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Parramatta City
Council

Market analysis for
Riverside Theatres

November 2014

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Glossary

ABS	Australia Bureau of Statistic
BTS	NSW Bureau of Transport Statistics
LGA	Local Government Area
LPA	Live Performance Australia
RST	Riverside Theatres
SEIFA	Socio-Economic Indexes for Areas
Season	A series of shows provided by the theatre each year that are made available to season ticket holders for a discounted rate

Western Sydney LGAs	Eastern Sydney LGAs	
Auburn	Ashfield	Strathfield
Bankstown	Botany Bay	Sutherland Shire
Blacktown	Burwood	Waverley
Blue Mountains	Canada Bay	Woollahra
Camden	Canterbury	Hornsby
Campbelltown	Hunters Hill	Ku-ring-gai
Fairfield	Hurstville	Lane Cove
Hawkesbury	Kogarah	Manly
Holroyd	Leichhardt	Mosman
Liverpool	Marrickville	North Sydney
Parramatta	Pittwater	Warringah
Penrith	Randwick	Willoughby
The Hills Shire	Rockdale	Sydney
Wollondilly	Ryde	

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Our Findings

- Over the coming decades demand for performance arts venues in Western Sydney will grow significantly, driven by strong growth in the regional population, levels of disposable income and diverse appetites of consumers.
- Spending by Western Sydney residents at performance arts venues, like Riverside Theatre, is forecast to exceed spending by Eastern Sydney residents on comparable venues by 2030.
- Western Sydney is significantly underserved by performance art venues compared to Eastern Sydney, when compared against current and forecast population. Western Sydney has 2 performance arts seats per 1,000 residents, while Eastern Sydney has 15. There is no other new major performance arts venue being contemplated in Western Sydney.
- NSW Bureau of Transport Statistics data demonstrates that people from the west are no more likely to travel for recreational purposes than people in the east (20 minutes compared to 18 minutes) highlighting the need for local based facilities. Further analysis of ticketing data shows that the majority of travellers to western Sydney venues come from the LGA's in the immediate circumference of the facility.
- Consumer demand for performance art has changed over the last three decades, with the following genres representing the strongest demand moving into the future:
 - Ballet and dance
 - Comedy
 - Children's and Family
 - Contemporary Music
 - Musical Theatre
 - Theatre (script based)
- Growing production and development costs for many of the above shows makes the current configuration of Riverside Theatre uneconomic for many potential hirers. In particular, the theatres capacity constraints limit hirer's ability to make an adequate return on performances, dissuading them from using the facility.
- The analysis demonstrates that the economics of the venue generally improve as the size and seating capacities increase. However this is dependent on securing more high demand/ high profit genres to the venue.
- By expanding the venue to accommodate the above high demand genres there is, from a potential revenue basis, a case to invest in a new facility. However, the 'payoff period' (used as a commercial bench mark only) based on the additional revenue created will take significant time (i.e. between 12 - 38 years).
- The key to making the facility commercially feasible includes:
 - Reducing Council's CAPEX requirement through a State or Federal Government contribution

- Improving the theatres profitability per show by increasing the average ticket price for performances, selling more tickets or improving utilisation.
- A detailed understanding of the full cost structure by genre of the current operations, and subsequent profitability, is required to fully determine the commercial feasibility of the development.
- Based on demand and market opportunity *there is a case* for Council to pursue development of a larger facility, however careful consideration of the commercial model is required including full understanding of operational subsidies.
- There is significant opportunity for commercial activity at Riverside Theatres to be expanded through strong revenue drivers that could be leveraged through premium branding and pricing.
- There is also potential to cross subsidise community based activity that nurtures artistic experimentation if both “more commercial” and “more experimental activity” is separated or to remain under one management entity.
- The research identified several key factors for success for such theatre developments, including:
 - Proximity of the venue to public and private transport links (i.e. rail, bus, car parks, motorways)
 - Development of not just a facility but an integrated precinct, with connection to complimentary businesses and developments (i.e. restaurants, cafes and residential and office buildings) which enable high levels of foot traffic
 - An understanding of the facilities role in the broader arts and culture master plan for Parramatta and the region (i.e. is the facility a premium destination of choice or a one fit all facility)
 - Leveraging the facilities to capture niche or mainstream service opportunities (i.e. art house cinema, foreign language focused performance art, corporate events)
- While not a subject of this report, the role that Riverside Theatre currently plays as a venue that promotes social connection and benefit, is significant.
- There are several key questions that need to be considered and answered prior to more detailed planning and decision making regarding venues expansion. These include:
 - What is the venues mandate and operating objectives?
 - What is the appropriate model for delivering the theatre operations and optimising the mandate?
 - Is the current site the best location for realising this mandate?
 - How does the facility fit into the City’s arts and culture strategy, and City Master plans?
 - Can a single facility meet the mandate or are several facilities required? (i.e. separate commercial and community focused facilities)
- That a full Business Case considering the alternate configuration and delivery options be completed before progressing to any detailed design or market testing.

- That the Business case includes a full understanding of the costs of delivering various genres in the current venue. And that, the Business Case determines the best site, scope and operational model to grow Riverside Theatres. The Business Case should also assess or comment on the indirect social and community benefits derived from local investment in new or expanded cultural facilities.
- That a specialist theatre designer be included in the Business Case development process at the relevant stages.

Executive Summary

Riverside Theatres is owned and managed by Parramatta City Council, and is located on the edge of Parramatta River, 1km north of Parramatta CBD.

It opened in 1988 as a bicentennial gift and has become an important regional cultural landmark that serves Parramatta and Western Sydney.

The current venue has three theatre spaces of the following capacities,

- *Riverside*, 750 seats
- *Lennox*, 213 seats
- *Raffertys*, 84 seats

The venue currently hosts an eclectic mix of Performing Arts events, with two thirds of its revenue and attendance derived from the segments of; Theatre, Dance and Ballet. The venue is also popular in Children's/ Family shows, and Art house films.

An opportunity exists to redevelop and expand Riverside Theatres.

Investment in the venue will deliver a much needed cultural centre piece for Western Sydney, along with ensuring Parramatta CBD continues to provide the full range of commercial, residential and cultural offerings required of Sydney's regional cities.

Redevelopment of Riverside Theatres

Council is currently in the process of assessing options to redevelop the venue to ensure it better fits community, cultural and markets needs over the next 20 years.

These efforts have resulted in a Master Plan Options report (2013), which identified 3 scenarios for redevelopment. These included;

- i.* Building fabric expanded to meet changing needs – 750 maximum seat capacity (unchanged). **Total cost: \$38 Million** (2012)
- ii.* Extensive reconstruction – maximum capacity expands to 950. **Total cost: \$55 Million** (2012)
- iii.* Staged reconstruction – with maximum capacity expanding to 1100. **Total cost: \$72 Million** (2012)

This market analysis has also identified the opportunity to consider seating options up to a maximum of 1,600.

Time for redevelopment

Western Sydney has 3 major Performing Venues. These have been redeveloped as follows:

Performing Arts venue	Year established	Redevelopment
Joan Sutherland (Penrith)	1990	2006 (major)
Casula Powerhouse (Liverpool)	1994	2008 (major)
Riverside Theatres (Parramatta)	1988	2002 (minor refurbishment only)

The current market opportunity

Since establishment in 1988 a range of changes within the Performing Arts industry have lead Riverside to consider how it continues to remain competitive within the Western Sydney market. Some of the documented changes driving these considerations include;

- **Population shift towards Western Sydney.** Parramatta is now the demographic centre of Sydney. By 2021 more people will live in Western Sydney than in the remainder of Greater Sydney.
- **Changes in consumer demand for Performing Arts genres.** Across Australian, NSW and Sydney the segments of Contemporary Music, Comedy, Festivals and Physical Theatres are the highest growth genres in Performing Arts attendance.

Riverside Theatres does not currently have adequate facilities to meet the needs of these high growth/ high opportunity genres.

- **Changes in the commercial requirements of producers and hirers of performing arts venues.** A range of factors such as seating capacity, availability, and operational models contribute to the attractiveness of a venue being suitable for particular genres. Riverside Theatres current configuration of space and access have resulted if some high growth genres not occurring at Riverside.
- **Structural requirement of the performing arts industry.** Major performing arts groups account for approx. 60% of total industry revenue. Major groups require an adequate supply of relevant infrastructure to develop feasible touring programs. Major performing arts groups generally under service Western Sydney.

- **Shift in National and State attendance rates at performing art events.** Over the last 15 years attendance rates at performing arts events across Greater Sydney have increased from 51% to 54% of the population per annum.
- **Other determinates of demand for performing arts venues.** Demand for performing arts venues is driven by; derived demand from production companies, federal funding, real discretionary income, and available leisure time. Analysis of each of these factors supports a strong outlook for demand for more performance space in Western Sydney.
- **A significant shortage of performing arts space in Western Sydney.** Western Sydney currently has seven competitive performing arts venues that provide an estimated 3,174 seats. The remainder of Greater Sydney has forty competitive venues that provide an estimated 30,808 seats.

On a per capita basis this represents 2 seats per thousand people in Western Sydney, compared to 15 seats per thousand people for the remainder of Greater Western Sydney.

- **Unmet demand for Performance Art space in Western Sydney.** In 2011, Western Sydney households spent an estimated \$199 M at performance art venues. Riverside Theatres captures less than \$3 M of this spending. The commercial opportunities underpinning Riverside's redevelopment are significant.

City Shaping and agglomeration

Cultural institutions play important roles in the social and economic fabric of places, cities and communities. Cultural institutions provide a range of documented benefits, including

- Promoting social inclusion, cultural diversity and human development
- Enhance educational outcomes
- Stimulate development of technology, intellectual property and tourism
- Attract inward investment
- Fosters income generation, job creation and export earnings
- Attracting human capital

Combined, these benefits directly stimulate the economic agglomeration of cities through their ability to support the development of capital formation. In short, capital is attracted to places with infrastructure that services the needs

of residents and workers. Cultural venues and institutions in many cities are viewed as critical forms of economic infrastructure.

For example, Richard Florida (2006) argues that building successful urban centres require governments to ensure the provision of the kind of institutions valued by high productivity knowledge workers – what Florida refers to as the “creative class”.

Vibrant urban communities that are valued by the creative class include a variety of cultural institutions, such as art galleries and markets, theatres and film, music, museums, cafes, architecture and design, and parks (Florida, 2003).

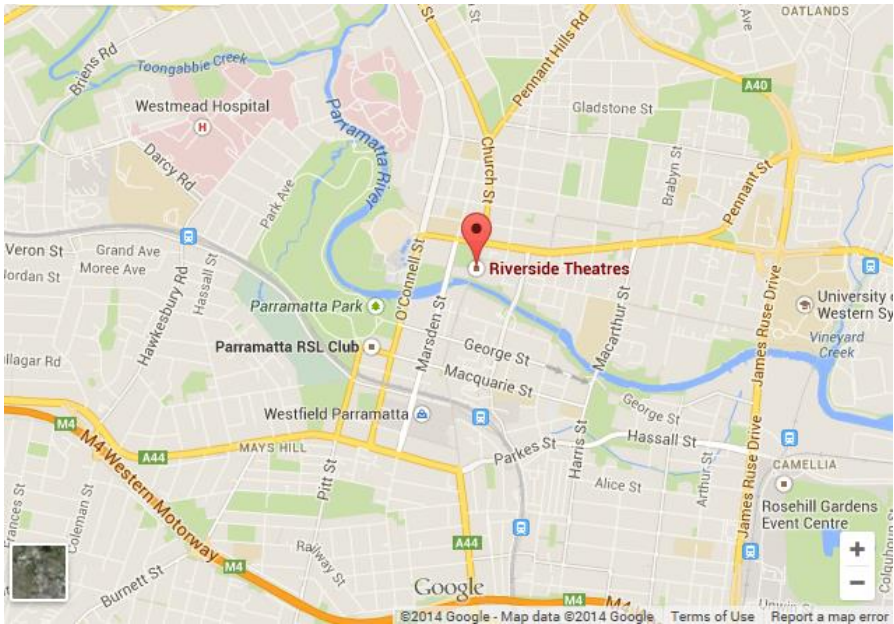
More now than ever firms and investment follow where creative or knowledge workers reside. In this sense, cultural infrastructure should be seen as one of the most practical interventions available to governments to support the attraction of jobs and growth of Sydney’s economy.

We hope you find this market analysis relevant to current trends and insightful. We also hope that it assists Council and Riverside Theatres make future decisions about the venues bright future in Western Sydney.

1. Introduction

1.1 Riverside Theatres

Riverside Theatres opened in 1988 as a bicentennial gift and has since become an important regional cultural landmark for Parramatta and for Western Sydney. As shown below, Riverside Theatres is located on the edge of Parramatta River, 1km north of Parramatta CBD.



Current users of Riverside

Today Riverside provides a wide range of community events all year round and is home to a variety of community arts organizations who present annual programs of well-known plays, theatres performances and musicals. Other community performance user groups that utilise Riverside include Riverside Theatre Group, commercial users, Australian major Performance Arts Groups (AMPAG), local cultural groups, dance academies and local schools presenting their annual showcases.

According to 2013/14 venue information, approximately two thirds of Riverside’s revenue and attendance is drawn from the categories of Theatre and Dance.

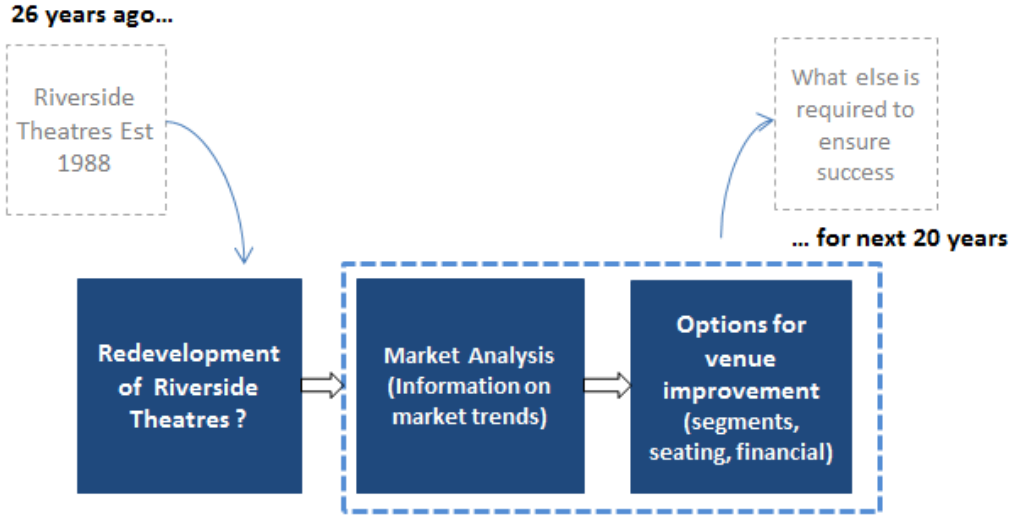
1.2 Purpose of report

Strategic purpose

As part of Council’s strategic plans to revitalise Parramatta CBD and its long term vision to develop an active arts and cultural precinct alongside the Parramatta River, a master planning process is being undertaken for Riverside Theatres.

This process aims to guide the planning for the venues next stage of redevelopment.

In 2012 Council commissioned Cox Richardson and Schuler Shook to develop a master plan for future development of the Riverside Theatres precinct. To provide guidance to the master planning process, Council aims to ensure that development principles are aligned with the Theatres’ future capacity to meet its strategic purpose. A strong alignment with changing market needs and opportunities is also required to be incorporated into Council’s future planning for Riverside.



Market analysis of Riverside Theatres

This report was commissioned by Riverside Theatres to provide advice on the potential future operations of the venue. Advice in this report is based upon analysis of the venues current and future market following, usage and occupancy information specific to Riverside Theatres and the views of current and potential future hirers, performers and consumers. This report also looks at the supply of competitive performing arts venues relevant to Riversides future positioning in the market.

This report does not look at;

- A detailed feasibility, including analysis of the full cost structure relative to each show or genre conducted at Riverside,
- Assess the merits of alternate models for delivery model
- Assess the flow on social or economic benefits of Riverside Theatres.

1.3 Logic flow of market analysis

A logical fact-based approach was used to advise on how to best position the venue in the future market. This approach is described in the following table. Chapters of this report are phrased according to questions shown below.

Questions	Analysis conducted	Conclusions/ further questions
Has the economy changed enough to warrant change in the venue?	Socio economic profile of Sydney and Western Sydney – key changes between 2001 – 2011, and forecasts to 203.	Significant economic growth driving an opportunity for change.
Has the performing arts industry changed enough to require venue change?	Analysis of the current and future trends of Australian performing arts industry by segment. Unmet demand for performance art space.	Consumer trends leading to some genres growing, others declining. Overall attendance rates at performing arts events increasing.
Mandate of Riverside Theatres, and physical parameters of the site.	Confirm mandate of Riverside, outline site constraints.	Riverside’s cultural mandate, and is the site the best location?
How does Riverside Theatres currently perform?	Detailed analysis of venue information compared to industry averages. Unmet demand for venues	Riverside has significant potential to successfully reconfigure operations into the future.
What do consumers, producers and hirers need from a venue?	Consultations with hirers, consumers and producers. Review of industry data and reports.	A variety of views highlighting differing roles for the venue in the market.
Is there competition from other venues?	Analysis of the supply of performance arts venues across Sydney and Western Sydney.	Western Sydney is under serviced by competitive performance art venues.
What genres and seating configurations offer the best commercial opportunities for Riverside?	Feasibility analysis of venue @ 750, 950, 1,100 and 1,600 max seating.	Some higher growth genres offer high profitability; others perform vital roles in industry development.
What mix of genres would best fit the venues mandate, the site and the market? (Incl. scope/ focus of redevelopment)	Presentation of options against matrix of strengths and weaknesses.	A variety of additional genres could be catered for, others strengthened, some consolidated.
What other critical success factors are required?	Other key success factors identified throughout analysis – listed for further consideration.	Does the site offer the best location? How should the venue be operated into the future?

2 Has the economy changed enough to warrant venue change?

This chapter provides a brief overview of the socio economic profile of the catchment that Riverside Theatres currently serves. This section also overviews the economic drivers that underpin demand for performance arts venue space.

While Appendix A includes a full profile, highlights relevant to conclusions drawn in this report include:

2.1 Economic drivers

Population

- Western Sydney's population has grown more strongly than that of Eastern Sydney in recent years.
- In 2011 Western Sydney's population was 2.03 million, compared to 2.3 million for Eastern Sydney.
- By 2026 Western Sydney's population will pass that of Eastern Sydney's.
- By 2036 Western Sydney's population will reach 3.13 million, compared to 2.78 for Eastern Sydney.

Age profile

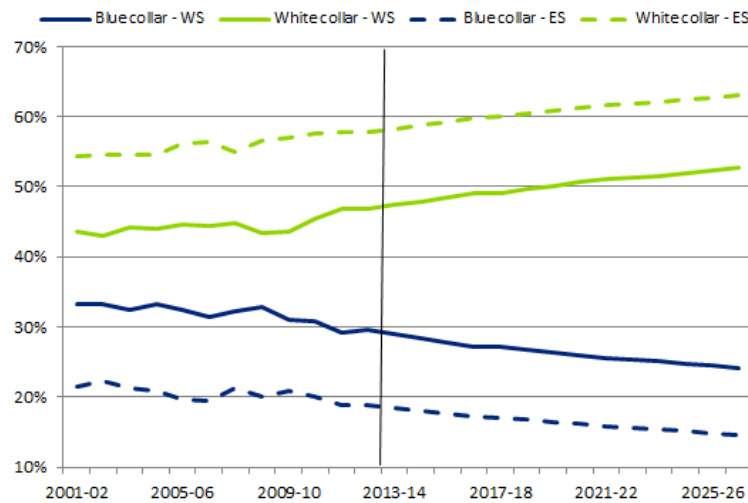
- As the population continues to age, the elderly market will rise. However at the same time Parramatta will continue to develop into a key employment hub - leading to significant growth in younger age groups (under 15) across Parramatta and Western Sydney. Opportunity exists to service both ends of the age spectrum.

Labour market

- Since 2001 unemployment in Western Sydney has generally been 2% higher than Sydney and NSW averages, including higher fluctuations than across NSW.
- Employment in Western Sydney is forecast to grow considerably faster than Eastern Sydney over the coming decades.

Industrial and educational profile

- Over the next 20 years, Western Sydney's work force will continue to become increasingly 'white collar'. As shown, the share of Western Sydney's 'white' and 'blue collar' workers will converge towards rates similar to Eastern Sydney's profile.

Chart 2.1: 'Blue collar' vs 'white collar' share of workforce

Source: Deloitte estimates based on NSW BTS projections

- Driving this trend is changes in the share of residents holding tertiary or vocational qualifications, and Western Sydney shift towards a knowledge economy.
- As shown further, white collar worker generally earn more and, on average, work less hours per week than their blue collar counterparts.

Income and wellbeing

- Currently, Western Sydney generally has a lower income profile than Eastern Sydney, with the exception of the highly affluent The Hills Shire. However as the white collar share of the workforce grows, it is expected that the differential will begin to diminish over time.
- Analysis of SEIFA indexes for Western Sydney LGAs show that with the exception of the Hills Shire, all of Riverside's key feeder regions are relatively more disadvantaged than Eastern Sydney LGAs.

Journey to Work

- Parramatta's daytime (working) population differs considerably from its night-time (resident) population - with approximately 40% of its residents working outside Western Sydney, and around 25% of its workforce living outside of Western Sydney.
- On a per capita basis, residents within Riverside's catchment spend between 71 and 83 minutes per week day travelling between home and activities including work and non-work activities (such as leisure). Western Sydney residents spend more time travelling to non-work activities than Eastern Sydney residents.

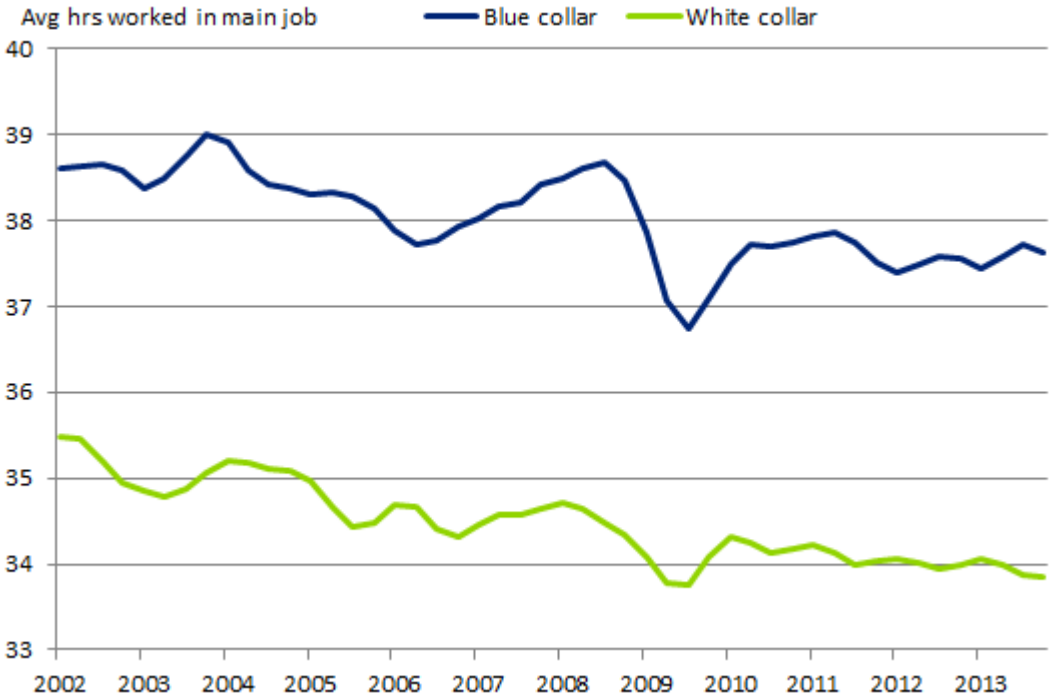
Cultural mix

- At the 2011 Census 46% of Parramatta's resident population had migrated to Australia (not including new Zealanders). This compared to 35% of Western Sydney's and 33% of Eastern Sydney's population.
- A different cultural mix in Parramatta, and Western Sydney more broadly, will clearly have implications on the types of shows demanded. Indian born residents, for example,

account for 9% of Parramatta’s population compared to just 1% of the Eastern Sydney, while Chinese born residents account for 9% of Parramatta’s population and just 1% of Eastern Sydney.

Average weekly hours worked

- Attendance at performance arts events is a leisure activity, and as such is heavily affected by the amount of leisure time available to residents.
- In terms of Greater Sydney, the average worker works about 1 hour less each week than a decade ago; and ‘white collar’ workers generally work around 3 to 4 hours less a week on average than ‘blue collar’ workers.
- Western Sydney and Parramatta workforce is set to become more ‘white collar’ resulting in potential customers to Riverside having greater income and more leisure time than average customers today.
- The upshot is that as the economy becomes more swayed by white collar workers, people in general will have more leisure time, and not only that, but they will also be more affluent and more able to afford ‘high class’ leisure activities such as theatres.



Source: ABS 6291. Note: Original data smoothed by Deloitte using a 7 period Henderson trend.

3 Has the performing arts industry changed enough to require venue change?

This Chapter provides an overview of key trends (current and future) of the Performing Arts sector across Australia, and where possible comparisons are provided against state and national trends.

The analysis was conducted using a wide range of industry data and consultations with industry stakeholders. For more detailed data on the current and future trends by performance arts sector please see Appendix B.

3.1 National trends

“There are currently 411 establishments operating as Performance Art venues in Australia that combined provide an estimated 6,630 jobs, and created \$771.4m in annual revenue during 2013/14. The industry represents 0.02 of the Australian economy.”

Source: IBISWorld 2014 (Industry Report R9003)

- Most Australian Performance Art venues are reliant upon Government funding – with more than \$280 million being provided for the operation of venues in 2013-14. Most venues are built through local and state government grants.
- Two thirds of all Performing Arts venues across Australia are owned/ and or managed by Local Government.
- The majority (greater than 54%) of venues have 3 Performance Arts spaces.
- Across Australia average venue utilisation was 58% (2013), with primary performance space utilisation being 59%. The remainder of time is referred to as ‘dark nights’.

National forecasts

The following trends have been forecast by *IBISWorld* for Performance Arts venues to 2019-2020.

Table 3.1: Industry wide forecasts

	Revenue (\$m)	Establishments	Enterprises	Employment	Employees per est
2014-15	\$771	411	347	6630	16.3
2015-16	\$788	406	343	6780	16.7
2016-17	\$802	403	340	6920	17.2
2017-18	\$816	399	338	7030	17.7
2018-19	\$828	397	336	7120	18.0
2019-20	\$841	395	335	7200	18.2

Source: IBIS World

3.2 National outlook by category

Following is a summary of the national outlook for individual genres, or types of Performance Art. Forecasts were based on an assessment of the overall prospects to grow revenue and attendance by genres based on; industry consultation, past trends, various published forecasts and assumptions regarding consumer and producer behaviour over the forecast period. See Appendix B for full analysis

As times have changed the type of show that people want to see has also changed. Structural change in the economy in general has also pervaded the performing arts sector, and the types of shows on offer today are not the same as those on offer twenty years ago.

Contemporary music, for example, has shifted from a predominately 'pub style' atmosphere, with local musicians and artists often playing at the local pub on a Friday night, to large scale concerts with upwards of 1000 people packing out venues such as the Enmore Theatre or, for the really big ticket items, the Acer Arena. That is not to say that the former no longer occurs, but just that the growth in the latter has changed the face of the sector, to an opportunity which twenty years ago would not have existed for Riverside Theatres.

Similarly, comedy and family shows have evolved over the years, with children's shows such as the Gruffalos, Pepper Pig and the Wiggles, and comedy acts by comedians far and wide, are now generally regarded as some of the most well attended performances that an event can offer.

The upshot is that the demand for certain types of performance changes as cultures change, and in order to stay ahead of the curve so too must venues. What may have worked twenty years ago is not necessarily the same as what works today, and in the same vein what works today may not be the same as what works twenty years from now.

Category	Description	5 Year + Australian outlook	5 Year + Sydney outlook
Ballet and dance	Ballet, traditional, ethnic, folk, tap, other	Steady	Steady
Children's/ family	Live entertainment for children	Strong	Strong
Circus, Physical theatre	Physical theatre, circus, burlesque	Variable	Variable
Classical music	Orchestral, chamber, choirs, recitals, singing	Steady	Steady
Comedy	Stand-up comedy (not comedy plays)	Strong	Strong
Contemporary music**	Pop, jazz, blues, rock, country, metal, other	Strong	Strong
Festival (multi and single category)	Festivals with one or more categories	Strong	Variable
Musical theatre	Musicals, cabarets in popular form	Strong	Strong
Opera	Operas, operettas in theatrical form	Variable	Variable
Other	Films, talks, private functions, other	Strong	Strong
Theatre	Script based theatre, drama, comedy theatre, mime	Variable	Strong - Variable
Film	Small presentation of special films	Variable	Variable

Source: IBISWorld, Deloitte ** includes major arena and sporting club live music events.

3.3 Industry trends in relation to Riverside Theatres

Following is a range of industry trends and commentary to aid the analysis. Where relevant, reference is made to how broad industry trends may apply to Riverside.

- Over the last four years many Australian performance art venues have focussed on expanding their market for venue hire to households, business and government organisations.
Could this option be explored by Riverside?
- The Performance Arts venue industry is pressured by high operational costs, low profit margins and reliance on government funding.
- Industry employment is expected to grow over the next 5 years as the industry expands into non-core services and stable demand growth for performance space.
What non-core services could Riverside consider if space is reconfigured?
- Australian Performance Arts venues require improvements in profitability to offset rising operational costs that are expected to rise at a faster rate than revenue in future years. As a result, some establishments are forecast to exit the industry in coming years as competitive pressures take a toll.
How will Riverside address this issue?
- While government funding for heritage and the arts is expected to increase over the next five years, budgetary constraints at a state level will put downward pressure on funding allocated to performing arts venues. As a result the industry's funding model is expected to shift slightly from public to private sector funding.
Could Riverside consider a shift in its funding model? What would the implications of this be?
- Given the industry is dominated by smaller, regional venues that are locally owned, businesses outside the industry are likely to see benefit in sponsoring arts companies due to perceived community benefit.
Riverside to consider expanding industry sponsorship ?
- The industry's future challenges will continue to take on commercial forms, with venue management pressures and reductions in state government financial support.
Potential revenue streams being considered in this market analysis.
- Venues will need to continue researching key markets to minimise financial risk and to assist in future planning. It is important for the industry to ensure that the size of theatres and performance spaces are in line with demand from clients and audiences.
Subject of this analysis
- Over the past five years, industry maintenance and refurbishment costs have been high. Continued support from the government will be required over the long term to maintain the quality of the industry's venues and retain customers. As many venues

age, this will increase pressure to allocate funds for maintenance and improvement of facilities for performers and attendees.

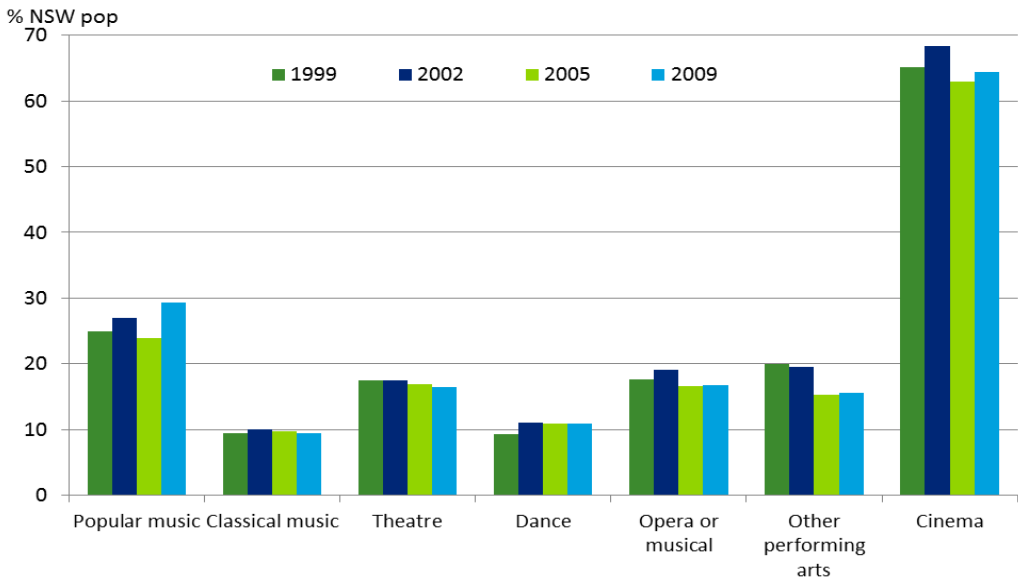
What would these costs be for Riverside as a counterfactual position to redevelopment?

- Venues are expected to begin to target younger patrons in order to maintain audience levels.
How does Riverside pursue younger audiences?
- Operators have also increased their community activities, many of which are free or have low admission prices, to stimulate interest in the arts and to increase attendance levels. This strategy has been particularly targeted at the younger demographic, which will form the future market for many of these venues.
Riverside has a clear role and mandate in this regard
- Many Australian Performing Arts venues have also focused on expanding their product offerings and markets. Many have expanded food and beverage offerings.
What food and beverage offerings could/ should be expanded to support revenue?
- Industry operators are also catering to household, business and government agencies by hiring out spaces for private functions such as conferences, product launches and community meetings. This has helped to stem any shortfall in demand for industry spaces over the past five years.
How does reconfiguration meet this opportunity?

3.4 NSW attendance rates at performance art venues

The following chart indicates the proportion of NSW residents who attended a performance art venue by category.

Chart 3.1: Attendance rates at NSW cultural venues 1999 - 2009



Source: ABS Catalogue No. 4114.0.

Overall, ABS data (cat 4114.0) indicate that over the last decade attendance rates at performing arts venues across Greater Sydney have increased from an estimated 51% to 54% of the population per annum.

Previous ABS data obtained in 2002 by Parramatta City Council cited data on attendance rates by Western Sydney residents at cultural events as lower than the rest of Sydney. In particular, for theatre performances, attendance rates were about half that of the rest of Sydney. Further, the survey found that Western Sydney residents were considerably more likely to attend popular music concerts – Western Sydney accounted for 32% of total Sydney attendees in this category, yet only 23% of total Sydney theatre attendees.

Unfortunately on the 30th of June 2014 the Federal Government disbanded the ABS’s National Centre for Culture and Recreation Statistics (NCCRS). As such time series comparisons with previous attendance rates for Western Sydney residents at cultural venues was not possible.

3.5 Spending at venues by households

In 2011 Parramatta households spent an aggregated \$18 million at Performance Arts venues (excluding cinema). By 2036 Parramatta households will spend an estimated \$68 million (in 2014 prices) at Performance Arts venues.

The following chart compares total local spending (by Parramatta households) at Performance Arts venues against the total revenue of Riverside Theatres through to 2036. This approach provides a rough estimation of total potential spending that Riverside could conceivably capture per annum.

For example, in 2016 – Riverside could conceivably compete for a local spending market worth \$24 million – \$20.6 million of which is (at a minimum) currently going to other venue locations outside of Parramatta.

Table 3.2: Unmet demand for Performance Art venues (from Parramatta residents)

	2011	2016	2021	2026	2031	2036
No. of Parra households	61,645	67,691	73,975	79,273	83,455	87,514
Median h'h income (\$)	\$66,716	\$79,560	\$98,672	\$120,050	\$145,059	\$177,703
Tot h'h income (\$m)	\$4,113	\$5,386	\$7,299	\$9,517	\$12,188	\$15,551
% spent at venues	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Parra h'h spend at venues	\$18m	\$24m	\$32m	\$42m	\$54m	\$68m

Similarly, across Western Sydney the value of spending by households at Performance Arts venues in 2011 was \$211 million. As shown, this figure will increase to \$1.09 billion in 2036 (2014 prices).

	2011	2016	2021	2026	2031	2036
Total WS spending at performing arts venues (\$m)	\$211	\$288	\$405	\$560	\$799	\$1,090

Source: Deloitte analysis, using ABS data.

As shown above, over the next decade (2016 to 2026) total spending by Parramatta households at Performance Arts venues will increase by an estimated 75% (\$24m - \$42m).

Over the same period, Western Sydney will increase its aggregate spending at performance arts venues by 94% (\$288m - \$560m), while Eastern Sydney will grow 72% (\$333m - \$574m).

4 Mandate of Riverside Theatres and its physical parameters

This Chapter documents the mandated and physical parameters that Riverside Theatres operates within. These include description of the cultural and functional mandates of Riverside, and the physical constraints and opportunities of Riverside's location.

4.1 Mandate of Riverside Theatres

Riverside Theatre's mission is to:

“Present a broad range of community and professional arts and events to the local population and visitors in Parramatta and western Sydney which reflects influences and develops the cultural life of the region.”

The key strategy to achieve Riverside's mission is to engage with performing artists, promoters and organisations on a local, state-wide, national and international basis through workable partnerships which afford maximum benefit to stakeholders.

Through these partnerships, Riverside Theatres aims to develop new projects and capitalise on proven existing programming, productions and artists that will result in irresistible, high quality programs which run parallel with a potent desire to tell local stories emerging from the cultural diversity of Western Sydney.

A part of Parramatta's cultural development

Cultural institutions (such as Riverside) play important roles in the social and economic fabric of places, cities and communities. Cultural institutions provide a range of documented benefits, including

- Promoting social inclusion, cultural diversity and human development
- Enhance educational outcomes
- Stimulate development of technology, intellectual property and tourism
- Attract inward investment
- Fosters income generation, job creation and export earnings
- Attracting human capital

Combined, these benefits directly stimulate the economic agglomeration of cities through their ability to support the development of capital formation. In short, capital is attracted to places with infrastructure that services the needs of residents and workers. Cultural venues and institutions in many cities have been developed as important forms of economic infrastructure.

4.2 Function

Riverside currently performs a range of functions to support its broad cultural mandate. These functions will have a direct bearing on any future redevelopment. If additional functions are required to ensure Riverside Theatre’s success, these will need consideration in the functional brief of any redevelopment.

To ensure this market analysis assists future redevelopment planning, following is a working list of functions required to be performed by Riverside, and a list of optional functions currently outside of Riverside’s scope. Should any current optional functions become within the scope of Riverside, the outputs of this analysis may change.

Functions Riverside must play	Optional Functions of Riverside
<ul style="list-style-type: none"> • Support the cultural development of the region 	<ul style="list-style-type: none"> • Cater to the needs of all genres of performance art
<ul style="list-style-type: none"> • Provide an accessible venue for School based performance needs 	<ul style="list-style-type: none"> • Run on a full commercial cost recovery basis
<ul style="list-style-type: none"> • Provide affordable public access to cultural events 	<ul style="list-style-type: none"> • Deliver commercial and residential opportunities
<ul style="list-style-type: none"> • Support community performing arts activity and production 	<ul style="list-style-type: none"> • Provide a dining and eating offer
<ul style="list-style-type: none"> • Complement surrounding cultural developments 	

4.3 Physical parameters of the site

Following is a brief overview of the site and broader precinct that Riverside currently resides within. The purpose of this analysis is to document the general assumptions made regarding venue reconfigurations. The majority of analysis in this section was drawn from the site Master Plan completed by Cox Richardson and Schuler Shook in January 2013.



Redevelopment is being considered within the above foot print.

Table 4.1:

Site opportunities	Site constraints
<p>Access by public and private transport</p> <p>3 street frontages, overlooking River</p> <p>Publicly owned site with potential for 'precinct' development</p> <p>Proximity to a variety of local heritage sites</p> <p>Proximity to Parramatta CBD commercial offer</p> <p>Rapidly growing urban population</p> <p>Demographic centre of Sydney</p> <p>Adjoining open space</p> <p>Flexible zoning and height issues</p>	<p>Services access issues</p> <p>Potential flood liability</p> <p>Potential overshadowing and noise effects</p>

Subject to any decision regarding relocation, any reconfiguration of Riverside Theatres is assumed to occur on the current site, and generally within the maximum building format.

Is the current site the best location?

While the site currently serves Riversides Theatre's current purposes, any future redevelopment should confirm whether the site is the best location for an expanded Riverside Theatre.

5 How does Riverside Theatres currently perform?

This chapter provides a comprehensive analysis of the performance of Riverside Theatres against industry averages.

5.1 Financial review

The previous chapter estimated that roughly \$2.9 million is spent by Parramatta households on shows at Riverside Theatres. It is important to note though that this figure does not correspond to Riverside's overall revenue because it considers total ticket spending on shows conducted at Riverside, irrespective of whether ticketing revenue flows to Riverside itself or to a third party.

Riverside operates at an operating loss of around \$2.1 million a year – this is the total amount subsidised by government sources (mostly Parramatta Council, but some from other sources such as Arts NSW, Federal Government grants or private beneficiaries).

About 40% of Riverside's earned income comes from hiring fees and other recoveries from hirers. A further 23% comes from ticket sales from Riverside's performance ventures *(the shows that Riverside itself puts on), 17% from bar sales and rent received from the restaurant onsite, 11% from booking fees and a further 11% from other sources.

Just over half of its expenses are wages, 15% are on artist fees (i.e. payments to professional artists from Riverside's performance ventures), 11% on materials and contracts, and 10% on marketing and promotion.

Table 5.1: Riverside revenue and expenditure, 2013-14

<i>Revenue</i>	
Hiring	\$1,122,540
Ticket sales	\$662,413
Sales (bar, restaurant etc)	\$497,008
Booking fees	\$311,465
Other	\$319,037
Total	\$2,912,463
<i>Expenses</i>	
Employee costs	\$2,574,609
Artists	\$725,480
Materials and contracts	\$521,429
Marketing and promotion	\$489,107
Other	\$641,649
Total	\$4,952,273
<i>Net subsidy</i>	-\$2,039,810

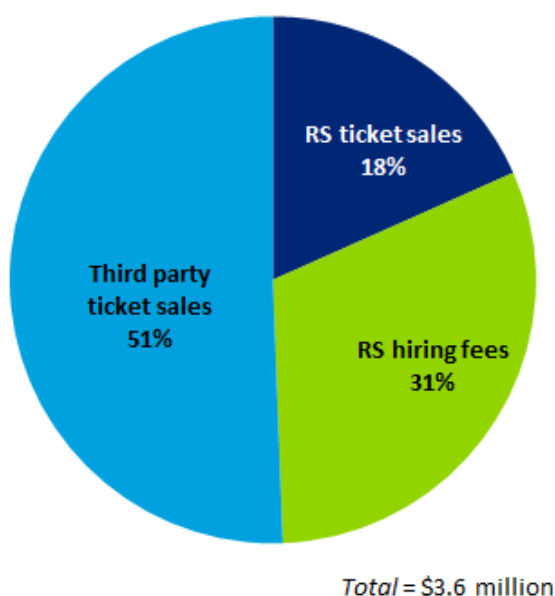
As shown above Riverside receives around \$660,000 a year from ticket sales to its own performance ventures and about \$1.1 million from hirers' revenue. Ticketing data provided by Riverside also allow us to examine the total amount of money spent on shows at Riverside – i.e. irrespective of whether they were put on by Riverside or a hirer. In total, approximately \$3.6 million was spent on tickets at Riverside.

In other words, attendees at Riverside Theatres spend around \$3.6 million on tickets. Riverside directly re-coups \$660 thousand of this, and indirectly re-coups \$1.1 million through hiring fees, leaving just over half, totalling \$1.8 million, flowing to third parties (eg external ticketing agents, hiring companies etc).

Sufficient data was not available to drill down into the 'remaining' \$1.8 million and determine where it is flowing to, nor was data available to ascertain the extent to which Riverside is attaining a reasonable share of the \$3.6 million 'pie'. The point of the above discussion is merely to quantify the total value of ticket sales to events at Riverside, and the share of that which flows to Riverside's bottom line, be it directly or indirectly.

It is worth noting, of course, that for people whose ticket revenue did not flow to Riverside at all, the chart below does not consider the additional revenue that Riverside might receive in relation to food and drink sales, programs, etc.

Chart 5.1: Total ticket sales to Riverside Theatres, 2013-14



Source: Deloitte analysis of Riverside ticketing data

5.2 Attendance and Revenue

Roughly two thirds of both total ticket sales (in dollar terms) and attendance at Riverside are derived from three main genres: theatre, ballet and dance, and musical theatre. The following table compares Riverside's revenue and attendance shares to national averages

(noting that total ticket sales in this context refers to the total value of tickets sold, irrespective of whether the revenue flows to riverside or other third parties).

As shown, Riverside has a significantly lower share of contemporary music to the national average, which accounts for around 40% of industry wide revenue. Similarly, theatre, ballet and dance and musical theatre account for three quarters of Riverside’s revenue, and just one quarter of national revenue.

Table 5.2: Riverside’s revenue and attendance compared to Australia (2013)

	Riverside Theatres		Australia wide	
	% of ticket sales	% of attendees	% of ticket sales	% of attendees
Theatre	20%	24%	8%	10%
Ballet and dance	26%	24%	4%	5%
Musical theatre	31%	24%	13%	12%
Children's/Family	6%	11%	3%	6%
Film	6%	8%	na	na
Comedy	2%	2%	3%	5%
Contemp. music	2%	1%	43%	35%
Other	6%	4%	27%	27%

Source: Live Performance Australia, venue ticketing data, Deloitte Analysis.

Summary

Riverside’s attendance and revenue mix is considerably different to the industry average, with a considerably higher representation in theatre, ballet and dance and musical theatre. By contrast, contemporary music (incl arena shows), which accounts for almost 45% of industry wide ticket sales, accounts for less than 2% of Riverside’s sales.

5.3 Where do customers live?

An analysis of locational data of attendees to Western Sydney’s three major venues, namely Riverside Theatres, Joan Sutherland Performing Arts Centre (Penrith), and Casula Powerhouse (Liverpool), indicates that each of the venues attracts patrons predominately from its local area, with relatively little cross over or direct competition between the three.

Note that the data shown in Table 5.3 are not directly comparable – Riverside data only include attendees to 2013 ‘season’ shows, for example, and the time frames for each data source may be slightly out. The point is simply to demonstrate the rough locality of attendees to each venue.

Feedback from stakeholders supported the broad finding that theatres in Western Sydney tend to be fairly self-sufficient in terms of the customers they attract – i.e. they attract patrons from their local area, with relatively few customers travelling long distances to attend shows.

Table 5.3: Top five LGAs for Riverside, Joan Sutherland and Casula Powerhouse

Riverside Theatres	Joan Sutherland Centre	Casula Powerhouse
The Hills Shire	Penrith	Liverpool
Parramatta	Blue Mountains	Camden
Holroyd	Hawkesbury	Fairfield
Blacktown	Liverpool	Campbelltown
Hornsby	Blacktown	Bankstown

Source: Riverside Theatres, Joan Sutherland Centre, Casula Powerhouse

Postcode data from Parramatta City Council's 2012 Riverside mailing list survey (of 938) found a similar thing: 87% of respondents live in Western Sydney, with 61% residing in two LGAs; Parramatta and the Hills Shire. Data provided by the Joan Sutherland (Penrith) and Casula Powerhouse (Liverpool) performance arts centres indicate a similar trend.

5.4 Age and income of customers

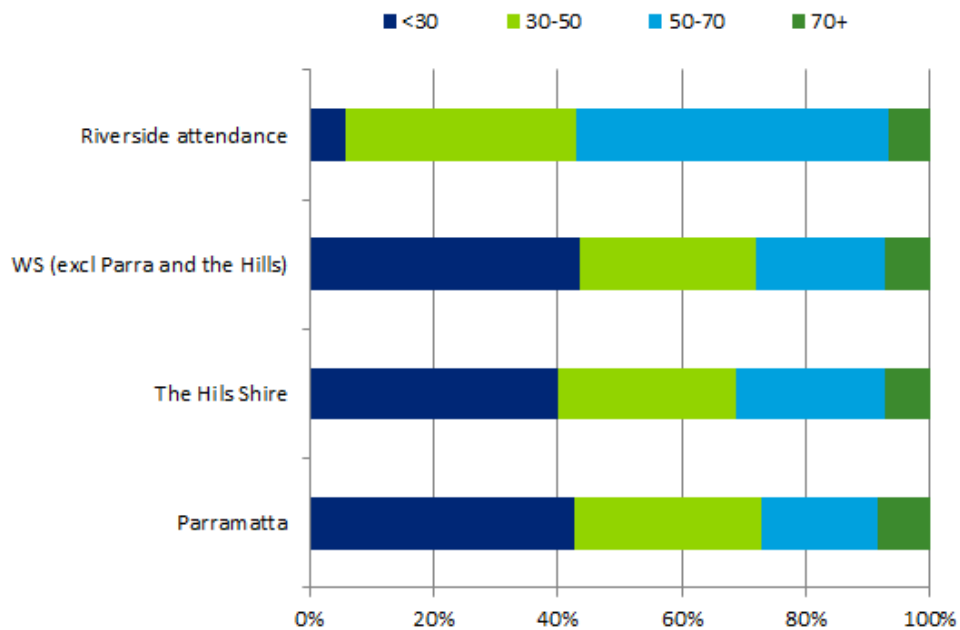
Based on the mailing list survey mentioned above, we estimate that almost 60% of 'regular' Riverside Theatre attendees (those who attend at least once a year) are over 50 years of age. Of course, this is based purely on a survey and may not be reflective of Riverside's complete service offering – it may under-represent attendees of children's events, for example, which would obviously be of a younger age profile than average. For example, Riverside Theatres has an estimated 25,000 school aged visitors each year.

The following chart compares the age profile of Riverside attendees with that of its main feeder populations – Parramatta, The Hills Shire, and broader Western Sydney (excluding Parramatta and The Hills).

57% of Riverside theatre's mailing list is over the age of 50, which compares with only 27% of Parramatta's population, 31% of the Hill's, and 28% of the remainder of Western Sydney.

Put another way, whereas 40% of Riverside's feeder market is less than the age of 30, only 6% of Riverside's clientele is less than 30; this indicates that Riverside's current service offering is not appealing to a sizeable share of its feeder population.

Chart 5.2: Age profile of Riverside attendees* vs Western Sydney population

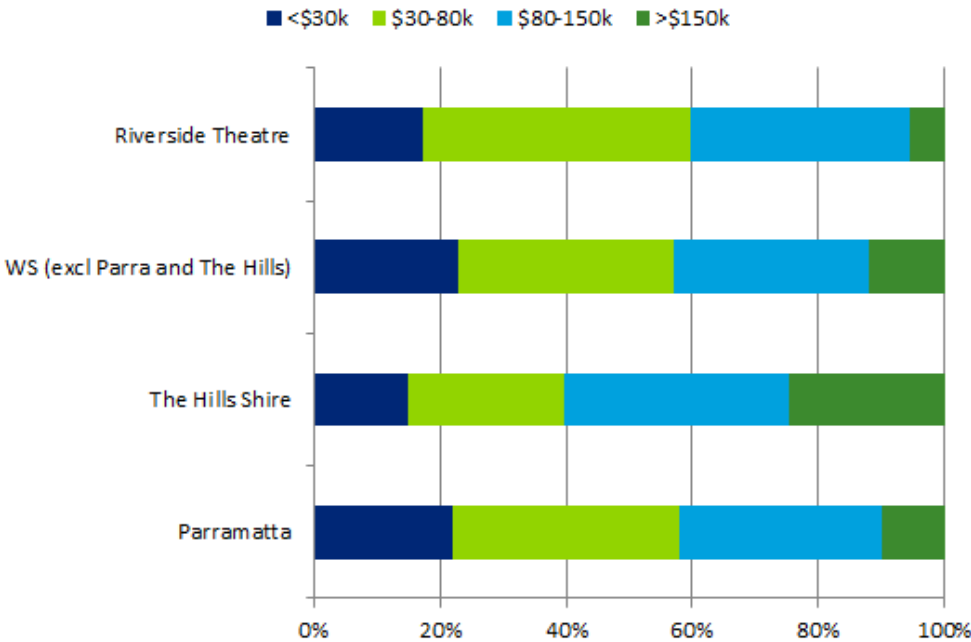


Source: Parramatta City Council 2012 RS mailing list survey, ABS, Deloitte Analysis. * as recorded by mail survey only.

Interestingly though, whereas Chart 5.2 suggests that Riverside Theatre’s current attendance profile is somewhat at odds with the age profile of the broader Western Sydney population, Chart 5.3 shows that the same cannot be said for the income of attendees.

This is a key point since it indicates that Riverside is neither over nor under appealing to a particular income bracket. If, for example, the chart showed that 80% of attendees earned more than \$150,000 a year, it would be a clear indication that Riverside is perhaps charging itself out of the market. Broadly speaking then this indicates that Riverside’s current ticket pricing is about right given the income profile of its feeder populations. (That said, as will be discussed in section 5.7 there may be some scope for a review of Riverside’s inter-show pricing strategy).

Chart 5.3: Income profile of Riverside attendees vs Western Sydney population



Source: Parramatta City Council 2012 RS mailing list survey, ABS, Deloitte Analysis

Key point

Riverside Theatres caters mostly to people in the surrounding suburbs, with very few coming from Eastern Sydney; the same can be said for the Joan Sutherland Centre. A key comment from stakeholders was that *“people from the Eastern Sydney are never going to come to Parramatta to see a show - and why would they, when they have such an abundance of world class theatres on their own doorstep”*.

The upshot is that Riverside’s service offering should cater to Western Sydney locals. However, the age profile of Riverside’s sample customer base varies from that of the local population, suggesting that the current service offerings, while viewed as broadly satisfactory by those who regularly attend riverside, may be overlooking key segments of the market. This point will be drawn out further in the following sections.

5.5 Where else do existing customers attend?

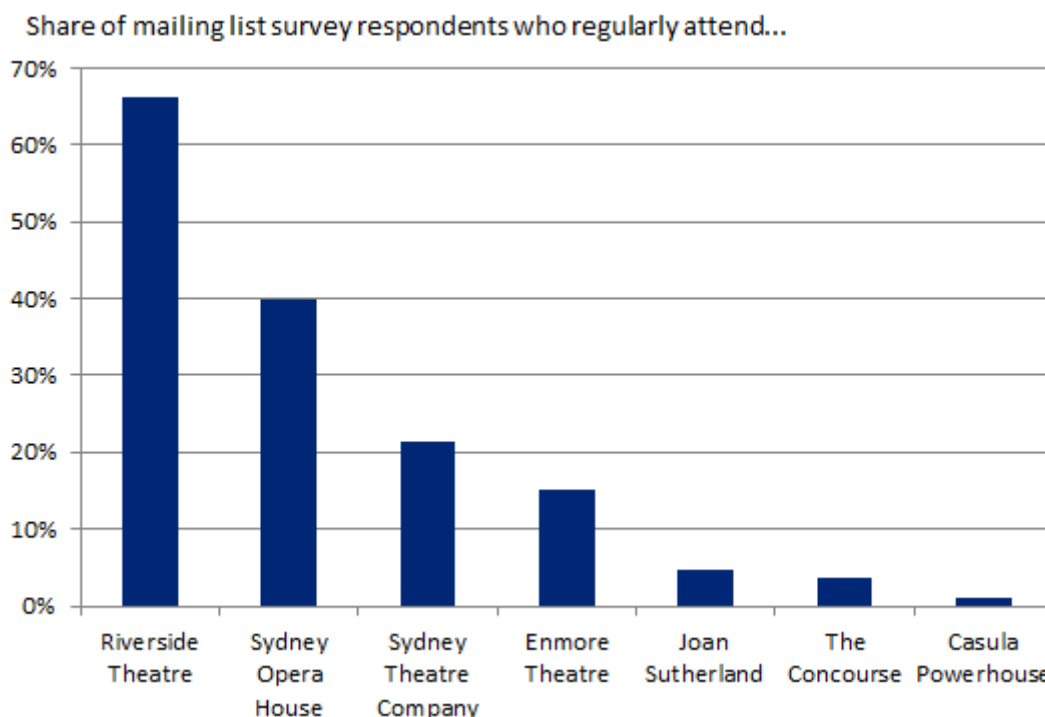
Theatres in Western Sydney operate predominately as localised venues with very little cross over with other competitive Western Sydney venues.

For example, two thirds of the total 983 respondents to Riverside's mailing list survey in 2012 indicated they attend Riverside Theatres at least once a year.

It should be noted that this survey is an indicative sample of 'ticket purchasers only' and does not detail the full profile of annual attendees at Riverside. For example, school based activity (estimated to be approx. 25,000 visitor pa.) and events that are parts of Festivals (both multi and single category) are often sold by third parties, or purchased by adults for children. Given this, the mailing list survey is indicative of some trends only, excluding a full profile of school aged students and significant festival activity.

The next most common theatres attended (by mailing list survey respondents) at least once a year was; the Opera House (40% of respondents), the Sydney Theatre Company (21%), and the Enmore Theatre (15%). Less than 5% of respondents regularly attended another theatre.

Chart 5.4: Regular attendees from Riverside mailing list survey



Source: Parramatta City Council 2012 RS mailing list survey.

5.6 Preferences of current customers

The survey discussed above also included two questions allowing an assessment of patrons' attendance of other venues in addition to Riverside:

- Which type of events would make you attend Riverside Theatres more often?

- Which event/performance did you most recently attend at any other theatre?

The answers to these two questions are summarised in Chart 5.5. Though the questions might at first glance seem the same, the key distinction is that one describes what people *want* to see more of, and one describes what people have *actually* seen elsewhere. In economic terms, this allows a form of revealed preference analysis, comparing *stated* preference (what people say they want to see more of), with *revealed* preference (what people have proactively seen at alternate venues).

Theatre and musical theatre account for the largest share of both pies. This is no surprise since Riverside’s main offering is in these two genres. Broadly speaking, there are two possible interpretations of this.

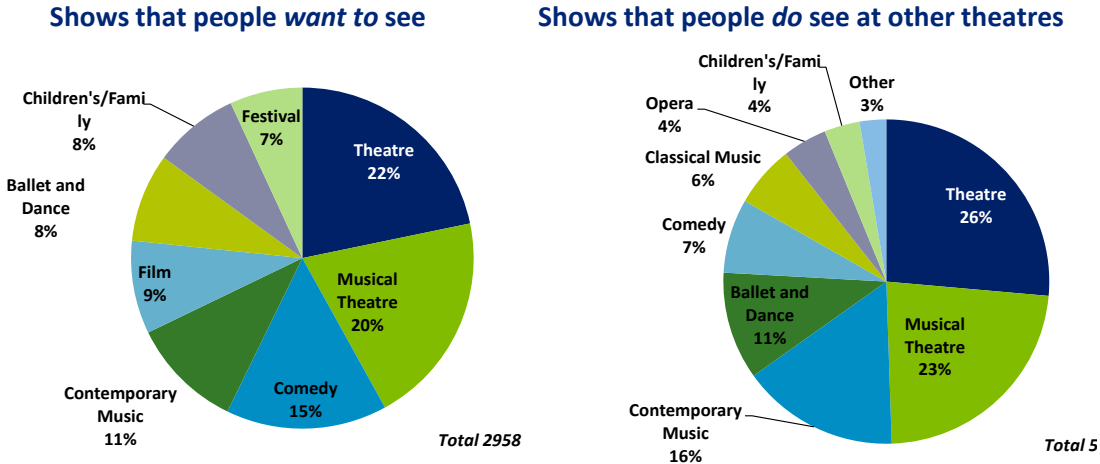
On the one hand it may indicate that Riverside’s current offering is not appeasing its audiences. However this does not appear to be the case since satisfaction ratings are, in general, quite high for the shows people attend. A more likely scenario is that the people who attend musical or theatre productions at other theatres are, quite simply, ‘theatre buffs’ who will attend a show wherever it happens to be on.

In this regard the extent to which Riverside might be able to ‘squeeze’ more revenue from these patrons would be somewhat limited – it already has a sizeable and successful showing of both musicals and theatre productions, and ‘theatre buffs’ are always going to want more theatre.

More interesting is the fact that contemporary music and comedy make up sizable shares of the genres that people both want to see more of at Riverside, and have seen at another venue. Given that these are genres that Riverside is not currently active in, it is a fairly clear indication that putting on contemporary music and/or comedy shows would broaden Riverside’s appeal.

It is also worth noting that feedback from stakeholders was that anecdotally, from a commercial hirers view, contemporary music and comedy shows can be amongst the most profitable a theatre can put on. This is due to low overheads and an ability to set prices.

Chart 5.5: Shows that people on Riverside’s mailing list see at *other* theatres



Source: Deloitte analysis of Riverside provided data.

Key Point

An analysis of the Riverside mailing list survey supports the premise that Riverside Theatres competes more with Theatres in the Sydney CBD than others in Western Sydney. The survey also allows an insight into the types of shows that Riverside patrons are seeing at other Theatres.

From the broadest possible perspective, any Riverside attendee that sees a show at another venue could be considered a potential customer. But to the extent that such people are seeing the types of shows at other theatres that Riverside is equally strong in, it is likely to reflect more that individual person's desire to see shows, and not necessarily lost revenue to Riverside. To the extent that people are going elsewhere to see shows that Riverside does have a strong presence in however, contemporary music and comedy being the prime examples, then that represents a clear untapped revenue source for Riverside Theatres.

5.7 Seating utilisation

Not all seats in each show are made available for sale. For any particular show, a number of seats will be referred to as 'set aside' seats - these will generally be those in the areas of the theatre with the least impressive view and/or acoustics, and are often left unsold due to a desire to avoid staffing costs for certain parts of the theatre with few to no customers.

The share of total seats made available for different types of show at Riverside Theatres varies from 50% for comedy performances to 82% for children's and family shows. That said, it should be noted that some categories – comedy and contemporary music in particular – there were only a handful of shows, meaning the figures provided below are not likely to truly reflect the actual capacity of these genres.

The table below also presents the average occupancy rates – being occupied seats (either sold or given away for free) for each genre as a share of total number of available seats (being the seats that were made available for each show, not the total physical capacity of the theatre).

On average around 70% of seats made available for sale are occupied in Riverside Theatre, and around 50% each for the Lennox and Rafferty's theatres, though as shown below these rates vary considerably by genre.

It is notable that in general the main theatre (Riverside) achieves higher occupancy rates than the smaller theatres. This is not inconsistent with stakeholder feedback regarding broader industry trends. But it also clearly demonstrates that some theatres are better suited to certain types of performance.

For example, theatre and ballet performances have in general done fairly well in the big theatre – as measured by occupancy rates – but not in the others. By contrast, children's shows in the smallest theatre (Rafferty's) have done outstandingly well, with nearly full

occupancy, but not in the other theatres, while film performances have also done much better in Rafferty's than the other theatres.

Table 5.4: Seat availability, attendance and unsold seats by genre

	Available (% seats)	Occupancy (seats occupied as a share of total)		
		Riverside	Lennox	Raffertys
Ballet and Dance	78%	75%	39%	na
Children's/Family	82%	77%	73%	97%
Circus	36%	na	na	82%
Class. Music	65%	58%	30%	48%
Comedy	50%	73%	20%	37%
Contemp. Music	70%	47%	55%	na
Musicals	78%	71%	67%	68%
Opera	77%	na	82%	na
Theatre	67%	66%	58%	44%
Film	53%	48%	28%	54%
Other	71%	51%	na	na
<i>Total</i>	66%	68%	50%	51%

Source: Riverside Theatres data.

It is also notable that Riverside and Raffertys theatres have generally experienced a higher share of tickets actually sold (as opposed to given away) than Lennox. As shown below, in the Lennox Theatre it is not uncommon for as much as 20% of total available seats to be given away for free.

Table 5.5: Tickets sold versus complimentary tickets, by genre and theatre (2013)

	% of tickets sold			% of complimentary tickets		
	Riverside	Lennox	Raffertys	Riverside	Lennox	Raffertys
Ballet and Dance	64%	23%	na	11%	16%	na
Children's/Family	73%	63%	89%	5%	10%	8%
Circus	na	na	77%	na	na	5%
Class. Music	47%	26%	33%	11%	4%	14%
Comedy	71%	18%	33%	2%	1%	4%
Contemp. Music	39%	46%	na	8%	8%	na
Musicals	57%	38%	61%	15%	29%	7%
Opera	na	62%	na	na	20%	na
Theatre	60%	48%	33%	6%	10%	11%
Film	43%	17%	50%	5%	11%	4%
Other	29%	na	na	22%	na	na
<i>Total</i>	58%	39%	45%	11%	11%	7%

Source: Riverside Theatres data.

A similar point can be made by assessing the 'empty seats' -i.e. those that are set aside and those that were simply left unsold. Though on average Raffertys had the highest share of unsold tickets, this figure is swayed by two genres – comedy and theatre – which in general did not perform well in the smaller theatre.

During 2013 Riverside held the following number of shows in each of its theatres. Riverside, 227, Lennox, 203 and Raffertys 165.

	Number of tickets set aside			Number of unsold tickets		
	Riverside	Lennox	Raffertys	Riverside	Lennox	Raffertys
Ballet and Dance	7%	22%	na	18%	39%	na
Children's/Family	16%	6%	0%	7%	21%	3%
Circus	na	na	7%	na	na	11%
Class. Music	2%	20%	7%	41%	50%	45%
Comedy	26%	3%	6%	1%	78%	57%
Contemp. Music	20%	29%	na	33%	16%	na
Musicals	14%	4%	9%	15%	29%	23%
Opera	na	13%	na	na	5%	na
Theatre	20%	14%	6%	15%	29%	51%
Film	9%	15%	11%	43%	57%	35%
Other	37%	na	na	12%	na	na
<i>Total</i>	16%	16%	8%	16%	34%	40%

Source: Riverside Theatres provided data.

Key Point

It can be seen from Riverside's ticketing data that the bigger theatre generally achieves better occupancy and sales rates than the smaller theatres – a point not uncommon across other theatres similar to Riverside.

However it can also be seen that certain shows are better suited to certain theatres. The larger theatre for example seems better suited to ballet, comedy, musical theatre and theatre events, while the smallest theatre appears better suited to children's shows and film events.

The upshot is that rather than each theatre being active in each genre, a degree of consolidation and rationalisation, with each theatre specialising in that which it does best in, would likely improve profitability and overall customer experiences.

5.8 Ticketing and pricing

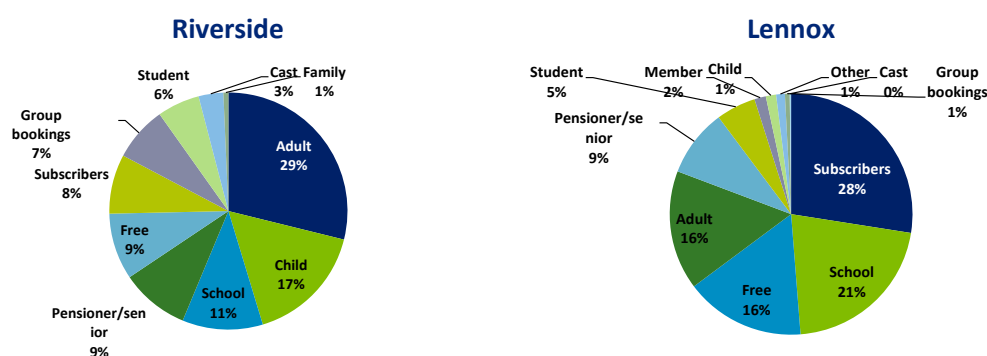
A number of shows put on at Riverside Theatres are heavily subsidised, either by government, by the Theatre itself, or by the producer, and as such will have a relatively low ticket price. Similarly, some shows will have a high ticket price because of the hirer's need to ensure they make a commercial return on the production (i.e. they need to re-coup the cost of hiring the theatre in the ticket prices).

Nevertheless, a review of detailed ticketing data for Riverside's season shows yields some useful insights and may assist in increasing revenue in the short term. Chart 5.6 breaks

down the total number of tickets sold to ‘season’ performances at both the Riverside and Lennox theatres. A number of comments are worth making:

- Free tickets account for only 9% of Riverside’s, and 16% of Lennox’s, ticket mix. Given the high number of unsold seats, there may be a case for simply giving away more tickets – say, to performers and their friends/families. That way there would at least be *someone* on an otherwise empty seat, and chances are that person would at least buy a drink or a program while at the show.
- Similarly, group bookings make up a small share of total ticket sales. This may be because the discount is not large enough. For example, the discount for riverside theatres (off the standard adult price) is \$3, and for Lennox it’s \$6.

Chart 5.6: Tickets sold for ‘Season’ shows, Riverside and Lennox theatres



Source: Deloitte analysis of Riverside ticketing data

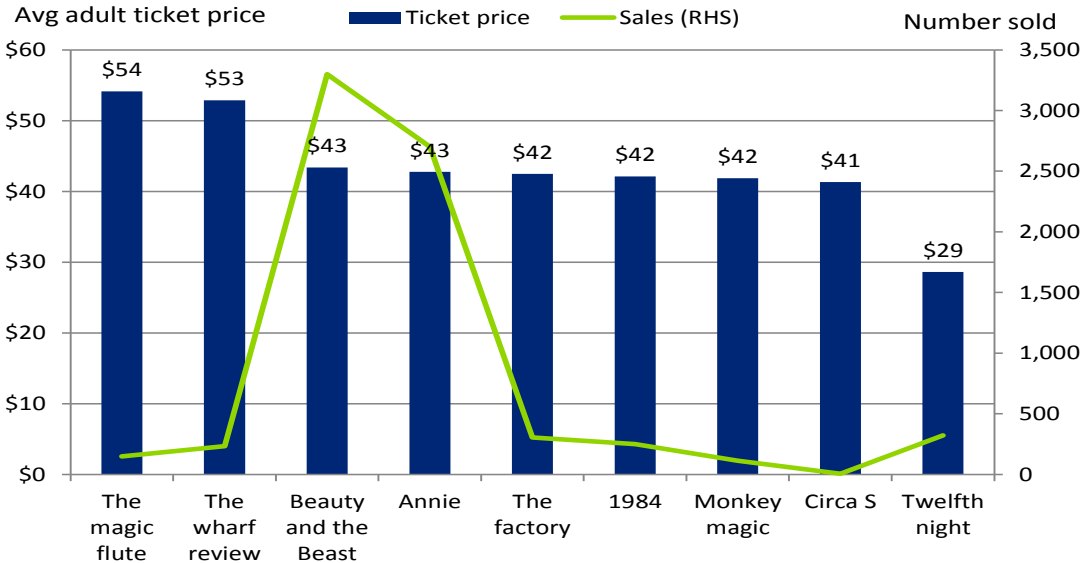
Finally, it is worth noting that although the similar income profile between Riverside attendees and that of its catchment areas indicates that in general ticket prices seem to be on par with peoples’ willingness (and ability) to pay, focussing on ticket prices for individual shows yields a key insight.

Specifically, the most popular shows of the season – Beauty and the Beast and Annie – had average ticket prices \$10 below the highest priced shows – The Magic Flute and the Wharf Revue. It is also notable that both Beauty and the Beast and Annie had the highest share of full price tickets of all the shows – 38% and 32% respectively – indicating demand in the community for these shows.

It is recognised that a key factor determining the ticket price is the nature of the show – the Magic Flute was a professional performance, for example, whereas the Beauty and the Beast and Annie productions were ‘pro-am’. But many of the people attending the show won’t care too much about whether it is put on by professionals or by amateurs – they are simply going for the name or prestige of the show.

The raw ticketing data provided showed around 18 different types of ‘subscriber’ ticket. For the purposes of this analysis, ticket types were re-categorised into 11 broader categories considered sufficient to appeal to all types of consumer. Not only might this make it easier for people to book tickets, but it would also greatly reduce administrative burden and make analysis easier to carry out.

Chart 5.7: Ticket revenue and prices, Riverside theatre season shows



Source: Deloitte analysis of Riverside ticketing data

Key Point

Seating vacancy rates in the main theatre (Riverside) are likely to be indicative of a range of commercial and venue related factors. In any event, the quantum of vacant seats and share of full price tickets indicates one opportunity to expand venue revenue considerably.

While the longer term solution is likely to involve a review of Riverside’s current performance mix (see next section), this will be assisted by a strategic review of the use of ticket discounting, including giveaways.

5.9 Western Sydney’s Performing Arts Patronage

Using data from the ABS’s survey of performing arts venues we have estimated the total number of Western Sydney residents attending each type of show that Riverside Theatres puts on. As shown in Table 5.6, contemporary music has the highest attendance rate, at 29% of the population. By contrast, Riverside’s key genres of ballet, musical theatre and theatre have attendance rates of less than 20%, and Riverside’s estimated share of Western Sydney attendance in all cases is quite low.

This, combined with the high number of empty seats from Riverside’s shows, limits the extent to which Riverside is currently likely to benefit from growth in the broader Western Sydney catchment area.

Table 5.6: Western Sydney patronage, by genre 2013

	WS attendance (% of pop'n)	WS attendance	RS attendance (% of WS attendance)*
Ballet and Dance	11%	172,979	16%
Children's/Family	15%	238,045	5%
Circus and Physical Theatre	16%	260,262	0%
Classical Music	9%	149,175	1%
Comedy	25%	396,742	0%
Contemporary Music	29%	464,981	0%
Musical Theatre	17%	265,023	10%
Opera	17%	265,023	0%
Theatre	16%	260,262	16%
Film	16%	260,262	3%

Source: ABS 4114, Deloitte estimates

As shown, Riverside currently captures relatively small proportions of Western Sydney's total attendance 'pie' per genre.

5.10 Unmet venue demand

- This section estimates the number of additional attendees and revenue that Riverside Theatres could conceivably attract by simply capturing its most immediate market – those already attending Riverside Theatres. This approach assumes Riverside could meet this demand by expanding the number or type of events that Riverside attendees are currently attending elsewhere.

Section 5.5 discussed the extent to which Riverside attendees also attend other venues. Intuitively, any regular customer of Riverside that also attends another venue could be considered some form of unmet demand – i.e. money that has gone elsewhere instead of Riverside.

Roughly 30% of respondents in the survey, totalling some 280 people, indicated that they had gone elsewhere to see a theatre or a musical show. In theory all of these people represent potential revenue for Riverside. In practice however, a number of them would simply be 'theatre buffs' who attend many shows regardless of where they are. The group that represents 'true' unmet demand is the group of people who attended a show at another theatre because Riverside did not offer it.

It would be nearly impossible to accurately estimate the size of this latter group. Given this, and in order to obtain an estimate of unmet demand, we have assumed that only those who went elsewhere to see shows in genres that Riverside is not currently active in represent 'true' unmet demand. Thus, we have assessed 'true' unmet demand to be stemming only from people who went to see Comedy or Contemporary Music shows at other theatres.

- This section estimates the number of additional attendees and revenue that Riverside Theatres could conceivably attract by simply by capturing its most immediate market – those already using Riverside and other stated venues. This approach assumes Riverside could meet this demand by expanding the number or type of events that Riverside attendees are currently attending elsewhere.

- This analysis also support the unmet demand by Parramatta and Western Sydney households estimated in the previous Chapter. The benefit of using two approaches is the provision of an 'upper' and 'lower' estimate of the real level of unmet demand for performance arts space across the region.

Chart 5.8: Unmet demand estimation

	Share of customers going elsewhere for...	Number of customers going elsewhere...	Potential extra revenue
Comedy	4%	4,587	\$145,426
Contemporary music	9%	9,720	\$321,156
Total		14307	\$466, 582

Source: Deloitte analysis.

Key point

Given attendance at performing arts events by Western Sydney residents is projected to grow strongly in coming years; and Riverside's current market share and seating vacancy rates – this represents both a medium and long term opportunity for Riverside's to expand its capacity to take advantage of an overall increase in the market for performance art.

Specifically, this analysis has identified a considerable amount of unmet demand, both from Riverside's current attendees and the broader region. For example, contemporary music and comedy markets are a source of current strong unmet demand.

6 What do consumers, producers and hirers need from a venue?

6.1 Hirers and producers

The analysis involved a market sounding exercise with a small sample of hirers and producers considered relevant to Riverside's future. Consultations were conducted with the following organisations;

- Sydney Theatre Company,
- Arts NSW,
- Packemin Productions,
- Gordon Frost Organisation,
- Joan Sutherland Performing Arts Centre,
- Ambassador Theatre Group,
- Parramatta City Council,
- Glenda Yee Dance School,
- Wakakirri Schools Dance Festivals.

While hirers and producers were generally happy with the quality of facilities offered by Riverside, concerns were raised that the type of shows on offer did not suit the demands of the broader market, and also that Riverside's facilities are not adequate to put on the types of shows most in demand. Certain concerns were raised in relation to the acoustics of Riverside Theatres not being of sufficient quality for many contemporary music performances. However, this comment was generally from commercial music hirers perhaps with expectations that do not meet a 'spoken word' theatre like Riverside.

It was also generally agreed that a key factor in determining the success of a facility is its size. It was commented by a number of stakeholders that in Australia, theatres generally need to be of a certain size in order to achieve 'critical mass' – i.e. in order to ensure the costs of operating the theatre are sufficiently offset by attendance at the theatre.

For comedy and contemporary music shows, which it was broadly agreed were key markets in which Riverside should be active, it was generally commented that the current size of Riverside's largest theatre – 761 seats – is insufficient to achieve optimum results. Put simply, the theatre is not able to seat enough people for these types of shows to be worthwhile.

From a hirer's perspective, key success factors are the cost of hiring the facilities, the ability to sell a sufficient number of tickets to re-coup that cost, and the facilities themselves. In the context of contemporary music and comedy shows, it was not generally considered that Riverside is currently competitive against alternative venues such as the Enmore Theatre, and that a bigger theatre would assist its competitiveness in this regard.

While the broader recommendation of a larger sized theatre held through across most of the consultations, some disagreement appears to exist on what is the optimum size. In other words, while

all agreed that nobody wants a large theatre that is just going to sit vacant most of the time, there was disagreement over exactly how big is *'too big'*.

Riverside's current operating structure was also discussed during consultations. It was generally commented that a more commercial arrangement would be optimal – one which provided sufficient incentives to a commercial entity to handle the day to day operations of the theatre in a profit maximising, efficient manner. That said a specific, uniform recommended structure did not come out during the consultations, and all those consulted understood the current operating mandate of Riverside Theatres.

In relation to customers, a consistent theme was *'don't worry about trying to bring people from Eastern Sydney, focus on ensuring that people from Western Sydney don't have to travel east to see the shows they want to see'*. It was widely understood that the predominate market base for regional theatres such as Riverside is the local catchment area, and it was agreed that the current service offering does not appear to be fully in line with what people want to see.

6.2 Consumers

Consumer satisfaction with Riverside was assessed by a community survey conducted by Parramatta City Council in 2012 of respondents on Riverside Theatre's mailing list – the same survey was used to generate much of the key findings discussed in the previous chapter.

Broadly speaking the survey indicates a very high degree of satisfaction with Riverside Theatres:

- 94% satisfaction with Riverside amongst respondents
- 9 in 10 respondents likely to recommend Riverside
- Riverside is seen as convenient, local, intimate and comfortable
- Riverside saw a significant improvement in perception between 2011 and 2012 compared to other theatres

A key negative was a lack of comfortable seating in Lennox Theatre, which may also be behind the relatively poor occupancy rates for that theatre discussed in the previous chapter. 50% of respondents also indicated that they would like to be able to select their seats at time of booking through electronic means.

Finally, many respondents felt that the outside areas of Riverside was not being adequately utilised, and a common suggestion was some form of 'food and show' or 'drinks and show' arrangement with nearby venues.

In terms of barriers to attendance, the most common response (by 36% of respondents) was that there are not enough shows of interest. Theatre, musicals, comedy and live music were the most popular choices of genre for increasing attendance rates. The next most commonly cited barrier to attendance (by 28% of respondents) was that it is deemed too difficult to attend shows midweek. This is a particularly interesting finding, particularly in the context of the 'journey to work' analysis presented in Appendix A, which shows that the working population is somewhat different to the residential population.

The following provides a general summary of the needs of each stakeholder group, and a ranking of issues in order of priority.

Stakeholder group	Source	General finding	Need for Larger venue	Precinct development	Audience development	Commercial model	Perception/ location	Willingness to partner	Market demand
Consumers	Venue survey, consultations	General high satisfaction with venue. Minor amenity improvements.	NA	NA	NA	NA	NA	NA	NA
Producers	Consultation	Venue size and location seen as highly important.	H	M	M	H	L	M	H
Hirers	Consultation	Venue size and commerciality of operation seen as highly important.	H	M	H	M	L	H	M
Other	Industry experts, consultation	Western Sydney potential to develop its 'own market'.	L	L	H	M	M	M	H

Issues are rated as; High (H), Medium (M) or Low (M) levels of importance

7 Is there competition from other venues?

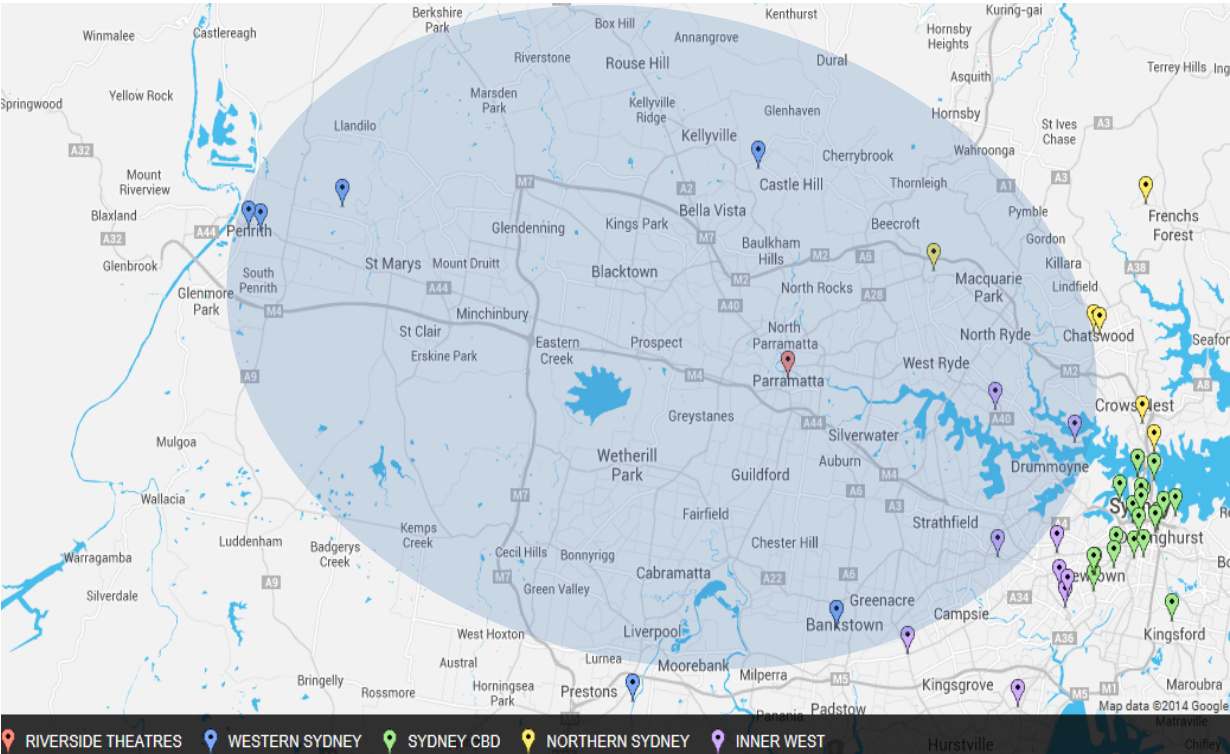
This Chapter provide an analysis of the supply of Performance Arts venues across Western Sydney and Eastern Sydney.

7.1 Greater Sydney venues

Western Sydney currently has 7 competitive performance arts venues (see Appendix E), while Eastern Sydney has 40 venues. In total these venues represent approximately 3,174 seats in Western Sydney, compared to 27,634 seats in Eastern Sydney.

As shown in the following map, Western Sydney appears to be under represented in both the number and capacity of Performance Arts venues.

Chart 7.1 Competing Performing Arts venues within 30 minutes average travel time from Riverside Theatres



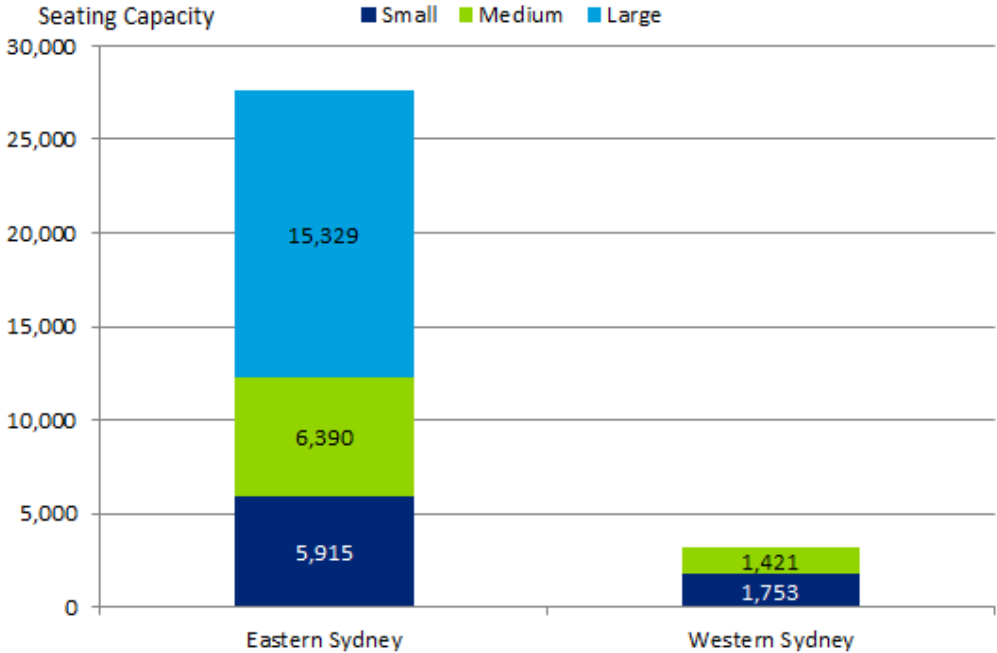
Source: Deloitte analysis

Western Sydney has a lack of large scale (>1,000 seats per theatre) venues, which contrasts with Eastern Sydney with more than half to the total seating capacity in large theatres. Overall, the above map shows the significant differences in theatre availability in Eastern Sydney relative to Western Sydney.

Western Sydney’s major competitive venues, shown above include:

- Riverside Theatres
- Joan Sutherland Performing Arts Centre
- Casula Powerhouse Arts Centre
- Campbelltown Arts Centre
- Pavilion Theatre
- Bankstown Arts Centre Theatre
- Henry Lawson Theatre

Chart 7.2: Facilities in Western Sydney



Source: Deloitte analysis.

On a per capita basis the difference is even more pronounced. Eastern Sydney is estimated to have 15 theatre seats for every 1,000 people, compared to just 2 in Western Sydney. The Sydney CBD is estimated to have roughly 150 theatre seats per 1,000 people.

Table 7.1: Theatre seats per 1,000 people Eastern Sydney v Western Sydney

	Eastern Sydney	Western Sydney
Small	3	1
Medium	4	1
Large	9	0
Total	15	2

Source: Deloitte analysis of venue information.

7.2 Accessibility of East Sydney venues

It was stated during consultations that Eastern Sydney has an adequate supply of Performance Arts venue to more than service the current (and future) Western Sydney market. This was qualified with the suggestion that travel into Sydney was part of the theatre ‘experience’ for Western Sydney attendees.

However data on the average propensity of residents in both Western Sydney and Eastern Sydney to travel for non-work purposes (including leisure activities) varies by only 2 minutes.

Table 7.2 Maximum non-work travel time

	Max. non-work travel time
Western Sydney	19- 20 minutes
Eastern Sydney	17-18 minutes

Source: NSW Bureau of Transport Statistics. Data includes one travel direction only.

This indicates that Western Sydney residents will only travel marginally more (2mins more) for leisure purposes than their Eastern Sydney counterparts.

This data indicates that it is no more realistic to expect Western Sydney residents to travel more than their marginal capacity (shown above) to attend performance arts events in Sydney CBD, than it would be to expect Eastern Sydney residents to travel to Western Sydney for the same purposes.

7.3 Equity of access to venues

The NSW Government has a policy objective of providing all new jobs within 30mins travel from place of worker residence. Further, 50% of all new jobs in Sydney are planned to be delivered in Western Sydney in order to address the current imbalance of local jobs in Western Sydney, versus Eastern Sydney.

If a similar policy was applied to cultural venues, the above analysis would support the argument that a significant inequity exists in terms of the equity of access to performance arts venues by Western Sydney residents.

Further, during this analysis only a few other performance art venues were identified as being considered or currently under planning. These included discussion of a performance arts venue in the Barangaroo development, and potential for the existing Casula Powerhouse to be relocated into Liverpool CBD. However, neither of these proposals would significantly address the inequity of performance arts venues in Western Sydney.

Key point

Western Sydney is currently underserved in terms of the number of competitive performance arts venues, and total seating per capita.

Given the travel times required by Western Sydney residents to access Theatres in the Eastern Sydney - it is unrealistic to expect Western Sydney residents to utilise such theatres, and vice-versa.

8 What mix of genres would best fit the venue's mandate, the site and the market?

The following is a summary of performance art genres that would best fit with the venues mandate, site constraints and market opportunities.

Scale

High priority	1
Medium priority	2

	Current strength	Market opportunity 5 Year +	Fit with current mandate	Site fit	Ranking
Ballet and dance	Yes	Steady	Yes	Yes	1
Children's/ family	Yes	Strong	Yes	Yes	1
Contemporary music	No	Strong	Yes	TBC	1
Musical theatre	Yes	Strong/ Varied	Yes	Yes	1
Theatre (script)	Yes	Varied/ Strong	Yes	Yes	1
Festivals**	Yes	Varied/ Strong	Yes	Yes	1
Circus, Physical theatre	No	Varied	Yes	Yes	2
Classical music	No	Steady	Yes	Yes	2
Comedy	Yes/ No	Strong	Ye	Yes	2
Other*	Yes	Strong	Yes	TBC	2
Film	Yes	Varied	Yes	Yes	2
Opera	No	Varied	Yes	Yes	2

Source: Deloitte analysis. *Other may include corporate and business functions, or new commercial uses not yet defined. **Refers to major multi-category Festivals only.

8.1 Recommended facility improvements

A range of factors were considered in recommending the optimal number and capacity of future Riverside Theatre's venues. These factors as discussed in this analysis include;

- General market demand
- Likely future trends in performance arts
- Competition and supply of competitive venues
- The needs of consumers, producers and hirers
- Site constraints
- Cultural and functional mandate/ role of Riverside
- Profitability and margin on investment

In consideration of all these factors, Riverside Theatres has the potential to support a larger reconfigured venue that meets both some of the current areas of focus for Riverside, along with positioning the venue to take advantage of likely demand and trends that are anticipated to occur within the geographic catchment, and performance arts sector that Riverside caters for.

The scope and focus of the redevelopment to include;

Riverside Theatre

- Riverside Theatre expanded to a minimum of 1,100 seats with capacity to expand/ or be re-fitted up to a maximum of 1,500 – 1,600 in the future.
- Venue planning to consider the needs of full commercial hirers.
- Main theatre to meet the requirements of genres in order of priority, as shown in chapter 9.

Lennox Theatre

- Lennox expanded to 400 seats to cater primarily for pro amateur musical and script based theatre.
- Venue planning to consider the needs of future genres in order of priority, but in support of new main theatre.

Raffertys Theatre

- Expansion to 150 seats to cater for the widest range of performance genres and other uses. Low cost venue with a variety of back of stage services

Support facilities

- Front and back of house, along with rehearsal spaces scaled up in line with the needs of the expanded theatre spaces.

9 Feasibility of change

This Chapter provides high level advice on the likely financial and commercial attractiveness of various venue reconfigurations. This was done to support decision making in regards to the redevelopment of Riverside Theatres. This analysis used the following assumptions and approach:

Assumptions and approach

- The following options to expand the venue were identified;
 - Retain the 760 maximum theatre capacity
 - Expand maximum theatre capacity to 950
 - Expand maximum Theatre capacity to 1,100
 - Expand maximum Theatre capacity to 1,600

Each of the above options also includes a commensurate scaling up of the venues secondary Theatres, such as Lennox and Raffertys.

- Assumptions were then made about which genres of performance art were most likely to 'take up seats' in various expansions of the Theatre. This was based on the market outlook by genre completed in Chapter 8. Genres were then given a rank according to their forecasted ability to expand into a larger venue. Ranks included

Growth rank	Genre
1	Ballet and Dance
	Children's/Family
	Contemporary Music
	Musical Theatre
2	Theatre
	Circus and Physical Theatre
	Classical Music
	Comedy
3	Other
	Film
	Opera

- The number of tickets currently sold by each genre at Riverside was then expanded by the following percentages for each reconfigured venue.

Growth rank	750 seat	950 seat	1100 seat	1600 seat
1	25%	50%	75%	100%
2	15%	25%	50%	50%
3	10%	25%	50%	50%

4. The number of new tickets considered likely to be sold under each configuration was then calculated, and then multiplied by current average ticket prices charged by Riverside Theatres.

Results

As shown below, additional gross venue profit of each reconfiguration was then estimated.

Additional gross venue revenue

750 seat	950 seat	1100 seat	1600 seat
\$1,792,887	\$2,126,571	\$2,581,374	\$2,798,947

The above figures show the magnitude of additional venue profit that will be created as a direct result of investing in Riverside's expansion.

However to express the above results in a more meaningful way, these results were expressed as a 'payback period' that it would take for the additional gross venue profit of each option to repay, at face value only, the cost of each redevelopment.

To do this, total development costs of each option (shown below) were then divided by the additional profits estimated to be created by each option. This resulted in the 'years to repay' comparison shown below.

Years to repay investment

	750 seat	950 seat	1,100 seat	1,600 seat
Total Development costs*	\$39,520,000	\$57,200,000	\$74,880,000	\$113,273,018
Years to re pay	22.0	26.9	29.0	40.5

*Source: Cox Richardson, Schuler Shook, Master Plan Option report 2013, DAE estimates.

It should be noted that this 'face value' approach makes various assumptions about both the costs involved in determining venue profit, and about how any debt may be serviced. As such it is provided for indicative illustrative purposes only.

Sensitivity analysis

A range of sensitivity analysis was conducted to assess the impact that various possible interventions that Riverside could use to accompany any redevelopment. This analysis was considered in the context of Riverside being able to take advantage of a growing market for Performance Art in Western Sydney over the coming years.

Within this context, some of the practical ways Riverside could improve its commercial performance upon establishing expanded facilities, include:

- Partly funding the redevelopment via a grant or subsidy
- Increasing ticket prices
- Selling more tickets (within existing venue capacity rates)

- Increase venue profitability (say, via alternate arrangements with hirers), or
- A combination of the above

Sensitivity 1 – Partly fund the redevelopment via grant or subsidy

Years to pay with...	Years to repay			
	750 seat	950 seat	1,100 seat	1,600 seat
10% grant funding	19.8	24.2	26.1	36.4
25% grant funding	16.5	20.2	21.8	30.4
50% grant funding	11.0	13.4	14.5	20.2

Obviously, the larger proportion of the redevelopment that could be funded via a grant the quicker the payback period would be.

Sensitivity 2 – Increasing ticket prices

Years to pay with...	Year to repay			
	750 seat	950 seat	1,100 seat	1,600 seat
5% increase in ticket prices	21.0	25.6	27.6	38.5
10% increase in ticket prices	20.0	24.5	26.4	36.8
20% increase in ticket prices	18.4	22.4	24.2	33.7

An expanded facility may be expected to achieve higher ticket prices. As shown, with across the board ticket price increase, the venue would yield the above payback periods. Obviously, the ability of any venue to increase prices has its limits.

Sensitivity 3 – Increasing ticket prices and selling more tickets

Years to pay with...	Year to repay			
	750 seat	950 seat	1,100 seat	1,600 seat
5% increase in ticket prices <i>and</i> ticket sales	19.1	23.3	25.1	35.0
10% increase in ticket prices <i>and</i> ticket sales	17.5	21.3	23.0	32.1
20% increase in ticket prices <i>and</i> ticket sales	15.0	18.3	19.7	27.5

If Riverside was able to increase *both* its prices and ticket sales at the time, the payback period for alternate venues would, at best, range from between 15 and 27.5 years.

Sensitivity 4 – Increasing venue revenue

Years to pay with...	Year to repay			
	750 seat	950 seat	1,100 seat	1,600 seat

5% increase in profitability	21.0	25.6	27.6	38.5
10% increase in profitability	20.0	24.5	26.4	36.8
20% increase in profitability	18.4	22.4	24.2	33.7

Again, the limits of improvements in profitability are limited by many of the industries common fixed production costs. As shown, improvements in profitability alone would only reduce payback periods to between 18.4 and 33.7 years.

Sensitivity 5 – A combination of factors (optimal)

Years to pay with...	Years to repay			
	750 seat	950 seat	1,100 seat	1,600 seat
25% grant funding <i>and</i> 10% increase in ticket sales <i>and</i> 10% increase in ticket prices <i>and</i> 10% increase in revenue.	12.4	15.2	16.3	22.8

More likely is a scenario where a combination of factors (shown above) is used to improve the venues commercial likelihood of success. If a moderate approach is assumed regarding the venues capacity to improve tickets sales, prices and profitability, and only 25% is grant found, then the payback periods appear to improve.

As discussed a greater level of understanding in terms of these factors are required for future decision making.

Conclusions

It is clear from the above analysis that gaining a grant or subsidy to fund the development has the greatest impact on supporting the venues longer term commercial attractiveness. Other factors such as increased pricing, ticket sales and ways to improve profitability will also support the venues ability to achieve commercially acceptable pay back periods.

10 What other critical success factors are required to be considered for redevelopment?

Throughout the analysis a range of key success factors were identified as important to ensure that any proposed reconfiguration Riverside was successful. These factors are discussed below.

Audience development

Attendance at Performance Art events is partly driven by the level of appreciation one has for performance art. Appreciation can be developed by regular positive experiences that stimulate interest in future attendance. Regular early life experiences at performance art events were expressed in the consultations as an important way to develop Western Sydney's market.

Capability to meet future full commercial theatre hirers

If the venue is to consider some component of commercial operation within the next 20 years, this needs to be considered in venue redevelopment plans.

Develop unique Western Sydney cultural performance product

As an important piece of cultural infrastructure, Riverside has an opportunity to play a leadership role in the development of the cultural and performance arts sector market. The opportunity for local cultural groups to grow a unique Western Sydney cultural offering should be considered in the redevelopment.

The opportunity may exist to plan any future facility in support of the specific needs of Western Sydney indigenous population, or other cultural groups highly represented in Western Sydney.

Venue orientation

Various views exist on which direction to best orientate the frontage of the venue. Views include orientating the primary frontage towards;

- Church Street - to integrate with cafes, restaurants, pedestrians
- Parramatta River - to interface with the River and future Lennox Car Park development
- Market Street - to integrate with open space offered by Prince Alfred Park

Operating model options

Commercial hirers all expressed views on how their organisation would prefer to be involved at Riverside. Ideas suggested by commercial hirers included the use of management agreements, or operating licences being issued to commercial third parties. However other forms of operating models could include:

- Council owned and managed, with program development contracts

- Council owned and privately operated under management contract to provide full service theatre service
- Council owned and privately operated under management contract for commercial theatre services only
- Provision of theatre services under a non-venue specific licence
- Private owned facility and contracted to provide (general or targeted) theatre services
- Theatre developed under a build own operate and transfer model
- Private owned and managed (i.e. fully contestable delivery model)

Cultural precinct

Internationally there are many successful examples of cultural lead approaches to local economic development. Places like Nashville (US) and Leicester (UK) have developed international reputations based off their performance arts industries. More broadly, the redevelopment of Riverside could be considered as not only a cultural investment, but a direct investment in the economic development of Western Sydney.

Partner with Lennox Car Park site development

Lidis Group is seeking to develop a major site on the opposite side of Parramatta River to Riverside Theatres. Currently proposed is a 1,000 seat Convention Centre and a 'Discovery Centre'. Opportunities to develop commercial and operational synergies with this project should be explored by Riverside to ensure complementarity.

Consideration of location

A range of discussions questioned if there was scope for a relocation of the Riverside Theatres to another site in proximity to the Parramatta CBD. Ideally, other locations may be able to offer greater amenity and interface with support facilities. Redevelopment at a new site would minimise disruption to programming that may occur if intensive construction was to occur at Riverside.

Sponsorship and membership opportunities

Nationally, corporate sector sponsorship is expected to play a greater role in supporting performing arts. Opportunity could exist to secure future corporate partners during redevelopment. For example, as a not for profit, corporate sponsors could 'purchase a brick' in the redevelopment, or secure corporate naming other rights on an annual or once off basis.

Similar approaches to corporate, family or individual membership programs could also be developed in line with redevelopment.

How community support is galvanised in this regard could include uses of a professional third party to implement a plan of attracting greater philanthropy and sponsorship to fund Riverside's future operations and redevelopment.

Surrounding urban development

Parramatta has a range of major urban development projects in proximity to Riverside. Combined these developments will transform Parramatta and Western Sydney over the next 20 years. The majority of these developments (shown below) will directly add to the

mix of cultural and commercial opportunities of the region. Riverside could play a key in providing cultural services/ events within this broader trajectory of local growth.



A Western Sydney Cultural Institution

Many of the consultations emphasised the need for a broader governing entity charged with the cultural development of Western Sydney, including an ability to fund events and cultural infrastructure such as Riverside Theatres.

11 Case Studies of successful cultural precincts



Gold Coast Cultural Precinct, QLD

The City of the Gold Coast has recently started construction on the \$5.6 million, 11 hectare landmark Gold Coast Cultural Precinct. The site aims to activate cultural and artistic activity which is in turn energised by an array of facilities including cafés, restaurants, production studios and showrooms. The Gold Coast has the advantage of the 2018 Commonwealth Games being the ideal platform to showcase the city's "culture and creativity to the world" (Major Tom Tate). The new cultural precinct features a 'Living Arts Museum' consisting of an outdoor centre stage amphitheatre, 1200 seat theatre and additional spaces for activities such as live gigs and civic functions. The Precinct will involve a rich and ever-changing artistic program which aims to build the soft infrastructure of the Gold Coast, encouraging creative spirit and building cultural networks.

Economic Benefits:

- Stage one of the precinct will invest \$365 million into the local economy
- Cultural activities contribute approximately 1.5% of GRP for city, equivalent to \$400 million annually
- The construction of the precinct will create over 1300 jobs, and 200 ongoing jobs
- Gold Coast tourism contributes \$3.5 billion to the economy and attracts nearly 12 million visitors annually. The development of the precinct will encourage further tourism and spending in the area



Brooklyn Academy of Music, NYC

The Brooklyn Academy of Music (BAM) is a not for profit performing and cinema arts centre. BAM was founded in 1861 and is America's oldest performing arts institution. The institution shows over 200 stage performances annually and puts on an additional 75 free performances per year. BAM now serves as the central hub of Downtown Brooklyn's Cultural District. The Cultural District is home to nearly 50 arts and cultural organisations which play a key role in the community and economic development of the area. Downtown Brooklyn has experienced a significant amount of change over the last 10 years transforming the district into a key economic area for New York City. Downtown Brooklyn has received \$3.5 billion in new private investment since 2007. The District's current development plan will invest over \$100 million in new facilities for the arts transforming the area surrounding BAM into a world class cultural epicentre.

Economic Benefits:

- The Downtown Brooklyn Partnership estimates attendee's spend \$18 million per year on event-related activities
- Downtown Brooklyn has received \$3.5 billion in new private investment since 2007, creating over 1,000 new jobs and 7.9 million square feet of new space
- 70% of the Downtown Brooklyn Arts Alliance employ more than 1,200 people, hold over 2,300 exhibitions and performances annually and host 2.7 million people per year through their programming



Curve Theatre (Cultural Quarter), Leicester UK

The ultra-modern Curve Theatre is the heart and soul of the St. George area of Leicester's Cultural Quarter. The Cultural Quarter boasts an array of facilities including award winning restaurants, gallery spaces, several diverse nightlife hotspots and venues to house the city's emerging contemporary music scene. As a result of cultural development the St. George area has been transformed from a state of disrepair to the vibrant cultural hub that it is today. The Curve theatre is one of the most technically advanced theatres in the UK and has hosted world renown shows such as 'The King and I', 'Swan Lake' and is home to the celebrated Annual Comedy Festival. The development of the Curve Theatre and surrounding facilities has stimulated significant investment in the area, with several new developments already underway. Leicester is already in a great position for further development, being one of the most well connected cities in UK.

Economic Benefits:

- The cities performing arts sector spend £4.3 million alone with local suppliers
- Audiences spend a significant £17 million in local restaurants and other conveniences
- The annual Leicester Comedy Festival alone generates £1.19 million from audience expenditure and an additional £0.59 million from indirect expenditure
- Over £1 billion investment in iconic new developments in the area

Other cultural precincts may include:

- Brisbane City – Draft City Centre Master plan 2013
- Ballarat – Cultural Precinct
- Newark, New Jersey - New Jersey Performing Arts Centre

12 Conclusions

Economic

1. The forecast growth of Western Sydney over the coming decades represents a major opportunity for Riverside Theatres to capitalise upon. This opportunity is not only a market opportunity – but an opportunity to play a growing role in the cultural development of Western Sydney.

Venue and industry

2. Riverside maintains a vibrant mix of annual performance arts shows, with particular strengths in musical and script based theatres, ballet and dance, film and family/ children shows.
3. As shown, compared to national and state trends, Riverside does not currently meet potential demand for certain commercial forms of performance art, particularly contemporary music and professional musical theatre.
4. Nationally, the number of performance arts venues is expected to consolidate over coming years – however attendance, revenue and employment in the sector will increase. This consolidation is being driven by commercial challenges facing the industry (Source IBIS World, 2014).
5. Key segments where Riverside has the best opportunities to expand seating capacity include; Musical and script-based Theatre, Children’s and Family shows, small Film presentations, Contemporary Music and Comedy.

Demand for venues

6. Over the next 10 years, the growth in aggregate household spending by Parramatta and Western Sydney households at performance arts venues will increase by 75% and 94% respectively. Over the same period Eastern Sydney will grow at 72%. Alternatively, by 2026 Western Sydney households will spend \$560m at Performance art venues, compared to \$554 by Eastern Sydney households.
7. By 2031 spending at Performance Art venues by Western Sydney residents (\$798m) will surpass that of Eastern Sydney (\$774m).
8. Over the past decade, attendance rates at Greater Sydney Performance Arts venues have increased from 51% to 54% of the population who have attended at least one cultural venue or event.
9. In 2013, 86% of Riversides regular attendees (based on a mailing list survey of 938) come from Western Sydney – with the top origin LGA being the Hills Shire, followed by Parramatta.

Supply of venues

10. 57% of 'regular' Riverside attendees from the Riverside Theatre mailing list survey are aged over 50, a trend not reflective of Parramatta or Western Sydney's population.
11. Parramatta and Western Sydney has significantly higher cultural diversity compared to Eastern Sydney. For example, 18% of Parramatta's population was born in either India or China, compared to 2% of residents in Eastern Sydney – representing an unique opportunity for Riverside to expand through focus on the regions cultural diversity.
12. On average approximately 68% of total seats made available in the Riverside Theatre were occupied, 39% in Lennox Theatre and 45% in Rafferty's Theatre. In total, over 2013-14 it is estimated that some 22,000 available seats in Riverside were unsold (not including set asides), 17,000 in Lennox and 6,500 in Rafferty's.
13. Based on Riverside's mailing list survey we estimate that if Riverside were to capture the current Contemporary Music and Comedy spending of its regular attendees it could earn an extra \$466,000 pa in revenue. Of course, this is limited by economics of venue configuration.

Future need

14. The need for a larger venue, market/ audience development, and greater roles for commercial hirers were identified by Riverside's current and future stakeholders as the top priorities for any future venue redevelopment.
15. On a per capita basis compared to Eastern Sydney, Western Sydney is grossly under serviced in terms of the number of Performance Arts venues. Western Sydney has 2 theatre seats per 1,000 residents, while Eastern Sydney has 15.
16. Western Sydney residents will spend up to 20 mins (one way) travelling for non-work activities, such as performance art events. Eastern Sydney residents will spend only 18 mins for the same purposes.
17. The future location of Riverside Theatres needs consideration if the Theatres are to play their optimal role in support of Parramatta's cultural precinct plans. Our analysis highlighted that a key success factors for future growth is location within a thriving cultural precincts as highlighted by case studies included in this report.
18. Coordination between Riverside's service offerings and Parramatta Council's broader cultural plan will enhance the likely success of any future redesign or redevelopment of Riverside Theatres.
19. Assuming funding can be secured, analysis in this report supports the development of larger theatre facilities.
20. Preliminary modelling indicates that even in the absence of building a larger facility, profit could be increased by as much as 17% simply by improving occupancy rates and by a slight 're-jigging' of the current service mix.

21. The modelling indicates that as the venue gets larger, profit would be maximised by shifting the service offerings more towards genres with higher occupancy rates and ticket prices – namely comedy and contemporary music. Though this modelling is intended merely to be illustrative, the key point is that the current service offering is not revenue maximising.
22. While seating appears to be optimised as the venue gets larger – a range of other key success factors are required to be pursued simultaneously in support of any venue redevelopment.
23. Large scale opera and festivals were note seen as major opportunities for Riversides, while alternate film presentations and other private or corporate uses are worth exploring in any new or expanded venue.

That Riverside Theatres expands from a total seating number of 1,061 to 1,650, with built in opportunity to expand to 2,150 within the next 10-15 years.

Key recommendations

1. Develop a full cost of service model for Riverside’s operations to identify the true cost for delivering alternate genres, the relative revenue performance and nature of any subsidy provided.

This will enable the Riverside to determine the genres that will best be able to support the commercial activity of the theatre and enable an informed decision on the level of support to be provided to others. This analysis will also help the organisation determine whether a single integrated facility or multiple smaller facilities will sustainably meet the market’s needs.

2. Prepare a full Business Case for Riversides redevelopment that includes (in order),
 - a. Determination of the best site and location for Riverside theatres
 - b. Scope of inclusions for the new venue (concept planning)
 - c. The best operational model for the future venue.

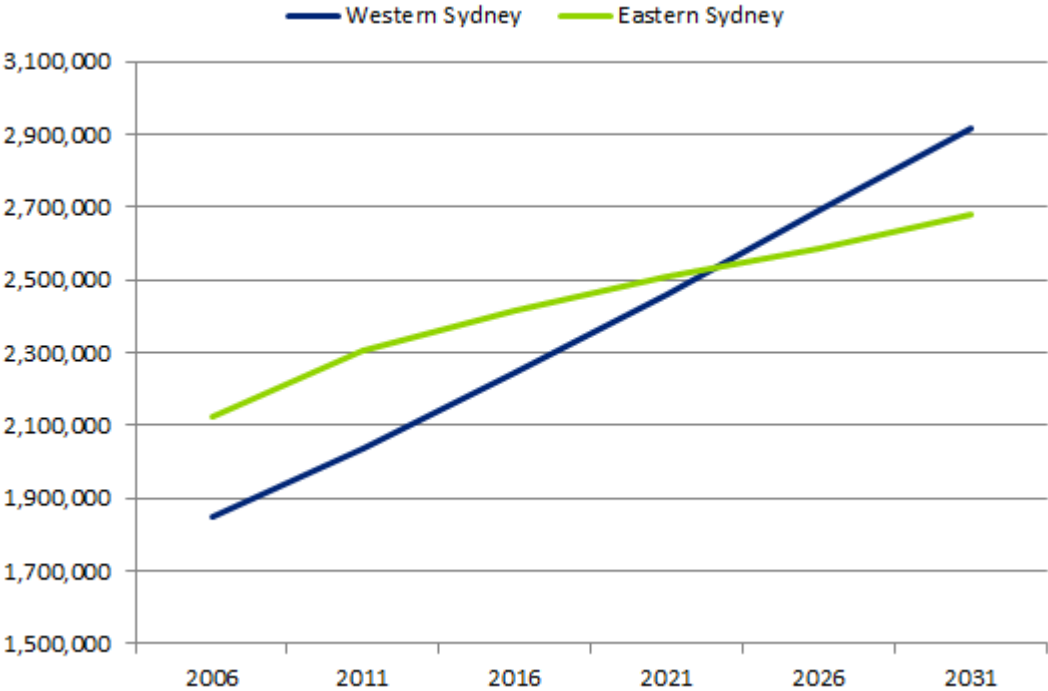
Appendix A: Socio-economic overview of Parramatta & Western Sydney

Population

Much has been written about the burgeoning population growth in Parramatta and its surrounds in recent decades, and the extent to which Western Sydney, as defined by the 14 local government areas listed above, is expected to eventually house more residents than Eastern Sydney (which is defined in this report as greater Sydney minus Western Sydney).

Looking forward, there are a number of trends at play which are relevant to Riverside Theatres. The first is the population of Western Sydney in general. As shown in Chart A.1, official NSW Government forecasts have Western Sydney’s population exceeding that of Eastern Sydney by around the end of this decade. This is a key point when considering the relative lack of performing arts venues in Western Sydney.

Chart A.1: Projected population



Source: NSW BTS

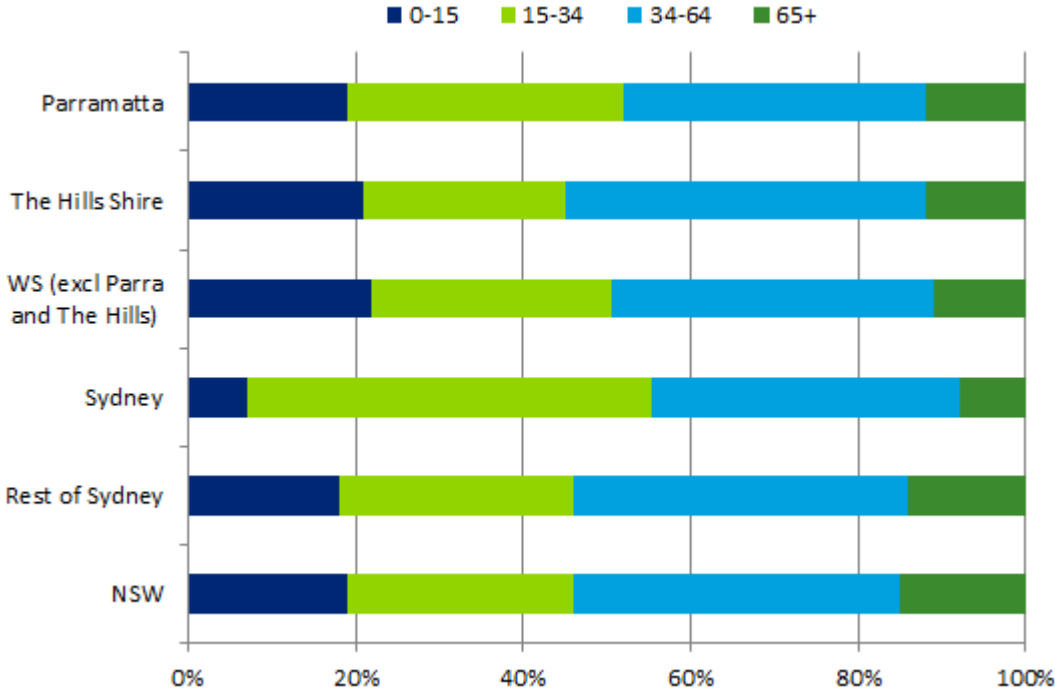
Naturally a key consideration for any performing arts venue is the age profile of its catchment area. A key point that will be drawn out in this report is that the feeder region for Riverside Theatres is almost exclusively Western Sydney, with the biggest feeder

suburbs being Parramatta (unsurprisingly) and The Hills Shire. Both of these locales have a predominately working age population, with a far lower dependency ratio (the ratio of people aged 65 and above to those aged 15 to 64) – of 17% and 17.3% respectively – than that of NSW as a whole (22.3%).

The second trend is Parramatta increasingly becoming Sydney’s ‘second CBD’. Office districts tend to have a younger age profile than a regional district, because of both the type of accommodation on offer (i.e. high density apartments) and the type of people looking to work in the area (i.e. office workers). The differing age profile for the Sydney CBD shown in Chart A.2 above speaks for itself.

Another trend is the ageing population that is happening across Australia, with Parramatta being no exception. Government forecasts have the age dependency ratio of Western Sydney rising from 15% in 2011 to around 24% by 2030. The dependency ratio of Parramatta is equally expected to rise, from 17% in 2011 to 24% by 2030. In other words, the BTS expects the ageing effect to outweigh the ‘office market’ effect in Parramatta.

Chart A.2: Age profile of population, 2011



Source: NSW BTS based on 2011 Census

Key Point

The overall catchment area for Riverside Theatres is growing strongly and is expected to continue this strong growth in the coming years. That said, the age profile of the population will have a strong influence on the type of shows patrons want to see.

If the BTS forecasts prove to be correct, then this would suggest that Riverside's current positioning and marketing – with elderly patrons generally being the largest market – is well positioned looking forward. However, if the 'office market effect' ends up being stronger than is implied by the BTS forecasts, then Riverside's current offering may be geared toward a demographic that is not as strongly represented as current forecasts imply.

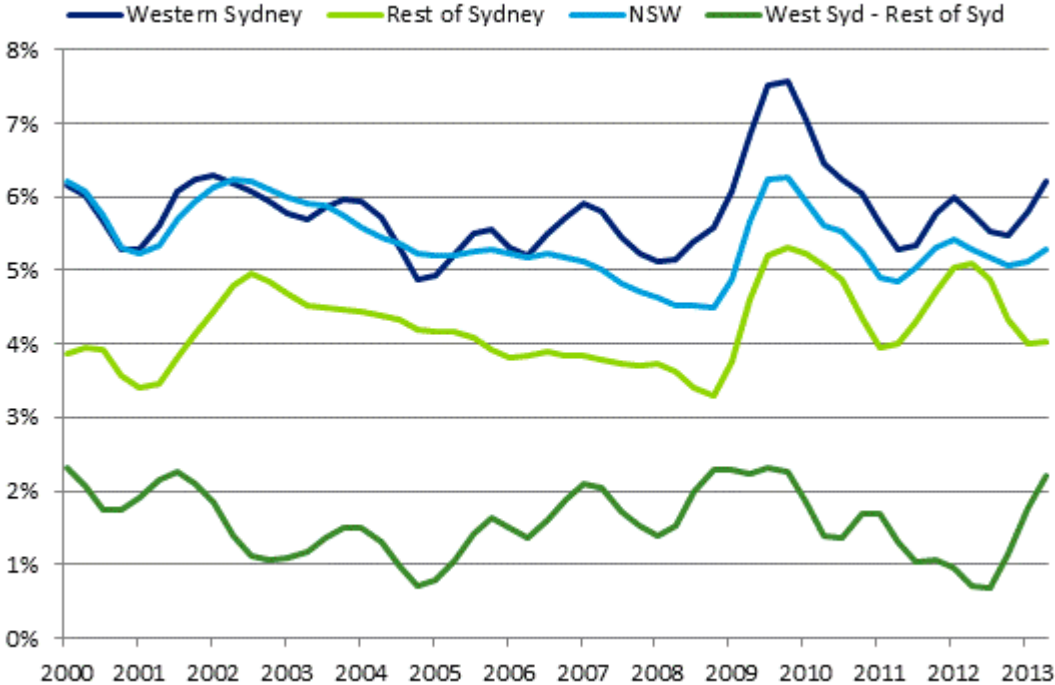
Labour market

Western Sydney traditionally has had an unemployment rate about 2% higher than the rest of Sydney (Chart A.3). This reflects both the relatively higher affluence of the eastern and Northern suburbs, as well as the predominately blue collar workforce in Western Sydney.

For the first half of last decade Western Sydney's unemployment rate fairly closely tracked that of NSW. In the second half of the decade however unemployment in Western Sydney began to rise above that of NSW, with NSW benefitting from a broader industrial base during the GFC.

By contrast, with Western Sydney being a predominately blue collar workforce, and with the blue collar workforce (particularly in manufacturing) being in a general state of decline throughout Australia, the region has found itself generally more susceptible to economic cycles than both the rest of Sydney and the State as a whole. This can be seen by the 'Western Sydney gap' – the dark green line in Chart A.3, being the unemployment rate in Western Sydney minus the unemployment rate in the eastern suburbs – shooting up during the GFC.

Chart A.3: Unemployment rate, 2000-2013

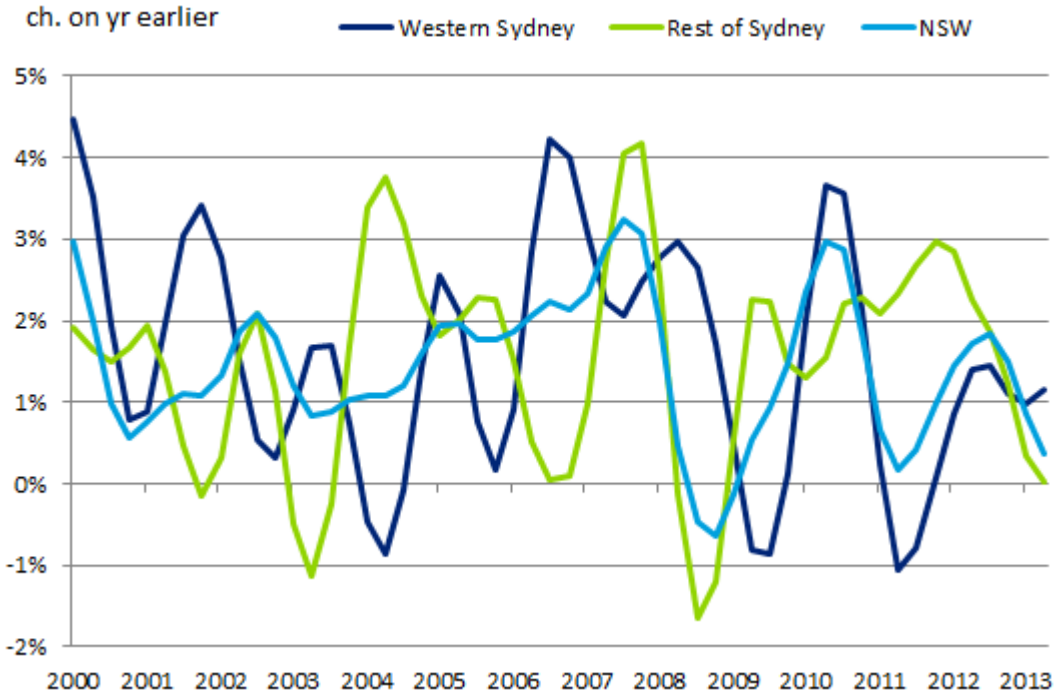


Source: ABS Labour Force Survey. Original data smoothed by Deloitte using a 7 period Henderson trend.

Chart A.4 plots employment growth in Western Sydney with that of eastern Sydney and NSW as a whole since 2000. At the outset it is worth noting that regional level employment data from the ABS’s labour force survey are subject to a considerable level of volatility and uncertainty. Nevertheless a couple key points can be drawn:

- First, there has been many instances in the past in which employment growth in Western Sydney has differed from the State trend, and indeed from that of broader Sydney. The upshot is that viewing Sydney’s performing arts sector as a whole, and not distinguishing Western Sydney, will not account for the unique economic circumstances of Western Sydney.
- Second, whereas employment growth declined toward the end of 2013, Western Sydney appears to have bucked the trend. Based purely on an extrapolation of historical trends, this suggests employment growth going forward will be stronger in Western Sydney than in the eastern suburbs and the State as a whole.

Chart A.4: Employment growth through time



Source: ABS Labour Force Survey. Original data smoothed by Deloitte using a 7 period Henderson trend.

The latter point is supported by official NSW Government employment forecasts. Employment growth in Western Sydney is expected to comfortably outpace that of the eastern suburbs throughout the projection period. Near term employment growth for Parramatta is expected to be slower than in Sydney’s CBD, and throughout the projection period Parramatta employment is expected to grow at a slower rate than broader Western Sydney (though still faster than the eastern suburbs).

That said, the key point is that Western Sydney employment is expected to grow faster than Eastern Sydney throughout the projection period.

Table A.2: Projected employment growth

	2006-11	2011-16	2016-21	2021-26	2026-31
Parramatta	2.1%	1.6%	1.3%	1.1%	1.0%
Sydney LGA	1.1%	2.0%	1.2%	1.0%	0.7%
Western Sydney	2.2%	1.8%	1.7%	1.5%	1.4%
Eastern Sydney	1.5%	1.5%	1.1%	0.9%	0.8%

Source: NSW BTS 2012

Key point

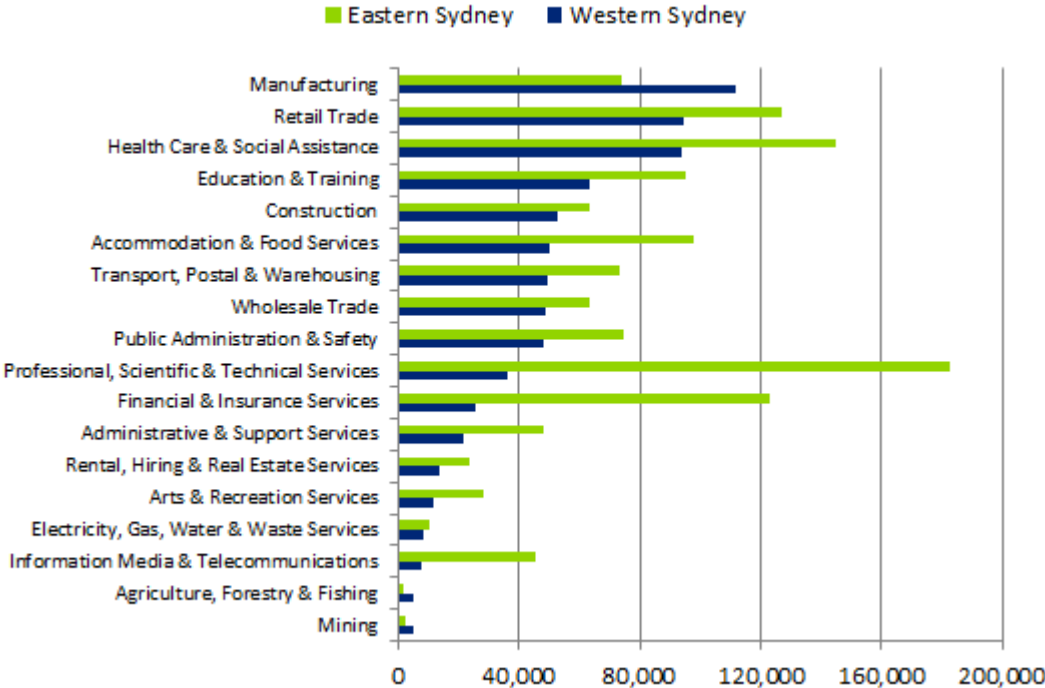
Western Sydney’s key economic indicators – including the unemployment rate and employment growth – have shown considerable volatility in recent years, and have generally appeared more susceptible to economic trends than the eastern suburbs, as illustrated by the jump in the ‘Western Sydney gap’ in the post GFC period.

That said, employment growth in Western Sydney is expected to comfortably outpace that of Eastern Sydney throughout the projection period.

Industrial and educational profile

Chart A.5 highlights the vastly different industrial structure of Western Sydney’s workforce compared to Eastern Sydney’s workforce. Eastern Sydney’s workforce is dominated by highly skilled, white collar industries such as professional services and finance. Health care and retail also make strong contributions to eastern Sydney’s workforce. By contrast, Western Sydney’s workforce is dominated by blue collar industries, manufacturing in particular. Western Sydney’s employment in key white collar sectors, such as professional services, finance and IT, is but a fraction of Eastern Sydney’s.

Chart A.5: Employment by industry, Western Sydney v Eastern Sydney



Source: NSW BTS based on 2011 Census

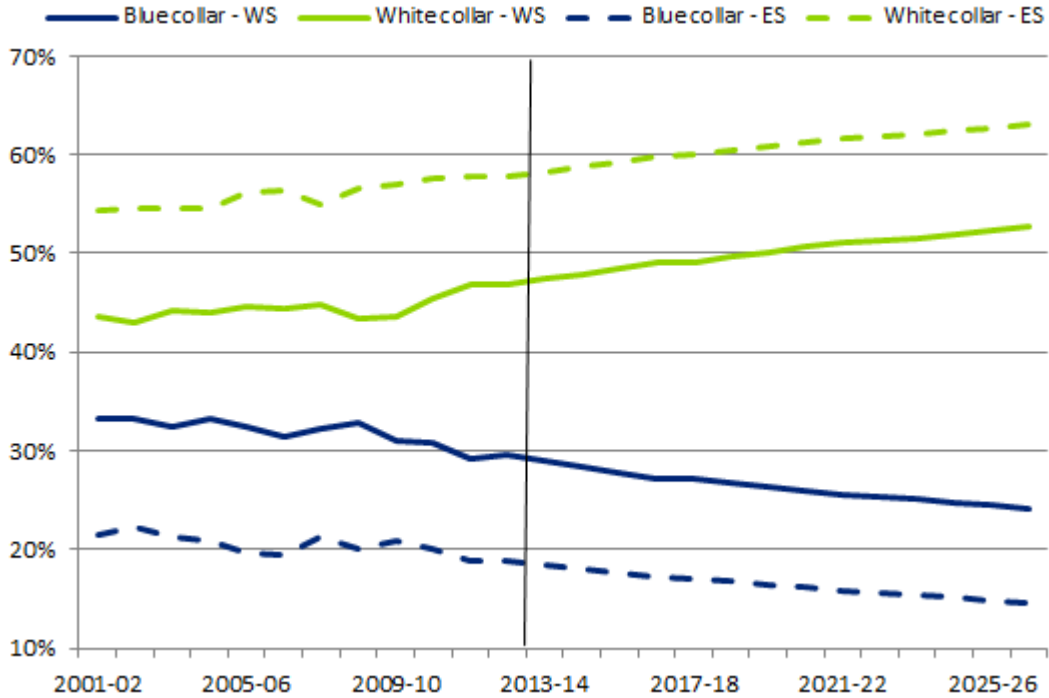
But the industrial structure of Western Sydney’s workfocre has been changing, and is expected to contune to do so. As house prices in the eastern suburbs rise, more and more families have chosen to relocate out west. Similarly, as land in the CBD gets scarcer and scarcer, high office rents will continue to encourage firms both large and small to seek out alternative office markets, of which Parramatta is a key contender.

The upshot is that the industry structure of Western Sydney, historically largely driven by blue collar workers (especially the manufacturing and transport sectors), is becoming more diverse and is beginning to transition more towards white collar workers. Using BTS forecasts we estimate that white collar industries are on track to account for half of Parramatta’s workforce by the end of the decade. Similarly, blue collar industries are expected to account for a progressively smaller share of the workforce, due in large part to the ongoing transformation of manufacturing.

Notably, this trend is not unique to Western Sydney. The rest of Sydney and NSW as a whole are also expected to see a decline in blue collar employment shares and a rise in white collar shares.

Another point worth making though is that within certain blue collar industry groups there is likely to be a degree of upskilling. In other words, in addition to the worforce becoming relatively more represented by traditionally high skilled white collar occupations, it is likely that blue collar occupaitons will themselfs beocme gradually more skilled.

Chart A.6: ‘Blue collar’ vs ‘white collar’ share of workforce

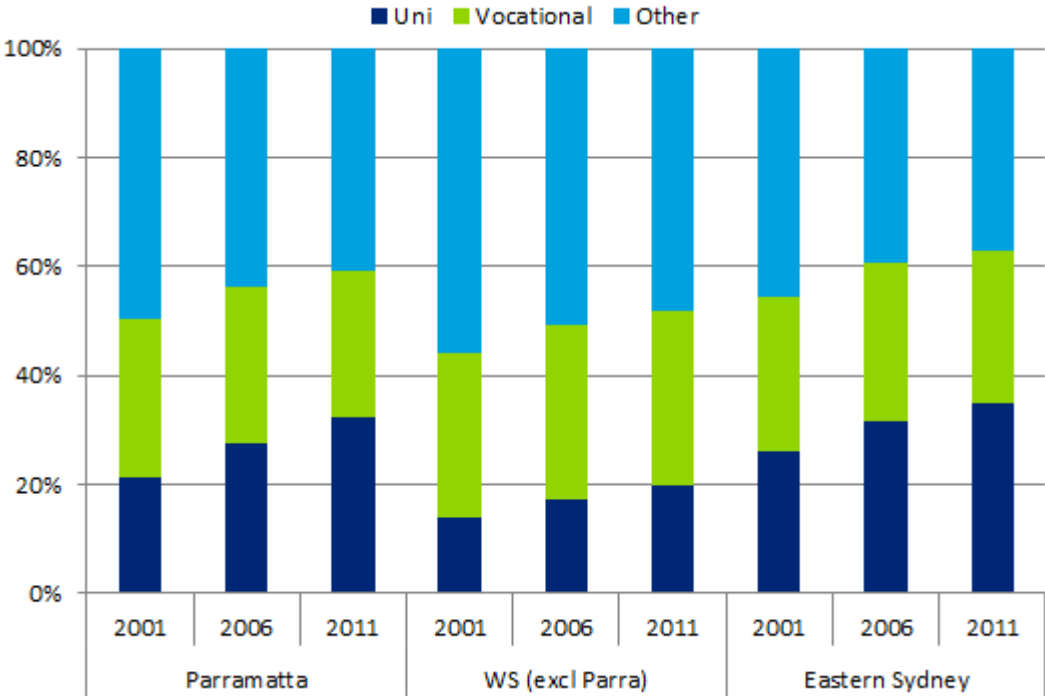


Source: Deloitte estimates based on NSW BTS projections

Chart A.7 shows the share of the population aged over 15 with a vocational or university qualification. The share of the Western Sydney population with a university qualification has grown by some 6% between 2001 and 2011, from 14% to 20%. Of course some of that is explicable by an increasing white collar share of the workforce. But the latter grew by only 3% over the same period, from 49% to 52%.

In other words, not only is the workforce transitioning from blue collar to white collar work, but the remaining blue collar workers are equally becoming more highly skilled. For example, manufacturing is transitioning from low skilled, labour intensive manufacturing to higher skilled, capital intensive manufacturing.

Chart A.7: Qualification mix of the population, 2001 to 2011



Source: ABS 2011 Census

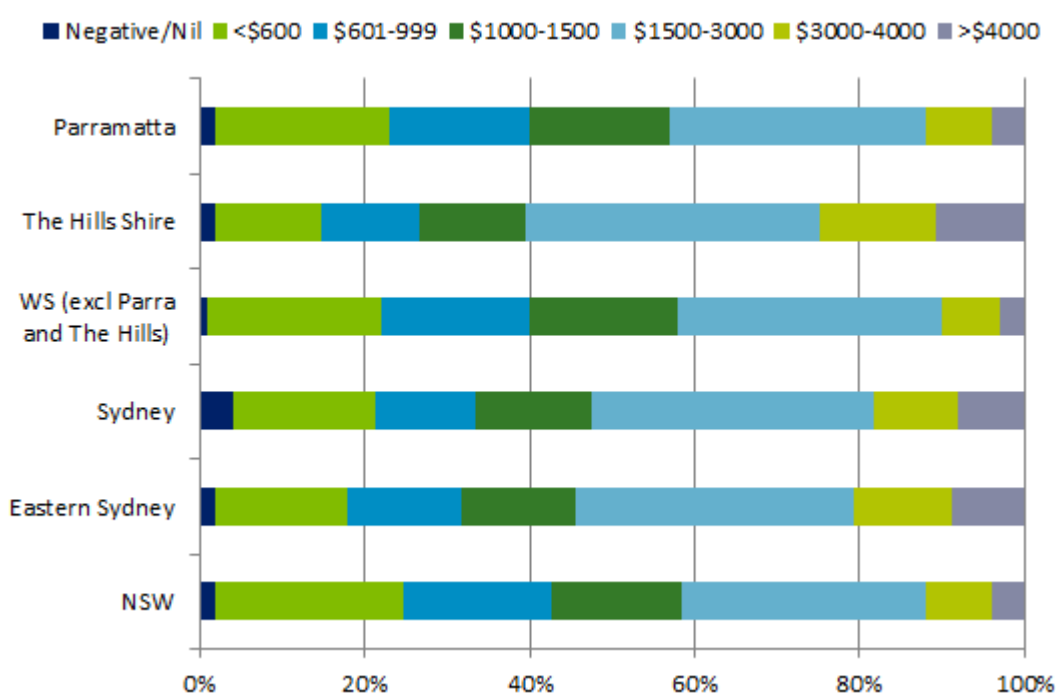
Key point

Attending performing arts venues is a recreational pursuit; the more disposable income people have the more money they will have to spend on performing arts. And since in general terms, white collar workers tend to have more disposable income than blue collar workers, the current industry trends auger well for Riverside’s future market base.

Income and wellbeing

Owing to its different industrial makeup Western Sydney has a generally lower income profile than the rest of Sydney, with a higher share of low income households (<\$1000 a week)– 40% compared with just over 30% for the eastern suburbs. That said, the two biggest source markets for Riverside Theatres – Parramatta and the Hills Shire – have a differing profile. Parramatta’s income profile is broadly similar to the State average, while the Hills Shire is a considerably more affluent area with a higher share of very wealthy households (>\$3,000 a week) than even the Sydney CBD.

Chart A.8: Income profile of population



Source: NSW BTS based on 2011 Census

Based on LGA level data from the BTS we estimate that average household income in Western Sydney has in fact grown at a slightly slower rate than Greater Sydney between 2006 and 2011. Parramatta incomes have equally grown slower than greater Sydney’s but faster than the Western Sydney average. In absolute terms the average Hills Shire resident is considerably wealthier than both the remainder of Western Sydney and of Greater Sydney.

But the Hills Shire accounts for only around 30% of Riverside’s customer base. Importantly, a large chunk of its customer base has a lower average income than the eastern suburbs.

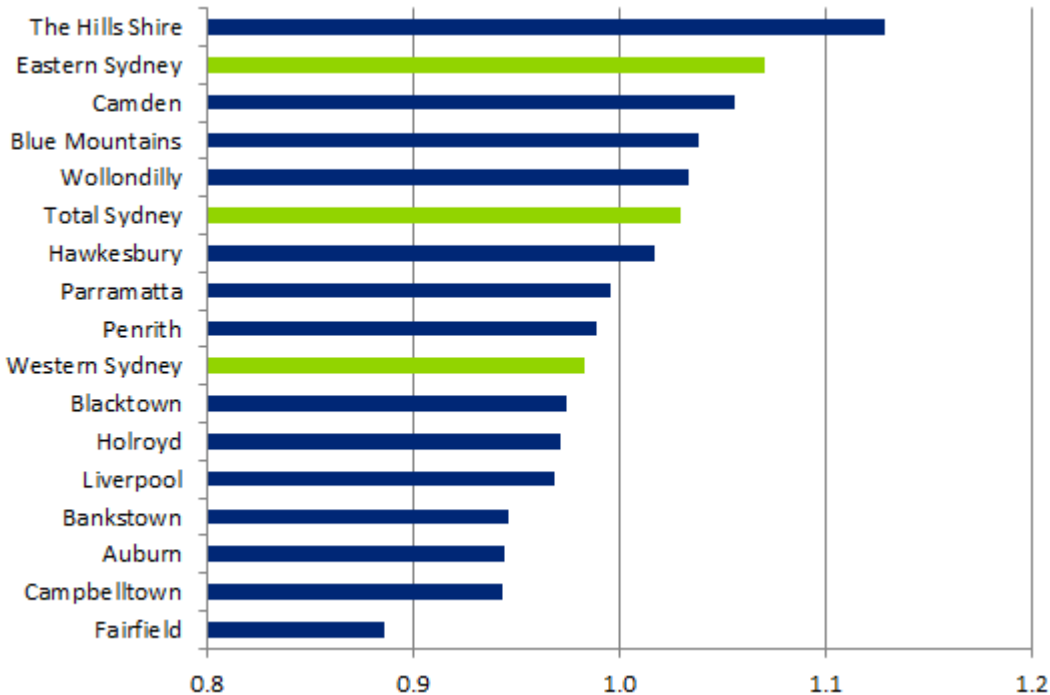
Table A.3: Average household income, 2001 to 2011

	2001	2006	2011	2001-06	2006-11
Parramatta	\$881	\$1048	\$1283	3.5%	4.1%
The Hills Shire	\$1492	\$1706	\$2040	2.7%	3.6%
WS (excl Parra and the Hills)	\$893	\$1062	\$1283	3.5%	3.9%
Greater Sydney	\$1107	\$1320	\$1635	3.6%	4.4%
Rest of Sydney	\$988	\$1173	\$1444	3.5%	4.2%

A similar point can be made by looking at the ABS’s SEIFA index, which ranks LGAs according to their relative socioeconomic advantage or disadvantage. A higher score indicates a greater level of advantage relative to disadvantage; however note that the scores ascribed to individual regions are meant merely as comparators relative to other regions, and do not have any ordinal value in and of themselves. The insight to be gleaned from Chart A.9 is simply which regions are relatively advantaged or disadvantaged compared to key aggregates; these are shown by the green bars.

The chart clearly shows the relative disadvantage in Western Sydney compared to the eastern suburbs. And perhaps most importantly for Riverside Theatres, with the exception of the Hills Shire, all of its key feeder regions (Parramatta, Holroyd, Blacktown, Hornsby) score relatively poorly on the SEIFA rankings.

Chart A.9: SEIFA index by LGA

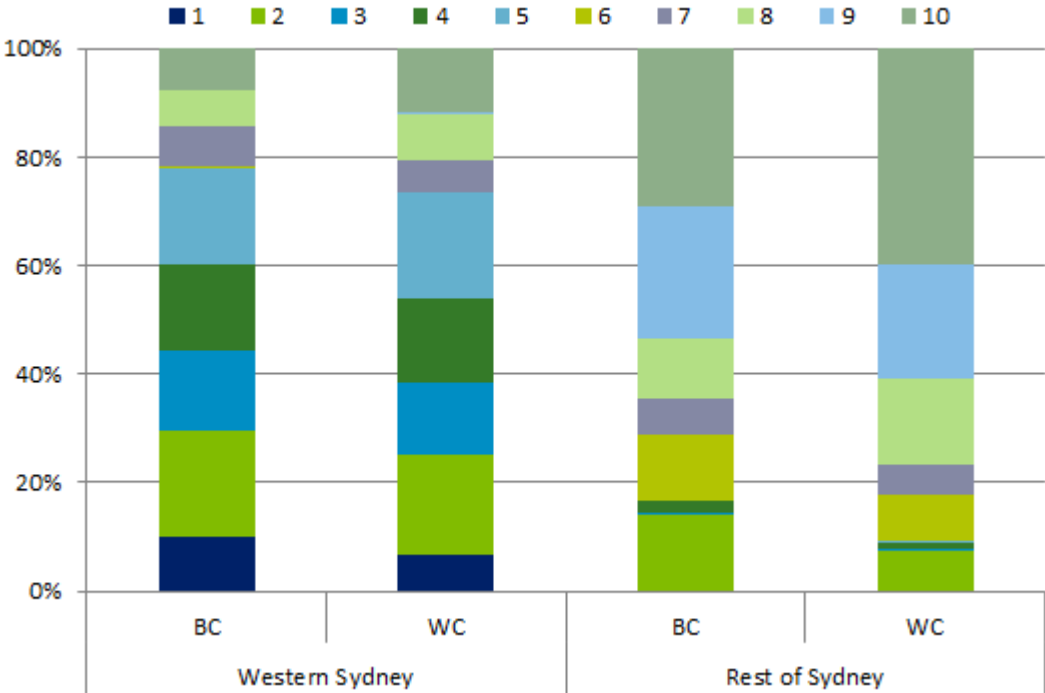


Source: ABS

Chart A.10 examines whether or not there is some sort of geographical bias by looking at the share of total workers in each SEIFA decile. A decile of 5 is considered the ‘midpoint’, with anything higher than 5 relatively advantaged, and anything lower than 5 relatively disadvantaged.

Across both Western Sydney and the eastern suburbs, blue collar workers are less likely to reside in a higher ranked region. But it is clear that some sort of ‘area bias’ does exist – 60% of blue collar workers in Western Sydney reside in a relatively disadvantaged region, compared to only 16% in the eastern suburbs.

Chart A.10: Share of workers by industry and SEIFA decile



Source: ABS.

Key point

Despite a promising future, Western Sydney residents remain relatively lower skilled and lower paid than eastern Sydney. The challenge for Riverside Theatres is how best to cater for a rapidly changing socioeconomic and demographic customer base, while at the same time appealing to its current audience. The rapid growth in incomes notwithstanding, at present Western Sydney's (and Parramatta's) population base remains relatively lower skilled and relatively less wealthy than those in the eastern suburbs.

The types of shows that people in the eastern suburbs want to see are not necessarily the same as those that people in the western suburbs want to see. This, combined with the knowledge that the vast majority of Riverside attendees are Western Sydney locals, strongly supports a bespoke marketing strategy focussed not so much on attracting patrons from the eastern suburbs, but rather on ensuring that Western Sydney residents need not travel outside of Western Sydney to see the shows they want.

Journey to work

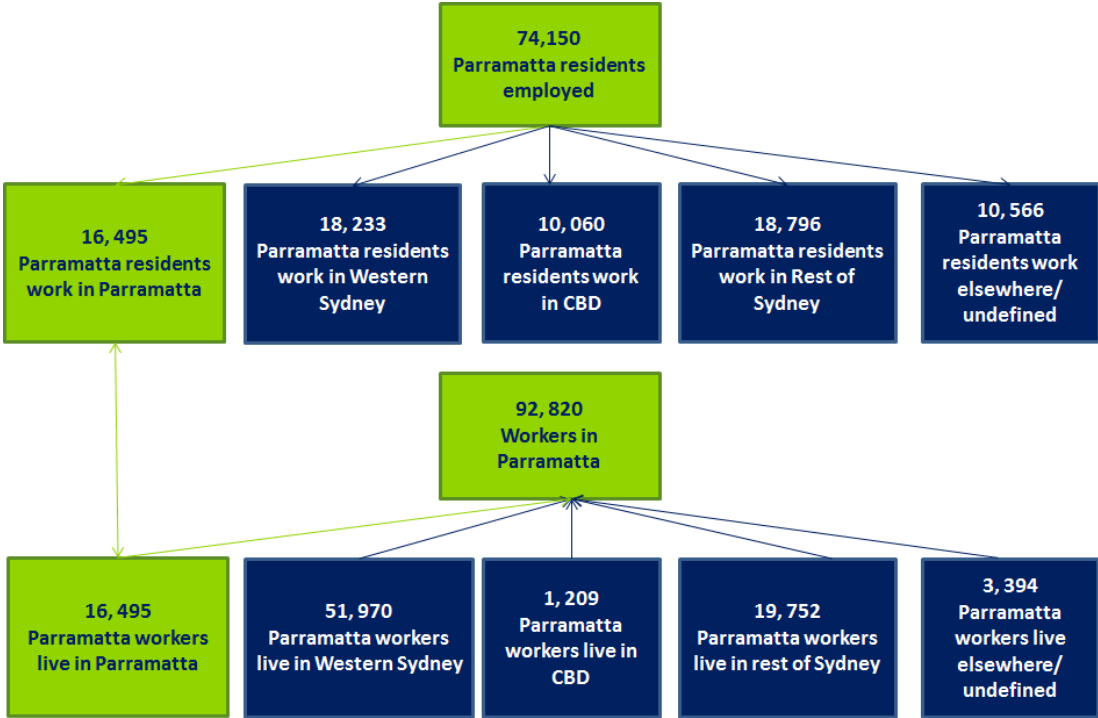
An analysis of where residents live versus where they work gives an indication of the extent to which the population of Parramatta changes, both during the day, and comparing weekdays to weekends.

It is clear Parramatta has a very mobile population. About 40% of employed residents who live in Parramatta work in the eastern suburbs (noting that this figure in itself is an underestimate since it excludes around 10,000 people who did not record their place of work). Similarly, almost a quarter (23%) of people who work in Parramatta live in the eastern suburbs.

In other words, Parramatta 'exports' around 40% of its residents, and 'imports' nearly a quarter of its workforce. The discussion to date has focussed on people who *live* in Parramatta, since data provided by Riverside indicated that the vast majority of attendees reside in the local area.

It is notable however that during the day, some 40,000 residents *are not* in the Parramatta LGA, while at the same time some 22,000 residents from the eastern suburbs *are* in the Parramatta LGA. To the extent that the weekday profile of Parramatta differs from its weeknight/weekend profile, it means that performances during the week may have a different feeder market to performances on the weekend.

Figure A.1: The journey to work for Parramatta residents



Source: ABS, Deloitte analysis

Key point

A thorough understanding of customer base is a central aspect of any business strategy. But for a very transient area such as Parramatta, two populations are worth profiling – the population during the day, and the population at night and on weekends. The majority of Riverside’s shows offer both weekday and weekend viewings, and thus have a potentially very different customer base from which to draw.

Given that the vast majority of Riverside attendees live within Western Sydney, an untapped opportunity may lie in attracting those who work in Parramatta but live elsewhere. A detailed examination of those workers’ characteristics (their incomes, ethnicity, industries of employment, etc.), while beyond the scope of the current project, would assist in understanding the extent to which these workers may represent a potential untapped market for Riverside Theatres.

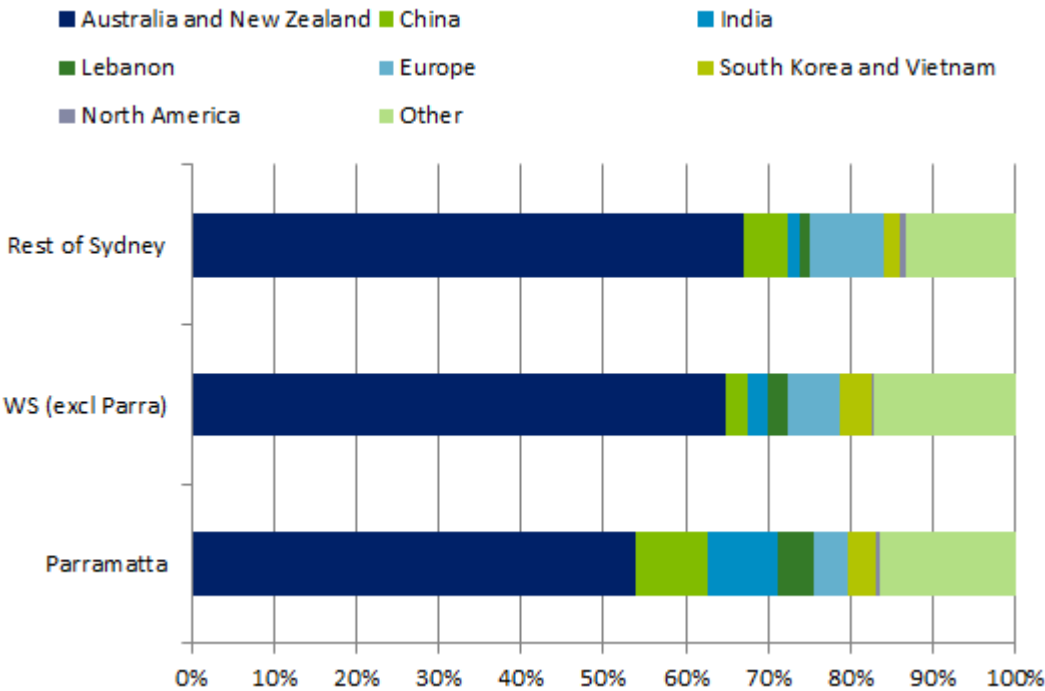
Cultural mix

Stakeholder consultations did not suggest that peoples’ cultural heritage was a significant driver of theatre attendances, and data do not exist that would allow an assessment of the extent to which certain cultures might be more or less inclined to attend certain types of shows.

Nevertheless it is noteworthy that Parramatta has a far more diverse population base than the remainder of Western Sydney and of the eastern suburbs in general. Indian born residents, for example, account for 9% of Parramatta’s population compared to just 1% of the eastern suburbs’, while Chinese born residents account for 9% of Parramatta’s population and just 1% of the eastern suburbs’.

In general about 65% of Western Sydney’s population is from Australia or New Zealand, and roughly 55% of Parramatta’s. Interestingly though, 85% of regular theatre attendees who responded to Parramatta City Council’s Riverside Theatres satisfaction survey (which will be discussed in detail in Chapter 2) spoke only English at home. In other words, Riverside’s attendance base is over-represented by Anglo Saxons and under-represented by non English speakers.

Chart A.11: Cultural mix - Parramatta, Western Sydney and eastern Sydney



Source: Deloitte analysis.

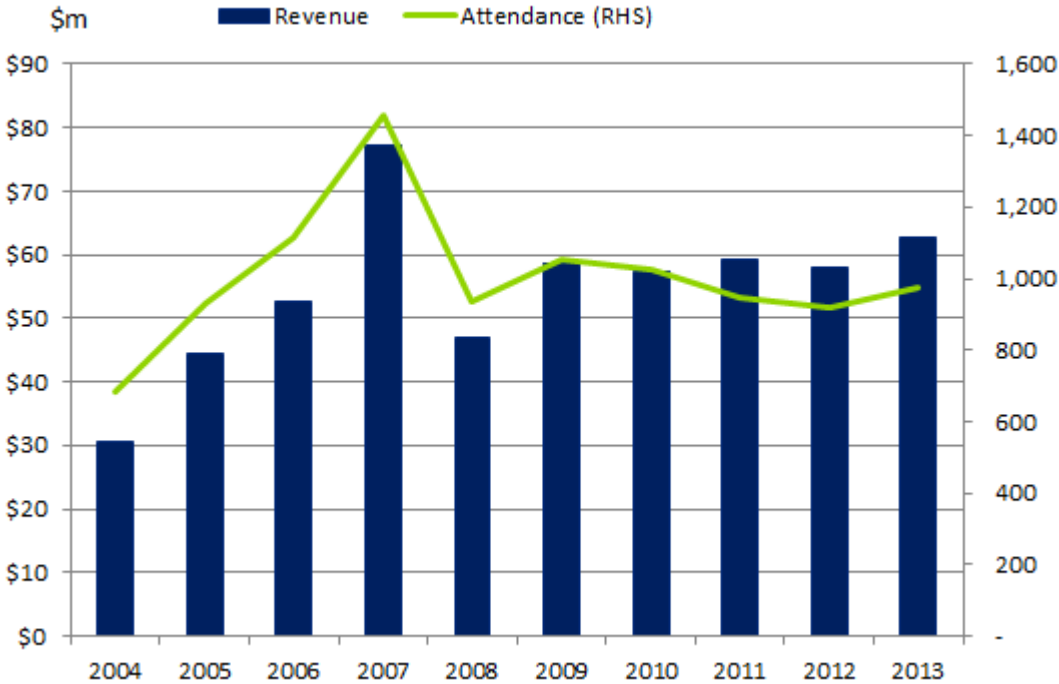
Appendix B Analysis of key market segments and future trends

Revenue and Attendance by Category

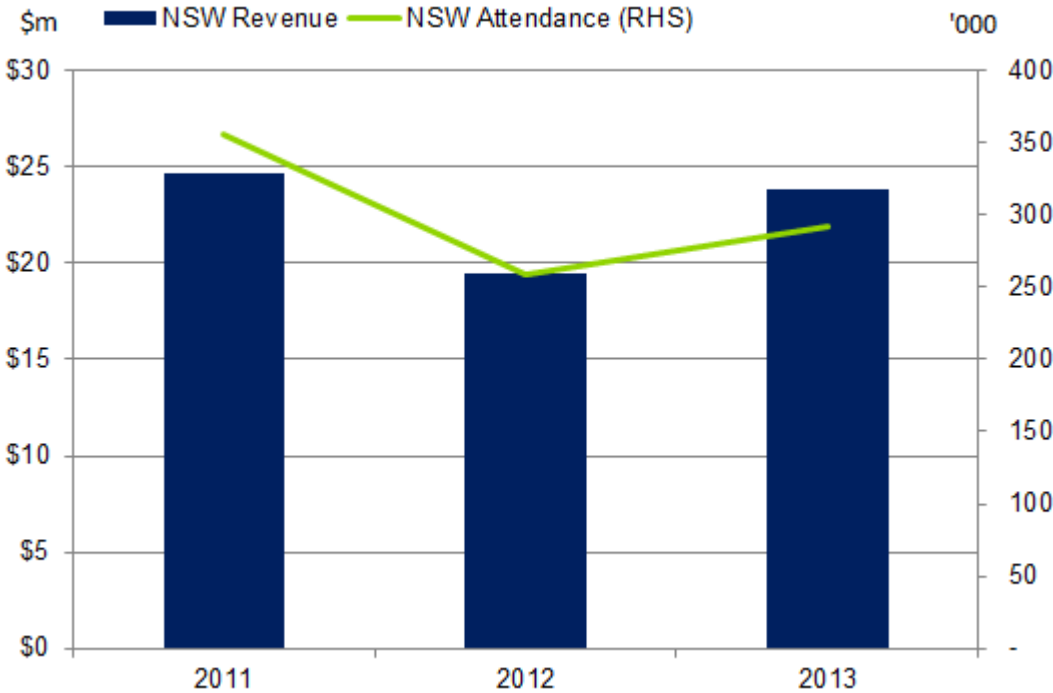
This section presents findings from Live Performance Australia’s surveys in relation to aggregate attendance and revenue for each type of performing arts event. Throughout the section charts are provided showing total revenue and attendance, first and an Australia wide level and then at a NSW level. Due to a lack of data NSW data are provided for only 2011-2013. With a couple exceptions Australia wide data are provided from 2004-2013.

Ballet and Dance

This market segment includes ballet, contemporary dance and other dance companies. The Australian Ballet is a major source of demand within this market.



Source: Live Performance Australia

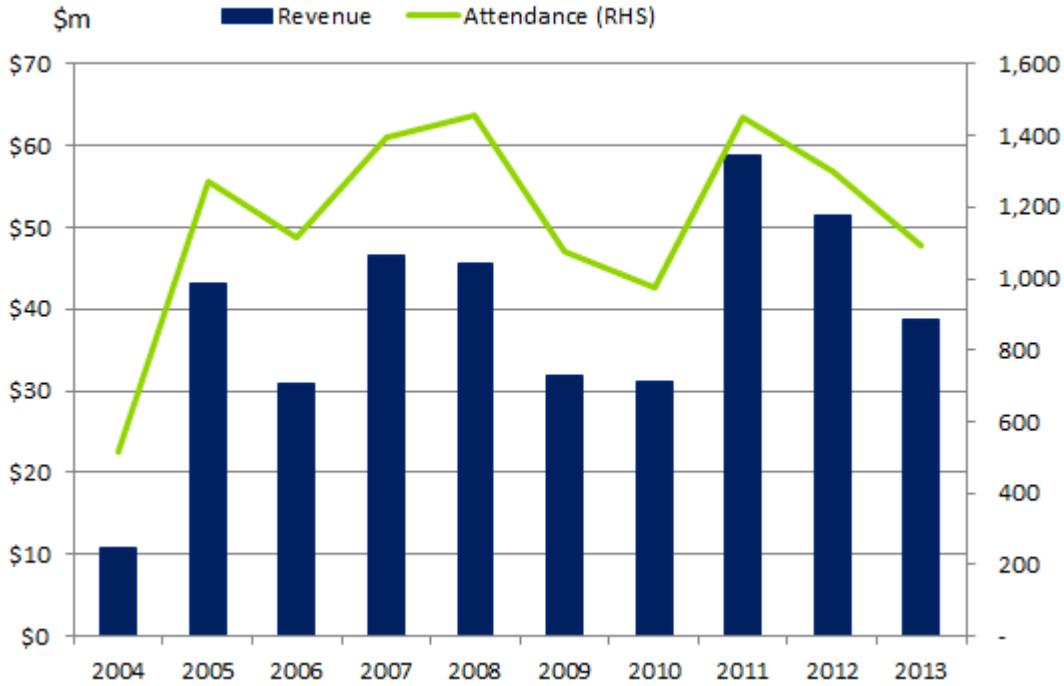


Source: Live Performance Australia

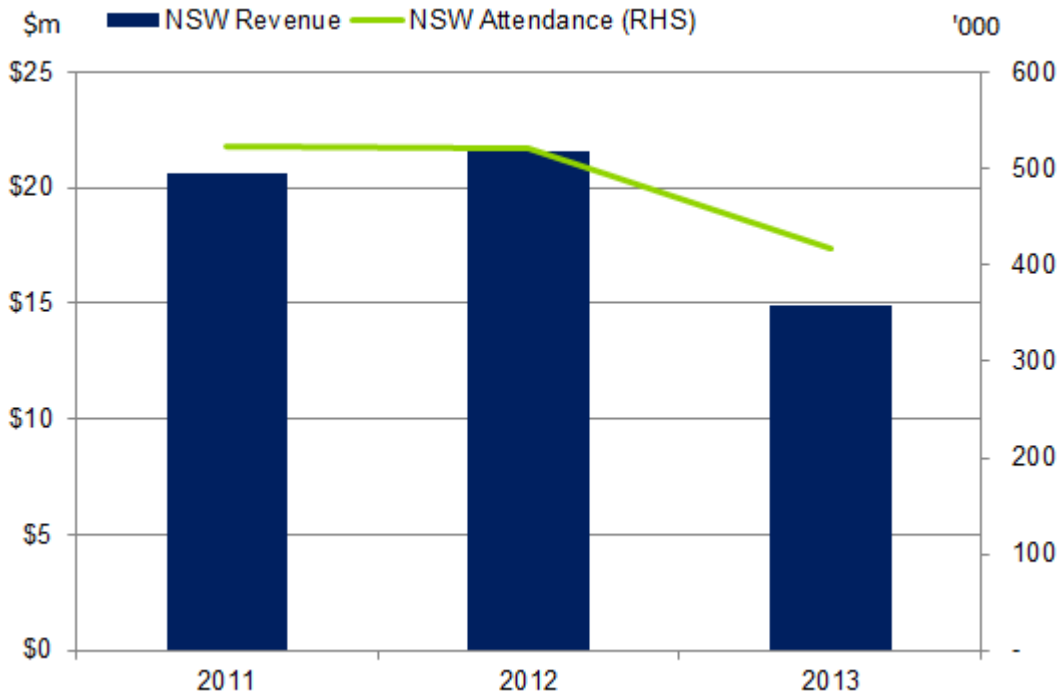
This segment is expected to remain **steady** in future years, as the number of theatre and dance events increases in line with industry growth.

Children’s/ family

This segment includes children’s and family shows, school performances and other shows. Venue demand from this segment includes smaller performing arts venues for events such as eisteddfods and school-based performing arts competitions.



Source: Live Performance Australia

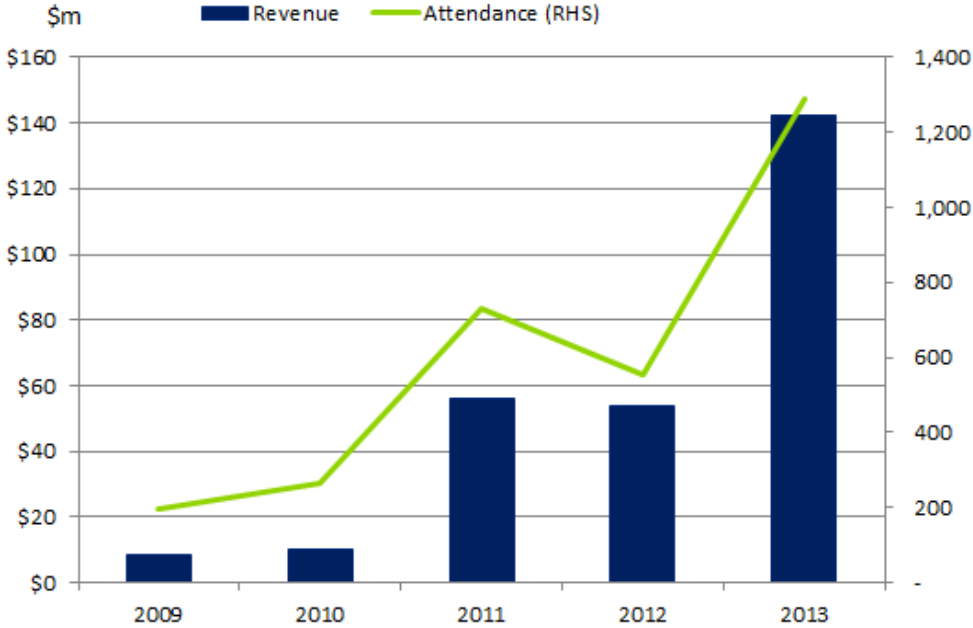


Source: Live Performance Australia

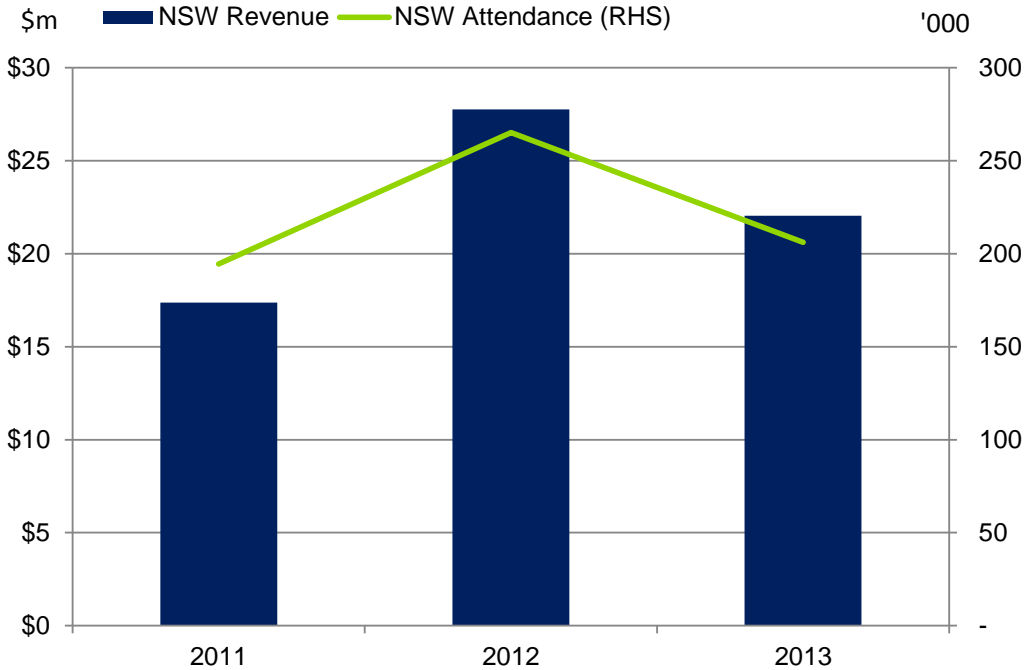
This segment’s share of industry revenue is estimated to **increase** over the five years to 2019, due to growth in the number of family and children’s shows and events being held. The segment is expected to continue to grow as the birth rate and demand for live family-friendly shows increase.

Circus, Physical theatre

This category includes Physical Theatre, Circus and Burlesque style events. This is a relatively new category that has experienced recent sharp rises in revenue and attendance levels due to the popularity of a range of unique productions.



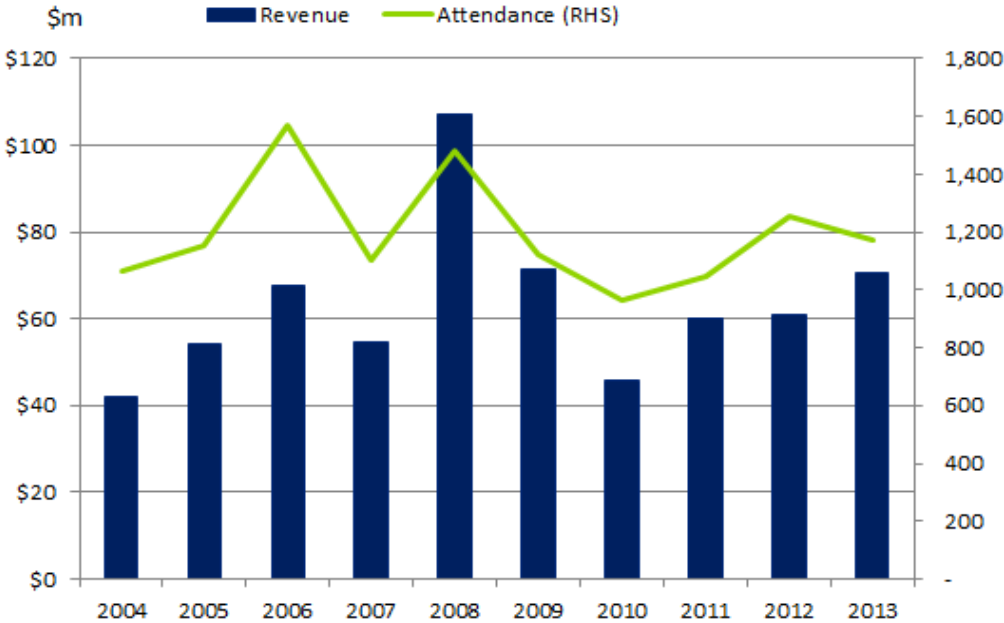
Source: Live Performance Australia



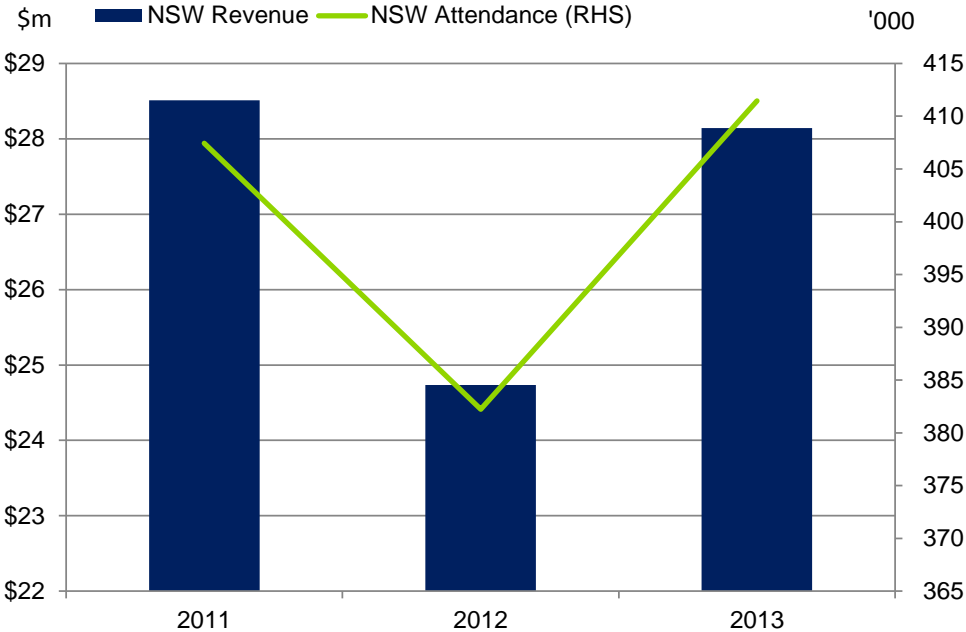
Source: Live Performance Australia

Classical music

Including classical contemporary (non-pop) music styles such as; orchestral music, chamber music, choirs, recitals, and singing/ playing. Also includes sacred, traditional, ethnic and world music. Over recent years, the majority of performances in this category came from Australian Major Performing Arts Group (AMPAG) companies.



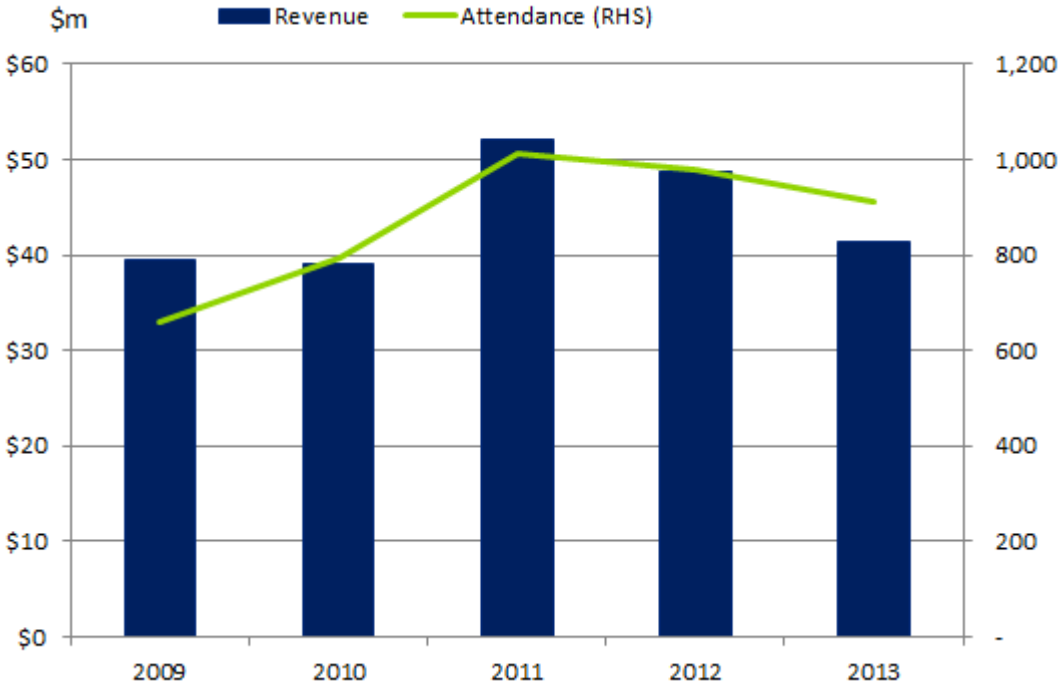
Source: Live Performance Australia



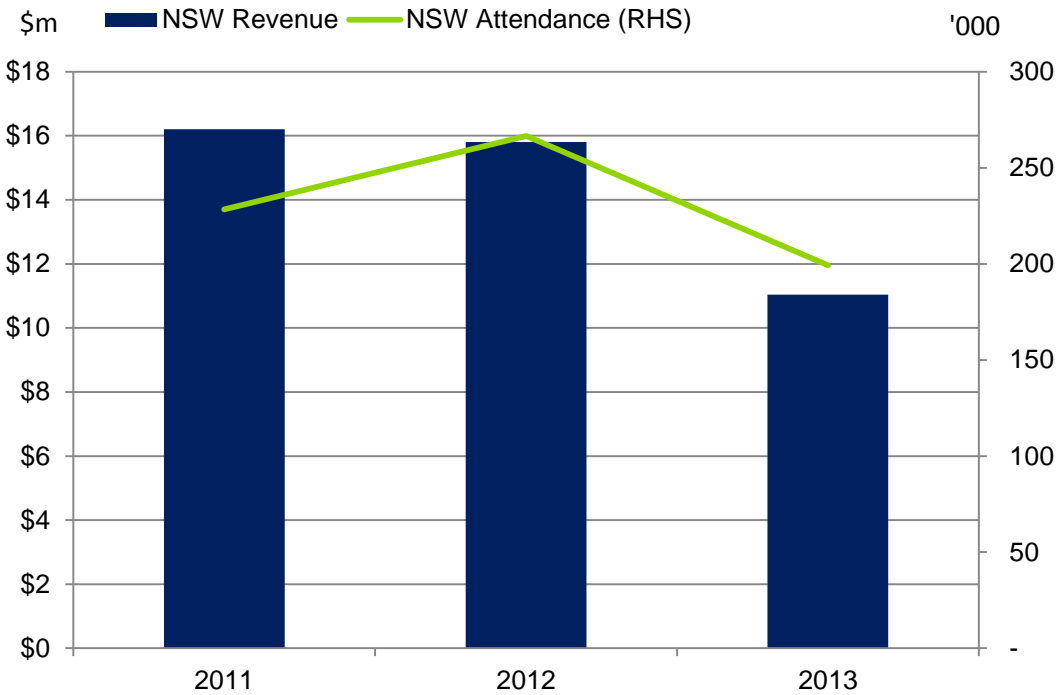
Source: Live Performance Australia

Comedy

The stand-up comedy category includes t in small venues and larger comedy festivals, not including comedy plays.



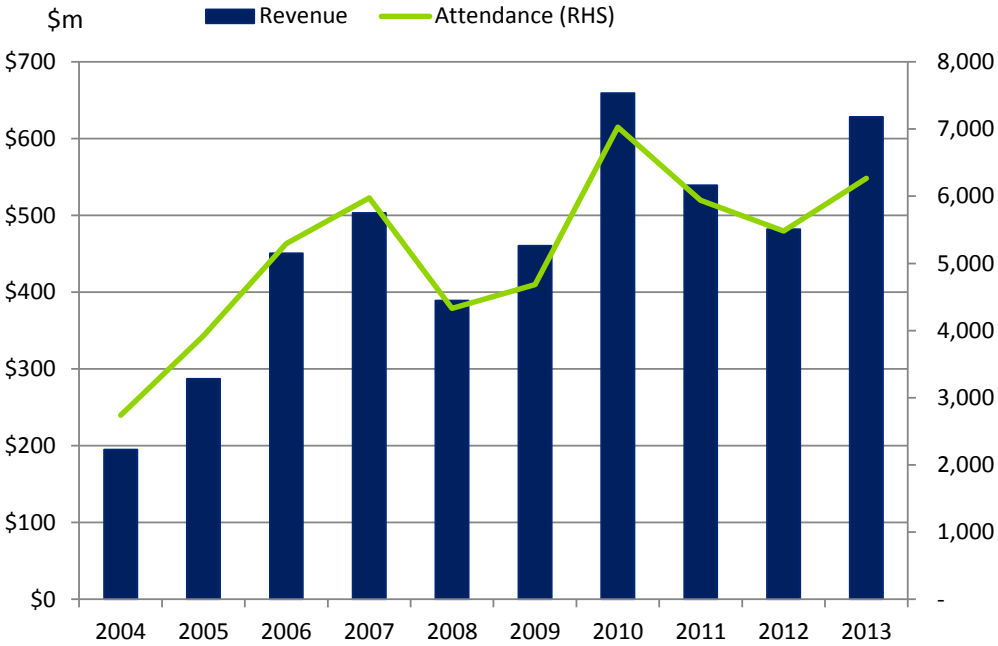
Source: Live Performance Australia



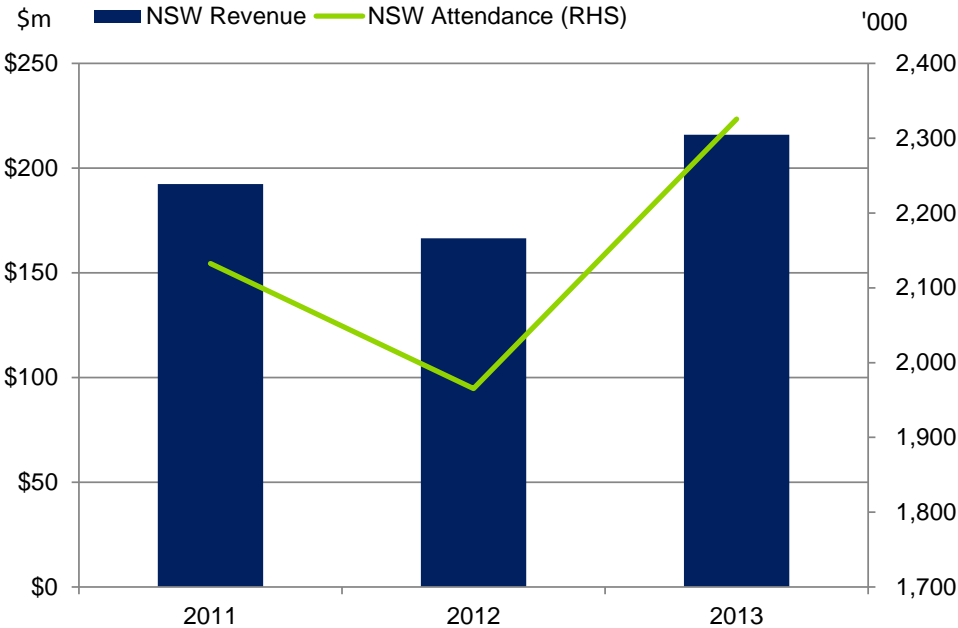
Source: Live Performance Australia

Contemporary music

This category includes all forms of the following performances by soloists or ensembles; Pop, Jazz, Blues, Country, Rock, Metal, Folk, Soul, Hip-Hop and Electronic Dance Music. A majority of contemporary music event are held outside of Performing Art venues such as pubs, stadiums, or major venues.



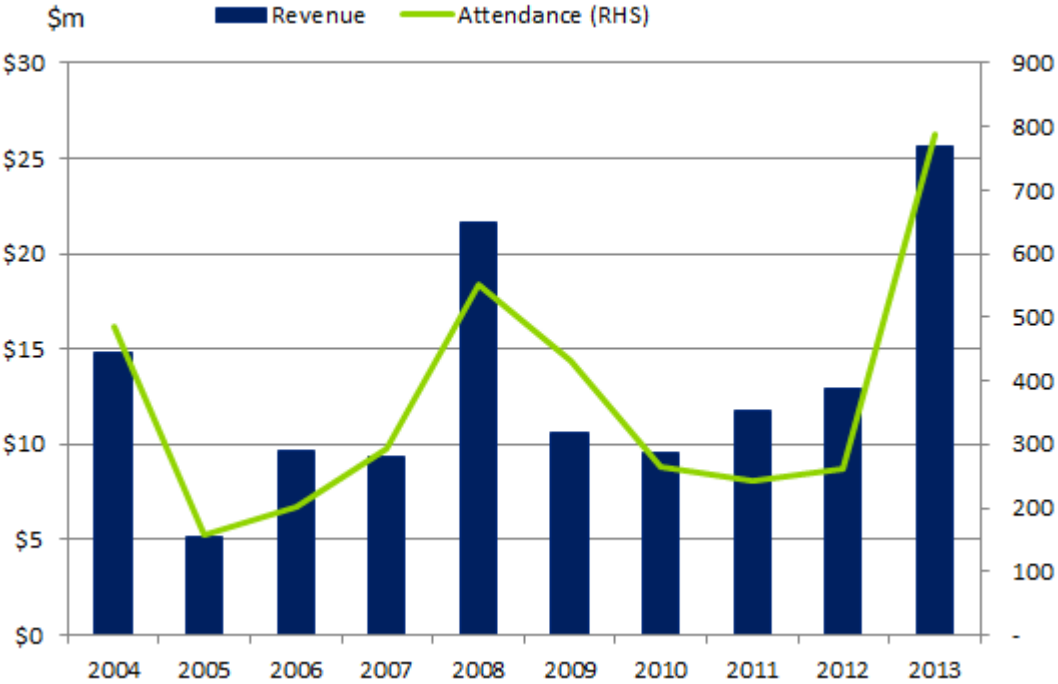
Source: Live Performance Australia



Source: Live Performance Australia

Festival (multi and single category)

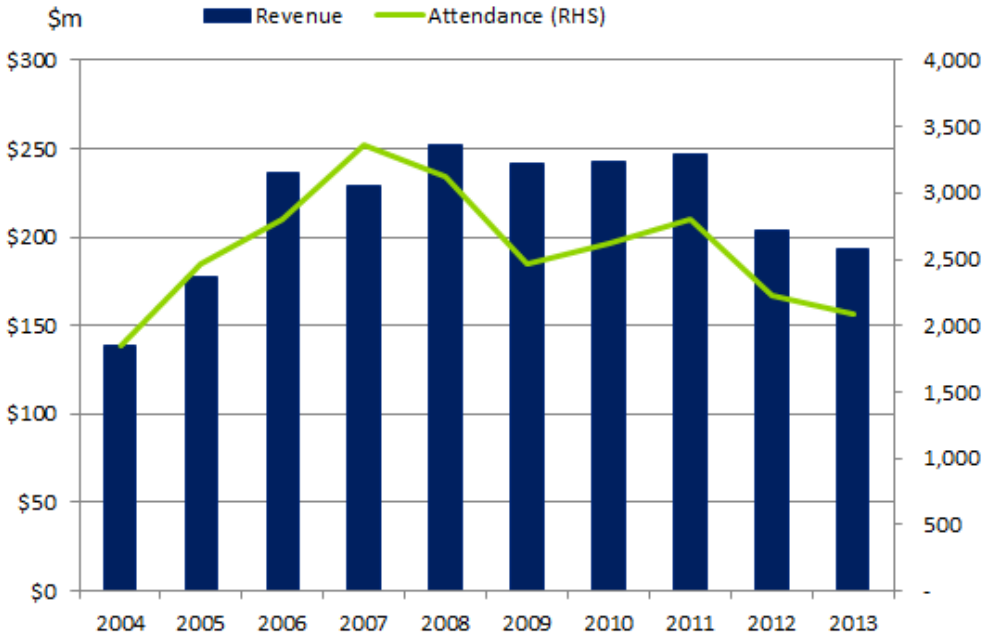
This category includes Festivals which contain a number of events with one or more category. For example a 'Blues Fest' with multiple Blues performers, compared to the 'Adelaide Fringe' Festival with performers from multiple categories represented.



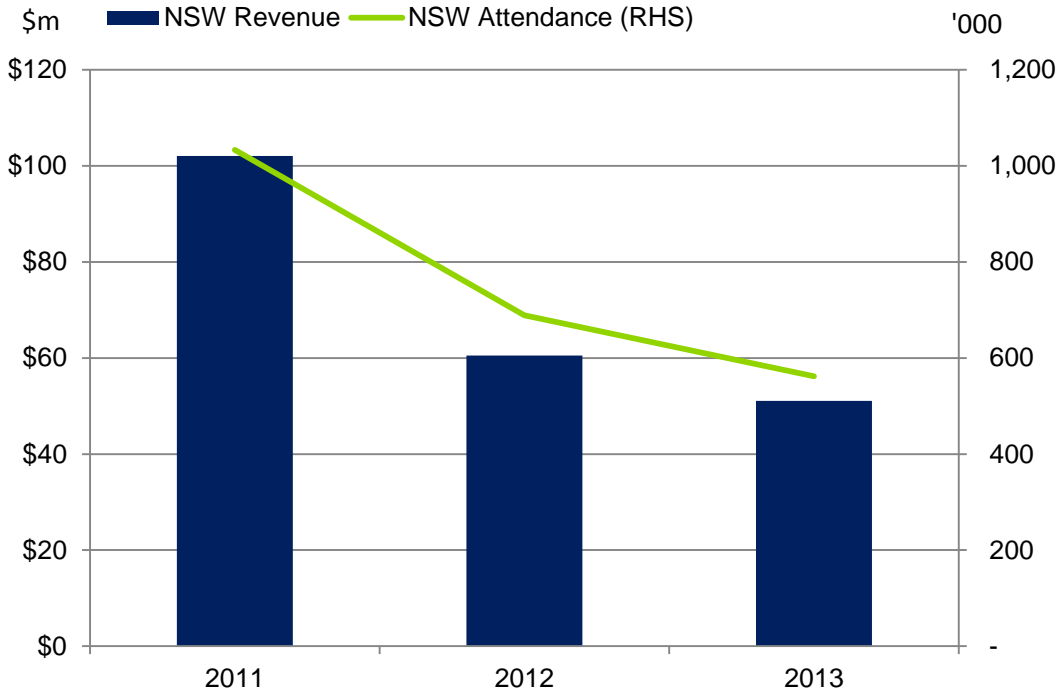
Source: Live Performance Australia

Musical theatre

This category includes staged performance events incorporating music, drama and movement in popular form, particularly including; musicals and cabarets.



Source: Live Performance Australia

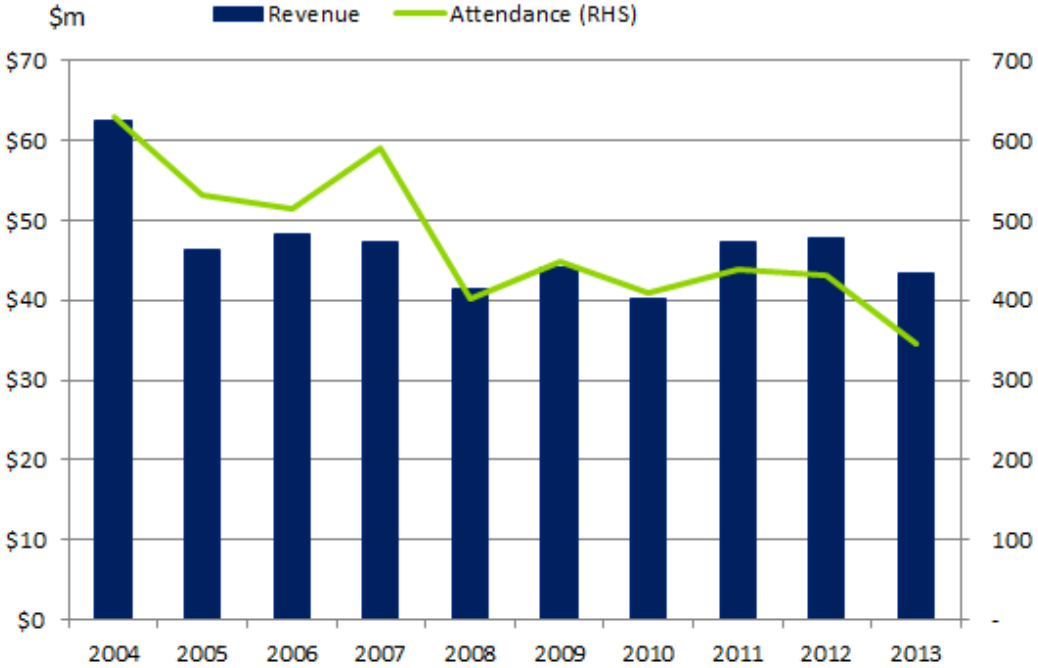


Source: Live Performance Australia

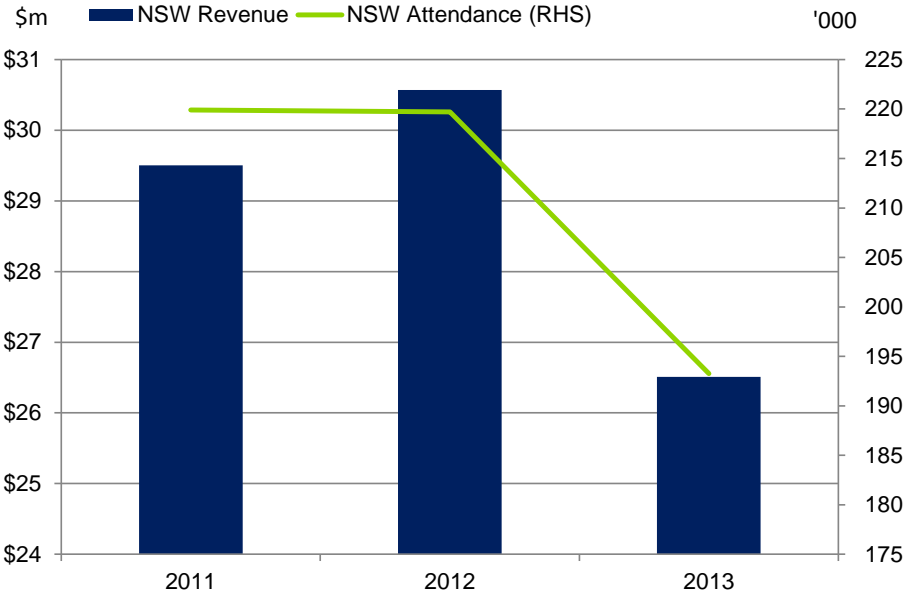
While historic growth of the musical theatre has been steady, the outlook for this segment is strong over the next five years.

Opera

Opera includes theatrical presentations in which dramatic performance is set to music in classical or contemporary art styles, includes operettas.



Source: Live Performance Australia

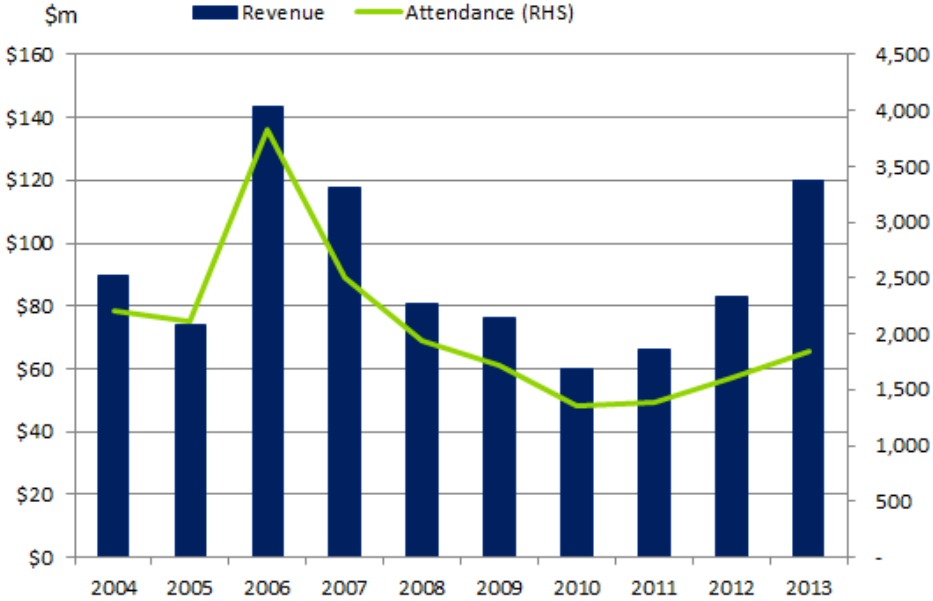


Source: Live Performance Australia

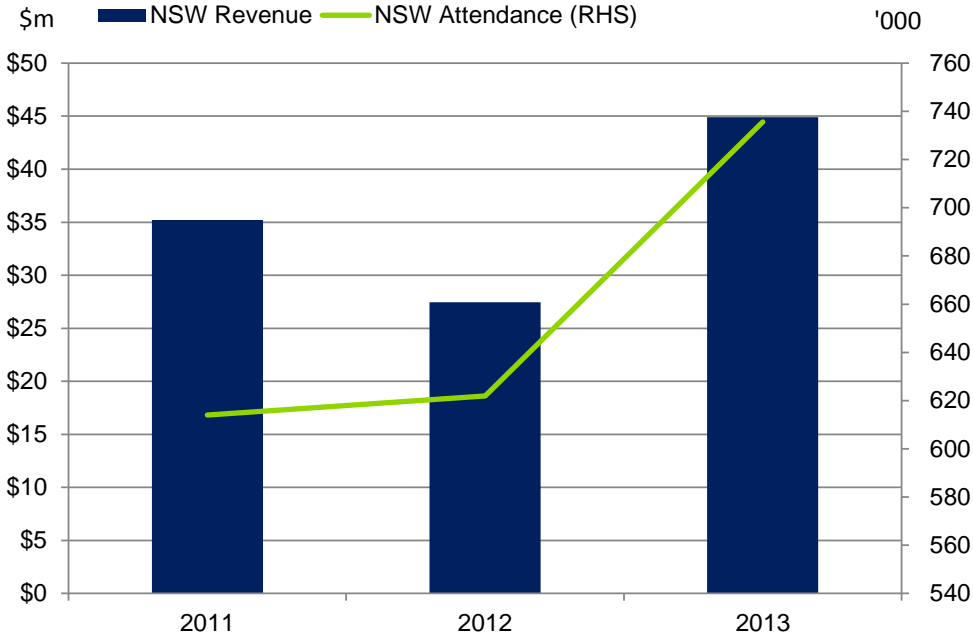
Opera has contracted over the last 10 years as the popularity of opera, compared to other forms of performance art, has fallen.

Theatre

Theatre includes script based Theatre, Drama, Comedy theatre, Mime and Plays. At a national level this categories performance was dominated by AMPAG companies.



Source: Live Performance Australia



Source: Live Performance Australia.

Appendix C: Detailed industry and ticketing data

Category	Description	2013 - 14 Revenue (% revenue)			2013 - 14 Attendance (% of tickets)			5 year outlook
		Australia	Riverside Theatre	Difference	Australia	Riverside Theatre	Difference	
Ballet and dance	Ballet, traditional, ethnic, folk, tap, other		25.6%			24.3%		
Children's/ family	Live entertainment for children	2.6%	6.3%	3.7%	6.1%	11.4%	5.3%	Variable
Circus, Physical theatre	Physical theatre, circus, burlesque	9.6%	0.1%	-9.5%	7.2%	0.3%	-6.9%	Moderate
Classical music	Orchestral, chamber, choirs, recitals, singing	4.8%	1.7%	-3.1%	6.5%	1.8%	-4.7%	Unknown
Comedy	Stand-up comedy (not comedy plays)	2.8%	2.0%	-0.8%	5.1%	1.8%	-3.3%	Strong
Contemporary music	Pop, jazz, blues, rock, country, metal, other	42.5%	1.3%	-41.2%	35.0%	1.1%	-33.9%	Strong
Festival (multi and single category)	Festivals with one or more categories	9.0%	0.0%	-9.0%	10.3%	0.0%	-10.3%	Variable
Musical theatre	Musicals, cabarets in popular form	13.1%	31.2%	18.1%	11.6%	23.7%	12.1%	Variable
Opera	Operas, operettas in theatrical form	2.9%	0.4%	-2.5%	1.9%	0.3%	-1.6%	Steady to weak
Other	Films, talks, private functions, other	0.4%	6.2%	5.8%	0.6%	4.0%	3.4%	Moderate
Theatre	Script based theatre, drama, comedy theatre, mime	8.1%	19.8%	11.7%	10.3%	23.8%	13.5%	Variable
Film*	Small presentation of special films	NA	5.4%	NA	NA	7.5%	NA	NA

2013 venue supplied data

Riverside theatre	Shows	Available tickets	Tickets sold	Sales revenue	Free tickets	Set aside	Unsold	Av. ticket price	Tickets sold	Set aside
Ballet and Dance	53	31190	20391	\$625,973	2773	2394	5636	\$31	65%	9%
Children's/Family	20	13437	9784	\$148,758	606	2169	877	\$15	73%	5%
Circus and Physical Theatre	0	0	0	\$0	0	0	0	na	na	na
Classical Music	4	2019	939	\$29,240	232	31	818	\$31	47%	11%
Comedy	2	1522	1078	\$40,631	36	396	12	\$38	71%	2%
Contemporary Music	1	534	209	\$9,866	41	106	178	\$47	39%	8%
Musical Theatre	59	38437	21792	\$814,491	5622	5271	5752	\$37	57%	15%
Opera	0	0	0	\$0	0	0	0	na	na	na
Theatre	59	35347	19504	\$606,851	2026	6898	5263	\$31	55%	6%
Film	11	4739	2048	\$44,955	224	423	2044	\$22	43%	5%
Other	18	12040	3677	\$161,888	2044	4765	1554	\$44	31%	17%
<i>Total</i>	227	139265	79422	\$2,482,652	13604	22453	22134	\$31	57%	10%
Lennox theatre										
Ballet and Dance	43	9230	2085	\$47,797	1517	2059	3569	\$23	23%	16%
Children's/Family	2	448	281	\$9,886	47	26	94	\$35	63%	10%
Circus and Physical Theatre	0	0	0	\$0	0	0	0	na	na	na
Classical Music	10	2286	588	\$11,098	100	463	1135	\$19	26%	4%
Comedy	3	672	91	\$2,296	8	18	555	\$25	14%	1%
Contemporary Music	8	1634	815	\$25,117	69	491	259	\$31	50%	4%
Musical Theatre	1	224	109	\$3,685	43	14	58	\$34	49%	19%
Opera	2	448	278	\$10,991	90	58	24	\$40	62%	20%
Theatre	113	24269	12086	\$302,864	2403	3055	6725	\$25	50%	10%
Film	21	4704	783	\$8,339	527	704	2690	\$11	17%	11%
<i>Total</i>	203	43915	17116	\$422,072	4804	6888	15109	\$25	39%	11%
Raffertys theatre										
Ballet and Dance	0	0	0	\$0	0	0	0	na	na	na
Children's/Family	6	540	479	\$5,688	45	2	14	\$12	89%	8%
Circus and Physical Theatre	4	360	278	\$1,838	17	24	41	\$7	77%	5%
Classical Music	4	360	120	\$3,857	52	25	163	\$32	33%	14%
Comedy	16	1416	466	\$10,175	63	81	806	\$22	33%	4%
Contemporary Music	0	0	0	\$0	0	0	0	na	na	na
Musical Theatre	1	90	55	\$1,828	6	8	21	\$33	61%	7%
Opera	0	0	0	\$0	0	0	0	na	na	na
Theatre	53	5198	1706	\$35,698	572	292	2628	\$21	33%	11%
Film	81	8251	4146	\$88,299	309	911	2885	\$21	50%	4%

<i>Total</i>	165	16215	7250	\$147,383	1064	1343	6558	\$20	45%	7%
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Appendix D: Definitions

In accordance with standard practice Western Sydney for the purposes of this report is considered to be comprised of the 14 local government areas shown in Table A.4. For ease of discussion the remaining LGAs are considered to be Eastern Sydney. The sum of Western Sydney and Eastern Sydney equals the Sydney Metropolitan Area.

Table A.4: Regional definitions

Western Sydney	Eastern Sydney	
Auburn	Ashfield	Strathfield
Bankstown	Botany Bay	Sutherland Shire
Blacktown	Burwood	Waverley
Blue Mountains	Canada Bay	Woollahra
Camden	Canterbury	Hornsby
Campbelltown	Hunters Hill	Ku-ring-gai
Fairfield	Hurstville	Lane Cove
Hawkesbury	Kogarah	Manly
Holroyd	Leichhardt	Mosman
Liverpool	Marrickville	North Sydney
Parramatta	Pittwater	Warringah
Penrith	Randwick	Willoughby
The Hills Shire	Rockdale	Sydney
Wollondilly	Ryde	

Throughout this report we refer to the industrial makeup of various locales. In particular, we often use the terms white collar and blue collar to aggregate and denote various types of worker. Table A.5 shows which industries are considered to be white collar, which are considered to be blue collar, and which are considered to be neither white nor blue collar.

Table A.5: Industry classifications

Agriculture, Forestry & Fishing	Blue Collar
Mining	Blue Collar
Manufacturing	Blue Collar
Electricity, Gas, Water & Waste Services	Blue Collar
Construction	Blue Collar
Wholesale Trade	Other
Retail Trade	Other
Accommodation & Food Services	Other
Transport, Postal & Warehousing	Blue Collar
Information Media & Telecommunications	White Collar
Financial & Insurance Services	White Collar
Rental, Hiring & Real Estate Services	White Collar
Professional, Scientific & Technical Services	White Collar
Administrative & Support Services	White Collar
Public Administration & Safety	White Collar
Education & Training	White Collar

A note on terminology

Riverside Theatres actually consists of three theatres – Riverside, Lennox and Raffertys. Throughout this report the terms ‘Riverside’, ‘Riverside theatres’ or just ‘RS’ are used interchangeably to denote the entire complex. The exception is in Appendix B where the term riverside denotes the largest theatre within the broader Riverside theatres complex.

As noted above, the term eastern Sydney is used to define the local government areas that are part of the Sydney Metropolitan Area but are not part of Western Sydney. It is recognised that the term eastern suburbs itself denotes a collection of suburbs in Sydney’s east. In this context the term Eastern Sydney is used to highlight the ‘east versus west’ distinction that is so important when considering Riverside’s future.

Appendix E Listing of Theatres

Table A.6: Theatres listing

Western Sydney	Capacity
Riverside Theatres	1,058
Joan Sutherland Performing Arts Centre	1,130
Casula powerhouse Arts Centre	446
Campbeltown Arts Centre	174
Pavilion Theatre	160
Bankstown Arts Centre Theatre	116
Henry Lawson Theatre	90
<i>Total Western Sydney</i>	<i>3,174</i>
<hr/>	
Eastern Sydney	
<i>Sydney CBD</i>	
Sydney Opera House	5,408
Sydney Lyric Theatre	2,050
Capitol Theatre	2,038
State theatre	2,034
City Recital Hall	1,238
Theatre Royal	1,183
Sydney Theatre	896
Carriage works Arts Centre	1,243
Enmore Theatre	1,600
Seymour Centre	1,666
NIDA	707
Belvoir Street Theatre	380
Lend lease Darling Quarter Theatre	380
The Eternity Playhouse	200
Hayes Theatre	110
King Street Theatre	100
Australia Theatre for young people	90
Old Fitzroy Theatre	58
The Giant Dwarf Theatre	-
New Theatre Newtown	-
TAP Gallery Theatre	-
<i>CBD Total</i>	<i>21,381</i>
<hr/>	
<i>Northern Sydney</i>	
The Concourse performing Arts Centre	2,260
Glen Street Theatre	700
Star of the Sea Theatre	307
The Independent Theatre	423
Zenith Theatre	371
Ensemble theatre	162
Chester Street Theatre	-
Brooklyn Community Theatre	-
<i>Northern Sydney Total</i>	<i>4,223</i>
<hr/>	
<i>Inner West</i>	
Horizon Theatre Co	-
The Factory Theatre	500
Guild Theatre	550
Arts Theatre Cronulla	120
Cheeky Monkey Theatre Productions	-
Ashfield Youth theatre	-
Shire Music Theatre	160
The Red Rattler Theatre	250
Sidetrack Theatre	150
Hunters Hill Theatre	-
The Italian Forum	300
<i>Inner West Total</i>	<i>2,030</i>
Total Eastern Sydney	30,808

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1. Australian Bureau of Statistics: *Community Profile; SEIFA Index; Census of Population and Housing (2011)*, cat nos. 2011.0.55.001, 4114.0, 6291
2. IBISWorld (2014), *Performing Arts Venues in Australia*, Market Research Report R9003
3. Live Performance Australia, *Ticket Attendance and Revenue Survey 2011 - 2013*
4. Parramatta City Council, (2012), *Riverside Theatre Mailing List Survey*
5. Transport for NSW, (2012), *Key Transport Indicators by Local Government Area of Residence (LGA) and Subregion, 2011/12*, NSW Bureau of Transport Statistics

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