

# PROJECT FEASIBILITY STUDY - Version 2.2

## Stage 1 – Executive Summary

For the WAMA Foundation

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## EXECUTIVE SUMMARY

The consultant team would like to thank the WAMA Foundation for the opportunity to work with it on this remarkable project. Our primary goal has been to develop an improved understanding of the need for, and value of, WAMA and to ensure that the rationale for Government investment is clear and the success measures accurately described.

### Key Findings

- The Investment Logic Mapping process that was undertaken has provided an improved articulation of WAMA's essence, branding, purpose and positioning and its potential to positively address the challenges that the Grampians region faces, specifically:
  - A narrow and fragile economic base
  - An underdeveloped tourism economy
  - A need to improve our understanding of the region's cultural and natural heritage
- WAMA must become a high priority for government investment but is currently assessed as medium impact/medium priority. There is limited regional buy-in from Grampians local government, Grampians Tourism and the Victorian Government and Commonwealth Governments.
- We consider that WAMA's approach to its exhibitions program is feasible provided certain fundamental assumptions are met in terms of facility development, resourcing and leadership and that the risk of not being able to deliver a rich range of public programs is low.
- Visitation estimates have been tested and reviewed and an estimated figure of 148,000 per annum by Year 10 is considered feasible and generally in accordance with WAMA's previous projection for the same timeframe.
- Our review of WAMA's Financial Operating Model identified several major issues most notably the need to incorporate a substantial (estimated at \$3.4 Million) pre-opening expenditure budget.

Given the need to fund up to \$3.4 Million in pre-opening costs in addition to the estimated \$24 Million in design and construction costs we recommend that WAMA adopt an alternative funding ratio mix.

- The previous model was based on \$10 Million from the Commonwealth Government, \$8 Million from the State Government and \$6 Million from WAMA. A more reasonable funding ratio would be \$10 Million from the Commonwealth Government, \$10 Million from the State Government, \$2.5 Million from Local Government and \$5 Million from WAMA.

- It is common for projects of the scale and nature of WAMA seeking government funding from sources like the NSRF to be (capital) funded equally by the three levels of government. Ideally the combination of Local Government and private WAMA contributions would be the equivalent of each of the other Government funding partners so that the project was seen to be funded through three (near) equal shares (federal, state and local government/local private).

In the context of Australian not for profit cultural enterprises reaching an operating breakeven point by Year 5<sup>1</sup> would be a significant achievement given that most never achieve that outcome, and are supported through public subsidies.

Raising a significantly higher level of non-repayable funding to fund both the design/construction and working capital requirements of WAMA as it is currently envisaged is the major challenge that confronts the WAMA Foundation. In addition to the \$1.0 Million already pledged we recommend that a target of an additional \$3 Million of WAMA's \$5 Million revised contribution be raised via a major philanthropic campaign.

Revising and improving current plans, developing in detail new ones such as those needed for marketing and programming, and complying with funding application requirements are matters of process. With the right resources and enough time none of the process issues are insurmountable, or even out of the ordinary.

### **How to Resource**

The vision to develop a nationally significant high quality, visitor focused nature, arts and learning-focused centre at Halls Gap that will bring economic, cultural and social benefits to the region is a compelling one.

When fully developed a new public investment/funding proposal should be able to offer an attractive Benefit Cost Ratio (BCR) for the community and stand up to the appropriately close scrutiny of government officials. The proposal should also be able to attract vocal and effective political support from the region's collective local governments and state and federal members and candidates.

In order to raise the initial capital and operating contributions that the WAMA Foundation Board requires we recommend that Stage Two of this study focus on developing an action plan that will enable it to devise and implement a new fundraising and stakeholder engagement strategy by February 2017.

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<sup>1</sup> The adoption of the revised funding model enhances the robustness of the project and results in a positive earning position by Year 5.