



AGENDA APPENDIX
Council Meeting
Wednesday 28 May 2014

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY CONTACTING COUNCIL ON 03 5662 9200.

E.3 COAL CREEK COMMUNITY PARK AND MUSEUM - STRATEGIC DIRECTION

Appendix 1 – Coal Creek draft Development Strategy



Copyright

Development Strategy for Coal Creek Community Park and Museum

Prepared for South Gippsland Shire, Victoria, Australia

For more information contact:
South Gippsland Shire Council

Private Bag 4, Leongatha

Victoria 3953 AUSTRALIA

Telephone: (03) 5366 7100

Fax: (03) 5368 1757

Email: info@southgippsland.vic.gov.au

Website: www.southgippsland.vic.gov.au

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Prepared by Mawland Consultants and Simon McArthur & Associates (www.smcARTHUR.com)



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Executive Summary

The challenge

The Coal Creek business is forecast to make a loss of approximately \$447,000 in 2013. Council forecasting for its 10 Year Financial Plan has this deficit increasing by approximately 12% per annum, resulting in a forecast deficit of over \$952,000 by 2027/28.

The purpose of this Development Strategy is to:

1. Document the strategies needed to shift the Coal Creek business towards cost neutrality
2. Identify the capital costs required to develop and implement the strategies
3. Identify the potential Gross Operating Profit from the strategies contributing toward cost neutrality
4. Identify any remaining deficit for Council to consider treating as a community service cost
5. Establish governance directions to maximise private sector investment, development and operation of profit generating strategies

The solution

To move towards cost neutrality requires the full implementation (construction and fitout) of four strategies within one year of commencement:

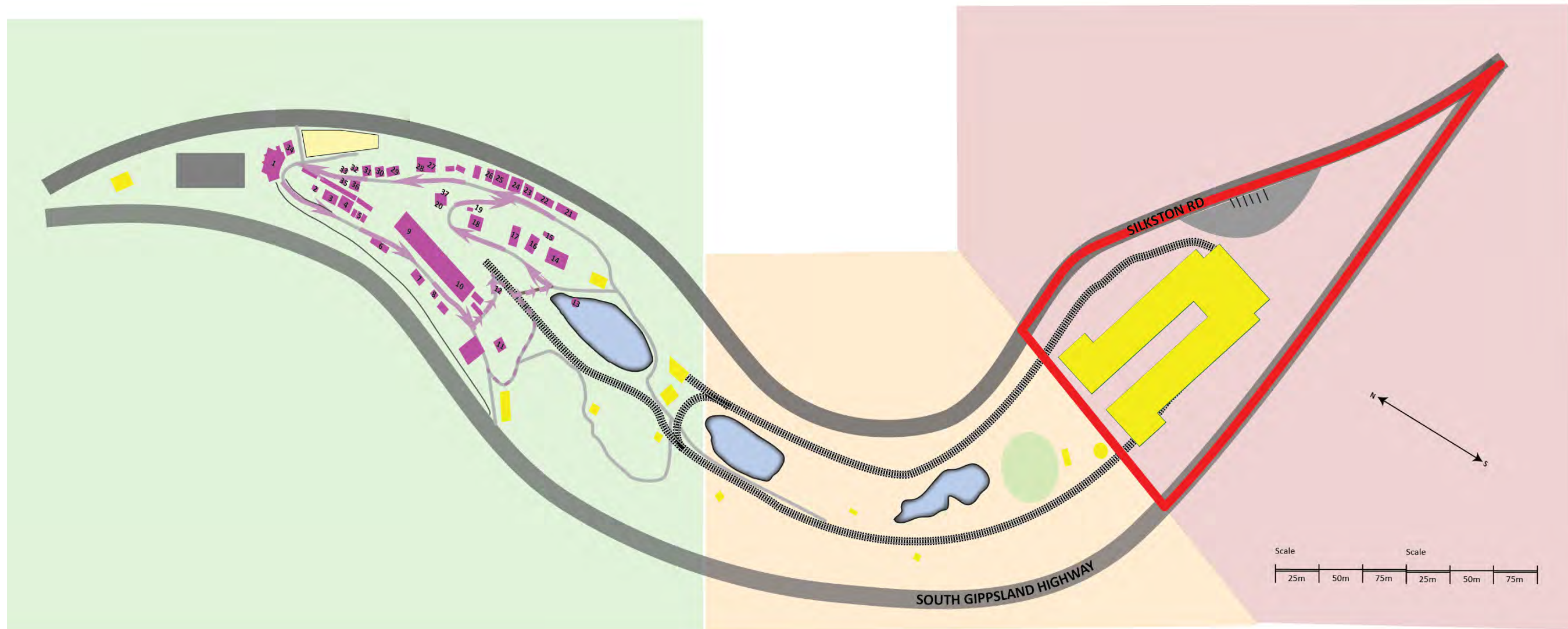
1. Site rationalisation, involving:
 - a) Creating three Precincts within the site delivering distinct uses, moving some uses and buildings to consolidate the purpose of each zone, and establishing relevant new uses for empty buildings
 - b) Removing surplus buildings and infrastructure that do not have heritage significance or high value to the interpretive experience, to reduce long term maintenance and risk
 - c) Reducing vegetation, to reduce long term maintenance and risk
2. The development of a core route through the historic precinct involving:
 - a) Core set of volunteer delivered demonstrations within Historic Precinct
 - b) Stabilisation and reopening of the Black Diamond mine for guided tours

- c) Paid driver to reliably operate the historic diesel and steam locomotive
 - d) Establishment of the Coal Creek Conspiracy (interactive technology)
3. Restaurant, function facility and son et lumiere (sound and light show), built as a new building opposite the Mine Poppet Head
 4. Overnight education facility, built to accommodate 240 students at any one time



The map on the following page shows how the site would look if all of the recommendations were implemented.

Proposed site plan of Coal Creek if all recommendations are implemented (a larger printout of this map is viewable at Coal Creek)



- 1 Entrance Building
- 2 Mother's Room & Toilets
- 3 Woodleigh Railway Station
- 4 Baby Feeding Room
- 5 Artist's Room
- 6 Mechanic's Institute
- 7 Poppet head & Winch House
- 8 Carpenters
- 9 Function Centre
- 10 Restaurant / Son et lumiere
- 11 Men's Shed
- 12 Top Bush Tramway Station
- 13 Band Rotunda

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- 31 Lands Office
- 32 Skin Store
- 33 Barber's Shop
- 34 Miss Tiley's Music Studio
- 35 Cordial Factory & Wrench's Boot-makers
- 36 Spinners
- 37 National Bank

- Historic Precinct
- Multi purpose Precinct
- Education Precinct

- Core route
- Core route no stairs
- Core route buildings
- Potential accomodation building
- Other buildings
- Education lease area
- Proposed fencing

The costs

The table below summarises the capital costs for each strategy and the projected gross operating profit that each strategy will contribute once fully operational, some 2 – 3 years after activation.

| Major costs (strategies) | Costs already funded in CC Budget ¹ | Costs yet to be funded |
|-----------------------------------------------------------------------|------------------------------------------------|------------------------|
| Site rationalisation | \$395,636 | |
| Core route with core demonstrations and mobile interactive technology | | \$374,696 |
| Restaurant, function centre & son et lumiere | | \$2,726,500 |
| Overnight education | | \$2,860,000 |
| Overall project management | | |
| ▪ Council project officer (PT over 2 years) | | \$120,000 |
| ▪ External consultant to assist project officer | | \$50,000 |
| Total costs | \$395,636 | \$6,131,196 |
| | \$6,526,832 | |

The result

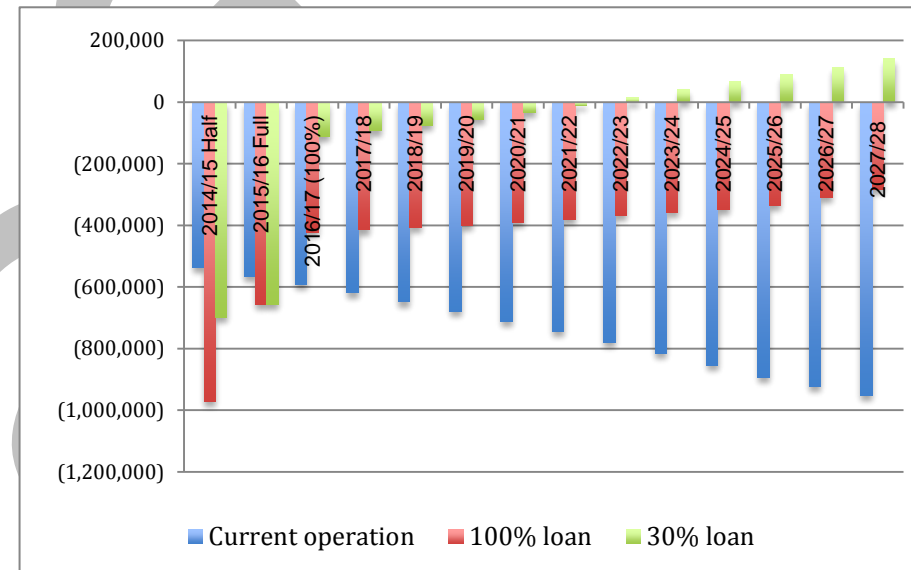
If the new businesses were developed in 2014, then the first full year operations would be 2015/16. A 14 year forecast was generated using a conservative model of 1-3% growth and two finance models to cover the debt needed for capital works:

1. Council borrowing the full capital and paying interest for the debt at 7% per annum (but not paying off the loan during the forecast period²); and
2. The State government funding 70% and Council borrowing the remaining 30% on the same terms.

¹ These estimates do not include cost of finance

² Note this is an unsustainable proposition, as any financial institution will eventually want the loan paid off and could foreclose the debt facility if the loan is not paid down

The figure below presents the forecast Net Profit / Loss for Coal Creek, under the current operation (no change), a 100% loan and a 30% loan. The figure shows the importance of securing State government assistance, as in 2022/23 with a 100% loan the business is still operating at a loss of approximately \$70,000, but with a 30% loan the business achieves cost neutrality.



Council should therefore put significant effort into making a submission to the State government to jointly fund the capital costs of implementing the strategies.

Economic impact for local area

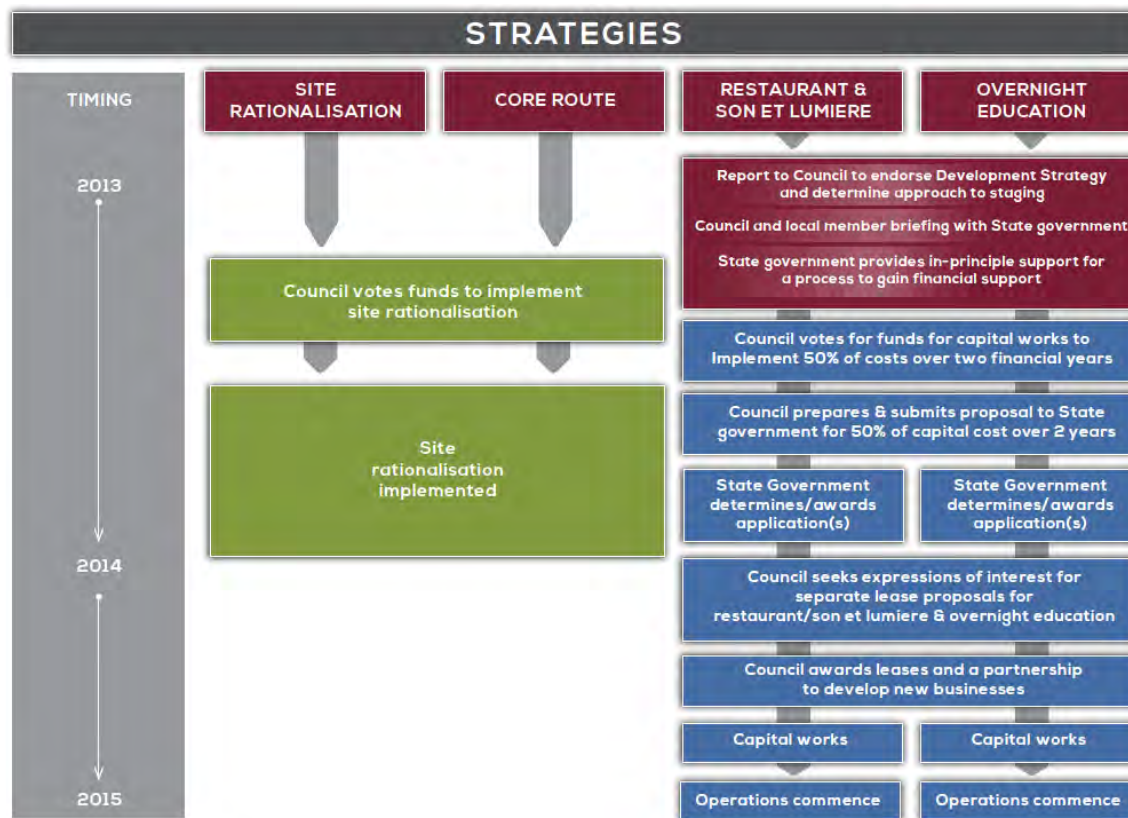
The construction phase would generate an economic impact of \$9.3 million and an additional 25 full time equivalent jobs created. The economic impact from the revitalised operation from 2016 is forecast to directly generate 30 full time equivalent jobs, equating to a direct annual impact of \$3.2 to \$3.4 million. In addition, there would be a flow on indirect impact to the economy of between \$5.8 and \$6 million per annum, generating 10 to 11 additional jobs in the rest of the economy. Of this additional output about \$2 million would be wages and salaries.

Implementation

It is critical that Council concurrently implement site rationalisation and the development of a core route, while seeking funding for the restaurant, son et lumiere and overnight education works.

The son et lumiere and restaurant should be jointly managed between Council (Coal Creek team) and a food and beverage contractor. Marketing would be jointly done. Council staff on the front desk would take bookings and revenue collection. The contractor would operate the restaurant / function building. Council would operate and maintain the son et lumiere, and maintain the restaurant building.

The Education Camp should be entirely run by a private operator under a license. As the land is owned by the Crown, any a license needs to be approved by the Department of Environment and Primary Industries and its Minister. There may be merit in exploring the potential and cost for Council to purchase the land from the State government, so that a more commercial arrangement can be generated.



1. Introduction

1.1 Background

Coal Creek Community Park and Museum (Coal Creek) is the site of an original black coal mine in Korumburra, South Gippsland. The State government and community provided funding to develop a Heritage Village that depicted life in a coal mining town between the 1870s and 1920s, and the attraction was opened to the public in 1974 by the Premier.

The former Shire of Korumburra and South Gippsland Shire Council (Council) have at various times and to varying degrees managed, maintained and supported Coal Creek since its inception. In 2006 Council took over direct management of the Village after the annual visitation decreased to approximately 11,000. Over the last four years, Council has invested on average \$450,000 annually into Coal Creek operations. Significant effort has been concentrated on increasing visitation – mainly through community events and removal of the entrance charge. Visitation currently sits at approximately 62,000 visits per annum.

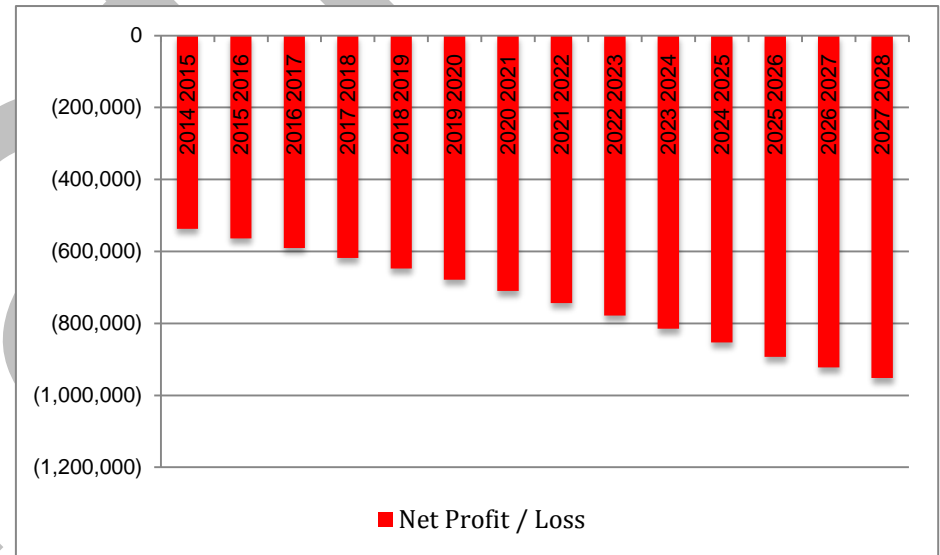
In 2011, Council received a report from Pitcher Partners that provided a financial assessment of the known and anticipated operating costs of the facility over the next 10 years³. The Report forecast an annual deficit of approximately \$520,000 per annum, and a cost of \$2M to close the operation and return the land to the State government. The option to close Coal Creek remains open to Council. However, Council is currently under-writing Coal Creek's operational deficit, while determining how close it can get the operation to achieve cost neutrality within five to seven years. **Figure 1.1** presents the financial forecast for Coal Creek 2014/15 to 2027/28 (supplied by South Gippsland Shire Council). **Figure 1.1** shows that the financial performance of the business is forecast to get steadily worse.

In 2012 Council commissioned Mawland Consultants to prepare strategic options to make Coal Creek viable. A Feasibility Study was prepared to present the options and their financial costs and capability to assist the business achieve cost neutrality. The Study concluded that

³ Another objective of this report is to highlight any risks, which resulted in the identification of electrical upgrades

without an entry charge, the two best ways to achieve cost neutrality are revenue generation leading to greater profit, and greater cost efficiency in the way the asset and operation are managed.

Figure 1.1 Forecast loss for Coal Creek 2014/15 to 2027/28 (supplied by South Gippsland Shire Council)



This Report was exhibited for comment between 22 December 2012 and 18 January 2013. Some 182 submissions were received (67% from visitors and the remainder from local residents, businesses, staff and volunteers – there was minimal difference in responses across the sectors). **Table 1.1** summarises the results of the exhibition. There was support from visitors and locals for every strategy being proposed

- Respondents supported the moving and removal of surplus buildings and infrastructure, and only lowered their support for vegetation removal if it was to be widespread as opposed to targeted

- The strongest support was for the development of a core route and its supporting projects
- The preferred approach to a restaurant and son et lumiere is a new purpose building opposite the poppet head
- There was slightly more support for a smaller education camp, though a staged approach to expansion could address this

The results provided Council with the logic and political support for pursuing cost neutrality through creating profitable businesses.

Table 1.1 Summary of stakeholder views on the options presented by the Feasibility Study

| Cost saving and profit generating strategies | Support | Rejection | Indifferent |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|-------------|
| Site rationalisation overall | 255 | 4 | 29 |
| ▪ Site rationalisation: Creating three Precincts within the site delivering distinct uses, moving some uses and buildings to consolidate the purpose of each zone, and establishing relevant new uses for empty buildings | 285 | 33 | 40 |
| ▪ Site rationalisation: Removing surplus buildings and infrastructure that do not have heritage significance or high value to the interpretive experience, to reduce long term maintenance and risk | 221 | 77 | 48 |
| ▪ Site rationalisation: Reducing vegetation, to reduce long term maintenance and risk | 175 | 101 | 59 |
| The development of a core route through the historic precinct overall | 165 | 17 | 22 |
| ▪ Core route: Core set of volunteer delivered demonstrations within Historic Precinct | 330 | 25 | 23 |
| ▪ Core route: Stabilisation and reopening of the Diamond Head Mine for guided tours | 394 | 24 | 17 |
| ▪ Core route: Paid driver to reliably operate the historic train | 352 | 24 | 27 |
| ▪ Core route: Establishment of the Coal Creek Conspiracy (interactive technology) | 256 | 28 | 54 |
| Restaurant overall | 237 | 29 | 53 |
| Function Centre overall | 174 | 31 | 47 |
| Sound and light show overall | 260 | 38 | 32 |
| ▪ Restaurant and sound and light show in Visitor Centre | 60 | 171 | 43 |
| ▪ Mezzanine restaurant and sound and light show outside Visitor Centre | 216 | 66 | 50 |
| ▪ New restaurant building and sound and light show opposite Mine Poppet Head | 289 | 33 | 33 |
| Overnight education camp overall | 286 | 22 | 28 |
| ▪ Overnight education for 240 students | 296 | 33 | 34 |
| ▪ Overnight education for 480 students | 228 | 76 | 34 |

2. Strategic directions to achieve cost neutrality

2.1 Site rationalisation

Site rationalization is a term for ways to make the site perform more efficiently, so as to reduce costs and improve the overall visitor experience. There are three components to site rationalisation:

1. Creating three Precincts within the site delivering distinct uses, moving some uses and buildings to consolidate the purpose of each zone, and establishing relevant new uses for empty buildings
2. Removing surplus buildings and infrastructure that do not have heritage significance or high value to the interpretive experience, to reduce long term maintenance and risk
3. Reducing vegetation, to reduce long term maintenance and risk

Precincts supported by moving uses and buildings

The site will look and work much better if its main uses are more separated. The creation of precincts (through zoning) is a standard tool used to place use in areas most capable of supporting it. Three precincts are proposed for the main part of the site:

1. Historic
2. Multi purpose
3. Overnight Education

Table 2.2 identifies the key uses for each precinct and the subsequent different management approaches. **Figure 2.2** presents a map of the site showing the proposed precincts. The historic precinct would be further divided into Township and Industrial zones.

Table 2.2 Key uses and management approaches to Coal Creek Precincts

| Precincts | Key uses | Management approach |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Historic | <p>Conserving, curating and interpreting the most authentic heritage components that depict Coal Creek mining and day to day life between the 1870s and 1920s, such as</p> <ul style="list-style-type: none"> ▪ Demonstrations of historic activities ▪ Guided interpretive and educational activities ▪ Self-guiding interpretive activities ▪ Audio visual and performances ▪ Provision of supporting services, including site orientation, food and beverage, public amenities | <p>Primary focus of conservation and curatorial activity and resourcing</p> <p>Primary focus of visitor management</p> <p>Primary focus of risk minimisation</p> |
| Multi Purpose | <p>Community uses not based around the interpretation of the historic period of Coal Creek, such as:</p> <ul style="list-style-type: none"> ▪ meeting venues for community groups (eg. men's shed and Masons) ▪ community events ▪ outdoor education programs | <p>Building and infrastructure design should be functional. Buildings adjacent to the Historic Tourism Zone should be sympathetic in their design to avoid visual impact</p> |
| Overnight Education | <p>Provide a base camp that does not interfere with the interpretation of the historic period of Coal Creek or community uses, such as:</p> <ul style="list-style-type: none"> ▪ classrooms ▪ accommodation ▪ food and beverage ▪ outdoor education facilities ▪ parking, plant and equipment | <p>Independent access into and out of the Zone is limited by fence and behaviour management</p> <p>Site maintenance the responsibility of the tenant, unless they choose to contract the service back to management</p> <p>Building and infrastructure design should be functional and contemporary, and could include sustainability initiatives that reduce impact on services and environment. To avoid confusion design should not replicate historic buildings</p> |

Removing surplus buildings and infrastructure

Coal Creek has more buildings than it can afford to maintain. Timber buildings in continuously damp conditions generate high maintenance costs.

In addition to the Coal Creek's \$500 - \$750,000 annual loss that South Gippsland Shire is seeking to balance, there is also an Asset Improvement Program to fund. The Program is based on Council's detailed analysis of every building's significance, condition, risk and, use. The Program has been costed as \$2.2M in works required for buildings and infrastructure.

Removing and transferring surplus buildings will not only reduce the Program cost, it will help the site operate better. **Tables 2.3 to 2.5** provide a three staged implementation plan to guide movement / removal of buildings and infrastructure over July 2013 to end of March 2014.

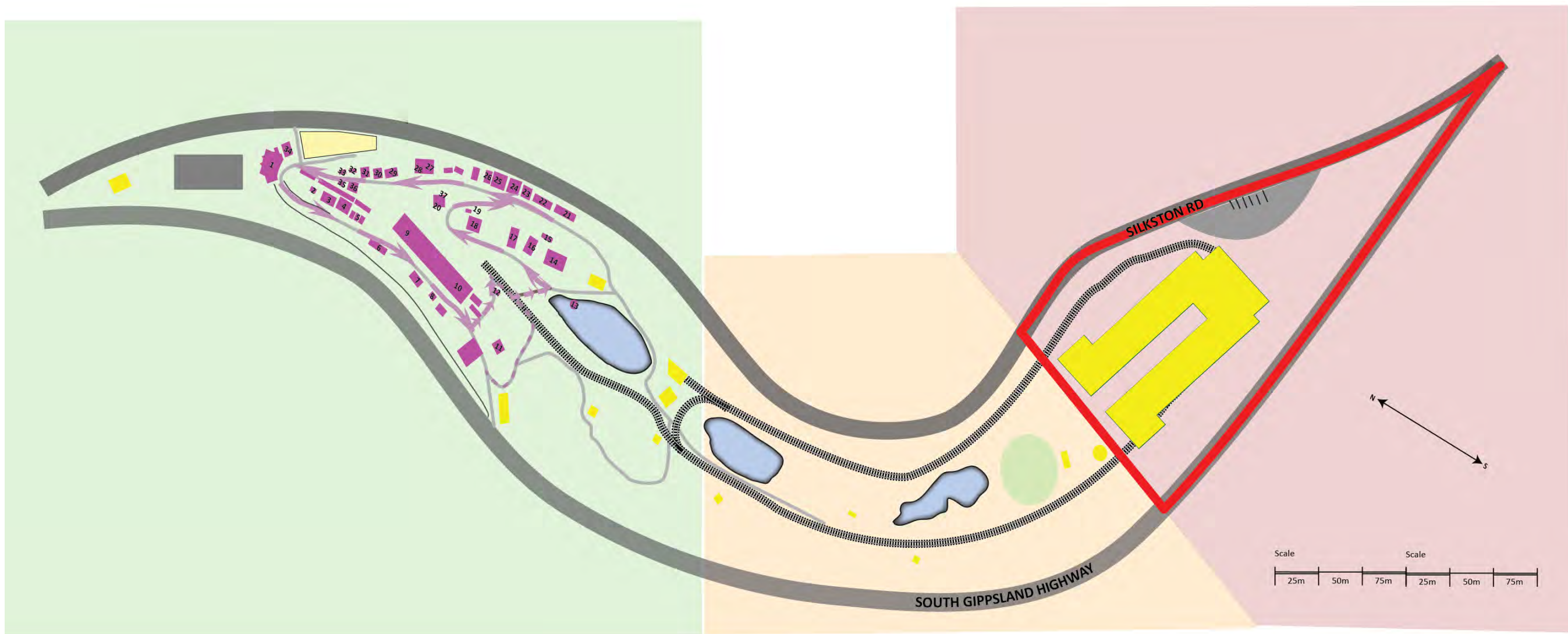
Figure 2.2 presents a map of the site and the proposed use movements, building and infrastructure movements or removal. The proposed changes have been made using past reports⁴, as well as consultation with key Coal Creek staff with curatorial and maintenance roles. Any buildings proposed to be removed should go through a set process of:

1. Documentation of source of building, past uses, and any moveable heritage inside
2. Advertise intent to dispose of non-significant items and await responses from community (as per Collection Policy)
3. Transfer of any significant items to alternative display areas
4. Disposal of any non-significant items, with first offer to the local community to remove within a short period
5. Dismantling of buildings and infrastructure, and stockpiling of reusable materials for reuse in other parts of the site (eg sound timber, roofing and fencing)
6. Removal of non reusable material to a safe disposal site

⁴ For example, Barron Planning Projects (2008) Coal Creek Submission to Heritage Victoria
Development Strategy for Coal Creek Community Park and Museum (Second Draft) Page 10

Figure 2.2 Proposed site plan of Coal Creek if all recommendations are implemented, including precinct establishment, building rationalisation, core route, new restaurant and son et lumiere and overnight education operations (a larger map is viewable at Coal Creek)

Draft



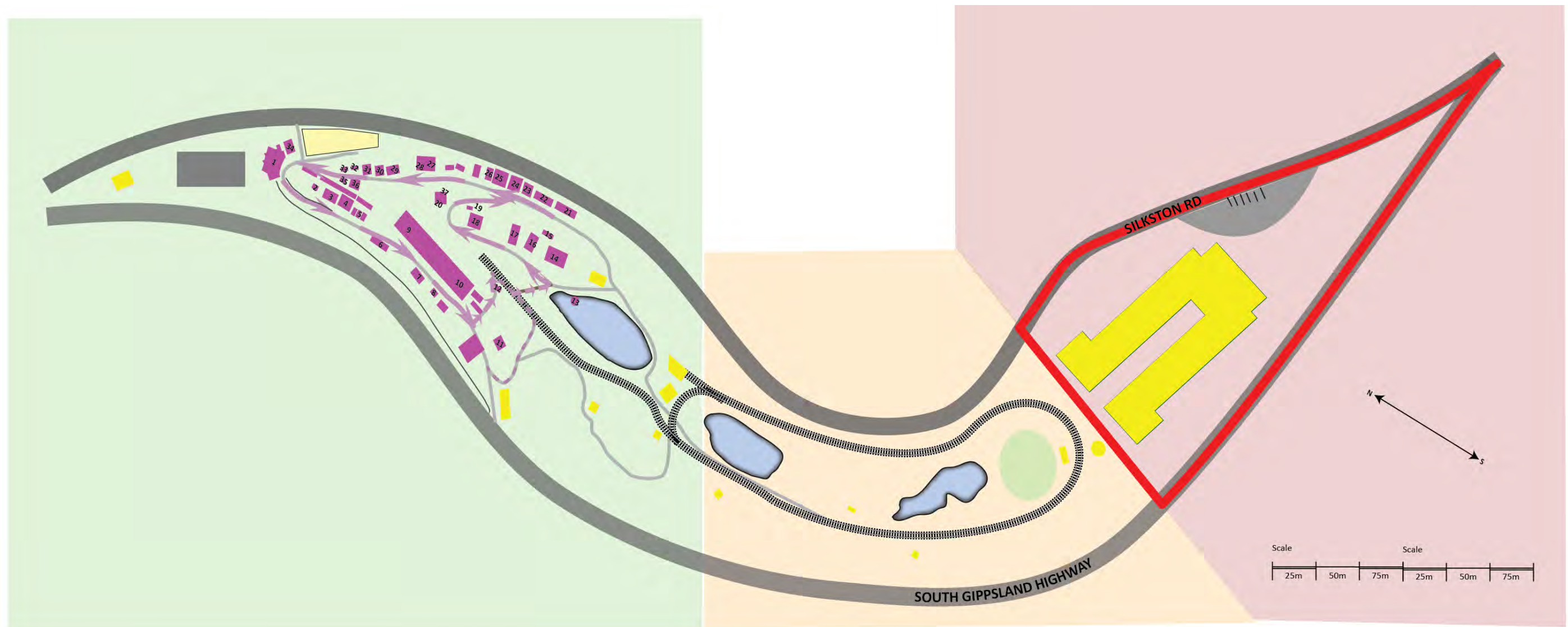
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- Historic Precinct
- Multi purpose Precinct
- Education Precinct

- Core route
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- Core route buildings
- Potential accomodation building
- Other buildings
- Education lease area
- Proposed fencing



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| | | | |
|--|------------------------|--|---------------------------------|
| | Historic Precinct | | Core route |
| | Multi purpose Precinct | | Core route no stairs |
| | Education Precinct | | Core route buildings |
| | | | Potential accomodation building |
| | | | Other buildings |
| | | | Education lease area |
| | | | Proposed fencing |

Table 2.3 Phase 1 Implementation Plan for site rationalisation (August-Oct 2013)

| Actions | Responsibility |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| a) Move Destination Gippsland Regional Tourism Offices out of timber building in front of playground at top of car park and transfer into Korumburra township | Destination Gippsland |
| b) Move staffed Visitor Information Counter and regional tourist collateral removed from Visitor Centre building as part of broader new tourism marketing strategy to Korumburra township | Destination Gippsland |
| c) Construct / install new shelter shed to house outdoor moveable heritage collection opposite building 17 | Contractor |
| d) Construct / install new maintenance shed | Contractor |
| e) Deaccession surplus collection items from outdoor moveable heritage collection located in building 24 (machinery shed) | Coal Creek Curator |

Table 2.4 Phase 2 Implementation Plan for site rationalisation (Nov 2013 – Feb 2014)

| Actions | Responsibility |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| a) Install Cool Room to timber building in front of playground at top of car park and move Sustainability Centre (Grow Lightly) from Building 48 to timber building in front of playground at top of car park | Contractor |
| b) Transfer significant items of outdoor moveable heritage collection from building 24 to new shed opposite building 17 | Coal Creek Curator and Maintenance |
| c) Move Building 62 Bloggs Creamery to side of Mine Managers cottage. No power or water would need to be connected to the building. | Contractor |
| d) Move Building 28 (Blacksmiths) and boiler to Historic Precinct (Industrial area adjacent to building 16) | Contractor |
| e) Move Building 63 Westerns Cottage to Historic Precinct between Courthouse and Devlins general Store. Remove veranda and dig holes for new stumps at new location point. Water has been disconnected, Water and Electricity would need to be connected for viability as a reuse retail site. | Contractor |
| f) Move Building 27 Bush Tramway Office to Historic Precinct (township Area between between Court House [building 50] and General Store [building 55]). Remove veranda and dig holes for new stumps at relocation point. Reconnect electrical and water services | Contractor |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| g) Move Waterwheel to Historic Precinct (creek flowing to lake) following conservation and stabilisation works so it can operate again | Contractor |
| h) Remove Building 35 Farmhouse, Building 36 Fettle's, Building 34 Bottom bush tramway station, Building 37 Stables, Building 61 Woodyard, remove Building 30 Middle Bush Tramway Station (not needed for non stop tramway experience), salvage and store significant reusable materials | Contractor |

Table 2.5 Phase 3 Implementation Plan for site rationalisation (March 2014 – Aug 2014)

| Actions | Responsibility |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| a) Establish Blacksmith operation as per building movement | Volunteers |
| b) Introduce a fence either side of the rail line within the Education Precinct, and design a pedestrian walkway through / overhead | Contractor |
| c) Remove Building 24 Machinery Shed, Building 25 Maintenance Shed and two walking bridges, salvage and store significant reusable materials | Contractor |
| d) Backfill extended coal mine (unrepairable condition with several collapsed areas) | Council internal |
| e) Remove Building 59 Plant Nurseries offer to community group first (poor condition and low significance) and does not fit core business of park and Building 58 Caretakers Cottage (poor condition and low significance) | Contractor |

From a shift in some uses and building locations, there will be several buildings that become available for new uses. **Table 2.5** proposes potential uses for these buildings.

Table 2.6 Potential uses for forecast vacant buildings

| Forecast vacant building | Potential use |
|--------------------------|----------------------------------------------------------------------------------------------------------|
| Building 48 | Butter production and retailing |
| Bloggs Creamery | Interpretation and education activities for butter making |
| Westerns Cottage | Dress up and be photographed in costume (a chargeable experience) Post office / telephone service |
| Pig and Whistle Cafe | Education activity centre (see Section 2.3) |

It is also proposed to refresh the Visitor Centre with new interpretive displays that introduce the site and its history, as well as some additional retail floor space and retail shelving / cabinets introduced. As the new revenue generating products are introduced, there should be appropriately branded souvenir products developed and sold in the retail area.

Reducing vegetation

The sheer amount of vegetation on the site is so great that it reduced the ability to properly present and interpret Coal Creek as a township. Some good work has been done in 2012 / 2013 within the Historic Precinct, but more needs to be done. While attractive, the cultural significance of the original concept is compromised by the dominant park-like conditions. A town in the late 1800s would have far less vegetation, because tall trees were a fire risk that could not be managed and most vegetation was cleared for construction materials. Simply put, the site has more vegetation than it can afford to manage

It is therefore proposed to develop a maintenance program that minimises the build-up of vegetation within the Historic Precinct, so that most of the township can be viewed at once (accepting building and topographical impediments). The second highest vegetation reduction should be within the Education Precinct, to protect the proposed infrastructure and the dense population of schoolchildren that may be using it. The multi-purpose zone could have a greater amount of vegetation than the other two, but should still be lower than the current build-up. Once the vegetation build-up is achieved, the view fields achieved should be photographed and the record used as a reference tool for an ongoing maintenance program.

2.2 Core route interpreted with core demonstrations and interactive technology

This option is designed to significantly enhance the competitive strength of the Coal Creek tourist experience and minimise the 'over stretching' of the limited volunteer base. Key elements of this option are:

1. Core route through the historic precinct
2. Core set of volunteer delivered demonstrations within Historic Precinct⁵
3. Stabilisation and reopening of the Black Diamond mine for guided tours
4. New position of a paid driver to reliably operate and maintain the historic diesel and steam locomotive and boilers
5. Establishment of the Coal Creek Conspiracy (interactive technology)

Following the more intense use of the Historic Precinct, there may be a need to develop an additional amenities building within the Courthouse vicinity, to cater for leisure visitors, school groups and groups occasionally using buildings nearby. This has not been scoped or costed, as Council was unable to provide detail on current services provision.

Core route through the historic precinct

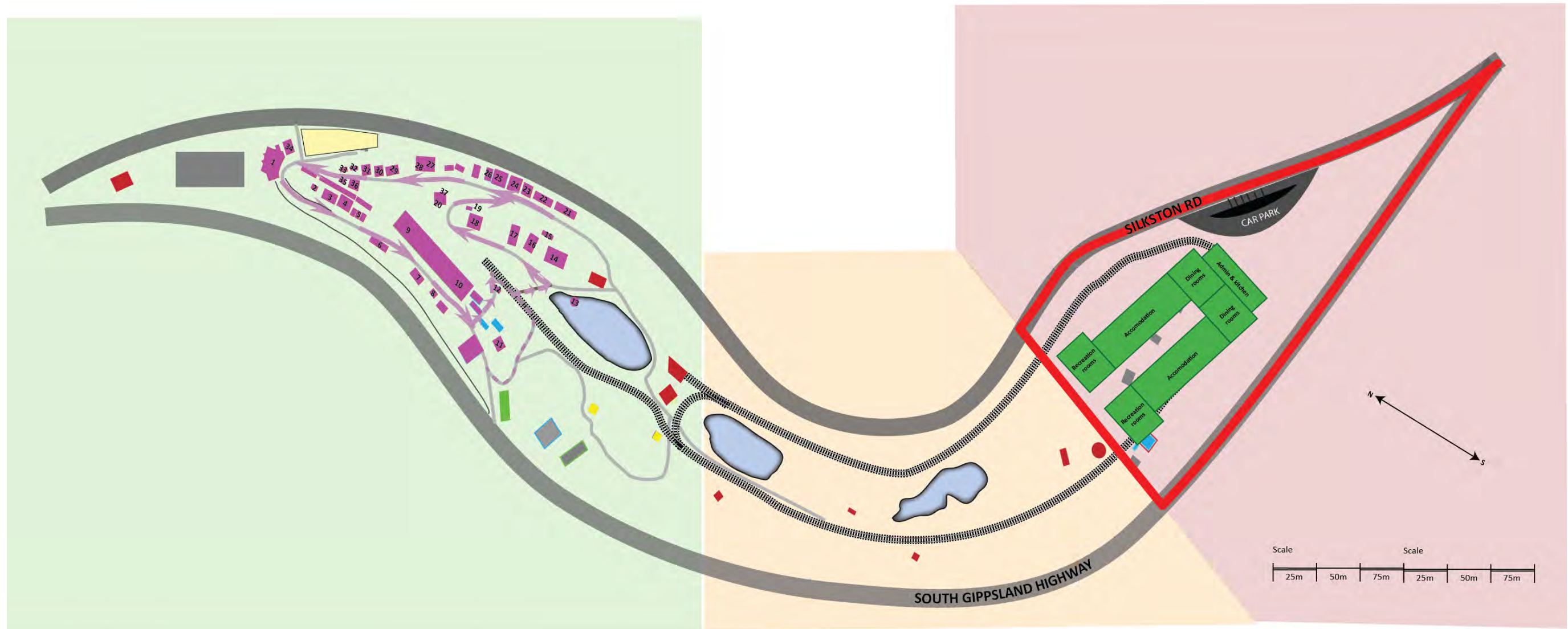
Most attractions work better when they have a set core route to follow. Core routes:

- allow interpretation to be structured so that stories can build on each other;
- reduce visitor congestion that otherwise reduces the quality of the experience; and
- allow the positioning of services and amenities to fit the natural points where visitors will need them.

Figure 2.3 presents the proposed core route for visitors to Coal Creek.

⁵ Note that the volunteer model needs to be restructured to create prioritization for core positions, supported by a roster that maximises volunteer coverage. Beyond this, staffing may be required on short notice, to backup volunteers when none can be secured

Figure 2.3 Proposed site development map, showing the proposed precincts, site rationalisation core route, and new buildings (a larger map is viewable at Coal Creek)



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- Historic Precinct
- Multi purpose Precinct
- Education Precinct



Core route



Core route no stairs



Core route buildings



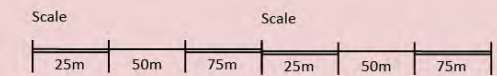
Potential accomodation building



Education lease area



Proposed fencing



The proposed core route has five major phases:

1. Visitor Centre for an introduction to the site, major amenities and an audio visual to introduce the main interpretive experience (The Coal Conspiracy)
2. Train and Train Station, highlighting the arrival at Coal Creek and the start of the exploration of the area
3. Coal mine and supporting industrial services, highlighting the reason for Coal Creek being here
4. Township, highlighting all the services and people who ran them due to the mine's success
5. Visitor Centre (entry foyer), for souvenir purchases and final amenities break before departure

The route should be marked on a new visitor brochure and either pictograms on posts or several simple picket-like fences should be built to guide visitors where there are junctions that might confuse them.

Core set of volunteer delivered demonstrations within Historic Precinct

The volunteering base should be restructured and re-trained to provide a core set of experiences that can be delivered most of every day that the attraction is open. The decision on what is a core volunteering experience should be based on the critical elements that defined the core functions of the township and the experiences that visitors are most interested to see and most satisfied with. These could be:

- ✚ Blacksmith;
- ✚ Black Diamond Mine;
- ✚ School⁶; and
- ✚ General Store.

Other volunteer experiences should be managed as value adding, and not be provided instead of the core experiences.

⁶ The use of the School will need to fit in with other user groups, such as education programs

Stabilisation and reopening of the Black Diamond mine

The site must have an interpreted open mine experience, so the Black Diamond mine should be stabilised and reopened. A geotechnical survey, along with a statement of the works and costs required to reopen the mine have been determined and need to be undertaken to give Coal Creek back its central purpose for existing. The opened mine would be incorporated into education programs and the Coal Creek Conspiracy (see below).

Paid driver to reliably operate and maintain the historic diesel and steam locomotives

The train is a highly desired experience, and one that with reasonable interpretation, can help link all the elements of the site together into a bigger picture. The train needs specialist expertise to operate and be maintained, expertise that can only be reliably provided if it is paid for. Two to three drivers should be placed on a part time payroll to operate the train afternoons, weekends and school holidays (10.30am 3.30pm). The train should be charged out at cost recovery plus 25% (higher than the current charge⁷).

It is further recommended to operate the train from one station location to embark and disembark, with no stops along the way. This strategy will ensure visitors stay within the History Precinct, and avoids demand to keep attractions within the other precincts – the trip is a venture out of the town and back.

To support the introduction of overnight education within a lease arrangement (see **Section 2.4**), an evaluation of options to address the railway line infrastructure passing through the Education Precinct was made, so as to minimise risk to passenger and education guests, and to minimise interruptions to the Education operations. **Attachment A** presents and evaluates two options.

⁷ Note that there need to be two charges for the steam versus diesel locomotive to reflect higher value. Also note that the steam and diesel train cannot operate on Total Fire Ban Days and the steam train cannot operate during Fire season.

Establishment of the Coal Creek Conspiracy (interactive technology)

It is proposed to create a hand held multi media interpretation experience that operates like an interactive board game style challenge, leading visitors through the site. Clues could be left along the core route. **Figure 2.4** provides some images that help evoke some of the experience. Check points could be placed throughout the site on a defined route where visitors will gain clues or undertake challenges that will in turn allow them to move to the next checkpoint on the route. The day experience would be delivered via an introductory audio-visual and an Ipad or tablet device available to hire (the device would be protected by a casing that is shock and waterproof)

Figure 2.4 Images that reflect some of the Coal Conspiracy



Target markets for The Coal Creek Conspiracy

The three target markets for the Coal Creek Conspiracy are:

1. Children and students aged 7 to 11 years coming to Coal Creek with schools or with parents described by the Roy Morgan Values™ segments as Socially Aware, Traditional Family Life and Conservative Family Life, residing in the south-eastern suburbs of Melbourne
2. Children and students aged 12 to 16 years coming to Coal Creek with schools or with parents described by the Roy Morgan Values™ segments as Socially Aware, Traditional Family Life and Conservative Family Life, residing in the south-eastern suburbs of Melbourne
3. Adults described by the Roy Morgan Values™ segments as Socially Aware, Traditional Family Life and Conservative Family Life, residing in the south-eastern suburbs of Melbourne

The Coal Creek Conspiracy in detail

The key stages to the experience would involve:

1. In the Visitor Centre, visitors see a working display of the program on a fixed Ipad, and staff / volunteers encourage them to hire units
2. Participants venture into an audio visual:
 - Which first sets the scene of the conspiracy – mining companies are conspiring to stop union-based miners getting work; coal companies in cahoots with the government secretly train in scab labour, with 20 police on board to ensure safe passage through the heavy union areas)
 - Which then sets the challenge – who is behind the conspiracy? Who is fighting it?
 - And then it shows participants how to use the program to take on the challenge
3. Participants move along the core route looking for clues and subsequently feed information into their program to build a case for who is behind the conspiracy
4. Participants return to the Visitor Centre (entry foyer) to return their units, and if they have solved the challenge, are given a reward⁸

⁸ For example, early mining writes certificate, union card or suffragettes backed by unions

Three levels of the Program would be offered – one to each of the three target markets. The Program would be historically accurate, and include a range of historic photos and produced re-enactment video clips that would be produced as part of the first model. It is essential that the educational content fit AusVELS (Australian / Victorian Essential Learning Standards which is recognised Australia wide by all schools. In three years after release, the Program should be refreshed to encourage repeat customers and maintain repeat customer satisfaction and positive word of mouth. The visuals should generate a range of branded merchandise for sale in the Visitor Centre, with some basic forms given away as a reward for successfully completing the challenge.

The story line could be based on an interpretation of the Coal Conspiracy in the early 1900's, and draw from the oral history production by Gill Heal 'A Question of Honour – Krumburra voices, Coal Creek Legacy' to include:

- Discovery of Coal in the area;
- Workers hardships and the subsequent formation of unions attempting to driving improved workers rights;
- The impact Coal price drops from NSW had on the three local mines;
- The strikes that followed as workers protested against pay cuts leading to the employment of non union 'Scab' workers brought in from Ballarat gold fields; and
- The conspiracy between the three coal companies and the government reaching its peak and the effects this had on the workers and the small community of Korumburra

Refinement to the product could include:

- ✚ a satchel over shoulder protective cover for when Ipad isn't in use; and
- ✚ a reward for successful solving of the challenge.

The technology needed to deliver this product in the outdoors should be hired out to customers, with a credit card impression used to secure the asset in case of theft or damage. School groups bringing their own iPads or Laptops could be given downloads on single day license activation (shuts down after 24 hours). There are some useful hints for building these sorts of products for educational group use at the site <http://edapps.ca/2012/04/ipads-and-field-trips>.

Market testing confirmed a price of \$25 per unit price. However, most of the target markets would want to hire 2 units or more, so a price per unit of \$19.95 per unit is warranted for multiple unit hire (such as by school groups).

2.3 Restaurant and son et lumiere

Rationale and essence of product

A new restaurant building would provide by day:

- ✚ a food and beverage service for visitors to Coal Creek (tea/coffee, snacks, lunch) – this service would take over the current food and beverage service offered at the Pig and Whistle, making it available to be re-utilised; and
- ✚ a pre-booked food and beverage service for any meetings or functions using the building.

By night the restaurant would provide:

- ✚ a packaged dinner and son et lumiere product (perhaps a two course suitably themed meal timed to integrate with a two Act son et lumiere show; and
- ✚ a pre-booked food and beverage service for any meetings or functions using the building in ways that do not impact with sound or light on the son et lumiere.

Coal Creek at night is a more evocative and powerful place than by day. A night experience provides the driver to use the restaurant, and an opportunity to trigger overnight stay in the region, and subsequent greater economic benefits to the local community. **Figure 2.5** provides some images that help evoke some of the night experience.

The restaurant / function centre and son et lumiere would be operated by Coal Creek, but all food and beverage services would be contracted out.

Target markets

The proposed leisure target markets for the restaurant and son et lumiere are residents of the south-eastern suburbs of Melbourne described by the Roy Morgan Values™ segments as:

1. Socially Aware
2. Traditional Family Life
3. Conservative Family Life

The proposed target markets for functions and meetings are:

1. Business associations and not for profit organisations (such as Probus, Lions Club and Business Chambers) based within the South Gippsland local government area
2. Couples wanting to get married in a distinctive setting who reside within the South Gippsland local government area

Figure 2.5 Images that collectively portray the restaurant and son et lumiere



Son et lumiere in detail

The venue could feature a panoramic view of the historic site, and perhaps a few trees in the background. The show could feature spectacular pyrotechnics, lighting techniques and sound effects.

The show could be in two Acts of approximately 15 minutes each, with the first Act before the main meal and the second part afterwards:

- ✚ Act One would cover the massive effort and challenges associated with clearing Gippsland for settlement, and the subsequent massive fuel loads left behind.
- ✚ Act Two could feature the devastating fires with each fire experienced being more intense than the previous, climaxed with the burning of the township and its surrounding bush. Visitors hear about why such enormous fires happened, and how ill prepared people were (compared to today), and would be left with an uplifting consequence featuring the birth of a rural fire service in Gippsland.

The story line, an interpretation of the early settlement of South Gippsland, could:

- highlight the challenges faced by the settlers, and in-particular the consequences of the land clearing;
- address the devastating fires that swept through the area destroying the township 1853, 1890 and 1906;
- reveal the birth of the Korumburra Country Fire Authority as the locals developed methods to defend their homes and livelihoods; and
- finish with an upbeat and optimistic outcome.

The story will source accurate elements of history, should not be considered a documentary and needs to be entertaining to attract and hold attention.

During the dinner a themed activity for children should be provided and included in the price, such as colouring of pre-drawn images of elements of the story.

Pricing

Market testing confirmed a base price of \$50 per adult for the dinner and show, but it is believed that a package price of \$60 is achievable, providing a sufficient 'wow factor' can be generated. The product should be packaged for varying types of families (one and two adults) and for groups such as functions and children's parties.

Restaurant and function centre

To deliver a restaurant, function centre and seated venue for the son et lumiere, an independent new building would be constructed opposite the gap marked by building 12 (Mechanics Institute) and the Black Diamond mine poppet Head, over the existing rail line and perched on the edge of the ridge to maximise the view of the township below and bushland beyond the restaurant and function facilities. **Figure 2.6** presents a block diagram proposition and vistas offered from the location. The single storey building would be approximately 600m², made up of a 250m² restaurant (1.5m²/person), 250m² meeting/function area, 60m² kitchen and 40m² amenities block⁹.

The location offers varying view depth, with bushland in the foreground and background and a significant number of buildings within the township. The building would operate totally separate to the Visitor Centre, and would require 100m of sealed and lit pathway to link the two and provide safe egress in the evening. Service vehicles will need to use eastern road and gate in Multi Purpose Precinct

The construction has been envisaged and costed as a basic but robust and light-weight. The kitchen would be located in the centre of a rectangular building, feeding to the right into a restaurant and the left into a function room. The view over the village should be maximised with folding glass walls / doors to increase the sense of the authenticity and closeness to the son et lumiere, and a platform should be built in the back half of the restaurant to accentuate the view for those seated in the back half.

(awaiting feedback from Senavi on capacity of services since April 2013)

The function centre would also offer excellent views of the township by day and night, and with concertina walls / retracting internal wall dividers, be capable of offering one room for up to 120 at a dinner setting, or up to three rooms of 40 people each for smaller functions, meetings or conference breakout sessions.

⁹ While a two storey building would be more in keeping with the cultural setting, this represents a much higher capital cost and significant challenges to feed such large numbers from a kitchen on the ground floor to a restaurant on the upper floor.

Figure 2.6 Potential footprint of the restaurant and function centre, and potential vistas (currently partially cleared)





The fit out and dinner associated with the son et lumiere should be themed to correlate with the setting and era. Any laundry would be managed off-site.

New use for Pig and Whistle Café

Once the new restaurant is established and the Pig and Whistle Café is not required as a café, use the building for school-based education activities and training, but not as a commercial food and beverage operation (or it would compete with the new restaurant).

Potential accommodation development

This son et lumiere experience will stimulate demand for visitors to stay locally afterwards. It is anticipated that a full show of 120 people would stimulate demand for an additional 30-40 beds within Korumburra. This demand could be partially satisfied in the short term with a refurbishment of an existing accommodation product. However, into the medium term this will be insufficient and another 20 – 30 beds will be required. Market testing confirmed demand for 3 – 4 star two bedroom propositions (one double and one twin interconnecting, with the twin operating ziplock beds so they can be converted to a single king).

It is therefore proposed to set aside the area currently occupied by buildings 58 and 59 as a potential site to develop visitor accommodation (see **Figure 2.3** for shaded area on site map). To

generate sufficient floor space for the proposed room stock, a two-storey building would need to be constructed.

2.4 Overnight education

Rationale and essence of product

An overnight education facility would extend the reach of the Coal Creek education program, provide customers for the son et lumiere and retail outlets, and generate a commercial return for the overall site. The amount of flat land best suits an operation for approximately 240 students and their teachers.

The operation would offer approximately 10 – 20 adventure activities (including but not limited to: giant swing; high ropes; initiative/team building courses; low ropes; volleyball; basketball; water activities / craft (canoes, rafts); and orienteering) and 10 – 15 passive (science/environmental) activities (including Coal Creek Education Program, use of the proposed Coal Creek Conspiracy and attendance at the proposed Armageddon if it is operating on the nights students are staying. There is also potential for students to be come involved in other community group activities, such as the Sustainability Centre. Students would probably also purchase something(s) at the Visitor Centre.

The operation would be operated by a private operator through a lease of the Education Precinct.

Target markets

The proposed target markets for overnight education are lower levels of secondary school located within the eastern suburbs of Melbourne, particularly those interested in outdoor adventure and studying relevant units linked to Coal Creek history and environment.

Structures required

Figure 2.7 provides potential footprints for the buildings required, and **Figure 2.8** provides a simple block diagram of the key buildings required. The construction has been envisaged and costed as a basic but robust and light-weight.

Figure 2.7 Potential licence area and footprints of the overnight education carpark and buildings, railway track continues through Precinct



Figure 2.8 Images from other camps to capture the concept of the proposed overnight education facility



Note that the building above is to reflect form and layout. What is proposed is a lighter, cheaper build that is consistent with requirements that come from the location being within a Bushfire Management Zone



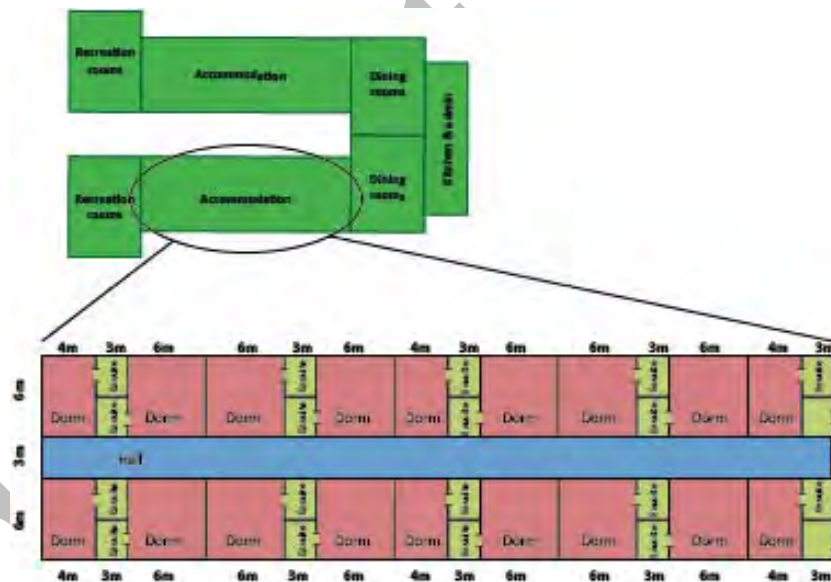
A single building with an approximate footprint of 45m x 120m would be built to provide:

- Administration / office and Kitchen 400m²
- Two dormitories 900m² each
- Two dining rooms 200m² each
- Two recreation buildings 250m² each

Figure 2.9 presents a block diagram of the proposed complex. The building could be built as a set of modular units, then trucked to the site and assembled insitu. The building could be built on a concrete slab or bearers/joists floor. Timber framed walls could be clad in F/C plasterboard linings to both internal walls and ceilings. A colorbond roof and roof plumbing was estimated. Bedrooms could be carpeted and vinyl flooring would be applied to corridors, kitchens and recreation areas. There could be ceiling fans installed in all rooms –there was no proposal to install air conditioning. A moderate kitchen fitout was costed, with the future tenant adding extras. Lighting could be fluorescent or other low energy system to all areas. The roof and all walls could be insulated.

Under a lease, the tenant would maintain the buildings and facilities. Any laundry would be managed off-site.

Figure 2.9 Potential block diagrams of the core overnight education facilities



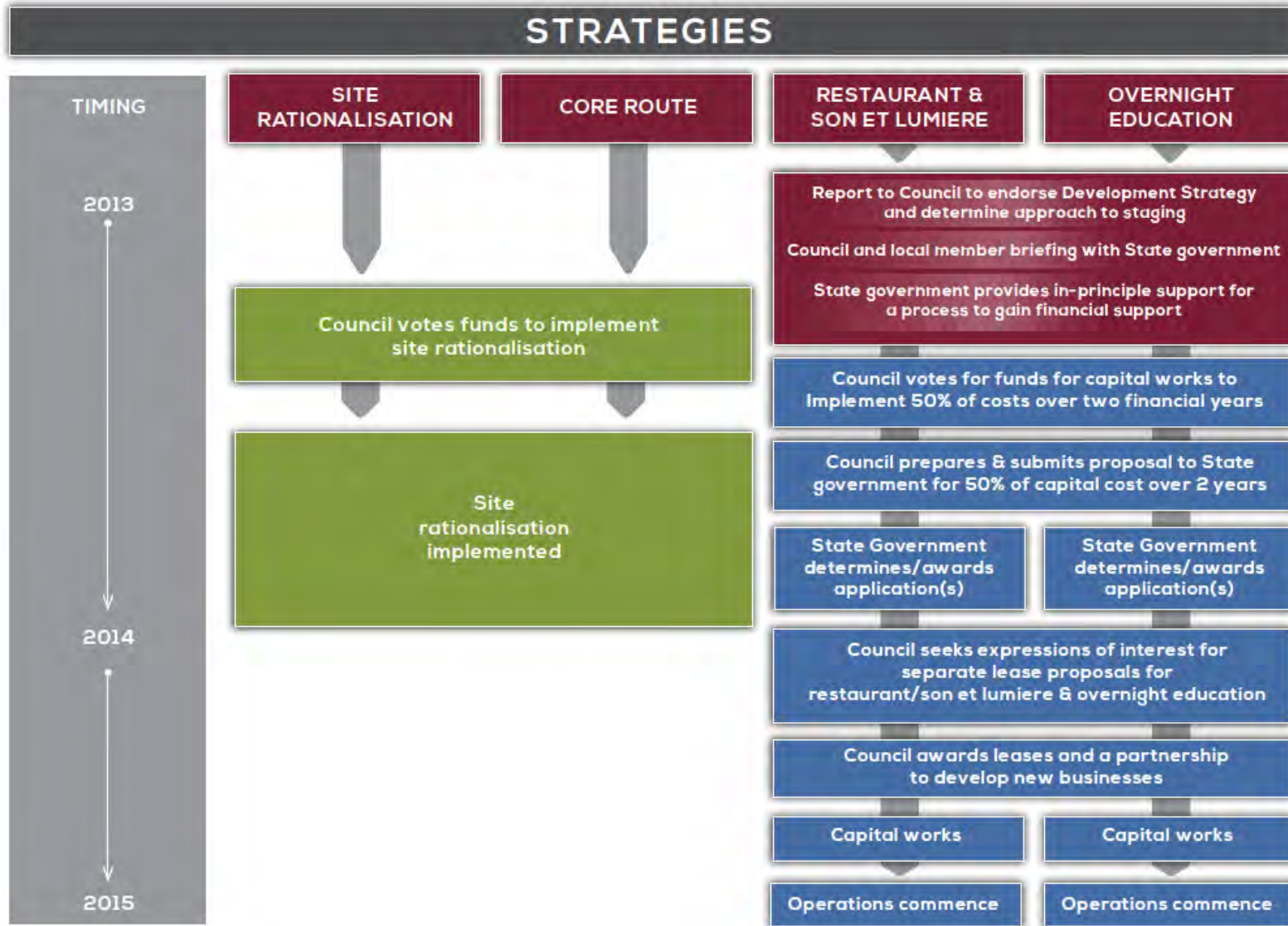
3. Implementation Plan

3.1 Staged approach

Concurrent approach to implementation

Figure 3.1 presents a summarised approach to implementing the five strategies outlined in **Section 2**. The key principle to this approach is for Council to fund and implement the first two strategies while seeking external funding. The forecast is pending efficient management of various governance issues, such as Council negotiations for a lease / license on the Education Precinct, Council permits and lease / license negotiations.

Figure 3.1 Implementation Plan for the five proposed strategies



This approach to implementation will make the site more efficient to maintain and it will demonstrate Council's commitment to make the site more appealing to visitors. This in turn will:

1. Increase the potential to gain significant external funding to implement the other two strategies, because
2. Increase the potential to attract professional and committed private sector interest in operating the proposed profit generating businesses

This proposed approach can proceed thanks to a decision in April 2013 by the South Gippsland Shire Council to endorse funding and immediately implement the Site Rationalisation and Core Route Strategies.

Seeking external funding

Once Council has approved this Development Strategy the next critical step is to brief the Victorian State government on the project to determine their in-principle interest in supporting the Project with financial assistance, and the most suitable channel(s) from which to apply for funding. Assuming in-principle interest, Council should gain from the State government the recommended process and report requirements to make a submission seeking significant financial support¹⁰.

While preparing a State government funding submission, and awaiting a response from government, Council should be looking at any relevant Commonwealth government funding programs, such as the TQUAL grant program¹¹. However, tourism development grant programs are generally much smaller than the capital required to implement the second two strategies. Therefore, acquiring smaller grants should only be triggered when Council has acquired the core funds needed. The smaller grants could then be pitched as a means to leverage value adding to the strategies.

¹⁰ Significant financial support is considered to be 50% of the total capital costs, assuming a funding partnership of dollar for dollar, noting that Council are already funding the first two strategies of site rationalisation and the development of a core route, so Council should seek more than 50% of the remaining costs

¹¹ The TQUAL Grant Program offers dollar for grants up to \$100,000 and runs annually, typically closing in early May

Staging of the two commercial development two strategies

Figure 4.1 has split the licence expression of interest and the capital works for the two commercially orientated strategies (Restaurant/function centre/son et lumiere and overnight education facility). This splitting allows for the potential staging of the two strategies. Staging could reduce the immediate financial burden on Council and may be more appealing to a major external funding body (such as the State government) for the same financial reason.

However, concurrently funding and implementing the two commercial development strategies offers several benefits:

- it provides the opportunity for an integrated approach between private sector bids to operate the restaurant/function centre and overnight education facility (for example, there may be opportunities to share certain facilities and staff that make the businesses more efficient and sustainable);
- it could be simpler to manage, because Council would know who is going to operate before capital works are undertaken;
- it could maximise project management efficiency and thus lower project management costs; and
- it concentrates disruption to the overall business into a minimal period of time.

As soon as practical, Council should investigate the strengths and limitations of the two approaches before determining which approach to undertake.

The steps to engage approval from the State government include:

1. Presenting the DSE with a summary of the proposal, including an argument that the project is a tourism activity seeking to generate revenue for Council to provide its community services associated with the site. The submission should also offer an indicative capital investment in the property and forecast revenue from the operator and revenue to Council, to be used to offset the deficit and maintain community services. It may also be useful to include a desire for the leased area maintenance to be delegated to the operator (not always allowed under the lease). The Traralgon Office of the DSE have Ministerial Consent to a certain scale of project, after which a determination needs to be made by their head office in Melbourne.
2. Have the proposal assessed by the Small Business Commissioner to determine if the lease is a retail or non-retail proposition. The lease is likely to be deemed retail (commercial).
3. Submit a fuller proposal for the DSE to consider approval and refer to the Minister for their approval as well.

There are some other factors to be aware of that complicate leasing. First, Retail Lease can only be granted for 21 years and extensions are rare. This will be problematic in the final 5 – 7 years, when an operator's business value deteriorates with the shortening lease period. Second, any lease or license will need to be framed to specifically issue consent for certain activities and prohibition of other activities, consistent with the Regulations for the care, protection and management of the Coal Creek Historical Park dated 26 September 1979 (see **Attachment C**). For example, consent will need to be given for the lessee / contractor's staff, sub-contractors and customers to:

- drive and park in parts of the site;
- have pedestrian access into parts of the site and its buildings;
- transmit out of the site;
- camp / stay overnight on designated part of the site;
- light a fire within the site;
- temporarily store certain waste and small quantities of cleaning chemicals within the site;
- photograph parts of the site for commercial use; and
- serve alcohol within the site (consistent with a liquor license).

Alternatively, it may be simpler in the long term for Council to explore the potential to buy the land from the State government, and then activate Council's own leasing powers without needing to also engage in the State government process. This could free up other opportunities in the future, such as a lease to provide accommodation on the site. Nonetheless, issues going to title and responsibility would need to be considered (eg. prior contamination or mineral reservation).

Power of Council to issue leases and licences

Within Council, there are also a number of property and governance factors to implement this project.

- Section 113 of the Local Government Act 1989 gives Council the ability to issue permits, licenses, fees and charges. Section 113 also provides Council with the power to reduce or waive a fee.
- Section 190 of the Local Government Act 1989 provides Council with the power to lease its land for periods up to 50 years. At least four weeks before a lease is made, Council must publish a public notice of the proposed lease and a person has a right to make a submission on the proposed lease under Section 223.
- Section 193 of the Local Government Act 1989 titled 'Entrepreneurial powers' to enter into a partnership or into any arrangement for sharing of profits. Through this participation Council

Proposed lease structure for education camp

It is proposed to lease the Education Precinct for use by a tenant to provide overnight education uses. If Council proceed with an application for a Retail Lease with the State government, the lease would be for a period of 21 years. Some of the key elements that should be written into the lease should be:

- A rent free period of based on the quantum value that the operator is prepared to invest in capital works and FF&E for the facilities and buildings
- A base rent, reflecting a proportion of forecast of turnover between 6 – 10%, depending on the degree of additional obligations agreed to below
- A turnover rent structured to be triggered after a period of 1 – 3 years and a forecast annual amount of revenue, deriving additional funds to Council of between 8 – 12% of operator annual revenue

- Obligations of the tenant, such as the conservation and maintenance of the site, infrastructure and buildings at an agreed standard
- Partnership principles between the tenant and Coal Creek, such as cooperative marketing, the use of Coal Creek interpretation and Education Programs and visits to retail points
- Access provisions to the lease area versus rest of the site during and after operating hours
- Accommodation of the train route alongside / within the lease area
- Compliance with all of Council's best practice sustainability principles

Proposed license structure for restaurant / function centre

It is proposed to contract the provision of food and beverage services associated with the restaurant and function centre, probably through the provision of an operation license. The arrangement would need to be structured to facilitate a very close working relationship with Coal Creek, including:

- A fee for service for the provision of food and beverage services
- Cooperative marketing and shared use of people and collateral / distribution systems
- Bookings taken through a single distribution system (proposed as operated by Coal Creek)
- Agreed arrangements for the maintenance of the internal and external of the building and its immediate infrastructure that it is dependent on the operate properly

Council will be aware of the Victorian State government policy of Competitive Neutrality, which obliges for competition in the marketplace for 'significant' business, so that there is no net cost advantage arising from public ownership.

To move forward with this venture, Council will need to show that the new business is not 'Significant' in the view of the Victorian Competition and Efficiency Commission (see **Attachment D** for more detail). This means showing that:

1. the business is being operated in a full commercial capacity;
2. the business will not be subsidised by Council;
3. the business is providing a commercial return to Council; and
4. there will not be an impact on the business activity of the local commercial marketplace brought about by the public business

This should be relatively straightforward, given that the objective of Council developing the business is to generate sufficient profit to offset other, separate community activities within Coal

Creek. It will be very important for Council to separately account for the restaurant function centre so that the financial returns are able to be interpreted separately from the rest of the Coal Creek business (this is addressed in **Section 6.2**).

Most importantly, it would seem clear that the proposed method of operation of the restaurant will not adversely impact on the surrounding commercial market, will be a 'commercial' operation to the extent of method of operation and will not be subsidised if poor performance causes financial loss.

4. Capital costs

All of the following costs are subject to design criteria, do not include the cost of finance and are made pre gst,

4.1 Site rationalisation

The Asset Improvement Program was costed at \$2.2M. Approximately:

- \$267,375 (12%) of these works have been completed
- \$91,200 (4%) of these works are to be funded by Friends of Coal Creek and the Mens Shed as part of agreements

Tables 4.1 to 4.3 shows that to implement the additional Site Rationalisation Program will incur an additional \$395,636 in costs. These costs were estimated by Council's infrastructure engineers, and are significantly higher than the consultants estimated in the first draft of this Plan. Some assumptions used in formulating the estimates in **Tables 4.1 to 4.3** are:

- Building 25 has been noted for removal but to meet current operational requirements, would need to be left until last in the building removal process.
- With respect to the proposed departure of Destination Gippsland from Coal Creek, Council has advised for the service to move into a venue within Korumburra township. Under the lease there should be no costs to Council for a tenant to leave
- Cost for the Sustainability Centre is for new cool store, which becomes the property of Council – other costs to be borne by Sustainability Centre

Some costs could be reduced by using Coal Creek maintenance staff and in some instances, Coal Creek volunteers.

Table 4.1 Capital costs for implementing Stage 1 Site Rationalisation

| Description of Works | Estimated Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Backfill extended coal mine | \$4,000 |
| Move and reinstate Building 62 Bloggs creamery to side of mine managers cottage | |
| Replace bottom plate and install additional bottom plate with fixing anchoring into ground | |
| Connect to storm water | |
| Prepare and Paint Building | \$4,000 |
| Prepare Drawings, Specification, undertake Soil Test and Get Cost Plan C for Relocation of Building 63 Westerns Cottage | \$6,000 |
| Relocate Building 63 Westerns Cottage to area between Court House and General Store | \$30,000 |
| Prepare Drawings, Specification, undertake Soil Test and Get Cost Plan C for Relocation of Building 27 Tramway Office | \$6,000 |
| Relocate Building 27 Tramway Office to area between Court House and General Store | \$35,000 |
| Prepare Drawings, Specification, undertake Soil Test and Get Cost Plan C for Construction of a new undercover shelter to South Gippsland Hwy side of the old Saw Mill. | \$3,500 |
| Supply and Construct new undercover shelter to South Gippsland Hwy side of the old Saw Mill. | \$63,000 |
| Prepare Drawings, Specification, undertake Soil Test and Get Cost Plan C for Construction of a new 6m x 4m Shed between the Poppet Head Winch House and the Mechanics Institute. | \$3,500 |
| Supply and Construct new 6m x 4m Shed between the Poppet Head Winch House and the Mechanics Institute. | \$14,880 |
| Remove Building 24 Machinery Shed (inclusive of site clearing and disconnection of power) | \$12,200 |
| Project Management 1 to 7 - 10% of capital estimate | \$18,210 |
| Project Contingency 1 to 7 - 10% of capital estimate | \$18,210 |
| | \$27,000 |
| Total Stage 1 | \$218,500 |

Table 4.2 Capital costs for implementing Stage 1 of the Site Rationalisation Strategy (other works)

| Description of Works | Estimated Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Advertise intent to dispose of non-significant items and await response from community | |
| Relocate Destination Gippsland | |
| Move Staffed Visitor Information Counter and Regional Tourist collateral removed from Visitor Centre building as part of broader new tourism marketing strategy | |
| Install Cool Room to Current Destination Gippsland Building (Advised by Chris Hamilton that this was only going to be a financial contribution because we were asking them to re-locate Grow Lightly were to arrange the everything at their cost) | \$2,000 |
| Transfer significant items of outdoor moveable heritage collection from building 24 to new shed | |
| Volunteers remove all veranda and decking building elements Building 63 | |
| Volunteers remove all veranda and decking building elements Building 27 | |
| Re-locate Water Wheel to Historic Precinct | \$2,000 |
| Re-move remain flume and charff cutting building | \$1,656 |
| Design and computations for erection of water wheel at new location | \$3,000 |
| Soil test for footing depth | \$1,500 |
| Construct new/alter existing support system for water wheel as per design | \$5,000 |
| Commission water wheel | \$1,000 |
| Removal of buildings 35, 36,37,61 and also 34 & 30 if required | \$16,156 |
| Establish Blacksmith operations as per building movement | |
| Remove post and rail fencing from education Precinct and stockpile | |
| Remove and re-lay section of rail line | |
| Move fencing from Mechanics Institute to surrounding area of Wooden building in front of playground. Blooms playgroup to move from Mechanics Institute building in front of playground | |
| Relocation of all items (volunteer) | |
| Remove Building 25 Maintenance Shed (inclusive of site clearing and disconnection of power) | \$9,504 |
| Demolish 2 walk bridges over Creek behind Maintenance Shed | \$10,000 |
| Remove Building 59 Glass House (inclusive of site clearing and disconnection of power) | \$2,160 |
| Remove Building 58 Caretakers House (inclusive of site clearing and disconnection of power) | \$3,960 |
| | \$25,624 |
| SUB TOTAL | \$41,780 |

Table 4.3 Capital costs for implementing Stage 2 of Site Rationalisation Strategy

| Description of Works | Estimated Amount |
|----------------------------------------------------------|------------------|
| Vegetation reduction | |
| ▪ Historic Precinct | \$18,000 |
| ▪ Multi Purpose Precinct | \$2,000 |
| ▪ Overnight Education Precinct | \$5,000 |
| Fit Out for new uses in Buildings 48, 22 and 62 | \$2,000 |
| Relocate Blooms playgroup relocated | \$0 |
| Upgrade Visitors Centre displays and retail area | \$75,000 |
| New branded retail product | \$25,000 |
| Project Management 2.3 to 2.5 - 10% of capital estimate | \$4,178.00 |
| Project Contingency 2.3 to 2.5 - 10% of capital estimate | \$4,178.00 |
| Total Stage 2 Site Rationalisation | \$135,356 |
| TOTAL SITE RATIONALISATION | \$395,636 |

4.2 Core route interpreted with core demonstrations and interactive technology

To implement the various components of this strategy would cost approximately \$374,696, as detailed in **Table 4.4**¹². The costs can be broken into \$213,196 to establish the core route and \$161,500 to establish the Coal Creek Conspiracy. The rapid expansion of tablet technology has increased the value for money and the way the product can be financed. For example, instead of a capital cost, tablets could be leased from a supplier as an operational cost that includes

¹² These costs have been determined through the Consultants' past production of similar projects
Development Strategy for Coal Creek Community Park and Museum (Second Draft) Page 33

maintenance and insurance and eventual replacement. This will probably be a better approach to take.

Table 4.4 Capital costs for core route

| Cost item | Cost | Subtotal |
|------------------------------------------------------------------------|-----------|------------------|
| Route marking (pictogram posts / fences) | \$500 | |
| Design works | \$5,696 | |
| Stabilisation and reopening of the Black Diamond mine for guided tours | \$200,000 | |
| Research and training for education program to include mine | \$2,000 | |
| Production of recorded commentary and audio equipment for train | \$5,000 | \$213,196 |
| Coal Creek Conspiracy | | |
| ▪ Script writing and production | \$40,000 | |
| ▪ Filming, props, actors, lighting, music, sound effects | \$40,000 | |
| ▪ Programming, IT development, data projector for audio visual | \$69,500 | |
| ▪ 60 tablets & cases @\$200 each ¹³ | \$12,000 | \$161,500 |
| Total capital costs | | \$374,696 |

¹³ Given that the tablets are to perform identical programs and use, they can be a simpler system than IPADS and they do not need to be connected to the internet

4.3 Restaurant, son et lumiere and function centre

To implement the full strategy would cost \$2,726,500. This is made up of:

- \$1,736,500 for the restaurant / function centre
- \$990,000 for the son et lumiere

The detailed costs for this strategy are provided in **Tables 4.5** and **4.6**. Additional costs to be considered for the restaurant/function building are:

- \$50,000 for a covered walkway between Entry Foyer / Visitor Centre and restaurant
- \$50,000 for a sprinkler service for restaurant and function space
- \$75,000 for a front veranda (950m²@\$500/m²)

A private operator (lessee) should be capable of funding and implementing the removable fitout elements for the restaurant / function centre. For the purposes of this capital cost estimation, we have assumed private sector funding of:

- furniture (tables, chairs, moveable cupboards, decorations); and
- operational equipment such as point of sale system, removable kitchen equipment (such as combi ovens, friers and dishwashers) and linen.

Council infrastructure staff advise that services to the vicinity are adequate, and that a new substation for increased energy load is not required.

The capital cost for the son et lumiere is less than a third of that invested with the competitor products, based on the areas lower accommodation potential. If an investor was prepared to develop an accommodation property of 50 to 100 rooms that met the target market needs then an additional \$1M upgrade to the son et lumiere experience could be justified.

Table 4.5 Capital costs for restaurant/function centre

| Cost item | Cost | Subtotal |
|---------------------------------------------------------------------------------------------|-----------|--------------------|
| Consultants | | |
| ▪ Consultants (architect / project manager) | \$80,000 | |
| ▪ Consultants – Engineer | \$30,000 | |
| ▪ Consultants - Services | \$30,000 | |
| ▪ Consultants - Geotech | \$10,000 | \$150,000 |
| Access and landscaping | | |
| ▪ Roads and pathways | \$30,000 | |
| ▪ Siteworks and lit pathway construction (600m ² @\$100/m) | \$60,000 | |
| ▪ Roads / service areas | \$15,000 | \$105,000 |
| Base building | | |
| ▪ Building foundations (600m ² @\$200/m ²) | \$120,000 | |
| ▪ Base building construction (restaurant (250m ² @\$1,200/m ²)) | \$300,000 | |
| ▪ Base building construction (function space (250m ² @\$1,200/m ²)) | \$300,000 | |
| ▪ Base building (kitchen (60m ² @\$1,000/m ²)) | \$60,000 | |
| ▪ Base building (toilets (40m ² @\$1,500/m ²)) | \$60,000 | \$840,000 |
| Services | | |
| ▪ Services (power, water, sewer, communications (500m ² @\$400/m ²)) | | \$200,000 |
| Fitout (fixed items) | | |
| ▪ Fitout (kitchen 60m ² @\$2,500/m ²) | \$150,000 | |
| ▪ Fitout (restaurant 250m ² @\$200/m ²) | \$50,000 | |
| ▪ Fitout (function space 250m ² @\$200/m ²) | \$50,000 | |
| Storage / cool room | | |
| | \$35,000 | \$285,000 |
| ▪ Contingency (10%) | | \$156,500 |
| Total capital costs | | \$1,736,500 |

Table 4.6 Capital costs for son et lumiere

| Cost item | Cost |
|----------------------------|------------------|
| ▪ Script | \$50,000 |
| ▪ Sound | \$170,000 |
| ▪ Lighting | \$430,000 |
| ▪ Pyrotechnics | \$300,000 |
| ▪ Contingency (10%) | \$90,000 |
| Total capital costs | \$990,000 |

4.4 Overnight education

To implement an overnight education facility for 240 students would cost approximately \$2.86M, as detailed in **Table 4.7**. This estimate includes a 10% contingency of \$260,000. Council infrastructure staff advise that services to the vicinity are adequate, and that a new substation for increased energy load is not required.

Table 4.7 Capital costs for overnight education

| Cost item | Cost | Subtotal |
|---------------------------------------------------------------------------|-------------|--------------------|
| Consultants / Project Manager | | \$30,000 |
| Site works (3,000m ² @\$30/m ²) | | \$90,000 |
| Landscaping (1,000m ² @\$30/m ²) | | \$30,000 |
| Road access and bus/carpark | | \$50,000 |
| Base buildings | | |
| ▪ Dormitories (2) 900m ² @\$600/m ² | \$1,080,000 | |
| ▪ Kitchen (400m ² @\$600/m ²) | \$240,000 | |
| ▪ Dining rooms (2) (200m ² @\$600/m ²) | \$240,000 | |
| ▪ Recreation buildings (2) (250m ² @\$600/m ²) | \$300,000 | \$1,860,000 |
| Fitout | | |
| ▪ Kitchen fitout (100m ² @\$1,500/m ²) | \$150,000 | |
| ▪ Dormitory fitout (1,800m ² @\$50/m) lessee to pay some cost | \$90,000 | \$240,000 |
| Outdoor recreation facilities | | \$50,000 |
| Services (power, water, sewer 1,800m ² @\$100/m ²) | | \$180,000 |
| Contingency (10%) | | \$260,000 |
| Total capital costs | | \$2,860,000 |

A private operator (lessee) should be capable of funding and implementing the removable fitout elements for the overnight education facility. For the purposes of this capital cost estimation, we have assumed private sector funding of:

- ✚ furniture (beds, tables, chairs, cupboards, bookshelves, decorations); and
- ✚ operational equipment such as office, removable kitchen equipment such as combi ovens, friers and dishwashers, recreational equipment and linen.

5. Forecast operating budget

The following forecasts are made for the financial year 2016/17, are made pre gst, and do not include the cost of finance., insurance, depreciation / FF&E Reserve or any taxation obligations.

5.1 Current operating budget

In order to forecast the net impact of the proposed strategies on the Coal Creek financial situation, it is first necessary to present the current Coal Creek financials in business structure.

Major changes to the financials presentations needing to be made were:

1. Evaluating the many coded income lines and grouping them into common revenue generating activities, such as education, food and beverage, meetings and functions and retail
2. For the same activities, identifying and grouping expenditure, so that some degree of accountability / gross profitability can be assessed
3. Identifying activities that should be classified as community services rather than profit generating activities because they are unlikely to be profitable, so that they can be separated from the rest of the business, and perhaps funded differently

Undertaking this work revealed the need for a future Coal Creek financial structure to be made simpler and avoid excessive high-level cost codes for minor items. This restructure should also transparently present the key full time and part time positions inherent in the operating structure for Coal Creek. **Figure 5.1** presents the current organisational structure for Coal Creek, revealing a very flat structure with significant reliance on casual labour. Moving forward with a new financial structure demands that this structure or any revised structure clearly shows these positions located against major activities. For example:

- education staff should be costed in the Education activity code;
- all food and beverage costs should be located in the Restaurant activity code;
- maintenance staff should be located in the Property Management activity code; and
- there should be minimal positions located in a General or Administration activity Code – only the Site Coordinator is easily justified here.

Figure 5.1 Current organisational structure supporting Coal Creek

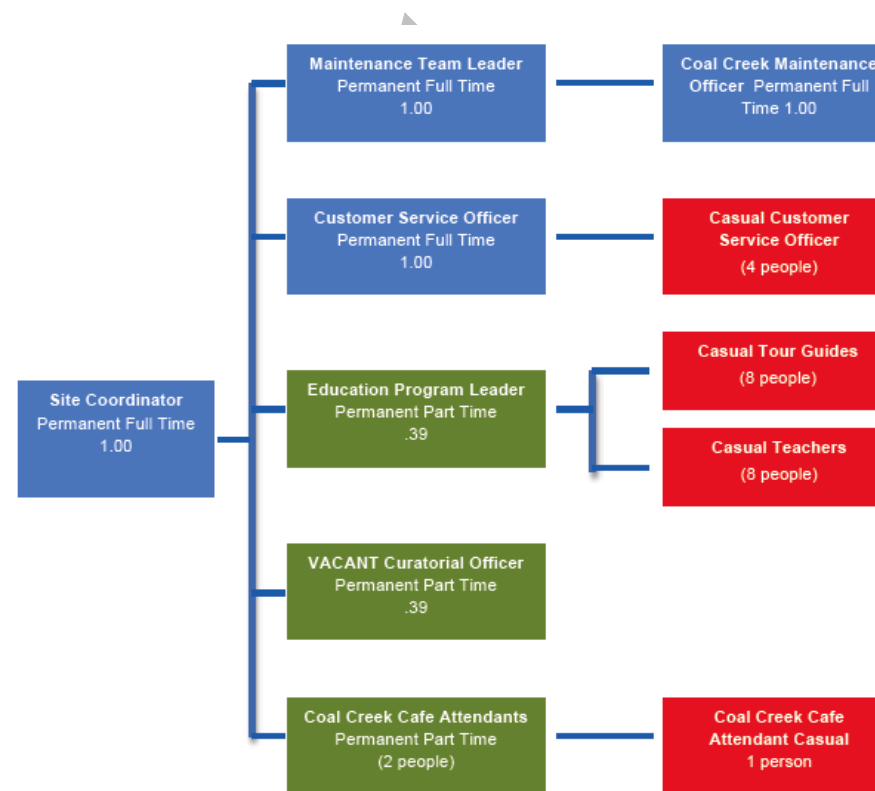


Table 5.1 presents a summary of the current operating budget for Coal Creek. If this approach were further developed, it would be possible to clearly show the profitability of each business activity. Interpretation of **Table 5.1** suggests that currently, the most profitable business activity is retail and the least profitable activity is food and beverage.

The following sections provide projections for the strategies, and the final section integrates these projections into a revised budget for Coal Creek.

Table 5.1 Summary of the projected 2013/14 budget for Coal Creek

| Income | Actuals |
|---------------------------------------------------------|------------------|
| Commercial events | \$58,298 |
| Community services (events and community group hosting) | \$62,324 |
| Education | \$30,947 |
| Property (venue hire) | \$18,727 |
| Restaurant | \$6,899 |
| Retail | \$2,869 |
| Rides | \$22,231 |
| Total Income | \$351,691 |
| Expenditure | |
| Commercial events | |
| Community services (events and community group hosting) | \$19,171 |
| Education | \$57,577 |
| Property | \$1,864 |
| Restaurant | \$1,913 |
| Retail | \$127,802 |
| Rides | \$12,302 |
| Volunteers | \$300 |
| Capital works | \$112,360 |
| Administration (senior staff) | \$283,140 |
| Expenditure Total | \$798,604 |
| Gross Profit (loss) | (446,913) |

5.1 Site rationalisation

The Site Rationalisation Program is forecast to reduce ongoing maintenance costs and increase retail revenue from the Visitor Centre / Foyer (through new displays and branded product)¹⁴.

¹⁴ It is debatable where the retail revenue should be captured. Though the cost for improved retailing has been captured here, revenue from increased revenue spend has been built into each

5.2 Forecast for core route interpreted with core demonstrations and interactive technology

The assumptions used to forecast potential gross operating profit of the train rides were:

- ✚ a train driver will be employed full time to operate and maintain the ride infrastructure (this role is currently done by the Maintenance Officer, so once this transition is achieved the Maintenance Officer role can return to full time gardening and thus maintenance productivity will double; and
- ✚ the cost of operating the train is fully recovered through a price set at cost recovery plus 25% (demand is strong for this experience so the forecast pricing should be achieved)

The assumptions used to forecast potential gross operating profit of the Coal Creek Conspiracy component were:

- ✚ 10,000 units sold per year to the leisure market @ \$20 each
- ✚ 5,000 units sold per year to the education market @ \$10 each
- ✚ 10% of turnover reinvested to maintain and upgrade the product

Table 5.1 presents the projected gross operating profit from the Coal Creek Conspiracy as being approximately \$225,000 per annum.

new product, since it is the additional visitation and brand associated with these products that will drive revenue.

Table 5.1 Projected Gross Operating Profit from the Coal Creek Conspiracy

| Revenue | Amount |
|-----------------------------------------------------------------------|------------------|
| Leisure market hire | \$200,000 |
| Education market hire | \$50,000 |
| Total revenue | \$250,000 |
| Expenditure | Amount |
| Maintenance, replacement of units and prop clues, depreciation | \$10,000 |
| Maintenance and annual allocation for five yearly product refreshment | \$15,000 |
| Total expenditure | \$25,000 |
| Annual Gross Operating Profit | \$225,000 |

5.3 Forecast for restaurant, son et lumiere and function centre

The assumptions used to forecast potential revenue for the restaurant / function centre and son et lumiere were:

- There will be 200 shows in the first year (4 / week over 50 weeks and 2 shows per weekend at 7pm and 9pm)
- For the son et lumiere dinner package, 10,000 adults and 15,000 children per annum (children made up of 7,000 leisure market and 8,000 students)
- Dinner package Adults \$60, children \$30, includes show, main and desert
- Drinks extra charge, drinks \$12/adult, \$5/child/student
- 50 functions per annum averaging 70 pax@\$65 a head

The assumptions used to forecast potential expenses for the restaurant / function centre and son et lumiere were:

- Catering contractor costs for restaurant: food \$35 Adults, \$15 children
- Catering costs for contractor for restaurant: drinks \$5 Adults, \$2.50 children
- Catering costs for contractor: function costs \$40 per head

- Retail capture 50%
 - Retail spend Adults @ \$10 / head, children @ \$7
 - Restaurant food expenses are 65% and beverage expenses are 60%
 - Coal Creek Operating Costs 20% of revenue (sales & marketing, commissions, ticketing, administration, cleaning and maintenance)
- The assumptions used to forecast daytime operation of the restaurant when Coal Creek is open were:
- 120 seats¹⁵ operating 350 days per annum
 - Facility can take 3,500 covers and 38,500 potential covers, which at 30% occupancy equates to 11,550 covers, conservatively rounded down to 10,000 covers per annum
 - Average take per head is \$15
 - A private contractor caterer should therefore generate \$150,000 in revenue and generate a minimum GOP of \$30,000

Table 5.2 presents the projected gross operating profit to Coal Creek from the restaurant, son et lumiere and function centre going to as being approximately \$358,600 per annum.

¹⁵ 120 seats is based on the standard size of a wedding. If the seating allowance is smaller it will negate a significant portion of the function market. The Feasibility Study identified unfulfilled demand for a venue of this size within the local area

Table 5.2 Projected Gross Operating Profit from the restaurant and son et lumiere package, function centre and retail sold at the restaurant

| Revenue | Amount | Subtotal |
|----------------------------------------------------------|-----------|--------------------|
| Adult Dinner package | \$600,000 | |
| Children / student dinner package | \$450,000 | |
| Restaurant beverage Adults | \$120,000 | |
| Restaurant beverage Children | \$75,000 | |
| Total package revenue | | \$1,245,000 |
| Function revenue | | \$227,500 |
| Retail Adults | | \$50,000 |
| Retail Children | | \$52,500 |
| Total revenue | | \$1,575,000 |
| Expenditure | Amount | Subtotal |
| Caterer costs | | |
| Restaurant food costs Adults | \$350,000 | |
| Restaurant food costs Children | \$225,000 | |
| Restaurant beverage costs Adults | \$50,000 | |
| Restaurant beverage costs Children | \$37,500 | |
| Total package expenditure (for caterer) | | \$662,500 |
| Function food and beverage costs 3,500pax@\$40 / head | | \$140,000 |
| Coal Creek operating costs | | |
| Operating costs | \$157,500 | |
| Retail COGS (50% Adults and Children) | \$51,250 | |
| Sales and Marketing, and administration (10% of revenue) | \$157,500 | |
| Energy (5% of revenue) | \$77,200 | |
| Total Coal Creek expenditure | | \$443,400 |
| Annual Gross Operating Profit | | \$358,600 |

5.4 Forecast for overnight education

The assumptions used to forecast potential gross operating profit of the school-based overnight education were:

- Package involves 2 nights and 3 day stay
- Package priced at \$375 (\$125/day)
- 240 dormitory beds available 40 weeks a year creates a maximum of 9,600 student stays
- 80% capture rate generates 7,680 student stays (revenue therefore 7,680*\$375 = \$2,880,000)

The assumptions used to forecast potential gross operating profit of the leisure-based overnight education were:

- Package involves 4 nights and 5 day stay
- Package priced at \$625 (\$125/day)
- 240 dormitory beds available 4 weeks a year creates a maximum of 960 student stays
- 100% capture rate generates 960 student stays (revenue therefore 960*\$625 = \$600,000)

In addition, for both school and leisure based markets the same retail spend assumptions were

- Education Program cost \$5 - \$10 per student
- Retail capture 50%, \$15.00 spend per head, COGS 70%

Total revenue has been forecast at \$3,480,000 (\$2,880,000 schools and \$600,000 leisure market). The private operator would pay a base rent from year 2 onwards of 6% of total revenue, and a turnover rent after year 3 of 10%, once annual revenue exceed \$1.5M.

Table 5.3 presents the projected gross operating profit from overnight education to Coal Creek as being approximately \$162,000 per annum. This estimate does not include any income from a turnover rent.

Table 5.3 Projected Gross Operating Profit to Coal Creek from overnight education business rent, education program purchases and retail purchases

| Revenue to Coal Creek | Amount |
|------------------------------------------------|------------------|
| Base Rent to Coal Creek (6% of Year 2 revenue) | \$100,000 |
| Education Program from Coal Creek | \$30,000 |
| Retail | \$90,000 |
| Total revenue | \$220,000 |

| Expenditure to Coal Creek | Amount |
|--------------------------------------|------------------|
| Education Program | \$15,000 |
| Retail COGS | \$43,000 |
| Total expenditure | \$58,000 |
| Annual Gross Operating Profit | \$162,000 |

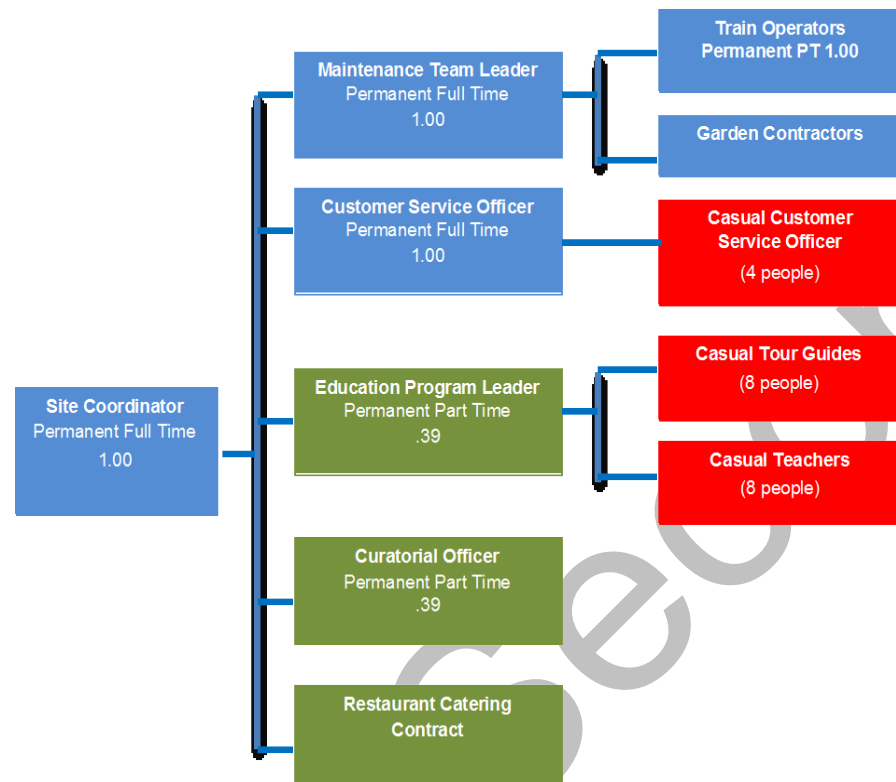
Second Draft

5.5 Revised operating structure

To implement the strategies and market and manage Coal Creek with increased business load will require a slight restructure of the business and change in human resourcing. The financial implications of this restructure have been taken into account in the financial projections. The key changes are:

- Removal of two part time and casual Café Attendants
- Replacement of Maintenance Officer with contractor gardeners
- Establishment of a Train Operator position

Figure 5.2 Proposed restructure of Coal Creek human resourcing (2015)



6. Summary of Financial Projections

6.1 Summary of capital costs and GOP from new strategy implementation

Table 6.1 presents a summary of the capital costs to implement the strategies, and an indicative cost for overall project management on behalf of Council. **Table 6.1** confirms that to implement the strategies will cost \$6.3M, excluding the cost of capital.

Table 6.1 Summary of capital costs for Coal Creek and allocated funding mechanism

| Major costs (strategies) | Costs already funded in CC Budget ¹⁶ | Costs yet to be funded |
|-----------------------------------------------------------------------|-------------------------------------------------|------------------------|
| Site rationalisation | \$235,000 | |
| Core route with core demonstrations and mobile interactive technology | | \$309,000 |
| Restaurant, function centre & son et lumiere | | \$2,726,500 |
| Overnight education | | \$2,860,000 |
| Overall project management | | |
| ▪ Council project officer (PT over 2 years) | | \$120,000 |
| ▪ External consultant to assist project officer | | \$50,000 |
| Total costs | \$235,000 | \$6,065,500 |
| | \$6,300,500 | |

Table 6.2 presents a summary of the projected financial support to Coal Creek Business in second full year of operation (first year being a half financial year). **Table 6.1** indicates that the strategies will assist Coal Creek with an additional \$0.7M financial input to gross operating profit (excludes indirect costs such as cost of capital and depreciation, and tax obligations).

¹⁶ These estimates do not include cost of any finance

Table 6.2 Projected financial support to Coal Creek Business in second full year of operation (first year being a half financial year)

| Major costs (strategies) | Projected GoP support to Coal Creek |
|-----------------------------------------------------------------------|-------------------------------------|
| Site rationalisation | Difficult to estimate |
| Core route with core demonstrations and mobile interactive technology | \$225,000 |
| Restaurant, function centre & son et lumiere | \$358,600 |
| Restaurant day operation | \$30,000 |
| Overnight education | \$162,000 |
| Total costs | \$775,600 |

6.2 Revised budget for Coal Creek

This study made the following assumptions in order to build forecasts between 2014/15 and 2027/28:

1. Construction / fitout will occur / be completed in the year 2014
2. The base year from which the forecasts in Section 5 were generated is 2016/17
3. The financial year 2014/15 will be a half year of operation for the restaurant/function centre and the overnight education camp, and the financial year 2015/16 will be the first full year of operation for the restaurant/function centre and the overnight education camp
4. The financial year 2014/15 will generate 25% of forecast revenue from the restaurant / function centre forecast in 2016/17, and 70% of forecast revenue in 2015/16, and expenses will be 70% for 2014/15 and 60% for 2015/16
5. The Overnight Education camp will receive 1.5 years rent free period (assuming the lessee offers an attractive proposal to Council)
6. Beyond the base forecast year there will be 5% growth () n the multi media Coal Creek Conspiracy. 4% growth in functions and 3% growth in the restaurant / son et lumiere package

E presents a 10 year forecast for Coal Creek, integrating the current budget with the financial impact of this Development Strategy, implemented on time and on budget. **Figure 6.1** summarises the result of the forecast, presenting the Gross Operating Profit for Coal Creek under Council's current 10 year forecast and as a result of implementing this Development Strategy.

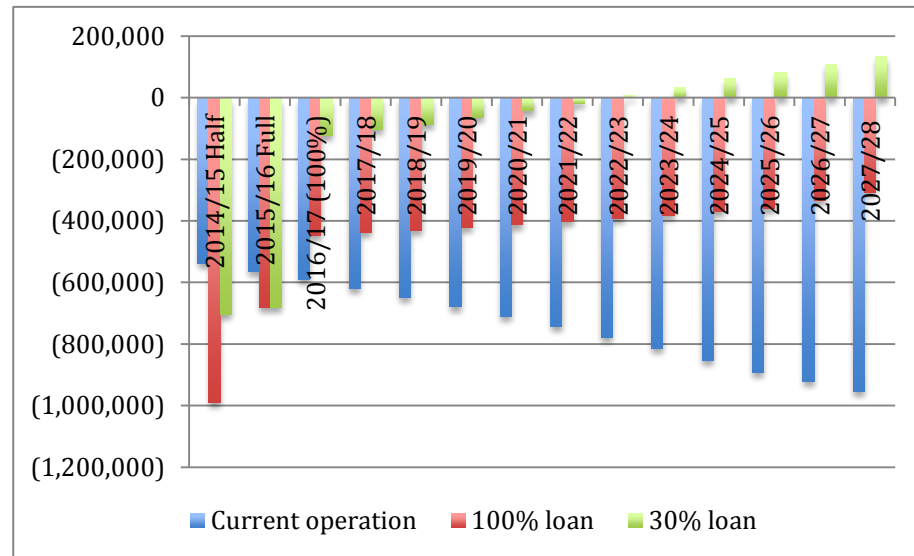
If the new businesses were developed in 2014, then the first full year operations would be 2015/16. A 14 year forecast was generated using a conservative model of 1-3% growth and two finance models to cover the debt needed for capital works:

1. Council borrowing the full capital and paying interest for the debt at 7% per annum (but not paying off the loan during the forecast period¹⁷); and
2. The State government funding 70% and Council borrowing the remaining 30% on the same terms.

Figure 6.2 presents the Gross Operating Profit for Coal Creek under the current 14 year forecast and as a result of implementing this Development Strategy shows the result of modeling these two finance models, and specifically, shows the forecast Net Profit / Loss for Coal Creek, under the current operation (no change), a 100% loan and a 30% loan. **Figure 6.2** shows the importance of securing State government assistance, as in 2022/23 with a 100% loan the business is still operating at a loss of approximately \$70,000, but with a 30% loan the business achieves cost neutrality.

¹⁷ Note this is an unsustainable proposition, as any financial institution will eventually want the loan paid off and could foreclose the debt facility if the loan is not paid down

Figure 6.2 14 year forecast of Gross Operating Profit for Coal Creek supported by a 100% loan and a 30% loan



Council should therefore put significant effort into making a submission to the State government to jointly fund the capital costs of implementing the strategies, to the greatest extent possible. Council should also attempt to have recognised its financial commitment to implementing site rationalisation and the core route.

6.3 Forecast economic impact of implementation

The potential economic impact from full implementation of this Development Strategy was undertaken by Council, using the data provided in Section 6.1 and 6.2. The economic impact was calculated using the REMPLAN Economic Modelling and Planning System developed by Compelling Economics.

Construction Phase

The assessment examined the economic flow on during the construction phase and is a one-off benefit (it will not recur). The assessment excluded the potential construction impact of the Son et Luminaire, as this product would essentially be constructed elsewhere and have limited impact locally.

The assessment suggests that the construction phase would create a direct impact of \$4.6 million. Eight full time jobs would be generated that would include wages and salaries of approximately \$560,000.

Further to this there would be an indirect effect of \$4.7 million to the rest of the South Gippsland economy through industrial and consumption effects. This would also create a further 17 jobs during this phase.

This means that the total benefit to the economy of the construction phase would be \$9.3 million with 25 jobs created.

Operational Phase

The second part of the economic impact assessment determined the annual impact from the operations of the upgraded facility. The operational assessment assumes the effective operation of the facility operating as forecast.

Additional data to support this assessment was the calculation to the number of full time equivalent (EFT) positions from all of the operations. Based on an employment forecast of 24 EFT for 2015 this equates to a direct annual impact of \$2.6 to \$2.8 million output and a total flow on effect of \$4.6 to 5.0 million. This would generate approximately 8 to 9 additional jobs outside the operation.

The economic impact from the revitalised operation from 2016 is forecast to directly generate 30 full time equivalent jobs, equating to a direct annual impact of \$3.2 to \$3.4 million. In addition, there would be a flow on indirect impact to the economy of between \$5.8 and \$6 million per annum, generating 10 to 11 additional jobs in the rest of the economy. Of this additional output about \$2 million would be wages and salaries.

Attachment A Evaluation for management of lower end of railway line

Option 1

Maintain current route, but fence it and build a raised overpass for pedestrians to pass under at any time. Write into a lease or license the responsibility for the tenant to manage their visitors to the site accordingly.

| Strengths | Limitations |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ✓ Maintains total length of track to maximise length of experience ✓ Maintains price based on length of experience | <ul style="list-style-type: none"> ✗ Tenants may not be able to secure public liability insurance due to their being an operation they do not manage ✗ Requires significant fencing in the middle of a lease / licensed area that will limit access by education operation ✗ Requires construction of a pedestrian bridge to rise up and over the train to act as a pedestrian overpass for education customers based in the lease / license area ✗ This is no longer an ideal or authentic train experience. A Historic Precinct experience travels into an Education Precinct built in a contemporary form that could reduce sense of authenticity ✗ Potential noise disruptions to education operation |

Option 2

Shorten the route to turn around on the edge of the Multi Purpose Precinct, just after the oval (start the turning curve at bottom of lake opposite the oval). This option was recommended by the consultants in the first draft of this Development Plan. Council instructed the consultants to document Option 1 as their preferred option.

| Strengths | Limitations |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ✓ Risk management is achieved, where there is no train and children playing in the same space ✓ Minimal disruption to the education operation ✓ Lower cost to establish than Option 1 ✓ The historic train only operates in a historic environment | <ul style="list-style-type: none"> ✗ Requires construction of a 25m bridge over creek and a four metre causeway to accommodate rise of track ✗ The route is shortened by 30-40% and value for money could be perceived to be lower |

Attachment B Government Gazettal of Coal
Creek

CROWN LAND (RESERVES) ACT 1978

CROWN LAND TEMPORARILY RESERVED

The Governor in Council under Sections 4 and 7 of the Crown Land (Reserves) Act 1978 temporarily reserves for the purpose mentioned and also excepts from prospecting or from occupation for mining purposes under any miners right the following Crown land:

MUNICIPAL DISTRICT OF THE SHIRE OF KORUMBURRA

KORUMBURRA - Promotion of Tourism, 16-68 hectares being Crown Allotment 26, Section Q, Crown Allotments 28A, 28B and 30A, Section R, Township of Korumburra and Crown Allotment 93H, Parish of Korumburra as indicated by hatching on plan hereunder.

(Rs 8639)

(INSERT PLAN)

Dated: 17 10 1989

Responsible Minister
KAY SETCHES
MINISTER FOR CONSERVATION, FORESTS AND LANDS

Stephen Watson
Clerk of the Executive Council



Victoria Government Gazette
Lawn Grove Site 200.00

C. BOGETTI, Trustee
P. F. MARENGO, Trustee
J. G. BYRON, Trustee

Dated 17 October 1989

Responsible Minister:
CAROLINE HOGG
Minister for Health

STEPHEN WATSON
Acting Clerk of the Executive Council

Crown Land (Reserves) Act 1978
CROWN LAND TEMPORARILY RESERVED

The Governor in Council under sections 4 and 7 of the *Crown Land (Reserves) Act 1978* temporarily reserves for the purpose mentioned and also excepts from prospecting or from occupation for mining purposes under any miners right the following Crown land:

MUNICIPAL DISTRICT OF THE SHIRE OF KORUMBURRA

KORUMBURRA—Promotion of Tourism, 16-68 hectares being Crown Allotment 26, Section Q, Crown Allotments 28A, 28B and 30A, Section R, Township of Korumburra and Crown Allotment 93H, Parish of Korumburra as indicated by hatching on plan hereunder—(Rs.8639).



G 41 18 October 1989 2665

Dated 17 October 1989

Responsible Minister:
KAY SETCHES
Minister for Conservation, Forests and Lands

STEPHEN WATSON
Acting Clerk of the Executive Council

Crown Land (Reserves) Act 1978
REVOCATION OF TEMPORARY RESERVATIONS

The Governor in Council under section 10 of the *Crown Land (Reserves) Act 1978* revokes the following temporary reservations:

KORUMBURRA—The temporary reservation by Order in Council of 10 April 1979 of 15-22 hectares more or less of land in the Township of Korumburra and the Parish of Korumburra as a site for the Conservation of an area of Historic Interest—(Rs.8639).

KORUMBURRA—The temporary reservation by Order in Council of 3 August 1982 of 1 hectare more or less of land being Crown Allotment 26, Section Q, Township of Korumburra as a site for the Conservation of an area of Historic Interest—(Rs.8639).

KORUMBURRA—The temporary reservation by Order in Council of 18 December 1984 of 4636 square metres of land being Crown Allotment 93H, Parish of Korumburra as a site for the Conservation of an area of Historic Interest—(Rs.8639).

Dated 17 October 1989

Responsible Minister:

KAY SETCHES
Minister for Conservation, Forests and Lands

STEPHEN WATSON
Acting Clerk of the Executive Council

Credit Act 1984

CREDIT ORDER NO. 56 CUSTOM CREDIT CONTINUING CREDIT CONTRACTS

The Governor in Council under section 19 of the *Credit Act 1984* makes the following Order:

Citation

1. This Order may be cited as the "Credit Order No. 56 Custom Credit Continuing Credit Contracts".

Commencement and Duration

2. This Order takes effect on and from 11 October 1989.

Custom Credit Continuing Credit Contracts—Exemption

3. It is declared that sections 52, 54 (2), 55 (1), 59 (1) (b) and 59 (1) (f) of the *Credit Act 1984*, and clause 1 (n) of Schedule 7 to that Act do not

COMMITTEE OF MANAGEMENT OF THE "COAL CREEK HISTORICAL PARK,
KORUMBURRA"

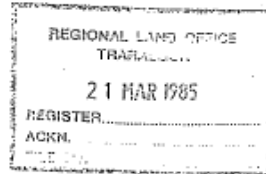
*In pursuance of Section 14 of the Crown Land (Reserves)
Act 1978, I hereby appoint* The Corporation of the Shire
of Korumburra as Committee of Management of the lands in
the Township and Parish of Korumburra temporarily reserved
as sites for the Conservation of an area of Historic Interest
by Orders in Council dated the 3rd August, 1982 (vide
Government Gazette dated the 11th August, 1982) and 18th
December, 1984 (vide Government Gazette dated the 19th
December, 1984).



Minister for Conservation

Department of Conservation, Forests & Lands

MELBOURNE.



Correspondence No. Rs 8639

Attachment C – Coal Creek Regulations

[Extract from the Vic

dated 26 September 1979]

REGULATIONS FOR THE CARE, PROTECTION AND MANAGEMENT OF THE "COAL CREEK HISTORICAL PARK"

I, William Vasey Houghton, Her Majesty's Minister of Lands in and for the State of Victoria, in pursuance of the powers conferred on me by Section 13 of the Crown Land (Reserves) Act 1978, do hereby make the following Regulations for or with respect to the Crown land in the Township and Parish of Korumburra (hereinafter referred to as the "Reserve") temporarily reserved as a site for the Conservation of an Area of Historic Interest by Order in Council dated 10 April, 1979 (vide Government Gazette of 20 April, 1979)—

REGULATIONS

1. Definitions—

"Authority" means the Corporation of the Shire of Korumburra, duly appointed as the Committee of Management pursuant to Section 14 of the Crown Land (Reserves) Act 1978.

"Director" means the Director of the Coal Creek Historical Park, duly appointed by the said Authority.

2. The Reserve shall be open to the public on such days and hours as determined by the Authority and at such admission charges if any, as may be prescribed from time to time by the Authority.

3. No person shall—

- (a) enter or remain in the Reserve who, in the opinion of the Authority or its authorized officer, may offend against decency as regards dress, language or conduct;
- (b) affix, print, post, paint, cut or mark any advertisement, sign, picture, bill, placard, notice, words, letters or figures to or upon any wall or fence in or enclosing the Reserve, or to or upon any tree, building, barrier, railing, seat, structure, erection, flagging or path in the Reserve without the consent of the Director being first obtained;
- (c) hawk, sell or offer or expose for sale any article, confectionery, fluid goods, merchandise, tobacco or anything else whatsoever, or solicit or gather money or hand out literature of any description within the Reserve without the written permission of the Director being first obtained;
- (d) obstruct, hinder or interfere with any member of the public using the Reserve or any officer or employee of the Authority engaged in official duties therein;
- (e) interfere with, break or damage in any way any building, structure, furniture, fitting, fixture, facility or other property or any tree, shrub, plant or flower within the Reserve;
- (f) leave or deposit any bottles, broken glass, paper, orange peel, banana skins or any other rubbish whatsoever in the Reserve or the waterways therein except in receptacles provided for the purpose, nor roll or throw stones or missiles of any kind therein, or leave anything therein that might injure any person or animal;
- (g) light a fire in the Reserve except at such places as are set aside for the purpose by the Authority or its authorized officer and at such times as allowed by the Country Fire Authority;
- (h) carry or discharge any firearm, air gun, catapult or any other weapon within the Reserve without the written consent of the Director first being obtained;
- (i) shoot, snare, or destroy any animal or bird within the Reserve without the consent of the Director;
- (j) conduct or take part in any game of chance within the Reserve;
- (k) spit or expectorate on the paths or any structure within the Reserve;
- (l) be under the influence of intoxicating liquor within the Reserve;

- (m) transmit by radio or television from within the Reserve without the permission of the Director;
 - (n) play a musical instrument, tape recorder, radio or amplifier within the Reserve without the permission of the Director;
 - (o) camp in the Reserve or erect any structure whatsoever within the Reserve without the permission, in writing of the Authority or its authorized officer;
 - (p) enter any building in the Reserve without the consent of the Authority and any person having entered such building shall leave the same on being requested to do so by any officer or employee of the Authority, any member of the Police Force or by any Bailiff of Crown Lands or other person authorized by the Authority.
4. (i) No motor car or vehicle of any kind whatsoever shall be driven, ridden or conveyed onto, in, over or through the Reserve, except—
- (a) with the permission of the Director;
 - (b) for the purpose of entering or leaving an area specially set aside by the Authority for the parking of motor cars and other vehicles.
- (ii) The parking of motor cars and vehicles in any such parking area shall be subject to such conditions as the Authority may determine from time to time.

5. No person shall bring into or permit to enter the Reserve any dogs, cattle, horses, sheep, goats, pigs or any other animals without the permission, in writing, of the Director being first obtained.

6. The Authority shall have full power and authority to impound any cattle found trespassing on the Reserve (with all power incidental to that status) within the meaning of any law for the time being in force relating to the impounding of cattle. For the purpose of this clause "cattle" shall mean cattle as defined by the Pounds Act 1958.

7. The owner of any dogs, horses, cattle, sheep, goats, pigs or other animals that are found wandering upon any part of the Reserve, except as hereinbefore provided, shall be guilty of an offence against these Regulations.

8. Admission to the Reserve by payment of a fee does not of itself confer on a person a right to take photographs, either still or moving, for any purpose whatsoever. However, no restriction shall be placed on a person taking photographs, either still or moving, which are not used for gain or profit so long as an acknowledgement is given that the photographs were taken at Coal Creek Historical Park. Upon payment of a fee determined by the Authority, a person may be granted approval under certain specified conditions to take photographs, which photographs are to be used for gain or profit. In this Regulation the use of the term "photographs" shall also be deemed to include moving film, video tape, television films and similar methods of recording visually.

9. Every person within the Reserve shall at all times observe and comply with any reasonable and lawful order or direction of any member of the Police Force or officer or employee of the Authority whether or not such order or direction is to enforce compliance with these Regulations.

10. Any officer or employee of the Authority may remove or exclude from the Reserve any person who commits a breach of these Regulations.

11. The foregoing Regulations shall not restrict any servants, agents or workmen of the Authority in the proper execution of their duty or work in the Reserve—(Rs.8639).

Given under my hand at Melbourne 18 September, 1979.

W. V. HOUGHTON
Minister of Lands

Every person who contravenes or fails to comply with these Regulations shall be liable to the penalties prescribed in Section 13 of the Crown Land (Reserves) Act 1978.

By Authority: F. D. Atkinson, Government Printer, Melbourne

Attachment D – Detail on competitive neutrality

The following information is taken from the Victorian Competition & Efficiency Commission website (www.vcec.vic.gov.au)

What is a significant business in the Competitive Neutrality context?

1. Introduction

The first stage of the process of complying with *Competitive Neutrality Policy Victoria* is to determine whether the policy applies to the activity in question. The policy applies only to a business activity that is 'significant' in a relevant market. (including both for profit and not-for-profit entities) to coexist with government businesses in a variety of markets. They do not always compete on equal terms. Differences in size, assets, skills, experience and culture, may underpin an entity's competitive advantage. To the extent that a competitive advantage arises solely from public ownership, it is the intention of Competitive Neutrality (CN) policy to neutralise this advantage. In that way, where governments undertake significant business activities in markets, they do so on a fair and equitable basis. To determine whether a government business activity is significant in a relevant market it is necessary to define the market and then determine the impact of the activity on that market.

Markets are defined by examining substitutability of products within geographic areas, at the points of sale and over time. Significance relates to the importance of competition in a relevant market – Is the business a major supplier? Can it influence prices or have a competitive impact? What is the consequence of the business operating inefficiently? business will be a local monopoly. It is still the expectation that even where there is no private competitor CN pricing should be considered to ensure resource allocation decisions reflect a true estimate of the implicit subsidy to the activity by ratepayers or the community. of this advice breaks the answer to the primary question—"What is a significant business in the CN context?"— into three component questions:

1. Is an activity a business activity?
2. What defines a relevant market?
3. What constitutes significance?

2. Is an Activity a Business Activity?

Competitive neutrality is relevant only to significant government businesses. A public sector agency must make its own two-part assessment to determine whether, in each case, an activity is:

a business; and, if it is,
a significant business.

It is common for a government business assessment clarifies whether an activity is a business, rather than regulatory or governance activity. CN Policy applies only to the 'significant' business activities of publicly owned entities and not to the non-business, non-commercial activities of those entities. A business activity is characterised by some or all of the following features:

- sale or provision of goods, services or works in competition (actual or potential) with other providers;
- activity undertaken primarily for commercial purposes or profit and involving a degree of financial risk, e.g. a municipal enterprise;
- application of commercial systems, accounting and marketing to the service and/or product, e.g. tendering to supply the product or service to an external entity.

Sometimes, a government

3. What defines a Relevant Market?

In order to determine whether a business is 'significant' in a relevant market, it is important to define the relevant market in which the business competes. *Concept of a Market* 'Substitution' is the key concept underpinning the identification of a market. The original statement that set out substitution as the key to market definition was provided by the Trade Practices Tribunal (since renamed the Australian Competition Tribunal) in 1976.. This concept has become the foundation on which many subsequent market analyses have relied. The feasibility of substitution between products either to produce or to buy may depend on a number of factors, including customer attitudes, technology, distance, cost and price incentives. All of

these factors are relevant when determining the feasibility of substitution. supply-side substitution may be relevant when defining market boundaries.

Demand-side substitution involves buyers switching their demand from one good to another good in response to a change in price.

Supply-side substitution occurs when sellers alter their production or distribution supply in response to a change in price. This description follows the tradition of introducing market definition in relation to price changes;

Although assessment of the appropriate market is vital, the definition of a market is not an end in itself. Market boundaries should be regarded as a tool with which to assess the particular question at hand of whether the activity is a significant business for the purposes of CN Policy (i.e. whether CN applies).

Elements of Market Definition

While the prime focus of most market-related inquiries is on the *product* (the identification of substitutable goods / services in the market), other considerations include:

the geographical area within which substitutes of a good are an effective constraint on the market power of sellers of that good (spatial);

the potential for competition at a different level of supply (manufacturing, wholesale or retail) to constrain market power (functional); and

the timeframe over which competitive constraints can emerge (temporal).

Product

To make an accurate assessment of the relevant market one has to analyse:

- the products/services/facilities provided by the business; and
- the products/services/facilities provided at a range of similar business entities.

Substitution between different products and services need not be between identical facilities in order to reach the conclusion that the businesses are in the same market. The matters for consideration are:

demand substitution between the businesses, despite their different services. While there may be core consumers who are unwilling (or unable) to switch, many consumers do switch; and

Both demand and supply substitution where businesses tend to know the pricing regimes of other competitors and respond to ensure that their policy is not 'out of line'. Supply substitution is an 'operative consideration'.

Geographic

Different businesses will attract different catchment areas, i.e. the distance consumers are willing to travel to access the product or service. In regional districts these catchment areas may be larger than in metropolitan zones. Catchment areas are affected by travel times, access including public transport, and so on. *Temporal*

Temporal boundaries refer to the time within which new competitive constraints can develop. For example, while current businesses might not offer all the services/facilities of a particular business, over what time can (or could) they develop similar services/facilities? If the time scale is "too long" then it is unlikely that they are in the same market. The temporal dimension draws attention to the likely patterns of consumption and production in the longer run.

take a long-run perspective has implications for the concept of *single product markets*. Except in the most unusual of circumstances, it is unlikely that a single product (narrowly defined) will constitute a market on its own.

Functional

Functional boundaries relate to whether the business operates as a producer, wholesaler or retailer. There is potential for competition at a different level of supply (manufacturing, wholesale or retail) to constrain market power. However, in general, aspects of product, geographical proximity and time are most relevant to the definition of a market for CN policy purposes. 4.

What constitutes 'Significance'? Significance' is indicated by the extent to which the government business activity can impact upon the demand, supply or price to the consumer or user.

Competition Principles Agreement does not define 'significant' business activities, the concept of 'significant' for the purposes of CN Policy is based on the importance of competition in the relevant market.

operates. *Competitive Neutrality Policy Victoria* identifies a number of issues to be considered in assessing whether or not a business activity is 'significant', including:

- the size of the business activity in relation to the size of the relevant market;
- the influence or competitive impact of the business activity in the relevant market;
- the resources the business activity commands and the effect of poor performance; and

- whether the costs of providing the goods or services by the entity are being predominantly met by users.

Significance is not determined by expenditure on, or revenue from, an activity relative to the agency's total expenditure or revenue.

Special Case of Monopolies

It is often the case that councils will establish services, infrastructure etc. because the private sector is unwilling to do so. For example, the market maybe small or the consumers may have a limited capacity to pay. This is a legitimate role for government. In such situations the public sector business becomes a regional monopoly. As such it is very significant in the market and should be very conscious of its pricing and the cost to the community of any implicit subsidy.

If the region has a growing consumer base over time the market may become viable for a private sector enterprise to enter the market. The pricing practices of the public business can act to encourage or discourage this new business to the region. Public sector resources are limited and need constant reassessment to ensure they are directed to priorities. The entry into the market of private sector providers can free up public sector resources to meet emerging priorities.

Documentation

It is a requirement for government agencies to document the rationale for decisions made in the application of CN Policy. This is no less important when the ultimate decision is not to implement a CN measure, such as full cost reflective pricing.

In the event of a complaint, the Competitive Neutrality Complaints Unit would need to consider the documentation on the significance or otherwise of the relevant government business activity. Should a government activity that is the subject of a complaint be represented by its governing body as not to be a significant business, the rationale for such a position must be well documented.

- 1.The original statement that set out substitution as the key to market definition was provided by the Trade Practices Tribunal (since renamed the Australian Competition Tribunal) in 1976.
- 2.This description follows the tradition of introducing market definition in relation to price changes; although non-price substitution is also relevant.

3.Algie & Kewley, *Market Definition: Competition Law and Practice*, John Libbey, Sydney, 1998, p.2.

4.*Application by Tooth and Co Ltd; Application by Tooheys Ltd* (1979) ATPR ¶140-113 at 18,196.

5.*Queensland Wire Industries Pty Ltd v BHP Ltd* (1989) 167 CLR 177 at 187 per Mason CJ and Wilson J.

Attachment E – Full forecast for Coal Creek

| Cost Centres | Draft Revised Budget | 2013/14 | 2014/15 Half | 2015/16 Full | 2016/17 (100%) | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|----------------------------------|----------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Commercial Events | (12,355) | (9,641) | (8,114) | (8,360) | (8,613) | (8,877) | (9,150) | (9,430) | (9,731) | (10,044) | (10,369) | (10,706) | (11,055) | (11,417) | (11,779) | (11,938) |
| Community Services | (20,832) | (27,101) | (21,887) | (22,434) | (22,994) | (23,569) | (24,159) | (24,763) | (25,383) | (26,017) | (26,667) | (27,334) | (28,017) | (28,718) | (29,435) | (29,435) |
| Commercial Events | | | (56,875) | (159,250) | (227,500) | (236,600) | (246,064) | (255,907) | (266,143) | (276,789) | (287,860) | (299,374) | (311,349) | (323,803) | (336,756) | (350,226) |
| Education | (82,263) | (74,698) | (81,012) | (84,445) | (88,034) | (91,784) | (95,709) | (99,809) | (104,458) | (109,344) | (114,475) | (119,864) | (125,534) | (131,487) | (137,247) | (142,444) |
| Education Camp - Base lease fees | | | | | (100,000) | (103,000) | (106,090) | (109,273) | (112,551) | (115,928) | (119,406) | (122,988) | (126,678) | (130,478) | (134,392) | (138,424) |
| Education Centre Program | | | (20,000) | (23,000) | (26,000) | (30,000) | (30,900) | (31,827) | (32,782) | (33,765) | (34,778) | (35,821) | (36,896) | (38,003) | (39,143) | (40,317) |
| Multi Media Total | 0 | 0 | (180,000) | (200,000) | (240,000) | (250,000) | (262,500) | (275,625) | (289,406) | (303,876) | (319,070) | (335,024) | (351,775) | (369,364) | (387,832) | (407,224) |
| No Plan to Continue | (15,080) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property | (7,131) | (6,786) | (7,182) | (7,377) | (7,580) | (7,787) | (8,002) | (8,222) | (8,453) | (8,692) | (8,938) | (9,191) | (9,452) | (9,722) | (9,995) | (10,057) |
| Pig and Whistle Café | (65,200) | (93,000) | (68,500) | | | | | | | | | | | | | |
| New Restaurant | | | 31,125 | (871,500) | (1,245,000) | (1,294,800) | (1,346,592) | (1,400,456) | (1,456,474) | (1,514,733) | (1,575,322) | (1,638,335) | (1,703,868) | (1,772,023) | (1,842,904) | (1,916,620) |
| Retail | (96,400) | (101,270) | (101,280) | (103,813) | (106,408) | (109,068) | (111,794) | (114,589) | (117,454) | (120,390) | (123,400) | (126,485) | (129,647) | (132,889) | (136,210) | (136,210) |
| Retail son et lumiere | | | (50,000) | (70,000) | (90,000) | (102,500) | (105,575) | (108,742) | (112,004) | (115,364) | (118,825) | (122,390) | (126,062) | (129,844) | (133,739) | (137,751) |
| Retail Education Camp | | | (60,000) | (70,000) | (80,000) | (90,000) | (92,700) | (95,481) | (98,345) | (101,295) | (104,334) | (107,464) | (110,688) | (114,009) | (117,429) | (120,952) |
| Rides | (37,408) | (39,195) | (41,155) | (43,212) | (45,373) | (47,642) | (50,024) | (52,525) | (55,414) | (58,462) | (61,677) | (65,069) | (68,648) | (72,424) | (76,045) | (79,847) |
| Total revenue | (336,669) | (351,691) | (664,880) | (1,663,391) | (2,287,502) | (2,395,627) | (2,489,259) | (2,586,648) | (2,688,598) | (2,794,698) | (2,905,121) | (3,020,046) | (3,139,670) | (3,264,182) | (3,392,906) | (3,521,445) |

| | | | | | | | | | | | | | | | | |
|--------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Administration | 270,990 | 283,140 | 190,000 | 311,485 | 324,137 | 337,335 | 351,105 | 365,473 | 380,474 | 396,131 | 412,473 | 429,535 | 447,346 | 465,939 | 485,153 | 502,412 |
| Capital Works | 133,815 | 112,360 | 119,102 | 126,248 | 133,823 | 141,852 | 150,363 | 159,385 | 168,948 | 179,085 | 189,830 | 201,220 | 213,293 | 226,090 | 226,090 | 226,090 |
| Commercial Events | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 17,563 | 19,171 | 18,454 | 18,914 | 19,389 | 19,869 | 20,369 | 20,877 | 21,396 | 21,936 | 22,482 | 23,044 | 23,621 | 24,212 | 24,817 | 24,817 |
| Commercial Events | | | 35,000 | 84,000 | 140,000 | 145,600 | 152,880 | 160,524 | 168,550 | 176,978 | 185,827 | 195,118 | 204,874 | 215,118 | 225,873 | 237,167 |
| Education Total | 76,742 | 57,577 | 93,313 | 98,072 | 101,341 | 104,731 | 108,247 | 111,894 | 115,679 | 119,605 | 123,679 | 127,905 | 132,292 | 136,846 | 141,573 | 144,552 |
| Education Centre Program | | | 10,000 | 11,000 | 13,000 | 15,000 | 15,450 | 15,914 | 16,391 | 16,883 | 17,389 | 17,911 | 18,448 | 19,001 | 19,571 | 20,158 |
| Multi Media Total | | | 18,000 | 20,000 | 22,000 | 25,000 | 26,250 | 27,563 | 28,941 | 30,388 | 31,907 | 33,502 | 35,177 | 36,936 | 38,783 | 40,722 |
| No Plan to Continue | 143,982 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property | 173,520 | 185,947 | 298,979 | 307,948 | 317,187 | 326,702 | 336,503 | 346,599 | 356,997 | 367,706 | 378,738 | 390,100 | 401,803 | 413,857 | 426,273 | 439,061 |
| Pig and Whistle Café | 73,178 | 83,447 | 86,525 | | | | | | | | | | | | | |
| New Restaurant | | | 16,563 | 397,500 | 662,500 | 689,000 | 716,560 | 745,222 | 775,031 | 806,033 | 838,274 | 871,805 | 906,677 | 942,944 | 980,662 | 1,019,888 |
| Retail | 40,000 | 44,360 | 42,025 | 43,075 | 44,152 | 45,256 | 46,388 | 47,548 | 48,736 | 49,954 | 51,204 | 52,483 | 53,796 | 55,140 | 56,519 | 57,254 |
| Retail son et lumiere | | | 25,000 | 35,000 | 45,000 | 51,250 | 52,788 | 54,372 | 56,003 | 57,683 | 59,413 | 61,195 | 63,031 | 64,922 | 66,870 | 68,876 |
| Retail Education Camp | | | 27,000 | 32,000 | 37,000 | 40,000 | 43,000 | 44,290 | 45,619 | 46,988 | 48,398 | 49,850 | 51,346 | 52,886 | 54,473 | 56,107 |
| Rides | 13,299 | 12,302 | 35,511 | 51,576 | 53,124 | 54,717 | 56,359 | 58,050 | 59,791 | 61,585 | 63,432 | 65,335 | 67,295 | 69,314 | 71,394 | 73,536 |
| Volunteers | 2,181 | 300 | 2,292 | 2,349 | 2,408 | 2,468 | 2,530 | 2,593 | 2,658 | 2,725 | 2,792 | 2,862 | 2,934 | 3,007 | 3,083 | 3,160 |
| Sales & Marketing | | | 125,000 | 135,000 | 145,000 | 157,500 | 162,225 | 167,092 | 172,105 | 177,268 | 182,586 | 188,064 | 193,706 | 199,517 | 205,503 | 211,668 |
| Energy | | | 68,000 | 70,000 | 74,000 | 77,200 | 79,516 | 81,901 | 84,358 | 86,889 | 89,496 | 92,181 | 94,946 | 97,794 | 100,728 | 103,750 |
| Total costs | 945,270 | 798,604 | 1,210,764 | 1,744,168 | 2,134,060 | 2,233,481 | 2,320,533 | 2,409,297 | 2,501,677 | 2,597,837 | 2,697,919 | 2,802,110 | 2,910,585 | 3,023,523 | 3,127,364 | 3,229,218 |

| | | | | | | | | | | | | | | | | |
|------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Profit/(Loss) before Cost of Capital & FF&E Reserve | (608,601) | (446,913) | (545,884) | (80,777) | 153,442 | 162,146 | 168,726 | 177,352 | 186,921 | 196,862 | 207,202 | 217,936 | 229,085 | 240,659 | 265,541 | 292,227 |
| Cost of Capital - 30% Loan @ 7% Interest for 10 years | | | | 441,894.04 | 118470 | 107960 | 96689 | 84604 | 71645 | 57749 | 42849 | 26871 | 9738 | 0 | 0 | 0 |
| FF&E Reserve (2.5%) | | | 157,819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 |
| Total FF&E Reserve & Cost of Capital | 0 | 0 | 157819.3 | 599713.04 | 276289 | 265779 | 254508 | 242423 | 229464 | 215568 | 200668 | 184690 | 167557 | 157819 | 157819 | 157819 |
| Profit/(Loss) after Cost of Capital & FF&E Reserve - 30% Loan | (608,601) | (446,913) | (703,703) | (680,490) | (122,847) | (103,633) | (85,782) | (65,071) | (42,543) | (18,706) | 6,534 | 33,246 | 61,528 | 82,840 | 107,722 | 134,408 |

| | | | | | | | | | | | | | | | | |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cost of Capital - 100% Loan -@ 7 % interest for 10 years | | 220,947 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 | 441,894 |
| FF&E Reserve (2.5%) | | | | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 | 157819 |
| Total FF&E Reserve & Cost of Capital | 0 | 220947.02 | 441894.04 | 599,713 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 | 599713.04 |
| Profit/(Loss) after Cost of Capital (100% loan) & FF&E Reserve | (608,601) | (667,860) | (987,778) | (680,490) | (446,271) | (437,567) | (430,987) | (422,361) | (412,792) | (402,851) | (392,511) | (381,777) | (370,628) | (359,054) | (334,172) | (307,486) |

| | | | | | | | | | | | | | | | | |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net Profit/(Loss) - Current Operations | (608,601) | (446,913) | (537,435) | (564,400) | (591,023) | (618,940) | (648,245) | (678,995) | (710,637) | (743,820) | (778,607) | (815,094) | (853,357) | (893,475) | (922,655) | (952,732) |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

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