

Create NSW

Infrastructure Support Policy

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Create NSW

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1. PURPOSE

1.1. Introduction

Create NSW is the NSW Government's arts and cultural driver, which brings together arts, screen and culture functions in an integrated entity, and includes cultural infrastructure. As part of the Government's arts portfolio, its aim is to ensure:

- NSW is recognised as a leader in arts and culture
- The arts and cultural sector in NSW is resilient and diverse
- NSW has a rich and visible Aboriginal arts and cultural sector
- NSW arts and cultural opportunities are accessible to all.

One means by which Create NSW achieves these objectives is through the management of a property portfolio that provides infrastructure support to arts and cultural organisations, and allows them to be co-located with other appropriate organisations.

This policy sets out a framework for allocation of spaces in the properties under Create NSW management, with the objective of optimising the use of the properties, and improving the offering to the arts and cultural sector.

This document also establishes guidelines for the on-going operation of the property portfolio and includes: rent setting criteria; lease terms and conditions; sub-tenancies and commercial arrangements.

1.2. Rationale for the Infrastructure Support Program

The Infrastructure Support Program is a significant sector resource and is an important element of the State's arts and cultural landscape. It provides key arts and cultural organisations with affordable spaces to support program delivery.

Infrastructure support facilitates co-location of tenant organisations at a single property or precinct, and provides opportunity for associated benefits of this colocation to be captured. These include: efficiency benefits (eg. through sharing of resources); benefits of co-located activities to audiences; and creative collaboration as well as informal interaction between tenant organisations.

The creation of arts and cultural precincts also supports wider Government priorities such as urban renewal and tourism objectives. Activation of the properties at Walsh Bay and Carriageworks at North Eveleigh are examples.

The preservation and adaptive re-use of a number of significant heritage buildings for arts and cultural use ensures they are appropriately maintained, accessible to the public and preserved for future generations.




2. POLICY CONTEXT

2.1. Assets

Create NSW owns or operates nine properties in and around the Sydney CBD. Facilities include theatres, exhibition space, rehearsal facilities, creative spaces, office and storage accommodation. Eight of the properties are either heritage listed or include heritage components.

Properties in the Create NSW portfolio are listed in Figure 1 below:

Figure 1: Properties in the Create NSW portfolio

<p>Arts Exchange (10 Hickson Road, The Rocks)</p> 	<p>Built in around 1902 as a power station, the Arts Exchange is a six- storey stone and brick office building. It operated as a Mining Museum until 1996. The site was acquired by Create NSW in 1999 and converted to office accommodation for arts organisations.</p>
<p>Carriageworks (245 Wilson Street, Eveleigh)</p> 	<p>Formerly a carriage maintenance workshop constructed around 1887, Carriageworks is a 20,000 square metre brick single storey warehouse facility. Create NSW developed half of the building as a contemporary performing arts venue in 2004.</p>
<p>Former Darlinghurst Gaol (Burton Street and Forbes Street, Darlinghurst)</p> 	<p>The Darlinghurst Gaol was constructed between 1822 and 1824 using convict labour, but due to a lack of funds, sat empty for 12 years. Construction of the rest of the complex did not begin until 1836, with completion of the cell blocks in 1840. The first prisoners commenced occupation of the gaol on 7 June 1841 and the prison closed in 1914. In 1921, the site was adapted for use as the East Sydney Technical College.</p>

Garry Owen House

(Callan Park site,
Balmain Road, Rozelle)



Built as a colonial manor house in 1839. In 1875, the building was used as a ward and training facility as part of the mental health hospital on the site. These facilities were relocated in 1983. The building was acquired by Create NSW in 1991 and converted into an office and creative space for writers.

The Gunnery

(43-51 Cowper Wharf
Road, Woolloomooloo)



The Gunnery is a three-storey brick office built around 1906 as a newspaper store. In the 1940s it was converted to a navy gunnery training facility before falling into disuse. The site was acquired by Create NSW in the early 1990s and refurbished as a contemporary art gallery with offices and artist studios.

Lilyfield

(91 Canal Road,
Lilyfield)



The Lilyfield site comprises three original buildings and the more recently constructed, The Red Box (rehearsal facility) and the Art Gallery of NSW store (completed 2009). The site was purchased by Create NSW in the early 1990s from the Roads and Traffic Authority. It was previously used as a store for a parachute regiment and army store.

Sydney Theatre

(22 Hickson Road,
Walsh Bay)



Sydney Theatre is part of Bond Store 3 which was constructed in the late 1800s and associated with stevedoring in the Walsh Bay area. In the early 1990s, part of the Bond Store was converted by Create NSW to Sydney Theatre as a part of the redevelopment of Walsh Bay.

Pier 2/3

(13A Hickson Road,
Walsh Bay)



Pier 2/3 has a similar history to Wharf 4/5. Built in 1921, Pier 2/3 is a two-storey timber structure. The building underwent significant works in the early 2000s as part of the larger Walsh Bay redevelopment. In 2010, Create NSW acquired the Pier from NSW Maritime and undertook minor upgrades of the building to allow performances and short-term hires until it is redeveloped as an arts and cultural facility.

Wharf 4/5

(15 Hickson Road,
Walsh Bay)



Wharf 4/5 is a four-storey timber building. Originally built around 1917 the Wharf was used as a steamship berthing and cargo storage facility until the mid-1970s. In 1981, the Maritime Services Board adopted a policy of adapting the wharves for use by community groups which resulted in the Sydney Theatre Company (STC) occupying part of the building. A minimal fitout for STC was undertaken in 1984 and a more substantial fitout in the late 1980s. During the 1990s, the Wharf was progressively converted by Create NSW as performance, rehearsal, workshop and administration spaces for a number of arts organisations.

2.2. Government priorities

The Infrastructure Support Program operates within the context of NSW State Government priorities.

The Infrastructure Support Program contributes to the Government's priorities of enhancing cultural and creative opportunities and improving the performance of the NSW economy through encouraging tourism, as articulated in the NSW State Plan, NSW 2021.

Arts and cultural performances, programs, exhibitions and festivals are important drivers of tourism in NSW. The base infrastructure provided through the Infrastructure Support Program supports artistic programs and projects including creative development and presentation. In addition, the portfolio includes a number of key venues which support the State's major events and festivals.

2.3. Relationship to the Arts and Cultural Funding Program

Create NSW's Arts and Cultural Funding Program (ACFP) provides funding opportunities for artists and arts and cultural organisations in NSW. The funding supports the development of a creative and diverse arts sector by: supporting new artistic work across all art forms through operational funding; and providing opportunities for artists, arts workers and organisations to innovate and seek to develop new audiences and cultivate a thriving arts and culture sector across NSW.

The Infrastructure Support Program complements the ACFP by providing infrastructure to support delivery of arts and cultural programs and projects.

3. PRINCIPLES

The following key principles guide the application of this policy:

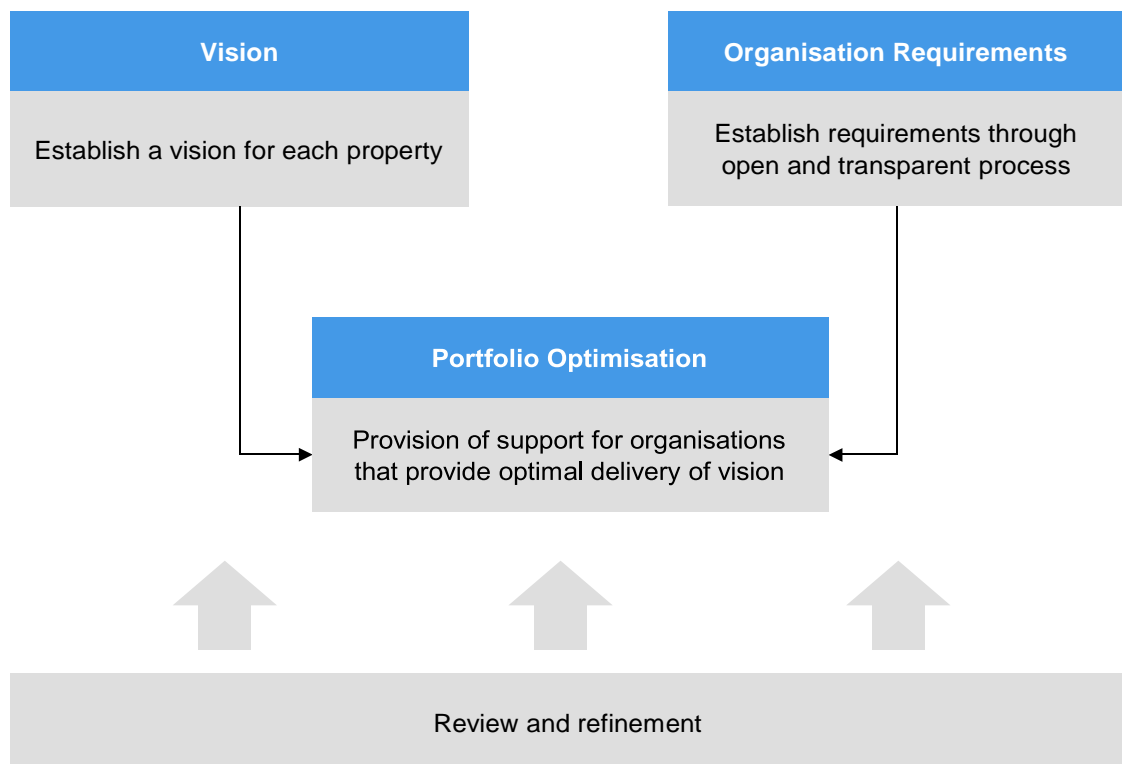
- **Policy context:** wider policy context including the ACFP and Government priorities
- **Efficient:** utilisation is maximised and management practices are streamlined
- **Adaptable:** flexibility to develop and realign functions of properties in order to meet current, and future needs
- **Sustainable:** a self-funding portfolio that recovers operating and maintenance costs, as well as contributes to on-going minor capital projects
- **Fair and transparent:** an open process for decision-making
- **Clear roles:** roles and responsibilities of organisations supported through the Create NSW property portfolio are clearly articulated

4. POLICY APPROACH

The policy is based on establishing a vision/purpose for each property in the portfolio to provide the basis for decision-making for the Infrastructure Support Program.

Optimisation of the portfolio is achieved through consideration of the extent to which organisations' requirements and activity can deliver the vision of each property.

Figure 2: Portfolio allocation and ongoing review framework



4.1. Vision

A vision for each property and its operating model is established giving consideration to the following:

- the site's characteristics, including scale, nature, aesthetics, location, environment, heritage and accessibility. This will determine what functions are suitable to be undertaken at the site
- co-location opportunities
- underlying demand from the sector
- financial sustainability.

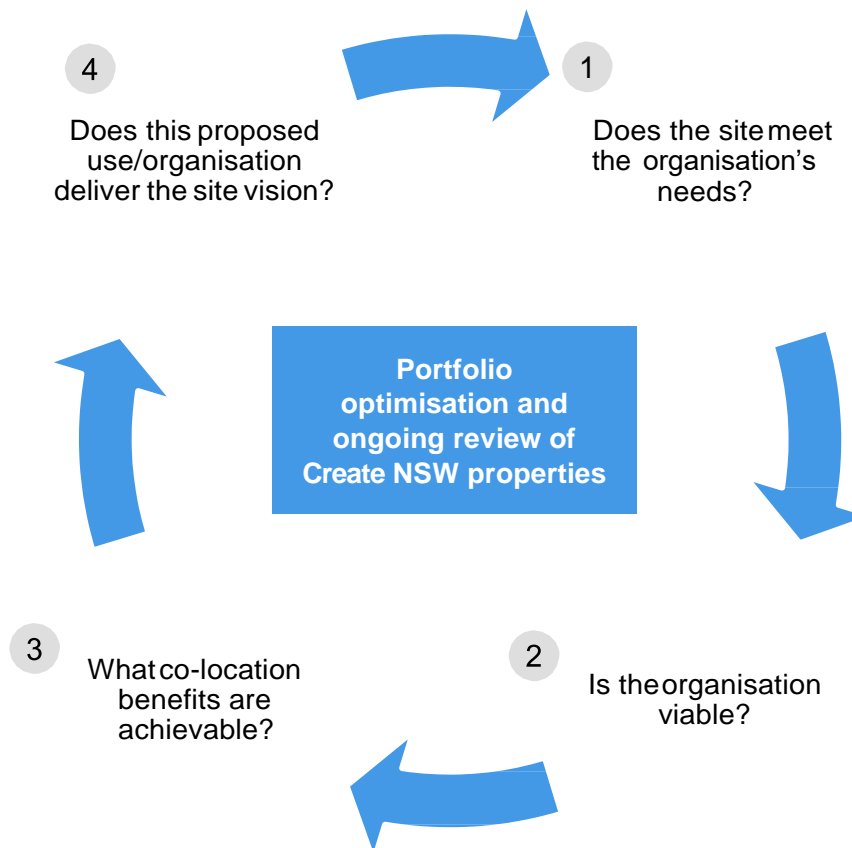
4.2. Organisation requirements

The level and type of organisations' requirements is identified and assessed through consideration of physical requirements including: size; access requirements; facilities and projected growth.

4.3. Portfolio optimisation

Organisational requirements and activities are assessed against the vision for the site to identify optimal use. Consideration is given to the viability of an organisation and co-location benefits as part of this process.

Figure 3: Portfolio Optimisation Process



The portfolio optimisation process ensures appropriate use of Create NSW's properties to deliver each property's vision.

5. POLICY GUIDELINES

5.1. Property vision

The vision for each property in the portfolio is listed in Figure 4 below.

Figure 4: Property visions

Property	Vision
Arts Exchange	An operations hub for Sydney's major festivals and key organisations that supports sharing of resources and efficient delivery of services and events.
Carriageworks	A multi-arts urban cultural precinct that engages and inspires Sydney's culturally diverse communities. A unique presentation venue for resident companies and the sector.
Garry Owen House	A resource for the literary community. A place for writers to develop their skills, share and create.
The Gunnery	A centre for experimentation and innovation in the visual arts. A hub that complements the Art Gallery of NSW and Museum of Contemporary Art. A place for local and visiting artists to create, collaborate and exhibit.
Lilyfield	An 'engine room' for the small to medium sector that supports creative development and incubation of ideas. The site complements presentation facilities at Carriageworks and the Walsh Bay Arts Precinct and leverages existing creative activity in the surrounding area. The site also supports limited active storage for the sector.
Walsh Bay Arts Precinct	A sustainable and activated arts and cultural precinct that supports and nurtures Sydney's home-grown culture and creativity. It will be a home to a number of Sydney's arts organisations and a destination for creative workers and consumers.
Former Darlinghurst Gaol	A centre for academic excellence, research and presentation of multi-disciplinary visual arts for Australian and international artists. An institution for future practitioners and academics to hone their craft, create and collaborate. A hub that fosters creativity, supports the arts and cultural sector and engages and inspires the community on a local, national and international level and celebrates the deep and significant history of the site.

5.2. Eligibility

The Infrastructure Support Program is designed to assist not-for-profit arts and cultural organisations based in NSW. To be eligible for support through the program, organisations must be legally constituted, and be one of the following:

- a not-for-profit incorporated body
- a co-operative or trust

The NSW State Cultural Institutions are not eligible for assistance under the program. However, there may be circumstances where limited infrastructure support will be considered.

Commercial organisations are not eligible for support under the program, although they may be suitable as complementary tenants for a particular property.

5.3. Allocation process

Arts and cultural use

A public call for expressions of interest from eligible arts and cultural organisations for occupancy of vacant space will be undertaken. Expressions of interest will be considered by an assessment committee chaired by Create NSW.

The call for expressions of interest will include assessment criteria based on the property optimisation framework in Section 4.3 and details of the assessment process.

Commercial use

A formal public tender for occupancy of vacant space identified for commercial purposes will be undertaken in accordance with NSW Government procurement guidelines.

5.4. Rent setting

Rents will be set based on a percentage of market rent and will be adjusted annually by CPI. Market rent assessments will be undertaken every 5 years or prior to the commencement of a lease.

Creative and administration spaces

Eligible tenants will be charged rent at 30% of market rental for space they occupy. A variation from this amount may be considered when:

- substantial capital investment has been made
- longer leases have been negotiated

- Create NSW provides permission for a commercial sublease arrangement (the percentage of market rent payable by the head tenant for this space may be increased)
- the organisation is provided with increased revenue opportunities; or
- Create NSW requests an organisation to manage sub-lease arrangements or an aspect of Create NSW's support for the arts and cultural sector

Dedicated storage

Eligible tenants will be charged rent at 50% of market rent for the space they occupy for dedicated storage.

Commercial

Commercial businesses will be charged market rent for the space they occupy.

5.5. Lease duration and extension

Creative and administration spaces

Leases will be for 5 years with no option.

Where there is significant capital investment required by tenants in order to meet their specific fit-out requirements, longer term leases may be considered. Longer term leases may also be considered for organisations critical to achieving the vision of the site.

Dedicated storage

Leases will be for 3 years with no option.

Lease renewal

At the end of a lease period, consideration will be given to providing a new lease.

This consideration will involve assessment of the organisation's tenancy in relation to its performance and viability including:

- contribution to the vision of the site
- extent to which the requirements of this policy have been met, and
- performance against key performance indicators.

5.6. Sub-leases

Sub-lease arrangements are not preferred and will only be considered where these arrangements contribute to the vision of the property and to the core activities of the head tenant. All sub-lease arrangements including rent levels require Create NSW's written consent.

Rent levels for sub-tenancies will be set in line with the rent setting framework (Section 5.4) except where the permitted sub-lease is to a not-for-profit arts organisation. In these instances, the head tenant may charge a rent higher than the amount charged by Create NSW to the head tenant, however, the head tenant must demonstrate to Create NSW the services and support they will provide to the sub-tenant to justify a higher rent being charged.

Where the permitted sub-lease is for commercial purposes, the percentage of market rent payable by the head tenant for this space may be increased.

In instances where Create NSW requests an organisation to manage sub-lease arrangements or an aspect of Create NSW's support for the arts sector, compensation may be provided to the head tenant in the form of a rent discount.

5.7. Space hire

Where a tenant organisation demonstrates need for creative spaces such as studio, rehearsal and production spaces these may be included in lease arrangements.

When these spaces are not being used by the tenant organisation, it is essential the space remains an activated resource for the arts and cultural sector that contributes to the vision/purpose of the site.

Commercial hires may be permitted.

Space hire arrangements will be negotiated as part of lease conditions to ensure consistency with the objectives of the Infrastructure Support Program. This may include a requirement to provide reduced hire rates to the arts and cultural sector and agreed utilisation levels.

6. PERMITTED USES AND KEY RESPONSIBILITIES

6.1. Permitted uses

The arts property portfolio is to be used for arts and cultural purposes and complementary commercial uses as approved by Create NSW. All uses should contribute to the vision for each site.

For those properties leased by Create NSW from another government agency, use must comply with requirements of the head lease agreement between Create NSW and owner of the property.

Use of Create NSW properties must comply with all laws, regulations and government standards, including workers' health and safety, development consent and Building Code of Australia requirements.

6.2. Tenant responsibilities

Tenants are responsible for the fit out and furnishing of space they occupy.

Tenants are responsible for understanding and complying with any heritage requirements associated with space they occupy.

Tenants must comply with the reporting requirements set out in Section 7.

6.3. Create NSW responsibilities

Create NSW is responsible for necessary repairs and maintenance of building structures and fabric.

Create NSW will ensure the property is compliant with all building standards, workers' health and safety requirements and Government Office Design Standards for approved uses.

7. COMPLIANCE AND REPORTING

7.1. Compliance

Support provided to tenant organisations under the Infrastructure Support Program may be impacted if there is failure in compliance with lease obligations or the Infrastructure Support Program Policy.

7.2. Reporting

Tenant organisations will be required to report annually on agreed key performance indicators (KPIs) as part of lease agreements. These will measure:

- efficiency and sustainability, and
- outputs and outcomes

Given the diversity of spaces and uses, KPIs will be tailored for each tenant organisation as part of lease negotiations. Some standard KPIs may also apply. These may include:

- participation numbers
- utilisation levels, and
- square metre space per staff member

7.3. Acknowledgement of support

Support through the Infrastructure Support Program must be acknowledged in accordance with the Create NSW style guidelines available on the Create NSW website: www.arts.nsw.gov.au

The value of accommodation support must also be included in annual reporting