Draft Business Plan:

Historic Hotel Australasia Heritage Site

142-144 Imlay Street, Eden, NSW 2551



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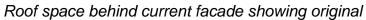
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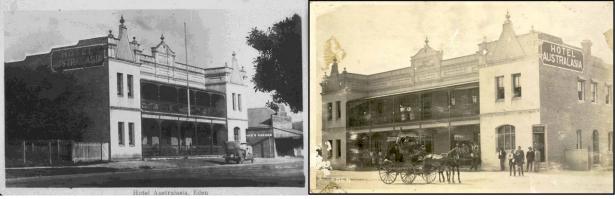
Appendix 1,2,3 etc.

1: Mission statement:

Through appropriate conservation, restoration and repurposing, the management committee will retain, respect and reuse Eden's historic Hotel Australasia building as an important self funding community cultural heritage asset for the benefit of the local population and visitors to the township.





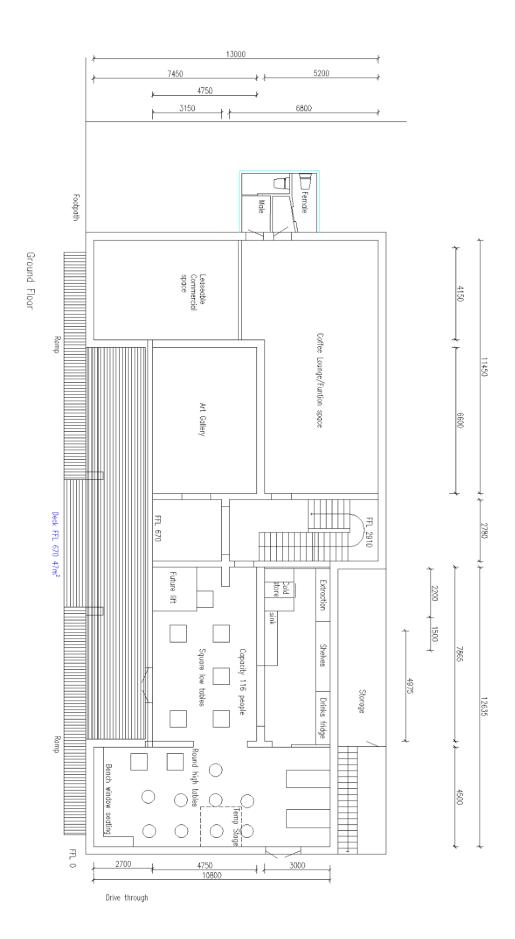


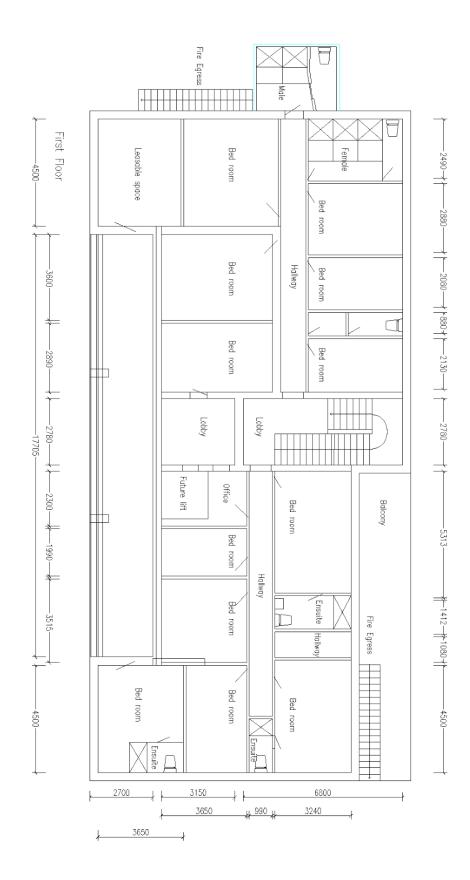
Circa 1914 Circa 1912

2: Statement of purpose:

The purpose of this business plan is to provide a framework for the effective development, use, and management of the Historic Hotel Australasia property, both in relation to its heritage values and its financial viability. More specifically, this plan aims to:

- Protect and manage the heritage values of the original portion of the Hotel Australasia building during the proposed redevelopment as well as any future development, redevelopment, maintenance and / or refurbishment;
- Encourage use and enjoyment consistent with the conservation of the property's cultural heritage values;
- Understand the current marketplace and how the proposed business is positioned within it:
- Investigate appropriate potential business activities including but not necessarily limited to a restaurant (tapas / wine bar); indigenous art gallery (with links to the NSW State Heritage Listed Bundian Way); banking outlet; community radio station; and hostel-style accommodation.
- Identify and describe the developmental stages, tasks and related strategies which must be completed during the process of establishing and undertaking refurbishment;
- Create a critical path and an action plan to enable execution of the relevant business stages;
- Identify and describe possible financial commitments and outcomes;
- Ensure financial viability;





3: Business Overview:

The proposed business will be a unique community owned retail venue in the heart of Eden's Central Business District offering local businesses and / or Not For Profit community groups access to an aesthetically appealing, character premises for lease.

3.1: Business details:

The heritage and property management venture is centred on the purchase, restoration and repurposing of the original 1904/05 portion of the Hotel Australasia premises.

The historically important property will be a community owned asset, purchased and developed by a local management committee. It is hoped to secure the support and cooperation of the Bega Valley Shire Council as a partner in the venture, and discussions are continuing in this respect.

The business has four main aims, these being to:

- retain a valuable local heritage structure;
- reinstate its well known, aesthetically appealing and identifiable landmark status;
- maintain its existing significant and irreplaceable heritage fabric;
- develop it as a commercially viable premises through rental to mixed business tenants.

The initial focus will be on restoration of the building, after which attention will shift to repurposing through the commercial leasing of various aspects of the property for mixed business purposes. According to Bega Valley Shire Council heritage adviser Pip Giovanelli (2013) restoration of the Hotel Australasia's facade to "as built" condition is "...technically and realistically feasible as virtually all windows and doors remain intact as do most of the parapet renderings."

Retaining many of it's original elements and period features both inside and out, the aesthetics of the building itself will become its defining brand.

3.2: Location:

The building is located at 142-144 Imlay Street, in the heart of Eden's Central Business District, fronting the main vehicular thoroughfare through the township and linking the Princes Highway to the popular Snug Cove wharf area.

3.3: Registration details:

As the business has yet to be established, it is not registered, thus no such details are currently available.

3.4: Business Structure and Management:

As outlined above, the business will be a community owned property.

At the present time, as purchase and ownership details are unconfirmed, the governance model is unknown. However, based on professional advice¹, (See Appendix?) suitable structures may include:

- An Incorporated Association;
- A Public Company Limited by Guarantee;
- A Trust; or
- Bega Valley Shire Council Section 355 Committee constituted under Section 355 of the Local Government Act 1993.

At the present time, the latter is the preferred option.

Whichever entity is selected, it will be important to ensure that the constitution potentially allows for Australian Tax Office (ATO):

- Deductible Gift Recipient endorsement; and
- Income Tax Exemption Status.

Management and operation of the business will be overseen and authorised by a Board of Management that will be on a voluntary basis and comprised of appropriately skilled and interested community members.

The principal non-commercial responsibilities of the Board of Management will be to:

- ensure the long-term conservation, preservation and maintenance of the original portion of the Hotel Australasia building and its associated heritage values, embracing the historic, aesthetic, scientific, cultural and social aspects of its built fabric;
- enable the Hotel Australasia property to become an important example of Eden's historic built heritage;
- promote an understanding and appreciation of the historical importance of the site;
- protect the heritage values of the property by controlling approaches to interpretation;

The principal commercial responsibilities of the Board of Management will be to:

- manage the tenancy and leasing of the premises, ensuring that it is utilised in a manner that is consistent with its unique heritage values;
- utilise the building and its various components for commercial tenancy to enable the entity to become a self supporting one;
- provide high-quality tenancy and customer services and amenities;

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¹ Information provided by Mr. Peter Mann, Chartered Accountant, Kothes Pty Ltd

- maximise sustainable economic return from the property while having regard for the protection and conservation of its heritage values;
- position the Hotel Australasia as an important part of the cultural tourism experience in Eden;
- co-operate effectively with other local and regional business and tourism bodies, organisations and enterprises;
- operate as efficiently as possible in accordance with sound commercial practice;
- control financial risk to ensure that the financial assets and liabilities are managed in a way that protects all stakeholder interests;
- publicise the site as a tourist attraction;
- secure financial assistance by way of grants, sponsorship, philanthropic funding and other means, to carry out core functions;

3.5: Key personnel:

Unidentified at the present time.

3.6: Business history:

The Historic Hotel Australasia Heritage Site is a new undertaking, and as such, has no trading or operational history.



4: Business premises:

4.1: Summary of building history:

Eden's Hotel Australasia building has stood in the heart of the town's Central Business District for more than a century. Constructed in response to expectations that the new Australian Federal Capital would be sited on southern Monaro and Twofold Bay would become its port, Sabina ("Aunty") Pike purchased land for the grand 43-room hotel development in 1904.

Construction commenced before the end of the year, with local builder John Hines making the bricks near Eden's cemetery and milling the timber at a plant north of Lake Curalo. Completed in October 1905, local media carried lengthy and highly complimentary descriptions of what would become one of the district's premier tourist accommodation facilities.

Opening it's doors in January 1906, glowing reports in metropolitan media soon saw a growing clientele of notable patrons. These included the third Australian Governor-General Lord Northcote; Postmaster General Austin Chapman; 21st NSW Governor Sir Harry Rawson and his daughter; numerous NSW government ministers as well as NSW opposition leader, Mr. J. B. Renshaw; NSW Chief Justice Sir Leslie Heron; and touring international sporting teams and performing arts groups, among others.

In 1967, cartoonist Les Dixon of *Bluey and Carley* fame stayed at the Hotel Australasia, immortalising staff and patrons in a caricature that for many years hung in the premises. It is now part of the Eden Killer Whale Museum's important social history collection, and while absence of appropriate climate control equipment in the Hotel Australasia building would preclude display of the original work, exhibition of a reproduction may be possible, copyright, intellectual property rights and other legal issues permitting.

Closely linked with the birth, development and growth of tourism locally, after George Impey became licensee of the Hotel Australasia in 1929, he began highlighting Eden's recreational fishing potential in line with efforts being made in nearby Bermagui by American author Zane Grey. A £5 reward offered by Impey to the master of the first vessel bringing a marlin into Eden was claimed by Art Goulden when Sale (Vic.) angler W. A. Borthwick caught a 240-pound Black Marlin in 1936. Impey kept a launch, the *Straight Eight*, for the use of his hotel guests, a practice that was continued by later Hotel Australasia publicans.

The original skillion verandah was removed around the 1950s / 60s in line with common contemporary practice, and replaced with the present bland facade and parapet,. During

the 1990s, Brian and Dawn Linklater took over as Manager - Licensees and in 1993 undertook one of the last major physical alterations of the property. This included a new cafe bar, main bar and bottle shop, as well as the addition of backpacker accommodation. The couple had also hoped to restore the facade to its former glory.

Without warning, the Hotel Australasia ceased trading on 23 May, 2010. Described at the time as consisting of 22 rooms, main bar, restaurant, lounge, beer garden, drive-through bottle shop and gaming rooms, the hotel was also home to five permanent residence, and two staff members had been employed there for thirty years each.

The deceased estate was then placed on the market, and after being passed in at public auction in March 2012, various interested parties entered negotiations until Artarmon-based retail development company Great Southern Developments Pty Ltd exchanged contracts in April 2013.

After plans to demolish the 110-year old building were publicised and it was revealed that it had never been considered for inclusion on Schedule 5 of the Comprehensive Local Environment Plan, numerous local and former residents protested against the possible loss of the landmark. After around eighteen months of lobbying and an appeal to the Land and Environment Court, a Great Southern Developments Pty Ltd representative made an offer to sell to the community the original 1906 portion of the building along with the land upon which it stands.

4.2: Heritage significance:

Significance is assessed against a standard criteria encompassed in the four generic values of historical, aesthetic, scientific and social significance noted in the Australia ICOMOS Burra Charter.

According to Bega Valley Shire Council's heritage advisor, Pip Giovanelli (2013) "The Hotel Australasia is historically significant for having been constructed in 1904-05, at a time when there was optimism in Eden's bright future. It is associated with notable local identity Sabina Pike and builder John Hines and was used by dignitaries Australia's Governor-General Lord Northcote and NSW State Governor Sir Harry Rawson. The building in its current form has some aesthetic value for its scale in the main street, however is has much greater significance for its restoration potential and its ability to reinstate a dramatic architectural and historical presence back into Imlay Street. In this capacity it is rare. The 1904-05 part of the building would reach the threshold for listing in a local heritage schedule."

Bega Valley Shire Council's heritage advisor, Pip Giovanelli (2013) highlighted the following points of significance with respect to the building:

4.2.1: Criterion (a):

"The Hotel Australasia is historically significant for having been a major component of Eden's hospitality industry for over 100 years from 1904 to 2010. It was one of the two main hotel operating over that time. It is also historically significant for having been erected in anticipation of Twofold Bay becoming the federal port. There had been much anticipation and speculation in various parts of the south east of NSW regarding the site of the new National Capital and its port and the name, stature and quality of the Hotel Australasia was a function of this. The hotel played a major role in fostering Eden as a tourist location in the early part of the 20th century when coastal shipping was still strong and road transport increasing in popularity. The hotel reflected a time of considerable optimism in Eden, which faltered in the latter part of the century. The Hotel Australasia reaches the threshold for local listing against this criteria."

4.2.2: Criterion (b):

"The place is associated with local identity at the time Mrs. Sabina Pike (who commissioned the building), and of builder John Hines who built some very fine buildings in Eden and the wider district...It also has an association with Australian Governor-General Lord Northcote and his vice-regal party and with NSW State Governor Sir Harry Rawson. Lord Northcote subsequently purchased a cottage in Eden. These associations contribute to the significance of the place and help an understanding of its local importance in the early decades of the 20th century."

4.2.3: Criterion (c):

"In its original form the Hotel Australasia would be well above the threshold for local listing. In its current form it has some value for its 1960s styling and for its streetscape massing, although on external style alone the building would probably fall below threshold. Internally the building retains some fine period detailing evident in rendered arches, kauri pine staircase, pressed metal ceilings and traditional doors with decorative trim. What is interesting is how intact these features are. Many of the hotels in the Shire have undergone such a high degree of alteration that most of the original internal detailing has been lost. The extent of the surviving fabric in the 1904 part of the building (excluding bar and service areas) is rare at the local level."

4.2.4: Criterion (d):

"It seems there are two groups that value this building: those who drank at it or stayed in it on a regular basis; and those who value it as an important part of the historic fabric of

the town or district. Social values have not been explored as part of this report but can be judged by comments, articles and letters in the local media, and by representations to councillors by individuals and groups. It certainly seems to be the case that the patrons had strong feelings of attachment or allegiance to the place before its closure as evidenced by anecdotal stories and by features such as the carton [sic] mural in the main bar."

4.2.5: Criterion (e):

"To some extent the significant parts of the existing building fabric have potential to assist an understanding of Eden's past, from its bold aspirations in 1904, to its subsequent service role supporting the industries in timber and fishing in the second half of the 20th century. It has also become apparent that considerable parts of the original fabric remain in the structure. All of the original brickwork is likely to be intact beneath the cement render, and above the current and upper verandah ceiling is the original rendered parapet complete with historic paint scheme. It is technically possible, and quite feasible, to expose this historic fabric and in fact to reinstate the historic building facade. The building has very good potential for restoration, especially of the facade, that would greatly assist an understanding of Eden's history. The implication for tourism is obvious. It reaches the threshold for listing against this criterion."

4.2.6: Criterion (f):

"Sadly, there has been substantial loss of historic fabric in Eden and it is difficult to recognise its former importance as one of the oldest seaports on the eastern seaboard of Australia. The Hotel Australasia is one of the largest surviving historic structures in the town and yet is endangered with potential demolition. It reaches the threshold for listing against this criterion."

4.2.7: Criterion (g):

"In its current form the building does not meet this criterion. However, in its pre 1960s configuration the front elevation would have been a good and relatively rare surviving example of a late Victorian style hotel."

4.3: Building description:

One of several well-built historic brick structures in the heart of Eden's Central Business District, the Hotel Australasia retains a high level of historic integrity. At the present time it is the only such conveniently located building able to boast so many aesthetically appealing elements and available for commercial rent, providing a unique opportunity for prospective tenants.

A substantial commercial property, the original 1906 portion of the Hotel Australasia consists of 290m² of floor space on two levels (combined).

4.3.1: Exterior:

The building is double storey, with front verandahs on both the ground and upper levels. Two wings project from the southern and northern sides of a central section for the depth of the verandah in-fill.

The face brickwork on both the southern and northern wings were originally rendered and painted, as is illustrated in contemporary photographs, while the central underverandah brick work was exposed and unpainted. This has more recently (C. 1950s) been rendered and painted in line with the two wings.

The ground floor verandah is raised 575mm from footpath level with three concrete steps of approximately 175mm each. These extend the length of the under-verandah section between the north and south wings. These steps are later additions. Verandah flooring is concrete slab with rendered brick supports. Flooring was originally timber, with panelled iron lace work, balustrading, valances, decorative brackets and friezes and timber posts with a single step of 175mm at the doorways. Although no physical remnants of these details remain, reinstatement through reconstruction is not an uncommon practice. Photographic evidence can be used to facilitate this and components are readily available. As Bega Valley Shire Council heritage adviser Pip Giovanelli pointed out (2013) "The timber and cast iron verandah would need to be rebuilt however this is a standard procedure for which the components are readily available."

Another single rise of 175mm provides access from verandah level to the building at three points. Originality of this configuration is presently unknown.

Protruding from and adjoining the northern wing is a wet area containing toilets downstairs and bathroom facilities upstairs. Although a later addition, this will form part of the property footprint included in the community purchase.

The upper storey verandah features suspended concrete slab flooring with rendered brick supports. The area is enclosed with solid rendered brick panelled balustrade infill. Flooring was originally timber with panelled iron lace work, balustrading, valances, decorative brackets and friezes and turned timber posts. A corrugated iron hipped roof originally covered the upper level verandah. Again, although no physical remnants of these details remain, reinstatement through reconstruction is not an uncommon

practice. Photographic evidence can be used to facilitate this and components are readily available.

A large stark, unadorned parapet of rendered brick dating from C. 1950s / 60s extends the full width of the building. This features the business name in large lettering. The building originally featured a decorative parapet typical of its era with classical motifs on pediments, finials and associated embellishments. A substantial proportion of the original fabric associated with this outstanding feature remains in situ behind the later parapet and will be revealed through removal of the suspended brick feature. Where significant features have been lost, photographic evidence can provide the necessary information to facilitate reinstatement, should this be the preferred option.

Original brick chimneys and fireplaces remain in situ. While forming attractive and important original features which will be retained, their safety and serviceability will need to be assessed by an appropriately qualified tradesperson before use can be permitted. Where safety is not assured, it is not uncommon for such features to be retained as physical rather than utilitarian features².

The ground floor features four timber-framed two pane double hung sash windows approximately equidistant along the under-verandah section, with an additional two on the northern wing, while the southern wing has a single timber framed non-semicircular window. Based on contemporary photographic evidence, these are original features. Two sets of timber framed Casement or French doors are located at the front of the building. One, providing access to the northern wing, is of two pane style; the other, providing access to the main bar area near the southern wing, is single pane with fixed timber panels at the bottom. Both are capped by a simple fan light. A single pane timber framed single door with fan and side lights is situated approximately midway along the under-verandah and provides ingress and egress to the main foyer.

The upper level also features four timber framed two pane double hung sash windows approximately equidistant along the under-verandah section. Both the northern and southern wings have an additional two windows each. Based on contemporary photographic evidence, these all appear to be as original. Two timber four panelled doors provide ingress and egress between the wings and verandah, while a timber framed single pane, fixed panel door with fan and side lights provides access to the verandah from the upstairs foyer. These appear to be original features.

² See, for example, Woolingubrah Inn in the Coolangubra State Forest near Cathcart - http://platypuscountry.org.au/6122.98.html

The building has westerly and easterly outlooks. The westerly vista extends across Imlay Street to parts of the south bay and hinterland and taking in the iconic Mount Imlay. It is anticipated that this will remain uninterrupted by the project, while it is also considered unthreatened in the foreseeable future by other proposed local works. The vista to the east takes in the main beach area, outer bay and headlands. The development planned at the rear of the building will impact on this view.

The building is set directly onto the footpath, a practice repeated in the remainder of the streetscape and echoing the established tradition followed by other commercial structures in the Imlay Street Central Business District since its development in the 19th century.

The whole of the Hotel Australasia structure is painted in a white colour scheme, with timber window and door frames picked out in a gum leaf green colour. This is repeated on the exterior trim around the base of the building and on the "Hotel Australasia" signage across the parapet. A light colour scheme is evident in contemporary images of the building, and exact or approximate historic colour schemes could be easily and cheaply identified through investigation of extant paint work in the roof cavity currently concealed behind the 1950s/60s parapet.

Modern advertising murals and signage adorn both the southern and northern facing walls of the two wings, while an assortment of alcohol, accommodation and other related signage are affixed to the building. Not original features, these can be easily and inexpensively removed without impacting significantly on building fabric.

4.3.2: Interior:

The Hotel Australasia interior retains a surprisingly high level of integrity, including historically significant and increasingly rare architectural elements, particularly on the upper level. Floor to ceiling heights are generous and the solid brick walls are very robust. According to a report prepared by Bega Valley Council heritage adviser Pip Giovanelli (2013) "...the core part of the original building is in very good condition. There is no structural cracking or apparent failure, the plaster appears well attached and there is very little of no evidence of rising damp. There are localised areas where roof leaks have caused problems..."

4.3.2.1: **Ground floor:**

The ground level is presently divided into a number of distinct areas, these being described as the entry foyer; main bar area (to the right of the foyer); gaming room (to the left of the foyer); and a sitting / second bar area (also to the left of the foyer).

The entry foyer measures 5.5m in length and 2.7m in width and retains a number of important and aesthetically appealing original features. These include an arched vestibule, Wunderlich pressed metal ceiling, ornate cornice mouldings and embellishments, and locally sourced and sawn tongue and groove Stringybark and Turpentine timber flooring.

In the entry foyer an ornate New Zealand Kauri pine staircase with balustrade and turned posts provides access between the ground and upper levels. Made by building contractor John Hines specifically for the Hotel Australasia, this is an original feature and is considered one of the property's most important and outstanding features. Interpretative signage to highlight this element should be displayed on the ground floor near the staircase.

The main bar area has been extensively modified and further investigation will be necessary to highlight any original features that should be retained.

The gaming room and sitting room / second bar on the ground level have also undergone some alteration since the original construction phase but certain original features remain. The gaming room has been carpeted and walls papered. This retains its original brick fire place, although a modern heater has been installed within this. Pressed metal ceilings remain in situ. Timber wall cladding and newer ceilings have been installed in some areas. At this point it is unclear whether original fabric remains concealed beneath these elements.

Each of these areas are distinct and definable zones that can be leased for separate and individual commercial / business / organisational purposes to ensure an income stream for future building maintenance and site development.

4.3.2.2: Upper level:

The upper level consists of eleven guest rooms in various configurations. Four of these feature full ensuite facilities. The remainder have a simple wash basin and are serviced by a shared bathroom and toilet facility attached to the northern end of the building. In addition to the guestrooms, there is a common room adjoining a foyer area that leads on to a verandah that is situated between the north and south wings and overlooking Imlay Street.

The upstairs portion of the property retains a high level of integrity and features numerous original and aesthetically attractive elements including high Wunderlich pressed metal ceilings, wide moulded timber skirting boards, moulded timber

architraves and period timber panelled internal doors. These features appear to be in excellent condition and require very little attention other than superficial.

Economic and Employment Impact:

The redevelopment of the Hotel Australasia will provide a boost to creating new job opportunities within the township of Eden.

The addition of a new Supermarket to Eden, though welcome, is only likely to generate a very minimum of new permanent job positions, if any at all. In Eden, as it is very apparent, the low population size (2,800 people) and lack of drawing power means that it very likely that the town will only be able to sustain two Supermarket outlets into the future.

The creation of new business opportunities via a Wine Bar/Live music venue, a new Art Gallery, possibly a new small retail provider plus the the availability and reutilization of the first floor accommodation means that the revitalized building will be capable of generating between 10 and 15 new jobs.

On top of that, new opportunities for extra job creation should arise out of the proposed marketing program designed to attract the growing segment of "Experience Seekers" in the tourism market, to experience the unique offering of Australia's Coastal Wilderness.

The addition of this extra piece of tourism infrastructure (Hotel Australasia) will provide another vital link in creating a memorable visitation experience to the Sapphire Coast which in turn would also assist the ongoing viability of existing tourism and accommodation offerings.

5: Products and services:

This business will operate in the heritage and property management fields. The focus will initially be on the restoration of the historic Hotel Australasia, and once this has been achieved, reutilisation of the building as commercial space for mixed business leasing purposes.

Through a staged restoration, redevelopment and repurposing process followed by rental utilisation of the various areas, the historic Hotel Australasia will continue to be used and appreciated by the local community and visitors to the district.

Integration of interpretative elements such as photographs, stories, videos and music (subject to legal constraints such as copyright and intellectual property) within the commercial environment of the completed development will be used to highlight the town's history and heritage. This will give Eden a complimentary tourist asset to connect with existing attractions such as the Eden Killer Whale Museum, Sapphire Coast Marine Discovery Centre and various National Parks and Wildlife Service sites and facilities.

The "Straight 8" Circa1931 Built for the hotel licencee Ted Impey by Ike Warren operated by Bob Warren seen here with a nice catch of Snapper bound for the hotel



5.1: Priorities and program of works:

The first and foremost aim of the undertaking will be to secure the original 1904/05 portion of the building for the benefit of present and future generations. Once this has been achieved, focus will be on returning the building to its former status as an outstanding and well-known landmark building, as close as it feasible to its original appearance, based on associated costs, risks and benefits. According to Bega Valley Shire Council heritage adviser Pip Giovanelli (2013), reinstatement of the building's facade to "as built" condition is "...technically and realistically feasible as virtually all windows and doors remain in tact as do most of the parapet renderings."

Stage 1: Essential preparative work:

This will include exterior walling at the rear of the main bar are; assessment of and any necessary repair / upgrading to essential electricity services and safety and security issues (including fire) by appropriately qualified tradespeople. This aspect of the project will not be income generating, and will rely solely on community cash and in kind contributions, government grants and philanthropic funding.

Stage 2: Building exterior:

This will comprise of the reinstatement of the building's original 1904/05 facade, including the parapet, upstairs verandah roofing and timber flooring on the verandah. For the purposes of cost reduction, building structural well-being, it is anticipated that timber flooring will be overlaid on the existing concrete on both the ground and upper levels. This will also assist in improving accessibility to the building interior. As with Stage 1 this aspect of the project will not be income generating, and will rely solely on community cash and in kind contributions, government grants and philanthropic funding.

A grant calendar and timetable with forecast amounts will be researched and collated and once complete will be found in appendix (xxxxxx).

Preliminary estimates for total exterior renovations are approximately \$300,000.00

At the completion of Stage 1, the property will feature one of the most visually impressive keynote streetscape elements in Eden.

While Stage 1 is proceeding, the Board of Management will call for tenancy occupant Expressions of Interest. Once formal lease arrangements and agreements have been entered into, the project will proceed to Stage 3.

Stage 3: Entry foyer and former main bar area interior renovation:

This will involve refurbishment of the entry foyer and former main bar areas of the building.

The foyer will be a common space and will not generate income.

The former main bar area will be capable of generating income through commercial leasing. Based on its floor space of 111 m² and current market value of \$170 per m² p.a., it is estimated that this area of the building will generate \$18,870 p.a. (\$363/week) plus G.S.T.³

Stage 4: Renovation of the former gaming room, front room and second bar areas:

This will involve the renovation and refurbishment of the former gaming room and sitting / second bar areas.

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³ Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega

Once completed and tenanted, these areas will be capable of generating income⁴ as follows⁵:

Former gaming room (23 m² @ \$100 per week) = \$5,200 p.a. Front room (31 m² @ \$170 per m² p.a.) = \$5,270 p.a. (\$101.35 / week) Sitting area $(59 \text{ m}^2 \text{ @ } \$150 \text{ per m}^2 \text{ p.a.}) = \$8,850 \text{ p.a.} (\$170.19 / \text{week})$

Total estimated income potential for the Stage 3 downstairs area through commercial leasing is \$19,320.

The combined potential commercial lease value of Stage 2 and Stage 3 (the downstairs portion of the building) amounts to \$38,190 per annum (plus G.S.T.), or \$734.42 per week. (plus G.S.T)⁶.

There also remains potential to rent out the verandah rooms to specific non-commercial NFP local groups.

Basic fittings and fixtures for each area will be provided as part of commercial lease arrangements. However, individual tenants will be responsible for the fit out of their own spaces, with a "make good" clause in their various leases. User lease agreements will also carry protection clauses to guard against damage and / destruction of significant heritage fabric.

Once the income stream from the ground floor comes online the gradual upgrading of the first floor accommodation will begin.

Stage 4: Refurbishment of the upstairs accommodation area:

At least during the early stages of operation, this area will be utilised as budget group accommodation, aimed particularly at visiting educational, experiential and / or special interest groups.

⁴ Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega

⁵ All figures ex-G.S.T.

⁶ These figures are based on current rental values for Imlay Street properties, and are the most conservative income estimates.

In its current state, this portion of the building is anticipated to be in close to useable condition for this market, thus avoiding heavy financial outlays during the formative period while still allowing the area the be an income generating one. The income potential will be dependant upon the size of user groups, frequency of bookings and length of stay. However, based on current rates of venues offering similar facilities and amenities in the district⁷, cost would be in the vicinity of \$40 / person / night, with a minimum booking occupation level to be determined on a case by case basis.

A marketing plan will be developed to target groups such as hiking, cycling, kayaking and other special interest groups by offering quality comprehensive organised experiences in Eden and the surrounding district.

⁷ See, for example, Edrom Lodge http://www.edromlodge.com.au/TariffSheet_2013.pdf

6: Market analysis

At the present time, the Eden township has an oversupply and underutilisation of commercial space in the Central Business District. However, the historic Hotel Australasia building, with its genuine period features and charming aesthetics, offers an outstanding authentic retail opportunity not currently available to the same degree in any other vacant commercial venue in Eden.

This places the property in the enviable position of being able to offer prospective tenants a product that other businesses in the town won't be able to replicate. The building has potential to appeal not only to the local population, but to also contribute to and be on brand with both domestic and outbound "Experience Seeker" and "Australia's Coastal Wilderness" tourist markets.

The local region:

Situated at the south-eastern extremity of NSW, the Bega Valley Shire Council covers an area of 627,683 hectares (or 6,277 km²) between Bermagui in the north and the Victorian border in the south. As well as being the largest Local Government Area (LGA) in the Far South Coast region, it also the largest coastal LGA in NSW.

The Shire's coastal fringe extends from Wallaga Lake to Cape Howe and the Victorian border. Of the land within the LGA boundaries, only 22 per cent is rateable, with around three-quarters being Crown Land including National Parks and other reserves.

The Eden township is situated on the southern edge of the Bega Valley Shire and is comprised of residential, commercial and industrial lands. Surrounding rural land is used largely for timber production and conservation purposes, as well as beef and dairy farming and holiday areas. Fishing and tourism are important industries in and around the township.

Eden is strategically located between three of the nation's major capital cities, with a number of major road arteries connecting the region to these urban centres. The town is approximately half way between Sydney and Melbourne (about six hours to either by car) via the main transport corridor for the region, the Princes Highway. The ACT and Canberra are about three hours by car via the Snowy Mountains Highway. The Victorian border is just 50 km to the south. During peak season, one in three vehicles tow a caravan, trailer or boat.

Three coach services link the Shire to Sydney and Melbourne, while the Countrylink service operates daily coaches to and from Canberra.

Merimbula airport is located approximately 30 km north of Eden. It supports a local population of around 4,000; and approximately 32,000 within the broader Bega Valley Shire. In 2008 it serviced some 65,000 passengers. Regional Express (Rex) operates multiple daily commercial air services of about one hour from Merimbula to both Sydney and Melbourne.

Eden is also sited on the magnificent Port of the same name. Strategically located approximately half way by sea between Sydney and Melbourne, it is the southernmost declared Port in NSW, servicing the south coast and Monaro, including the towns of Bega, Merimbula, Bombala, Tumut and Cooma.

With a harbour depth and navigability equivalent to Sydney, the Port provides accommodation for an Australian Naval wharf and munitions depot. It has sound Higher Mass Limits (HML) transport links to the Princes, Monaro and Federal Highways and a landside capable of expansion. The Port of Eden also has well established port service providers including harbour tugs, launch services, stevedores, marine engineers and ships chandlers. Sydney Ports Corporation is assuming operational management from NSW Marine.

Although it's primary trade has historically been in woodchip exports and as a commercial fishing fleet base, it has more recently also become a port of call for the growing cruise ship industry. There are current proposals to upgrade it to a standard that would accommodate an expanding cruise ship visitation, including construction of a wave attenuator, breakwater, wharf extension and marina.

[include info RDA grant here] The Port of Eden has also been historically recognised as a "port of refuge" for coastal shipping and currently presents a safe haven for the Sydney-Hobart ocean racers as well as enjoying a significantly increasing profile amongst ocean cruise liners and the growing Super Yacht market.

Local people:

Based on 2011 Australian census figures, the LGA had a population of 31, 950 (the equivalent of 0.05 persons per hectare). This had risen to an estimated 33,313 by 2013, and is forecast to grow to 33,722 by 2016; 34,975 by 2021; and 38,828 by 2036.

According to the same source, the 2011 population of the Eden 2551 postcode was 3,452, while the 83,237 hectares (832 km²) area referred to as "Eden Coast"[9] was

3,758. This is forecast to rise to 4004 in 2014; 4,073 in 2016; 4,239 in 2021; and 4,681 by 2036.

In 2011, full time employment in the Bega Valley Shire stood at 50.5 per cent of the population, while Eden's was 49.3 per cent, (compared to the NSW and Australian averages of 60.2 and 59.7 per cent respectively). Part time employment in the Bega Valley Shire was 36.9 per cent while Eden's was 34.6 per cent (compared to the NSW and Australian averages of 28.2 and 28.7 per cent respectively). Unemployment stood at 6 per cent of the Shire's population, and 8.4 per cent of Eden's population (compared to the NSW and Australian averages of 5.9 and 5.6 percent respectively); while 6.7 per cent of the Shire population and 7.7 per cent of Eden's population travelled away for work (compared to the NSW and Australian averages of 5.7 and 5.9 per cent respectively).

Census figures for 2011 highlighted some important differences in industry sector employment between the Shire overall and Eden in particular, emphasising the economic importance of the tourism industry to the population of the latter township. Across the LGA, more people worked in Health Care and Social Assistance (13.1 per cent) than any other industry sector; followed by Retail Trade (12.3 per cent); and Accommodation and Food Services (11.1 per cent). Manufacturing also represented an important local industry (9.3 per cent). REMPLAN figures for 2012/13 show this situation has changed little. Eden, in contrast, showed a greater number of workers employed in the accommodation and food service industries, while a smaller number worked in health and social assistance; or education and training. Eden's three most dominant industries were accommodation (6.1 per cent of the workforce, compared to the NSW and national averages of 1.2 per cent each); Cafes, Restaurants and Takeaway Food Service industry (5.6 per cent of the workforce, compared to NSW and national averages of 4.1 per cent each); and supermarkets and grocery stores (4.5 per cent of the work force, compared to NSW and national averages of 2.2 and 2.3 per cent respectively).

Predominantly rural in nature, Bega is the only identified regional centre in the LGA, with Eden and Merimbula in the south and Bermagui in the north being the other main towns. A number of other villages also provide services for their local communities. The Shire is home to a number of key industries, including agriculture, forestry, fishing, retail, manufacturing and tourism.

The local tourism industry:

As one of the key economic drivers for all coastal towns between Wollongong and Philip Island, tourism is not surprisingly one of the Far South Coast Region's biggest employers. With nearly 400 km of coastline, numerous marine parks and expansive areas of national and state parks, it is an area that is renowned for its natural beauty.

As pointed out in a Bega Valley Shire Council submission to the NSW Legislative Council (2013) the economy of the Bega Valley Shire - or the Sapphire Coast as it has become known - has transformed over the past few decades from one dominated by agriculture to one in which tourism now plays a significant role. Situated at the heart of Australia's Coastal Wilderness and boasting 101 ocean beaches, 26 estuaries, lush rainforests and abundant wildlife all set against a picturesque mountain backdrop, these unique natural assets are amongst the most unspoiled and scenic in NSW. Combined with the temperate climate and fascinating range of towns and villages boasting great food and wine, recreational opportunities and commercial activities attract a growing number of visitors searching for unique experiences.

According to Cooney and Kastan (2013), annual visitation to the Bega Valley Shire numbers more than 900,000, with tourists spending around \$290 million a year in the LGA. Eden, along with other towns such as Merimbula and Bermagui experiences a threefold population growth during the peak Summer Christmas school holiday period. Particularly in light of the ongoing erosion of the town's traditional agriculture, timber and fishing industries, the importance of tourism generally and the cultural and heritage / "Experience Seeker" markets in particular, cannot be ignored.

Central to and inseparable from the expanding cultural tourism field, built heritage is an important and evolving aspect of this section of the Australian tourism landscape. Widely accepted as an important adjunct to eco- and nature-based tourist activities, the National Tourism and Heritage Task Force (2003) noted that "...specialist tourism ventures, whether nature-based, adventure, Indigenous, historic, cultural or eco-tourism, all rely strongly on heritage and heritage places...", further pointing out that "...natural and cultural tourism underpins much of Australia's tourism product..." Built heritage contributes to the unique ambiance and niche character so important to providing visitors with a local experience.

As a key contributor to the local economy, the Sapphire Coast a very popular and growing domestic destination. This aspect of the market has a strong presence in the Bega Valley Shire, with Destination NSW averages for the four years ending September 2013 showing that the LGA had around 741,000 visitors annually. Overnight visitors accounted for 419,000. They stayed 1,872,000 nights and spent \$259 million.

Domestic day trippers to the LGA accounted for a total of 322,000 visitors, who spent \$27 million.

More than half of the visitors to the LGA (398,000) were domestic overnight visitors. They stayed a total of 1,771,000 nights, and spent a total of \$224 million. The majority (57 per cent) came from interstate, most (39 per cent) from Victoria, with 12 per cent from the ACT. Intrastate travel accounted for 32 per cent of these domestic overnight visitors to the LGA, with the majority (30 per cent) coming from regional NSW and 13 per cent from Sydney. Just over 40 per cent were over the age of 55 and most were adult couples travelling without children, although families with children were the second most numerous group. A very high proportion travelled by private vehicle. These specifics highlight opportunities to increase length of stay and off-peak return visits through the development of new experiences reflecting the profile of the visitor most likely to enjoy them.

Although the domestic market is and will likely remain the cornerstone of tourism in the region international tourism has important potential for growth.

According to Destination NSW's Bega Valley Shire received an average of 22,000 international visitors a year over the four year years ending September 2013. They stayed an average total of 102,000 nights per annum and spent an average \$8 million a year in the region. The greatest proportion were over 55 years of age, although just over 20 per cent fell into the 25-35 year age group. The major means of travel was by rental vehicle.

As cruise ship visits to the Port of Eden grow, it is estimated that this in bound figure will grow by 100,000. The Australian cruise industry is now ranked number 1 in the world for market growth and penetration. The growth of visitation, both international and domestic, is expected to rapidly increase with the advent of the large cruise ships calling into Eden port.

Although, as these figures show, the region is only currently attracting a small proportion of inbound tourists, Tourism Australia research (2012) showed that a great driver of international visitor demand was in coastal, aquatic and wildlife experiences. The Sapphire Coast's biggest strength and core global tourism offering for the international tourist market is the range of world class natural assets available, including the natural wilderness, forest and coastal experiences needed to capture and significantly grow this market.

As part of the Experience Development Strategies identifying iconic world-class experiences that match Tourism Australia's National Landscape program and their "Experience Seeker" target market, the coastal portion of the Bega Valley Shire (as well as Narooma and Montague Island in the Eurobodalla Shire and the coast in the East Gippsland Shire) has been designated as "Australia's Coastal Wilderness".

The 78 per cent of the Shire's coastal and escarpment land encompassed in National Parks, State Forests and other reserves gives the LGA a "natural advantage" over other coastal destinations, by offering top quality unspoilt nature based experiences that reinforce the brand. This provides unique opportunities to capture and grow the as yet underdeveloped local inbound market as well as presenting outstanding potential for new enterprise and industry wishing to capitalise on the Shire's natural values as part of their branding and promotion.

In addition, Eden's location on what has become known as the "Humpback Highway", sees the neighbouring coastal waters play host every year between August and November, to thousands of humpback and other whales heading from their tropical breeding grounds back to the feeding grounds in the Antarctic.

6.3: Competition:

6.4: Marketing Strategy:

- Will require activities that specifically promote the venue as a whole to generate interest in the property; as well as supporting those of tenants;
- Direct marketing to target and inform potential accommodation area user groups?
- Corporate design?
- Brochures / flyers with business overview this could require two different versions one targeting financial supporters / donors, etc; the other building users;
- Advertising presence in publications, directories and guides read or used by target market to establish presence and visibility; also increases exposure and brand awareness:
- Social media presence;
- Advertorials / editorials / articles in local print media inform supporters / local market base about business name, aims and objectives, products, services, etc; increase local exposure and brand awareness;
- Utilise tourism specific publications;
- Utilise heritage specific publications;
- Utilise special interest group specific publications;

- Direct mail letter drop/s encouraging and informing local financial support / supporters;
- Advertorials / editorials / articles in special interest publications / print media
- On line presence web page
- Event promotion through database of allied organisations, businesses, local supporters, local contributors, etc.
- Direct email communication;

7: Finances:

- substantial community investment...

7.1: Start up expenses:		\$4500
[These are just possibles:]		
Business name registration	\$	
Insurances	\$	
\Licenses and permits	\$	
Advertising and promotion	\$	
Printing and stationery	\$	
Telephone Landline	\$	
Mobile	\$	
Internet	\$	
Accounting	\$	
Legal	\$	
Bank fees and charges	\$	
Fuel / transportation	\$	
Electricity connection (initial)	\$	
Water connection (initial)	\$	
Rates	\$	
Equipment purchases	\$	

7.2: Potential income sources:

Private contributions / loans	\$270k
Community donations	\$2k
Major sponsors	\$

Federal government grants \$
State government grants \$
Local government grants \$
Philanthropic organisations \$

Potential funding/grant sources:

- Mumbulla Foundation;
- Bendigo Bank;

8: Action Plan:

Develop the following into a grant chart and or a critical path / action plan

- Facade and parapet reinstated.
- Downstairs verandah area refurbished.
- Upstairs verandah area refurbished.
- Entry foyer refurbished.
- Main bar area refurbished.
- Lease signed and tenant operating from main bar area.
- Property brand and identity established.
- Gaming room area refurbished.
- Lease signed and tenant operating from gaming room area.
- Sitting room / second bar area refurbished.
- Lease signed and tenant operating from sitting room / second bar area.
- Upstairs accommodation area refurbished.
- Upstairs accommodation area operational.
- Staffing / personnel...
- Tax Deductibility Status secured.
- Bank account/s established.
- Property purchase finalised.
- Business name registration
- Trading name registration
- Establishment of legal structure
- Australian Business Number:
- Goods and Services Tax registration
- Online domain name registration
- Applications for any other licenses and permits
- Drawing up of tenancy leases / contracts etc.
- Public Liability insurance
- Workers' Compensation Insurance

- Revenue Protection Insurance
- Asset Protection Insurance

Appendix 1: SWOT Analysis:

Strengths
Weaknesses
Opportunities
Threats

Appendix 2: PEST Analysis:

Political Environmental Social Technical / technology

9: Bibliography and references:

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<u>Submission No. 28 - Inquiry into Tourism in Local Communities - NSW Legislative Council's General Purpose Standing Committee No. 3:</u>

Submitted by - Bega Valley Shire Council;

Date received: 20/06/2013:

Media Release - 10-Year Cruise Development Plan for NSW Underway, Andrew Stoner MP, Deputy Premier of NSW, Minister for Tourism amd Major Events, Thursday 19 June 2014:

Building on Sydney and NSW's Cultural Capital - Submission in response to NSW Government's discussion paper, *Framing the Future: Developing an Arts and Cultural Policy for NSW*, December 2013, Tourism and Transport Forum Australia:

Regional Development Australia Far South Coast - Strategic Regional Plan 2013 - 2018:

- [1] Information provided by Mr. Peter Mann, Chartered Accountant, Kothes Pty Ltd
- [2] See, for example, Woolingubrah Inn in the Coolangubra State Forest near Cathcart http://platypuscountry.org.au/6122.98.html
- [3] Hotel Australasia Heritage advisor report to Council, prepared by Pip Giovanelli, 14 May, 2013, p. 11
- [4] Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega
- [5] See, for example, Edrom Lodge http://www.edromlodge.com.au/TariffSheet_2013.pdf
- [6] Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega
- Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega
- [8] Based on estimates provided by Jeff Langford, Registered Valuer, Caddey, Searl and Jarmin, Merimbula and Bega
- [9] Which included the township of Eden itself, as well as the localities of Boydtown, Edrom, Green Cape, Kiah, Nadgee, Nethercote, Wonboyn and Wonboyn North. Bounded by the localities of Lochiel, Greigs Flat, Broadwater and the Pambula River in the north, the Tasman Sea in the east, the state of Victoria in the south and the localities of Timbillica, Narrabarba, Towamba and Nullica in the west.