinkler Regional Deal with the Federal Government, for which Council has received \$40 million in funding for the new library and administration centre.

Feasible Change Options

Due to the significant issues with the current Pialba library and Hervey Bay Council administration centre, Council cannot do nothing as this would place a substantial risk on the organisation and its staff in addition to failing to meet the community's needs. The feasible change options include:

- Upgrade Existing Facilities:
 - Terminating the University of Sunshine Coast's (USC) lease of part of the current Pialba library building to free up space for major refurbishment and expansion.
 - Either refurbishing and extending or demolishing and replacing the current Hervey Bay administration centre, incorporating a disaster resilience centre.
- Building New Library and Administration Centre –
 - Exiting and selling the current Hervey Bay administration centre site and buildings.
 - Exiting the current Pialba library site and building and offering the remaining floorspace to the USC to expand its offering to local students.
 - Constructing a new Pialba library and administration centre, incorporating a disaster resilience centre.

Assessment of Feasible Change Options

A Net Present Value (NPV) assessment of the feasible change options has shown that the build new library and administration centre change option has a lower cost to Council and the community than the upgrade existing facilities change option. The construction cost for the new library and administration centre would need to increase by between \$42.511 million and \$53.607 million (or 38.9% to 49.1%) for the upgrade existing facilities change option to have a superior NPV outcome to that of the build new library and administration centre change option. Council's financial sustainability performance would also be improved under the build new library and administration centre change option.

An assessment of each feasible change options was made against a number of non-financial benefit areas, with the outcomes highlighted in the following table. It is clear that the build new library and administration centre change option remains superior to the upgrade existing facilities change option.

Table E1 – Assessment of Change Options Against Non-Financial Benefit Areas

Benefit Area	Upgrade Existing Facilities	Build New Library and Administration Centre
Regional Development	Inferior ✘	Superior ✔
Education and Training	Inferior ✘	Superior ✔
Lifestyle and Wellbeing	Inferior ✘	Superior ✔
Customer Service and Accessibility	Inferior ✘	Superior ✔
Council Reputation and Efficiency	Similar ~	Similar ~
Disaster Resilience	Inferior ✘	Superior ✔
Environmental Sustainability	Inferior ✘	Superior ✔

Conclusions and Recommendations

There is a clear need for change to construct the new library and administration centre in Pialba as it not only results in a lower cost for Council and the community, but also activates the Hervey Bay city centre, enhances USC's ability to provide education and training to local students, maximises cultural, learning and recreational opportunities, maximises energy efficiency outcomes, and provides a central facility for disaster resilience agencies to come together to respond to disaster events in the region.

It is therefore recommended that Council proceed with the construction of the new library and administration centre, with a view to disposing the Tavistock Street Hervey Bay administration centre site and buildings and leasing the Old Maryborough Road Pialba library to USC once Council has relocated its operations and employees to the new library and administration centre and any necessary refurbishment works have been undertaken.

Background

Fraser Coast Regional Council (Council) is building a new library and administration centre incorporating a disaster resilience centre in Pialba.

The new building will overcome the significant deficiencies and constraints of the existing library in Pialba and the existing administration centre in Hervey Bay, in addition to providing a central facility for disaster resilience agencies to come together to respond to disaster events in the region.

The purpose of this report is to highlight the need for change to construct the new library and administration centre, costs associated with the change, benefits attributable to the change and economic impacts resulting from the change.

Need for Change

Pialba Library

The current library space in Pialba totals 1,685m², which is insufficient to meet the needs of the current population let alone the significant future population growth anticipated in the region.

Applying the minimum floorspace standards outlined in the Australian Library and Information Associated and State Library of Queensland library building standards suggests that the library should be at least 2,760m² to service the current Hervey Bay population, which is 1,075m² greater than the size of the current library. With the Hervey Bay population projected to increase significantly, the required floorspace increases to greater than 3,640m² within 10 years and just under 4,000m² within 15 years.

The space constraints of the current library mean that there is insufficient space to provide the programs and activities required to meet the needs of the Hervey Bay community, in addition to not being able to provide appropriate community meeting spaces within the building.

Outside of space constraints, the current library does not appropriately cater for disabled and elderly users and in some instances is non-compliant (e.g., shelving in most areas is not disability compliant with 1.5 metres of distancing due to space constraints). The library is quite dated and is deteriorating with significant weather damage to the ceilings and significant wear and tear on the furniture. Water leaks regularly occur throughout the building when it rains and a full replacement of the roof is required. A recent review of the air conditioning system also identified significant issues requiring rectification works.

The size and design of the new Pialba library will not only provide a more contemporary environment and community hub, but it will also ensure that the required floorspace and facilities are provided to appropriately meet the needs of the Hervey Bay community. The new library has been designed to focus on maximising cultural, learning and recreational opportunities, with quiet spaces for study and reading, places to meet, spaces for displays and events, and facilities to enhance digital literacy.

Hervey Bay Administration Centre

The current Council administration centre in Hervey Bay is 1,891m². The size of the building is insufficient to effectively meet the needs of the organisation and its staff, with teams that should be located together to ensure efficient service delivery spread over multiple sites including demountable buildings.

Council commissioned an operational footprint and office accommodation study in 2020 to identify the most effective and efficient location for teams to meet the current and future needs of the Fraser Coast community. The study found that a series of stop gap, makeshift arrangements made by Council over time to overcome inadequacies in current office buildings (including the Tavistock Street Hervey Bay administration centre) has resulted in:

- Difficulties in effectively locating larger departments together, creating physical separation of teams.
- The relocation of sections, departments and even entire directorates away from the centralised administration centres resulting in a fractured workforce.
- Housing an increasing number of staff and departments in demountable and/or non-fit for purpose temporary accommodation.

- Ad hoc investments in incrementally upgrading facilities without a strategic view to resolving overarching accommodation issues.
- Location-based operating silos instead of a whole-of-Council strategic focus to planning and service delivery.

Following an assessment of a number of different accommodation options against key criteria, the operational footprint and office accommodation study recommended that many teams and departments currently located in different locations and/or buildings be brought together in the proposed new administration centre in Pialba. Such a move would significantly enhance strategic planning and service delivery outcomes and optimise operational synergies and efficiencies across the organisation.

Current facilities, including the administration centre in Hervey Bay, do not meet capacity requirements, are sub-standard and are not fit for purpose. Issues identified include:

- Aged facilities resulting in increasing maintenance requirements and costs to address failures, e.g., the roof at the Tavistock Street Hervey Bay administration centre needs to be replaced.
- Service upgrades required to meet current standards.
- Inadequate toilets (number and amenity).
- Inadequate kitchen and lunchroom facilities including a lack of running water in some locations, and refrigerators and tea/coffee areas scattered throughout work areas.
- Inadequate meeting spaces, in addition to inconsistent and inefficient meeting room technology.
- Inadequate and unsuitable air conditioning which requires replacement.
- Poor lighting that does not meet current requirements for an office environment.
- Poor acoustics and a lack of privacy.
- Different floor levels as staff move across buildings.
- Disability accessibility non-compliance in staff areas.
- Disability accessibility non-compliance in public access areas, including the car park to building access, signage, flooring, pathways, lighting, doorways and communications at the Tavistock Street Hervey Bay administration centre.
- Fire system non-compliance with current fire code legislation.
- A lack of centralised photocopying/print rooms, with machines scattered throughout work areas.
- A lack of centralised waste collection areas, with rubbish bins scattered around workspaces and under desks.
- Dated customer service areas with a lack of privacy, poor queuing, poor counter space design, monitors obscuring customers, poor storage, lack of a digital interface and no disability counters.
- Difficulty in segregating customer and staff entries.
- Inefficient and inflexible makeshift call-centre environment with insufficient acoustic separation.
- “Rabbit warren” hallways and thoroughfares.
- Workspace layouts in many areas which are no longer compliant with code requirements.

- Inefficient workplace design not conducive to enhancing work processes and productivity, and which is not supportive of flexible work practices.
- Dated and worn fit out and furniture.
- Outdated and inconsistent workstations within and across offices which are often unergonomic.
- Partitions contributing to siloed environments and behaviours.
- Spaces heavily biased towards large individual work points with a lack of space for collaboration or team-based work.
- Sub-standard network capability significantly impacting productivity.
- Limited amenity and connectivity to natural light and views.
- Cramped and untidy work areas.
- Workplace health and safety risks.

Overall, the Tavistock Street Hervey Bay administration centre is dysfunctional and not supportive of a productive work environment, with constrained space to effectively meet the organisation's requirements. This is negatively affecting productivity, collaboration and effective service delivery to the Fraser Coast community, in addition to significantly impeding employee wellness and the ability to attract a highly skilled, effective and committed workforce. The current location of the Tavistock Street Hervey Bay administration centre is also disconnected from the Hervey Bay city centre.

The size and design of the new Pialba administration centre will not only provide a more contemporary environment and create a linkage with the redevelopment of the city centre, but it will also ensure that the required floorspace and fit for purpose facilities are provided to appropriately meet the needs of the organisation in efficiently servicing the needs of the Fraser Coast community.

Disaster Resilience

Council does not currently have a disaster resilience facility to house a call centre and operations room with sufficient space for key agencies to come together to effectively respond to disasters and emergency events.

A decentralised model currently exists due to a lack of an appropriate facility or space in the region. During the most recent bushfire event, the Queensland Fire and Emergency Services facility in Howard was used to assist in disaster response and coordination, but the building was crowded and the location lacked the necessary support services (e.g., accommodation, hospitality) to facilitate the different parties required to attend.

The disaster resilience facility within the proposed new library and administration centre in Pialba will allow key agencies to come together to manage disaster events and to effectively undertake disaster planning whilst being centrally located and in close proximity to the necessary support services. The facility will also have sufficient space to undertake disaster resilience education initiatives.

Strategic Objectives

The proposed new library and administration centre in Pialba is a key initiative to achieve Council's strategic objectives and vision for the region. Table 1 details how the project aligns with the themes identified in Council's Corporate Plan 2018-23.

Table 1 – Alignment with Corporate Plan 2018-2023 Themes

Themes	Alignment
Governance An effective organisation providing excellent service delivery through strong leadership, democratic principles and effective management of people, assets and finances	<ul style="list-style-type: none"> Ensuring efficient and effective service planning and delivery by providing staff workspaces that help to improve culture, promote team collaboration and maximise productivity
Lifestyle A safe and vibrant community that promotes a preferred place to live	<ul style="list-style-type: none"> Ensuring service delivery that is forward looking and well managed with facilities that appropriately provide for disability and elderly access requirements
Prosperity A strong, diversified and resilient economy that supports growth and long term employment	<ul style="list-style-type: none"> Ensuring the success of the Hervey Bay City Centre Masterplan and associated economic growth opportunities by being a part of, and helping to set the standard for, development in the city centre and commercial/community precinct
Natural Environment Minimise our environmental impact by preserving the unique natural environment the Fraser Coast has to offer	<ul style="list-style-type: none"> Ensuring key Council facilities are designed to minimise the environmental footprint particularly surrounding energy usage and transportation (consistent with the energy efficiency and environmentally friendly green office action in Council's Sustainable Fraser Coast Charter)
Built Environment Resilient regional infrastructure that will support and cater for future growth	<ul style="list-style-type: none"> Ensuring the current and future library and customer service needs of the community are appropriately met

Hinkler Regional Deal

The Hervey Bay City Centre Master Plan forms an integral part of the Hinkler Regional Deal, which has a vision to:

Support the vibrancy and liveability of the Bundaberg and Hervey Bay region with strong employment opportunities, facilitated through innovative and progressive thinking from the business sector and community to enhance the region's lifestyle advantages.

Objectives of the deal include:

- Invest in job creation, promoting business growth and developing a skilled workforce.
- Enhance the resilience of the community and the environment.
- Build strong and cohesive local communities and ensure the area is a destination of choice for generations to come.

The development of a new city centre precinct will provide a new anchor point for Hervey Bay and \$40 million is being contributed to Council by the Federal Government to help deliver the following catalytic projects:

- A new Council library and administration centre at Pialba incorporating a disaster coordination centre, with the new library and theatre space replacing the existing shared library facility.
- An expanded Hervey Bay Campus for the University of the Sunshine Coast via transferring existing library space to the university.
- The redevelopment of the road and pedestrian network within the precinct.

Change Options

Do Nothing

The do nothing option is premised on Council continuing to operate with the same facilities in the same condition, without any significant upgrades.

Upgrade Existing Facilities

The upgrade existing facilities option is premised on Council retaining, upgrading and potentially extending the current Pialba library building, in addition to extending or replacing the current Tavistock Street Hervey Bay administration centre at the existing location. This option involves:

- Terminating the University of Sunshine Coast's (USC) lease of part of the current Pialba library building to free up space for major refurbishment and expansion of the library into the area currently occupied by USC. The library footprint would either be retained as is or extended to meet the needs of the community per the functional brief for the new library.
- Either refurbishing and extending or demolishing and replacing the current Tavistock Street Hervey Bay administration building (given the significant issues with the current building and layout as detailed in the preceding section of this report), with a disaster resilience centre constructed within the new footprint.
- Selling the land earmarked for the proposed new library and administration centre.

Build New Library and Administration Centre

The build new library and administration centre option is premised on Council relocating the current Pialba library and current Tavistock Street Hervey Bay administration centre to a central community hub location in Pialba as part of the Hervey Bay city centre redevelopment and incorporating a disaster resilience centre within the building.

This option involves:

- Exiting and selling the current Tavistock Street Hervey Bay administration centre site and buildings.
- Exiting the current Pialba library site and building and offering the remaining floorspace to the USC to expand its educational offering and provide additional teaching, learning and student support services to local students.
- Constructing of a new library and administration centre at Pialba, incorporating a disaster resilience centre, which meets the current and future needs of the Fraser Coast community.

Feasible Change Options for Further Evaluation

Due to the significant issues with the current Pialba library and current Tavistock Street Hervey Bay administration centre, as highlighted in the preceding need for change chapter, the do nothing option is not feasible as it places a substantial risk on the organisation and its staff in addition to failing to adequately meet the current needs of the Fraser Coast community. The two feasible change options for further evaluation in the subsequent sections of this report are:

1. Upgrade existing facilities.
2. Build new library and administration centre.

Costs

Cash Flows for Development Options

Construction Costs

Construction costs associated with the different development options were provided to Council by a quantity surveyor and are summarised in Table 2. Two thirds of the construction costs are modelled to be incurred in 2023/24, with the remaining one third modelled to be incurred in 2024/25.

Table 2 – Construction Costs Associated with Different Development Options

Change Option	Development Options Considered	Cost
Upgrade Existing Facilities	<u>Admin Centre Option 1</u> Proposed refurbishment of the existing Tavistock Street Hervey Bay administration centre buildings, including additional area to meet floorspace requirements	\$70,771,000
	<u>Admin Centre Option 2</u> Proposed demolition of all existing Tavistock Street Hervey Bay administration centre buildings and rebuilding to meet floorspace requirements	\$81,867,000
	<u>Library Option 1</u> Proposed refurbishment of the existing Old Maryborough Road Pialba library and extending the footprint to meet floorspace requirements	\$39,046,000
	<u>Library Option 2</u> Proposed refurbishment of the existing Old Maryborough Road Pialba library and not extending the footprint to meet floorspace requirements	\$15,470,000
Build New Library and Administration Centre	<u>Construct New Library and Admin Centre</u> Construction of new library and administration centre at Hillyard Street Pialba	\$109,186,000
	<u>Library Refurbishment</u> Proposed refurbishment of the existing Old Maryborough Road Pialba library for lease to USC	\$1,424,000

Operating and Maintenance Costs

Council provided the following estimates of operating and maintenance costs for its current facilities:

- \$137,118 per annum for the Tavistock Street Hervey Bay administration centre.
- \$204,659 per annum for the Old Maryborough Road Pialba library.

An estimate of the operating and maintenance costs for the larger Tavistock Street Hervey Bay administration centre under the upgrade existing facilities change option was produced based on increasing the current costs incurred by the additional floorspace developed, equating to \$359,921 per annum. An estimate of the operating and maintenance costs for the extended Old Maryborough Road Pialba library under the upgrade existing facilities change option was produced based on increasing the current costs incurred by the additional floorspace developed, equating to \$340,226 per annum.

An estimate of \$359,921 was also provided for the operating and maintenance costs for the new Hillyard Street Pialba library and administration centre under the build new library and administration

centre change option. No operating and maintenance costs are modelled to be incurred by Council for the Old Maryborough Road Pialba library once refurbished for use by USC under the build new library and administration centre change option, with USC responsible for future operating and maintenance costs under the lease arrangement.

For both change options, it is assumed that the new operating and maintenance costs associated with the new and refurbished buildings will be incurred from 2024/25.

Contributions

Council has received a funding commitment under the Hinkler Deal that includes a \$40 million contribution from the Federal Government for the new library and administration centre in Pialba. This funding cannot be applied to the proposed refurbishment and extension development options under the upgrade existing facilities change option as it is tied to the new library and administration centre in Pialba on the basis that it forms part of the broader development of a new city centre precinct. The new library and administration centre in Pialba is expected to provide a new anchor point to help drive development within the city centre.

Under the upgrade existing facilities change option, the Main Street Pialba land will be surplus to Council's requirements and can therefore be sold. The current value of this land is \$2.750 million and it is assumed that it can be sold in 2023/24.

Under the build new library and administration centre change option, the Tavistock Street Hervey Bay administration centre land and buildings will be surplus to Council's requirements and can therefore be sold. The current value of this land is \$0.850 million, with the current value of the buildings being \$4.715 million. However, the structure and layout of the buildings have limited alternative commercial uses and as such a reduced total site value of \$2 million is assumed to be achievable, and it is assumed that it can be sold in 2025/26.

Under both the upgrade existing facilities change option and the build new library and administration centre change option, the Hillyard Street Pialba land will be surplus to Council's requirements and can therefore be sold. This land was originally purchased at the same time as the Main Street Pialba land with a view to building the administration centre only on this site. Council subsequently resolved to build both the new library and administration centre on the Main Street Pialba site. The current value of the Hillyard Street Pialba land is \$3.487 million and it is assumed that it can be sold in 2023/24.

Net Present Value (NPV) Assessment

The NPVs of the net cash flows associated with each option over a 20-year period are summarised in Table 3, with future values (excluding indexation for inflation) discounted by 5% to bring them to present values to reflect the time value of money. The lower the NPV, the better. The change option with the lowest NPV is the build new library and administration centre change option.

Table 3 – NPV of Change Options

OPTION	NPV
UPGRADE EXISTING FACILITIES	
Admin Centre Option 1 + Extended Library Footprint	\$ 110,511,596
Admin Centre Option 1 + Current Library Footprint	\$ 85,671,453
Admin Centre Option 2 + Extended Library Footprint	\$ 121,431,469
Admin Centre Option 2 + Current Library Footprint	\$ 96,591,326
BUILD NEW LIBRARY & ADMINISTRATION CENTRE	
New Location + Current Library Building to USC	\$ 68,675,026

The cash flows associated with each change option and development option in current dollar terms are outlined in Tables 4 and 5 on the following pages.



Table 4 – Net Cash Flows for Upgrade Existing Facilities Development Options

UPGRADE EXISTING FACILITIES (admin centre option 1 + library option 1)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
COSTS																				
Refurbishment & Extension - Admin Centre	\$ 47,180,667	\$ 23,590,333																		
Maintenance & Operational Costs - Admin Centre	\$ 137,118	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284
Refurbishment & Extension - Library	\$ 26,030,667	\$ 13,015,333																		
Maintenance & Operational Costs - Library	\$ 204,659	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226
Total Costs	\$ 73,553,110	\$ 37,295,176	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510
CONTRIBUTIONS																				
Sale of Hillyard Street Pialba Land	\$ 3,487,000																			
Sale of Main Street Pialba Land	\$ 2,750,000																			
Hinkler Deal Funding	\$ -																			
Total Contributions	\$ 6,237,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 67,316,110	\$ 37,295,176	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510
UPGRADE EXISTING FACILITIES (admin centre option 1 + library option 2)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
COSTS																				
Refurbishment & Extension - Admin Centre	\$ 47,180,667	\$ 23,590,333																		
Maintenance & Operational Costs - Admin Centre	\$ 137,118	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284
Refurbishment - Library	\$ 10,313,333	\$ 5,156,667																		
Maintenance & Operational Costs - Library	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659
Total Costs	\$ 57,835,777	\$ 29,300,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943
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Sale of Hillyard Street Pialba Land	\$ 3,487,000																			
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Hinkler Deal Funding	\$ -																			
Total Contributions	\$ 6,237,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 51,598,777	\$ 29,300,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943
UPGRADE EXISTING FACILITIES (admin centre option 2 + library option 1)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
COSTS																				
Refurbishment & Extension - Admin Centre	\$ 54,578,000	\$ 27,289,000																		
Maintenance & Operational Costs - Admin Centre	\$ 137,118	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284
Refurbishment & Extension - Library	\$ 26,030,667	\$ 13,015,333																		
Maintenance & Operational Costs - Library	\$ 204,659	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226	\$ 340,226
Total Costs	\$ 80,950,444	\$ 40,993,843	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510
CONTRIBUTIONS																				
Sale of Hillyard Street Pialba Land	\$ 3,487,000																			
Sale of Main Street Pialba Land	\$ 2,750,000																			
Hinkler Deal Funding	\$ -																			
Total Contributions	\$ 6,237,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 74,713,444	\$ 40,993,843	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510	\$ 689,510
UPGRADE EXISTING FACILITIES (admin centre option 2 + library option 2)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
COSTS																				
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Maintenance & Operational Costs - Admin Centre	\$ 137,118	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284	\$ 349,284
Refurbishment - Library	\$ 10,313,333	\$ 5,156,667																		
Maintenance & Operational Costs - Library	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659	\$ 204,659
Total Costs	\$ 65,233,110	\$ 32,999,610	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943
CONTRIBUTIONS																				
Sale of Hillyard Street Pialba Land	\$ 3,487,000																			
Sale of Main Street Pialba Land	\$ 2,750,000																			
Hinkler Deal Funding	\$ -																			
Total Contributions	\$ 6,237,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 58,996,110	\$ 32,999,610	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943	\$ 553,943



Table 5 – Net Cash Flows for New Library and Administration Centre Development Option

BUILD NEW LIBRARY & ADMINISTRATION CENTRE (new location + current library building to USC)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
COSTS																				
Construction - New Building	\$ 72,790,667	\$36,395,333																		
Maintenance & Operational Costs - Admin Centre	\$ 137,118																			
Maintenance & Operational Costs - New Building		\$ 359,921	\$ 359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921
Refurbishment - Library	\$ 949,333	\$ 474,667																		
Maintenance & Operational Costs - Library	\$ 204,659																			
Total Costs	\$ 73,877,118	\$37,229,921	\$ 359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921
CONTRIBUTIONS																				
Sale of Tavistock Street Hervey Bay Site			\$2,000,000																	
Sale of Hillyard Street Prialba Land	\$ 3,487,000																			
Hinkler Deal Funding	\$ 26,666,667	\$13,333,333																		
Total Contributions	\$ 30,153,667	\$13,333,333	\$2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 43,723,451	\$23,896,588	-\$1,640,079	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921	\$359,921

Sensitivity analysis was undertaken to determine the break-even point for the construction cost of the new library and administration centre vs the upgrade existing facilities development options. With only the extended library footprint options able to meet the future needs of the region, the construction cost for the new library and administration centre would need to increase by between \$42.511 million and \$53.607 million (or 38.9% to 49.1%) for the upgrade existing facilities change option to have a superior NPV outcome to that of the build new library and administration centre change option.

Table 6 – NPV Break Even Construction Cost Points for the New Library and Administration Centre vs Each Upgrade Existing Facilities Development Option

OPTION	Break-Even Cost	Increase (\$)	Increase (%)
UPGRADE EXISTING FACILITIES			
Admin Centre Option 1 + Extended Library Footprint	\$ 151,697,354	\$42,511,354	38.9%
Admin Centre Option 1 + Current Library Footprint	\$ 126,456,563	\$17,270,563	15.8%
Admin Centre Option 2 + Extended Library Footprint	\$ 162,793,354	\$53,607,354	49.1%
Admin Centre Option 2 + Current Library Footprint	\$ 137,552,563	\$28,366,563	26.0%

It must also be realised that if there is unexpected cost escalation impacting the final construction cost for the new library and administration centre, it is also highly likely that such cost escalation will also impact the upgrade existing facilities development options.

Impact on Council Financial Sustainability

Council undertook an assessment of the impacts of the upgrade existing facilities and build new library and administration centre change options on its long-term financial forecasts. The upgrade existing facilities development option modelled and compared against the new library and administration centre change option was admin centre option 1 and library option 1 (i.e., refurbishment and extension of both the Tavistock Street Hervey Bay administration centre and the Old Maryborough Road Pialba library).

Four financial performance indicators were produced from the long-term financial forecasts to assess the relative impacts of the change options on Council's financial sustainability, including:

- **Operating Expenditure** – The annual labour, goods and services, depreciation, interest and sundry operating expenses (excluding capital items) incurred by Council. The lower the level of operating expenditure, the better.
- **Operating Result** – The surplus/(deficit) achieved by Council, as measured by the difference between revenue from operations (excluding capital items) and expenses from operations (excluding capital items). The higher the operating result, the better.
- **Operating Surplus Ratio** – The Operating Result divided by revenue from operations (excluding capital items). The higher the level of operating surplus ratio, the better.
- **Total Term Debt** – The closing value of all Council borrowings for each year. The lower the level of total term debt, the better.

Table 7 on the following page provides the financial performance indicator results under each change option. The build new library and administration centre change option produces much better Council financial performance than the upgrade existing facilities change option.

Table 7 – Council Financial Performance Indicators Under Each Change Option

OPERATING EXPENDITURE (\$'000)	2024	2025	2026	2027	2028	2029	2030	2031
Upgrade Existing Facilities	\$ 242,541	\$ 255,237	\$ 265,486	\$ 270,540	\$ 278,887	\$ 288,604	\$ 301,568	\$ 309,720
Build New Library and Administration Centre	\$ 241,676	\$ 253,332	\$ 263,516	\$ 268,604	\$ 276,998	\$ 286,772	\$ 299,792	\$ 308,003
<i>Difference (New Build vs Upgrade Existing)</i>	<i>-\$ 865</i>	<i>-\$ 1,905</i>	<i>-\$ 1,970</i>	<i>-\$ 1,936</i>	<i>-\$ 1,889</i>	<i>-\$ 1,832</i>	<i>-\$ 1,776</i>	<i>-\$ 1,717</i>

OPERATING RESULT (\$'000)	2024	2025	2026	2027	2028	2029	2030	2031
Upgrade Existing Facilities	\$ 3,042	<i>-\$ 1,619</i>	<i>-\$ 3,643</i>	<i>-\$ 63</i>	\$ 265	<i>-\$ 874</i>	<i>-\$ 4,589</i>	<i>-\$ 3,164</i>
Build New Library and Administration Centre	\$ 4,261	\$ 477	<i>-\$ 1,538</i>	\$ 2,082	\$ 2,465	\$ 1,355	<i>-\$ 2,289</i>	<i>-\$ 823</i>
<i>Difference (New Build vs Upgrade Existing)</i>	<i>\$ 1,219</i>	<i>\$ 2,096</i>	<i>\$ 2,105</i>	<i>\$ 2,145</i>	<i>\$ 2,200</i>	<i>\$ 2,229</i>	<i>\$ 2,300</i>	<i>\$ 2,341</i>

OPERATING SURPLUS RATIO (%)	2024	2025	2026	2027	2028	2029	2030	2031
Upgrade Existing Facilities	1.2%	<i>-0.6%</i>	<i>-1.4%</i>	0.0%	0.1%	<i>-0.3%</i>	<i>-1.5%</i>	<i>-1.0%</i>
Build New Library and Administration Centre	1.7%	0.2%	<i>-0.6%</i>	0.8%	0.9%	0.5%	<i>-0.8%</i>	<i>-0.3%</i>
<i>Difference (New Build vs Upgrade Existing)</i>	<i>0.5%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.7%</i>

TOTAL TERM DEBT (\$'000)	2024	2025	2026	2027	2028	2029	2030	2031
Upgrade Existing Facilities	\$ 162,487	\$ 208,742	\$ 221,954	\$ 220,682	\$ 209,063	\$ 197,423	\$ 185,219	\$ 174,110
Build New Library and Administration Centre	\$ 136,781	\$ 171,067	\$ 185,641	\$ 185,788	\$ 175,643	\$ 165,542	\$ 154,942	\$ 145,504
<i>Difference (New Build vs Upgrade Existing)</i>	<i>-\$ 25,706</i>	<i>-\$ 37,675</i>	<i>-\$ 36,313</i>	<i>-\$ 34,894</i>	<i>-\$ 33,420</i>	<i>-\$ 31,881</i>	<i>-\$ 30,277</i>	<i>-\$ 28,606</i>

Guide:

Operating Expenditure – the lower the level of operating expenditure, the better.

Operating Result – The higher the operating result, the better.

Operating Surplus Ratio – The higher the level of operating surplus ratio, the better.

Total Term Debt – The lower the level of total term debt, the better.

Benefits

Table 8 provides a comparison of the potential benefits associated with each feasible change option.

Table 8 – Benefits Attributable to Each Feasible Change Option

Benefit Area	Upgrade Existing Facilities	Build New Library and Administration Centre
Regional Development	<ul style="list-style-type: none"> • There will be short-term benefits for the regional economy associated with the refurbishment and extension works or new construction works on the existing Tavistock Street Hervey Bay administration centre site in addition to the refurbishment and extension works on the existing Pialba library site • Council's land holdings at the proposed site for the new library and administration centre in Pialba will be sold for alternative use or development, which may or may not contribute to Hervey Bay city centre enhancement 	<ul style="list-style-type: none"> • There will be short-term benefits for the regional economy associated with the construction of the new library and administration centre in Pialba • Council's land holding at the existing Tavistock Street Hervey Bay administration centre site will be sold for residential development, community use or other purposes • The new library and administration centre will contribute significantly to creating a defined Hervey Bay city centre and commercial/community precinct • The new library and administration centre building will help to set the standard for development in the Hervey Bay city centre and commercial/community precinct and lead to an enhanced reputation for the region • Increased activity within the Hervey Bay city centre associated with the relocation of Council and its staff to the site and the new library will stimulate additional investment in new corporate, retail, entertainment, hospitality, accommodation and services opportunities

Benefit Area	Upgrade Existing Facilities	Build New Library and Administration Centre
Education and Training	<ul style="list-style-type: none"> • Council will need to terminate USC's lease of part of the existing library building to free up space for major refurbishment and expansion of the library, which will significantly impact USC's ability to effectively provide appropriate courses, support and training to local students • USC's reduced service offering may negatively impact the attractiveness of the region for families of students looking to attend university 	<ul style="list-style-type: none"> • USC has indicated its desire for additional floorspace to enhance educational outcomes and develop a skilled regional workforce and has provided a letter of support to Council (refer to Appendix A) that outlines the expansion of its footprint to include the current library floorspace will allow for the following critical initiatives: <ul style="list-style-type: none"> ○ Additional teaching and learning facilities ○ Expansion of USC educational offerings to the Fraser Coast region ○ Student support • Council will offer USC additional floorspace within the existing library building for additional education and training opportunities as it relocates the library to the new library and administration centre site, which may enhance the attractiveness of the region for families of students looking to attend university • The additional floorspace will be provided to USC conditional on it being used to expand local study opportunities through additional courses and/or additional support being provided to local students
Lifestyle and Wellbeing	<ul style="list-style-type: none"> • There will be an improvement in the library services and activities provided at the upgraded Pialba library building as Council takes over the floorspace currently occupied by USC • If the library footprint is not extended, floorspace limitations will continue to constrain the services and activities provided and will be insufficient to meet the current and future needs of the local community 	<ul style="list-style-type: none"> • The new library and administration centre site will provide a place-making destination at a central location for visitors and the community and will include a range of new features and activities to enhance community lifestyle and wellbeing • The new library and the broader site have been designed to focus on maximising cultural, learning and recreational opportunities, with quiet spaces for study and reading, places to meet, spaces for displays and events, and facilities to enhance digital literacy

Benefit Area	Upgrade Existing Facilities	Build New Library and Administration Centre
Customer Service and Accessibility	<ul style="list-style-type: none"> Enhanced customer service will be provided in the new administration centre but its location would remain a significant distance from the Hervey Bay city centre The amenity and functionality of the library will remain somewhat impeded due to its historic design and floorspace limitations Ample parking is available at the Tavistock Street Hervey Bay administration centre and Old Maryborough Road Pialba library 	<ul style="list-style-type: none"> Council customer service will be co-located with the library and community hub, enhancing accessibility to the community given its location within the Hervey Bay city centre Customers will have the opportunity to undertake multiple tasks at once with greater convenience The parking solution for the new library and administration centre will be different, with limited onsite parking spaces and parking instead located in different areas in and around the city centre
Council Reputation and Efficiency	<ul style="list-style-type: none"> Council's reputation may be enhanced by the construction of a new administration building but may also be negatively impacted by the failure to take the opportunity to relocate to a more convenient location to meet the needs of the community Council productivity and service delivery efficiency will be substantially improved as a consequence of teams and staff being co-located in the most efficient manner possible within a purpose-built facility to meet the community's needs and the needs of the organisation Technology will be maximised within the new administration centre to ensure maximum productivity The building and site will be designed to ensure it is sufficiently flexible, with cross functional use of spaces The enhanced administration centre layout and amenities will help to attract and retain employees The administration centre will be designed to ensure it is equally available to all, regardless of physical ability, medical requirement, preferred work style and/or operational need 	<ul style="list-style-type: none"> Council's reputation will be enhanced by the construction of a contemporary, professional administration centre in a central location and a new library with a significantly improved service offering Council productivity and service delivery efficiency will be substantially improved as a consequence of teams and staff being co-located in the most efficient manner possible within a purpose-built facility to meet the community's needs and the needs of the organisation Technology will be maximised within the new centre to ensure maximum productivity The building and site will be designed to ensure it is sufficiently flexible, with cross functional use of spaces The new administration centre will significantly enhance employee attraction and retention as a consequence of improved amenity, facilities and location The new library and administration centre will be designed to ensure it is equally available to all, regardless of physical ability, medical requirement, preferred work style and/or operational need

Benefit Area	Upgrade Existing Facilities	Build New Library and Administration Centre
Environmental Sustainability	<ul style="list-style-type: none"> The administration centre will be designed in an energy efficient manner The refurbishment of the existing library will incorporate environmentally sustainable improvements where possible and cost effective but benefits will likely be constrained by the structure and layout of the building 	<ul style="list-style-type: none"> The new library and administration centre will be designed to maximise energy efficiency There will be a preference within the design for the new building and site to use natural, sustainable materials/elements including plants and greenery There will be reduced transportation effort for customers looking to transact with Council as they are afforded the opportunity to undertake multiple tasks at the same time within the Hervey Bay city centre
Disaster Resilience	<ul style="list-style-type: none"> Required disaster resilience space will be included within the new administration centre on the existing Hervey Bay administration centre site but visiting agencies will remain physically separated from required support services such as accommodation, hospitality, etc. 	<ul style="list-style-type: none"> Required disaster resilience space will be included within the new library and administration centre in a central location surrounded by the support services required by visiting agencies such as accommodation, hospitality, etc.

Economic Impact Assessment

Purpose

This section outlines the economic activity supported by the upgrade existing facilities and build new library and administration centre change options, both during construction and on an ongoing basis once operational. Additional details regarding the modelling and assumptions used are provided in Appendix B.

Economic Activity Supported from the Upgrade Existing Facilities Change Option – Construction and Maintenance

The upgrade existing facilities change option is estimated to directly support approximately \$75.8 million in industry output for businesses in the Fraser Coast region for construction related activity during the construction period. This level of direct activity will support a further \$69.6 million in output for businesses through flow-on activity associated with the direct construction spend. The economic benefits attributable to the construction spend include:

- \$54.2 million in Gross Regional Product (GRP) for the Fraser Coast region.
- 398 full time equivalent (FTE) job years¹ for workers in the Fraser Coast region paying \$38.3 million in wages and salaries.

Table 9 – Economic Activity Supported During Construction, Upgrade Existing Facilities Change Option

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Initial	\$75.8	\$22.9	\$17.2	166
First Round	\$37.7	\$14.6	\$11.0	113
Industry Support	\$12.6	\$5.3	\$3.8	39
Household Consumption	\$19.4	\$11.4	\$6.2	80
Total Impact	\$145.4	\$54.2	\$38.3	398

Once operational, the upgraded facilities are estimated to require a total of approximately \$0.69 million in ongoing building operating and maintenance expenditure each year, paid to businesses in the Fraser Coast region, supporting a further \$0.37 million per annum in business output through flow-on activity. The economic benefits attributable to the ongoing operating and maintenance spend include:

- \$0.5 million in GRP for the Fraser Coast region each year.
- 4.7 FTE jobs per year in the Fraser Coast region, paying \$0.37 million in wages and salaries.

¹ Where one FTE job year is equivalent to one person working full time for a period of one year. As an example, 10 FTE job years is equivalent to 10 people working full time for one year or 1 person working full time for 10 years, or any combination in between equating to 10 FTE job years.

Table 10 – Economic Activity Supported During Operation and Maintenance Each Year, Upgrade Existing Facilities Change Option

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Initial	\$0.69	\$0.31	\$0.25	3.34
First Round	\$0.16	\$0.07	\$0.05	0.54
Industry Support	\$0.04	\$0.02	\$0.01	0.14
Household Consumption	\$0.17	\$0.10	\$0.06	0.71
Total Impact	\$1.06	\$0.50	\$0.37	4.72

Economic Activity Supported from the Build New Library and Administration Centre Change Option – Construction and Maintenance

The build new library and administration centre change option is estimated to directly support approximately \$76.3 million in industry output for businesses in the Fraser Coast region for construction related activity during the construction period. This level of direct activity will support a further \$70.1 million in output for businesses through flow-on activity associated with the direct construction spend. The economic benefits attributable to the operating and maintenance spend include:

- \$54.6 million in GRP for the Fraser Coast region.
- 401 FTE job years for workers in the Fraser Coast region paying \$38.6 million in wages and salaries.

Table 11 –Economic Activity Supported During Construction, Build New Library and Administration Centre Change Option

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Initial	\$76.3	\$23.0	\$17.3	167
First Round	\$38.0	\$14.7	\$11.1	113
Industry Support	\$12.6	\$5.4	\$3.9	40
Household Consumption	\$19.5	\$11.5	\$6.3	81
Total Impact	\$146.4	\$54.6	\$38.6	401

Once operational, the new library and administration centre is estimated to require a total of approximately \$0.36 million in ongoing building operating and maintenance expenditure each year, paid to businesses in the Fraser Coast region, supporting a further \$0.19 million per annum in business output through flow-on activity. The economic benefits attributable to the ongoing operating and maintenance spend include:

- \$0.26 million in GRP for the Fraser Coast region each year.
- 2.5 FTE jobs per year in the Fraser Coast region, paying \$0.19 million in wages and salaries.

Table 12 – Economic Activity Supported During Operation and Maintenance Each Year, Build New Library and Administration Centre Change Option

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Initial	\$0.36	\$0.16	\$0.13	1.74
First Round	\$0.08	\$0.04	\$0.03	0.28
Industry Support	\$0.02	\$0.01	\$0.01	0.07
Household Consumption	\$0.09	\$0.05	\$0.03	0.37
Total Impact	\$0.55	\$0.26	\$0.19	2.46

Economic Activity Supported by Additional Spend in the City Centre from Council Visitors, Ratepayers Transacting with Council and Council Staff

Additional Spend Under Each Option

There will be no additional economic activity in the Hervey Bay city centre under the upgrade existing facilities option. However, there will be additional economic activity in the city centre associated with the relocation of Council and its staff under the build new library and administration centre change option which will result in increased spend from contractors, agency representatives, other visitors, ratepayers and staff.

Contractors, Agency Representatives and Other Visitors

It is estimated that there will be up to 1,000 contractors, agency representatives and other visitors visiting the new Pialba administration centre each year. The current Tavistock Street Hervey Bay administration centre is in a suburban location with no food, beverage or retail stores nearby. Many visitors would not presently spend any money in the region, particularly those only visiting for a short period of time, instead opting to begin their drive back to their original location immediately after doing business with Council. With the new Pialba administration centre located in the city centre, visitors will have more convenient access to food and beverage options and it may also facilitate additional meetings with Council officers at coffee shops. The majority of the additional spend by visitors would be on food and beverages, but there is also the opportunity for visitors to make other retail and service purchases that they may have otherwise undertaken at their original destination.

The following assumptions are made regarding the additional spend by contractors, agency representatives and other visitors:

- 33% of contractors, agency representatives and other visitors would make purchases during their visit to Council.
- The net additional average daily spend is \$25 per visitor making purchases.
- The additional average spend would be on food and beverages (75%), retail (20%) and other services (5%).

The total additional annual spend by contractors, agency representatives and other visitors in the city centre is estimated to be \$8,333.

Ratepayers

There are over 14,000 counter visits by ratepayers to the Tavistock Street Hervey Bay administration centre each year. The current location of the administration centre is in a suburban location with no food, beverage or retail stores nearby. As such, there is no opportunity for multi-purpose activities to occur, including purchasing products or services whilst visiting Council. With the new Pialba administration centre located within the city centre, there is an opportunity for ratepayers to undertake

other activities and enjoy the broad product and service offerings of surrounding stores. It is unlikely that additional retail spend will occur as such activity would occur at another time or location within the Fraser Coast region in any case. However, there will be additional food and beverage spend as ratepayers are enticed to take advantage of the proximity of such stores to Council.

The following assumptions are made regarding the additional spend by ratepayers:

- 10% of ratepayers would make purchases during their visit to Council.
- The net additional average daily spend is \$10 per ratepayer making purchases (representing the difference between supermarket costs they would incur for such products and the purchase cost from stores in the city centre).
- The additional average spend would be on food and beverages.

The total additional annual spend by ratepayers on food and beverages in the city centre is estimated to be \$14,000.

Council Staff

It is estimated that there will be around 240 staff moving to new Pialba administration centre. The current location of the administration centre is in a suburban location with no food, beverage or retail stores nearby. As such, there is limited opportunity for staff to easily access food or beverage options without having to drive to a store. With the new Pialba administration centre located within the city centre, there is an opportunity for staff to enjoy the broad product and service offerings of surrounding stores. It is unlikely that additional retail spend will occur as such activity would occur at another time or location within the Fraser Coast region in any case. However, there will be additional food and beverage spend as staff are enticed to take advantage of the proximity of such stores to Council.

The following assumptions are made regarding the additional spend by Council staff:

- 20% of Council staff would make purchases each day.
- The net additional average daily spend is \$10 per staff member making purchases (representing the difference between supermarket costs they would incur for such products and the purchase cost from stores in the city centre).
- Staff work in the office 45 weeks of the year, 5 days per week.
- The additional average spend would be on food and beverages.

The total additional annual spend by Council staff on food and beverages in the city centre is estimated to be \$108,000.

Economic Activity Support by Additional Spend

The total additional spend in the city centre from Council visitors, ratepayers transacting with Council and Council staff under the build new library and administration centre change option is \$0.13 million per annum, supporting a further \$0.06 million per annum in business output through flow-on activity.

The economic benefits attributable to the ongoing additional spend include:

- \$0.10 million in GRP for the Fraser Coast region each year.
- 1.33 FTE jobs per year in the Fraser Coast region, paying \$0.07 million in wages and salaries.

Table 12 – Economic Activity Supported by Additional Spend in City Centre Each Year, Build New Library and Administration Centre Change Option

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Initial	\$0.13	\$0.07	\$0.05	1.12
First Round	\$0.02	\$0.01	\$0.01	0.06
Industry Support	\$0.00	\$0.00	\$0.00	0.01
Household Consumption	\$0.03	\$0.02	\$0.01	0.14
Total Impact	\$0.19	\$0.10	\$0.07	1.33

Comparison of Economic Activity Results

A comparison of economic activity outcomes for the two change options shows the new library and administration centre change option provides greater economic activity supported during construction relative to the upgrade existing facilities change option. While the upgrade existing facilities change option supports greater economic activity during the ongoing operating and maintenance period of the facilities, the build new library and administration centre change option supports greater economic activity due to the additional, ongoing spend associated with the relocation of Council and its staff to the Hervey Bay city centre.

Table 13 – Average Annual Economic Activity Supported by Both Change Options

Phase/ Option	Output (\$M)	GRP (\$M)	Incomes (\$M)	Jobs (FTEs)
Construction Phase				
Upgrade Existing Facilities	\$145.4	\$54.2	\$38.3	398
Build New Library and Administration Centre	\$146.4	\$54.6	\$38.6	401
<i>Difference (New Build vs Upgrade Existing)</i>	<i>+\$1.1</i>	<i>+\$0.4</i>	<i>+\$0.3</i>	<i>+3</i>
Operations Phase				
Upgrade Existing Facilities	\$1.06	\$0.50	\$0.37	4.72
Build New Library and Administration Centre	\$0.55	\$0.26	\$0.19	2.46
<i>Difference (New Build vs Upgrade Existing)</i>	<i>-\$0.51</i>	<i>-\$0.24</i>	<i>-\$0.18</i>	<i>-2.26</i>
Additional Spend				
Upgrade Existing Facilities	Nil	Nil	Nil	Nil
Build New Library and Administration Centre	\$0.19	\$0.10	\$0.07	1.33
<i>Difference (New Build vs Upgrade Existing)</i>	<i>+\$0.19</i>	<i>+\$0.10</i>	<i>+\$0.07</i>	<i>+1.33</i>

Two important considerations are not included in the above economic activity estimates, being:

- The Hervey Bay city centre activation benefits associated with the development of the new library and administration centre.
- The reduced general rating requirement from the local community from the build new library and administration centre change option vs the upgrade existing facilities option which will place reduced financial pressure on households and businesses across the region.

Summary Evaluation of Options

Table 14 – Summary Comparison of Costs and Benefits of Each Feasible Change Option

Consideration	Upgrade Existing Facilities	Build New Library and Administration Centre
Financial		
Net Capital Cost	\$82.75 - \$117.43 million ✘	\$82.88 million ✔
Operating Cost	\$0.55 - \$0.69 million per annum ✘	\$0.36 million per annum ✔
NPV (20 years)	\$88.42 - \$124.18 million ✘	\$72.16 million ✔
Council Financial Sustainability	Higher operating costs ✘ Worse operating result ✘ Higher debt ✘	Lower operating costs ✔ Better operating result ✔ Lower debt ✔
Economic		
Regional Development	Short-term construction sector and flow-on benefits ✔ Higher ongoing economic activity from operating and maintenance expenditure ✔ Greater increase in general rates required from households and businesses ✘	Short-term construction sector and flow-on benefits ✔ Lower ongoing economic activity from operating and maintenance expenditure ✘ Contribution to city centre definition, enhancement and activation ✔ Increased city centre activity and spend due to relocation of Council and staff ✔ Lesser increase in general rates required from households and businesses ✔
Education and Training	Reduced ability for USC to provide education and training ✘ Reduced attractiveness of the region for families of students ✘	Enhanced ability for USC to provide education and training ✔ Enhanced attractiveness of the region for families of students ✔
Social		
Lifestyle and Wellbeing	Improved library services and activities ✔	Improved library services and activities ✔ Enhanced cultural, learning and recreational opportunities ✔

Consideration	Upgrade Existing Facilities	Build New Library and Administration Centre
Customer Service and Accessibility	Enhanced customer service areas ✓ Administration centre remains a significant distance from city centre ✗ Library amenity and functionality constrained by historic design ✗	Enhanced customer service areas ✓ Administration centre centrally located in the city centre ✓ Enhanced library amenity and functionality ✓
Council Reputation and Efficiency	Enhanced Council reputation due to improved administration centre ✓ Reduced Council reputation due to not moving to a central location ✗ Improved Council productivity / efficiency from co-location of teams ✓ Improved use of technology and cross-functional workspaces ✓ Increased attractiveness to current and potential employees ✓ Increased accessibility to all, regardless of physical ability, medical requirement, preferred work style and/or operational need ✓	Enhanced Council reputation due to improved administration centre ✓ Enhanced Council reputation due to moving to a central location ✓ Improved Council productivity / efficiency from co-location of teams ✓ Improved use of technology and cross-functional workspaces ✓ Increased attractiveness to current and potential employees ✓ Increased accessibility to all, regardless of physical ability, medical requirement, preferred work style and/or operational need ✓
Disaster Resilience	Provision of required disaster resilience space ✓ Visiting agencies remain physically separated from support services ✗	Provision of required disaster resilience space ✓ Visiting agencies physically co-located with support services ✓
Environmental		
Environmental Sustainability	Administration centre designed in an energy efficient manner ✓ Library energy efficiency constrained by structure and layout ✗	New building designed to maximise energy efficiency ✓ Reduced vehicle usage for Council customers from central location ✓

Conclusions and Recommendations

There is a clear need for change to construct the new library and administration centre in Pialba, with the build new library and administration centre change option being superior to the upgrade existing facilities option from both a financial perspective and a non-financial perspective.

The new library and administration centre in Pialba results in a lower cost outcome for Council and the community, activates the Hervey Bay city centre, enhances USC's ability to provide education and training to local students, maximises cultural, learning and recreational opportunities, maximises energy efficiency outcomes across both administration and library operations, and provides a central facility for disaster resilience agencies to come together to respond to disaster events in the region.

It is therefore recommended that Council proceed with the construction of the new library and administration centre, with a view to disposing the Tavistock Street Hervey Bay administration centre site and buildings and leasing the Old Maryborough Road Pialba library to USC once Council has relocated its operations and employees to the new library and administration centre and any necessary refurbishment works have been undertaken.

Appendix A – USC Letter of Support



27 February 2023

Mr Ken Diehm
Chief Executive Officer
Fraser Coast Regional Council
PO Box 1943,
Hervey Bay Qld 4655
AUSTRALIA

Dear Ken

The University of the Sunshine Coast (UniSC) is committed to continuing to build strong sustainable education outcomes in the region and welcomes Fraser Coast Regional Council's proposal to fully occupy the Fraser Coast Library space adjacent to UniSC's campus, from 2025.

As a university with a strong commitment to achieving sustainability in terms of teaching and research we are proud to be one of Australia's highest-rated public universities. With thirteen five-star ratings including student satisfaction, teaching quality, overall experience, learner resources, skills development, social equity and student support, coupled with 13 research fields placed well above world standard, we are well placed to serve the Fraser Coast community now and in the future. We recognise that preparing work-ready graduates is critical in assisting the region to thrive and 90% of UniSC graduates are employed within four months of finishing their degrees.

The expansion of UniSC's footprint through the Fraser Coast Library space will allow for the following critical initiatives:

- Additional teaching and learning facilities
- Expansion of UniSC educational offerings to the Fraser Coast region
- Student support

We look forward to continuing to work closely with Fraser Coast Regional Council to enhance educational outcomes and developing a skilled regional workforce.

Warm regards



Alex Elibank Murray
Pro Vice-Chancellor (Global and Engagement)
University of the Sunshine Coast

Appendix B – Economic Impact Assessment Approach and Assumptions

Input-Output Model Overview

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

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

- Initial stimulus (direct) impacts, which represent the economic activity of the industry directly experiencing the stimulus.
- Flow-on impacts, which are disaggregated to:
 - Production induced effects (type I flow-on), which comprise the effects from:
 - Direct expenditure on goods and services by the industry experiencing the stimulus (direct suppliers to the industry), known as the first round or direct requirements effects.
 - The second and subsequent round effects of increased purchases by suppliers in response to increased sales, known as the industry support effects.
 - Household consumption effects (type II flow-on), which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

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

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

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the

indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

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

Model Development

Multipliers are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2018-19 Australian transaction table².

Estimates of gross production (by industry) in the study area were developed based on the percent contribution to employment (by place of work) of the study areas to the Australian economy³, and applied to Australian gross output identified in the 2018-19 Australian table.

Industry purchasing patterns within the study area were estimated using a Flegg Location Quotient approach, as described in Flegg et al.⁴, with a fixed degree of convexity applied to the regional size scalar. Regional final demand estimates (except exports) developed based on the regional inter-industry sales estimated using the Flegg Location Quotient relative to national inter-industry sales and final demand estimates for each industry (noting regional exports are assumed to reflect the remainder of total uses).

Employment estimates were rebased from 2018-19 (as used in the Australian national Input-Output transaction tables) to current year values using the Wage Price Index⁵.

Input-Output General Assumptions and Limitations

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

- Lack of supply-side constraints: The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- Fixed prices: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- Fixed ratios for intermediate inputs and production (linear production function): Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed

² ABS (2021). *Australian National Accounts: Input-Output Tables – Electronic Publication, 2018-19 tables*. Cat. No. 5209.0.55.001, Australian Bureau of Statistics, Canberra.

³ AEC Group (2022). *Estimates of Employment by LGA and SA2*. Data produced by AEC Group Pty Ltd.

⁴ Flegg, A.T., Lamonica, G.R., Chelli, F.M., Recchioni, M.C. and Tohmo, T. (2021). *A new approach to modelling the input-output structure of regional economies using non-survey methods*. *Journal of Economic Structures*, 2021, 10:12.

⁵ ABS (2022). *Wage Price Index, Australia*. Cat. No. 6345.0, Australian Bureau of Statistics, Canberra.

linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.

- No allowance for economies of scope: The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the “additivity assumption”. This generally does not reflect real world operations.
- No allowance for purchasers’ marginal responses to change: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- Absence of budget constraints: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

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

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

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

Assumptions Underpinning the Input-Output Analysis

In undertaking the Input-Output modelling for this report, the following project assumptions have been applied.

Table B1 – Assumptions Used in the Input-Output Analysis

Input/ Assumption	Upgrade Existing Facilities	Build New Library and Administration Centre
Construction Phase Assumptions		
Construction Costs (excluding escalation)	\$93.51M	\$94.19M
Industry Share (% of construction costs)		
Non-Residential Building Construction	41.6%	41.6%
Heavy and Civil Engineering Construction	2.6%	2.6%
Construction Services	37.7%	37.7%
Professional, Scientific and Technical Services	14.4%	14.4%
Public Administration and Regulatory Services	3.7%	3.7%
% of Construction Activity Occurring Locally		
Non-Residential Building Construction	100%	100%
Heavy and Civil Engineering Construction	100%	100%
Construction Services	100%	100%
Professional, Scientific and Technical Services	25%	25%
Public Administration and Regulatory Services	100%	100%
% of Construction Activity Sourced Locally		
Non-Residential Building Construction	90%	90%
Heavy and Civil Engineering Construction	90%	90%
Construction Services	90%	90%
Professional, Scientific and Technical Services	25%	25%
Public Administration and Regulatory Services	100%	100%
Operations Phase Assumptions		
Annual Operating and Maintenance Expenditure	\$689,510	\$359,921
Split of Expenditure Between Facilities		
Administration Centre	50.7%	50.7%
Library	49.3%	49.3%
Industry Share (% of administration operating costs)		
Wholesale Trade	4.6%	4.6%
Construction Services	42.2%	42.2%
Building Cleaning, Pest Control and Other Support Services	44.6%	44.6%
Public Administration and Regulatory Services	8.6%	8.6%
Industry Share (% of library operating costs)		
Wholesale Trade	1.0%	1.0%
Construction Services	33.2%	33.2%
Building Cleaning, Pest Control and Other Support Services	53.6%	53.6%
Public Administration and Regulatory Services	12.2%	12.2%
% of Operating Activity Occurring Locally		
Wholesale Trade	100%	100%



Input/ Assumption	Upgrade Existing Facilities	Build New Library and Administration Centre
Construction Services	100%	100%
Building Cleaning, Pest Control and Other Support Services	100%	100%
Public Administration and Regulatory Services	100%	100%
% of Operating Activity Sourced Locally		
Wholesale Trade	100%	100%
Construction Services	100%	100%
Building Cleaning, Pest Control and Other Support Services	100%	100%
Public Administration and Regulatory Services	100%	100%

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OUTCOME DRIVEN

