



# Hawkesbury City Council

attachments 2 to 5  
to  
item 10

SS - Hawkesbury Heritage  
Farm (formerly Australiana  
Pioneer Village)

date of meeting: 2 February 2010  
location: council chambers  
time: 6:30 p.m.

AT - 2 Letter dated 26 October 2009 to the Friends  
of the Australiana Pioneer Village Society Inc  
requesting clarification and additional information

26<sup>th</sup> October 2009

Mrs Lesley George  
President  
The Friends of the Australiana Pioneer Village Inc  
C/- Chimney Cottage  
Wilberforce Road  
WILBERFORCE NSW 2756

Dear Mrs George

**The Friends of the Australiana Pioneer Village Inc - Business Plan 2009, Version 2**

I refer to previous correspondence regarding an updated Business Plan associated with the Australiana Pioneer Village (APV).

As you are aware the updated Business Plan provided by The Friends of the Australiana Pioneer Village (The Friends) has been referred to Council's External Auditor, PricewaterhouseCoopers for comment. Council is awaiting those comments.

In addition the Business Plan is currently being reviewed by Council officers with a view to preparing a further report to Council on the matter. To assist in the review process and reporting to Council, I have listed below the issues which we have identified that require clarification, and/ or supporting/additional information. The issues are:

**Governance Information**

- Copies of Minutes of the latest Annual General Meeting (if possible for the 2008/09 Financial Year) of The Friends;
- Copies of the Minutes of the last two Committee meetings of The Friends;
- Further information concerning the establishment of The Friends as a company and the provision of an ABN if a lease is entered into – structure, constitution, timeframe, Board membership etc;
- Copies of all current and relevant Insurance Policies, including Workers Compensation or Volunteer Insurance and \$20 Million Public Liability Insurance or quotes for the relevant insurance (noting that Council is the owner of the property and Council's interest, as the owner, should be included on the policies);
- A copy of the Constitution of The Friends;
- Clarification as to the actual term of the Lease proposed by The Friends (as the Business Plan refers to a 20 year lease and also a 20 year lease with 2 x 20 year options, which equates to 60 years);
- Copy of evidence that The Friends is currently registered as a non-profit organisation;

### **Property Information**

- Details of The Friends research, investigation and/or enquiries into the statutory requirements to operate the property for the use outlined in The Friends Business Plan and the outcome of that research, investigation and/or enquiry. Note – this is endeavouring to establish that the use proposed is permitted on the land and what, if anything, is required to be undertaken by the Friends to allow the activities proposed in the Business Plan to be undertaken in a lawful manner;
- Clarification and evidence of what proposed works constitute works for the purposes of meeting the Heritage Act requirements;
- Are the existing amenities (toilets, showers, etc) acceptable for the use intended as outlined in the Business Plan eg camping, weddings, corporate functions, school programs? If not, what work is required (and at what cost) to ensure that the amenities are to a standard applicable to the use of the land?
- Detail specifically The Friends expectations as what it sees as Council's role and obligations as the owner of the property and the buildings within the property during the term of any lease with The Friends.
- What are The Friends expectations regarding the hand over by Council of the one-off contribution of \$100,000 and the estimated annual contribution of \$40,000. In this regard how do The Friends see Council's involvement in the payment and use of the money
- What is the timing and period of time of the proposed works to be undertaken by The Friends and what impact will the scheduling of the work have of the anticipated patronage at the property?

### **Financial Information, Income and Profit & Loss Statement**

- Copy of Financial Statements for the last financial year as presented to The Friends' Annual General Meeting;
- Evidence of the current Financial Membership of The Friends;
- Copies of any quotations pertaining to the maintenance and repair costs (as per page 4 of the Business Plan) and where no quotations have been received, please detail the method used to estimate the cost;
- Copies of current Bank Statements of The Friends and any other information that details the money currently available to The Friends;
- Advice as to whether or not The Friends are registered for GST;
- Clarify as to whether the Profit & Loss Statement on page 15 of the Business Plan applies to the first year of operation irrespective when that first year is to be, or only to the 2009/10 financial year;
- When is it proposed that the Schools Program would commence?
- The income and expenditure projections for the Schools Program show total income of \$9,000 and total expenditure of \$5,108 in Year 1 (page 9 of the Business Plan). The overall profit and loss statement for 2009-2010 (page 15 of the Business Plan) shows the Schools Program income but does not detail the Schools Program expenditure. Please explain.
- On what basis is the estimate of the number of weddings per year (ie., 12)

determined?

- Provide evidence of the market analysis pertaining to Seniors Groups visiting the site;
- Provide evidence of sponsorship (estimated to be \$35,000 to \$70,000 per annum);
- In relation to the estimated revenue amount of \$15,000 to 'food and memorabilia' and the estimated expense amount of \$20,000 for 'food and food handling facilities' please provide details of:-
  - How the memorabilia will be acquired?
  - The estimate profit or loss budgeted for food and food handling?
- What allowance has been made for any legal expenses (lease preparation fees, Company Set- Up Costs, etc)? If none, what is your estimate and how will this be paid?
- What allowance has been made for relevant Application and Licence Fees (DA's, Food Shop Inspections, etc)? If none, what is your estimate and how will this be paid?
- What allowance has been made for relevant Company Fees (Business Registration, Taxation, etc)? If none, what is your estimate and how will this be paid?
- Provide more detailed information regarding wages component of the business plan including the positions proposed to be paid;
- Provide details of any contingency planning in place to cover identified business risks associated with the proposal eg inclement weather, cancellations, budget variations, variations in marketing projections.
- Only one year projects have been provided for the overall Profit and Loss Statement of its operations. Does The Friends have projections for future years similar to say the Schools Program? If so, please provide. If not, why not.
- The Business Plan (page 18) articulates that one of the financial goals is "financial independence from external funding within five years". What is meant by "financial independence"?
- The Business Plan (page 18) articulates three key financial indicators. What are the various targets and market share referred to as those indicators?

I would appreciate the information being provided at your earliest convenience. Should you have any queries in relation to the information sought or would like to discuss the matters further please do not hesitate to contact me on 4560-4426.

Yours faithfully

Fausto Sut  
Manager Corporate Services and Governance

AT - 3 Letter dated 19 November 2009 from  
PricewaterhouseCoopers

19 November 2009

Mr Peter Jackson  
General Manager  
Hawkesbury City Council  
DX 8601 WINDSOR

PricewaterhouseCoopers  
ABN 52 780 433 757

Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999  
[www.pwc.com/au](http://www.pwc.com/au)

Dear Mr Jackson,

**Private & Confidential**

**Re: Australiana Pioneer Village (the Village)**

You have requested we comment on the Business Plan (version 2) submitted to Council by the Friends of the Australiana Pioneer Village Inc (The Friends).

Our comments are based on an examination of the Plan made available to us and discussion with Council officers. We have not attempted to substantiate the content of this information except to the extent of investigating apparent inconsistencies or errors.

Our comments are set out below:

1. The Plan makes clear the strong commitment and concern of the Friends over the future of the Village.
2. The Plan only identifies the projected operating results of the proposed operation for the first year. We are of the view that projections should be provided for at least the next 5 years considering the Friends are seeking a 20 year lease from Council.
3. We also believe the Plan should project Balance Sheets and Cash Flow Statements for at least the next 5 years. This will help to identify whether the Friends will be financially viable during that period.
4. The Friends seek a one-off capital contribution of \$100,000 from Council for the restoration and refurbishment of existing structures. We have visited the site and believe the cost to undertake essential works to comply with regulations and make the site safe and suitable for its proposed use, is significantly understated by the Friends. This is also borne out by estimates Council officers have provided to us.
5. The Friends also seek an annual contribution from Council towards their operating costs of \$40,000 together with the foregoing of any rent. In their operating projections, a surplus of \$22,000 is estimated after including this \$40,000 contribution. We have examined the operating costs included in the these projections and note that they do not include many expenses one would usually expect with this type of operation including:

- Information Technology
- Telephone
- Motor vehicle
- Plant and equipment
- Furniture and fixtures
- Regulatory Compliance
- Accounting and Audit

We also believe that some of the costs that have been included may be understated. For these reasons we believe the projected operating surplus may not be achieved. This is compounded by limited independent market research to support the revenue projections.

6. Our overall view of the Business Plan is that it does not provide sufficient comfort to Council that the Friends will be able to achieve a financially viable operation even with the contributions requested from Council. This places Council at risk of having to make further contributions to the Friends and/or having the Village close down because of financial pressures.

Please contact Dennis Banicevic on phone 8266 5213 if you require further information.

Yours sincerely,

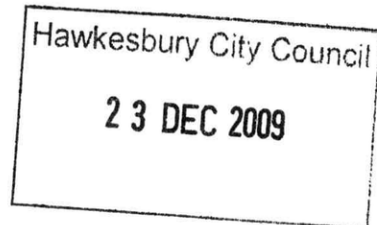
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Dennis Banicevic  
**Director**



AT - 4 Letter dated 16 December 2009 from The  
Friends of The Australiana Pioneer Village Society  
Inc providing additional information

Mr Fausto Sut,  
Manager, Corporate Services and Governance  
Hawkesbury City Council



16<sup>th</sup> December 2009

Dear Fausto,

**The Friends of the Australiana Pioneer Village Inc – Business Plan 2009, Version 2.**

Thank you for your update of Council's progress regarding the APV. Responses to the questions raised in your letter are detailed below.

**GOVERNANCE INFORMATION**

**Copy of minutes:** a copy of the 2009 AGM minutes and minutes of the last two committee meetings are attached.

**Establishment of Friends as a business and Constitution:** as indicated previously, the Friends will form a Limited Liability Company when a lease is granted. The constitution will remain as per the current friends constitution. Board membership has been previously detailed in the Business Proposal. The company will be formed as soon as practical after the lease is granted.

**Insurance:** The Friends have not taken out any insurance policies as we do not yet have a lease and this would be a waste of money. We were informed by Council staff that the Friends were covered by Council's insurance when volunteering on the Village site. We have provided Council with a written quote for insurance should a lease be granted.

**Term of proposed lease:** preferred lease option would be 20 years with a further 2x20year options. However, as has previously stated both verbally to Council and in writing, the Friends would be prepared to sign a ten year lease, with the continuation based on performance determined by independent assessment.

**Copy of evidence that the Friends is a not-for-profit organisation:** already provided to Council.

**PROPERTY INFORMATION**

**Statutory requirements for proposed activities:** Education and tourism activities proposed in the Business Plan are consistent with the "Operational Land" classification of the Village site and are also consistent with the State Heritage Listing. Repair and maintenance work as detailed in the Business Plan is required to bring the Village up to a safe working condition. This will be performed within the guidelines of the NSW Heritage Branch. Working with children checks will be conducted on all staff and volunteers present when children are on site for educational programs. Training costs for training in occupational health and safety, first aid and food handling have been allowed



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ON 17.12.09  
*Mark Sut*

for in the budget. Proposed activities have been carried out at the Village since the early 1970

**Clarification and evidence of proposed works under Heritage Act**

**requirements:** the Business proposal details proposed maintenance works required to the Village, with full details of works to individual buildings contained in an appendix and in quotes from our preferred heritage builder. We believe that all proposed works are consistent with maintenance and repair requirements under the Heritage Act. The State Heritage Listing (Folio #829589) pertains to the entire site, as detailed in the statement of significance and the list of included buildings:

*"Australiana Pioneer Village (APV) consists of two buildings still on their original sites, eighteen buildings brought from elsewhere in the north-west sector of greater Sydney, five replica buildings and five supporting constructions, including toilets. The site is part of the original curtilage of Rose Cottage, a slab building of the Macquarie period already on the NSW State Heritage Register, which is immediately adjacent to APV but in the ownership of a separate private trust. Created in 1970 ..... APV is a strikingly successful example of the genre, popular in the 1960s and 1970s, of creating artificial educational conglomerations of historic buildings removed from their original sites."*

Repairs to plumbing, electricity, fire equipment and perimeter fencing are listed maintenance requirements under the Heritage Act and remain the owners', ie HCC, responsibility.

While maintenance of the roads may not be of obvious direct heritage benefit, access to the site is essential for both fire safety and security, and for the continued operational use of the site. The Friends also believe that Council has a legal and ethical responsibility to its ratepayers to adequately maintain its assets, as per Council's Charter and Section 8 of the Local Government Act. The Village, including its internal roads and parking areas, were in fully operational condition when handed to Council by the Friends in 1996.

**Facilities:** existing toilet facilities are in very poor condition and require extensive repair. Please refer to quotes previously submitted. Once repaired, toilets will be suitable for general use for day visitation, corporate functions and weddings. It should be remembered that current toilet facilities, when in operational condition, coped with up to 10,000 visitors in a single day for corporate Christmas functions. Camping facilities will be advertised with limited showering facilities, with the view to upgrading when accumulated funds are available. Given that one of the Village's themes is "humble heritage" we anticipate end users expecting less than five star accommodation.

**Expectations of Council:** The Friends would expect Council to act as in any other landlord/lessee arrangement.

**Financial contribution by Council:** We anticipate that Council will pay the initial sum of \$100,000 into the Friends working account. This will be used to repair and renovate the site to bring it up to a safe and partially workable condition, as detailed in the business proposal (Table 1, page 4). The annual

contribution of \$40,000 will be used pay utilities currently paid by Council, including Council rates, garbage collection, insurance, etc. This contribution will be sought for the first five years of operation only.

**Timing of works:** the Village cannot be considered operational until it is in a safe condition. Further, facilities such as toilets and food outlets must be brought up to Council and Department of Health requirements. We anticipate this work taking approximately six months. Works which are purely cosmetic in nature can be conducted when the site is operational and will be used as part of educational programs on heritage maintenance, as is frequently the case in National Trust and Historic Houses properties.

## **FINANCIAL INFORMATION**

**Financial statements:** privacy laws do not allow the Friends to provide Council with this information. Sufficient information should be available in the AGM minutes.

**Evidence of current financial membership:** privacy laws do not allow the Friends to provide Council with details of membership.

**Copies of quotations:** quotations have previously been submitted. The Friends are not prepared to update these quotation until a formal lease has been submitted.

**Current bank statements:** privacy laws do not allow the Friends to provide Council with this information.

**GST registration:** The Friends are not registered for GST as we are a not for profit organisation.

**Profit and Loss statement:** given that the profit and loss statement is labelled "first full trading year", it would be correct to assume that this would be the case.

**Schools program:** this will commence as soon as practical after maintenance work has been completed. As soon as lease is granted, the Department of Education will be informed of an anticipated opening date so that the Village can be included in future planning by schools.

The costs associated with the schools program are detailed in the profit and loss statement, however they are not individually listed.

**Number of weddings:** the figure for the number of weddings was determined based on past experience of the Friends, current enquiries to both the Friends and Council staff, and the facilities available.

**Seniors market analysis:** 14% of the population are over 65 yrs of age (Aust Bureau of Statistics, 2008), of these, 69% had visited an educational or tourist facility in the last week. Consultation with local tourism operators, including Hawkesbury Tourism Information Centre, Hawkesbury Site-seeing Tours, Good-az-Gold Bus Tours and Tobruk Station, all state a clear need for the Village to be reopened. We understand that Ebenezer Church has one busload of seniors every day.

**Sponsorship:** the Committee has made preliminary contact with companies as detailed in the Business Proposal (page 10). They have indicated that they would provide financial support to this iconic heritage site. We have every confidence that this money will be forthcoming. We have received an additional firm offer of funding from a state instrumentality. We are not at liberty to divulge the details of this offer.

**Estimated revenue for food and memorabilia:** memorabilia will be donated, the rest will be purchased from local suppliers where ever possible. The Village will have an "Australian Made Only" policy for all memorabilia. We conservatively estimate profit on food and memorabilia to be \$5000.

**Allowance for legal expenses, etc:** as detailed on page 5 of the Business Proposal, the Friends have an advisory board to assist with business management. The legal and accounting expenses will be donated by our accountant and a solicitor who is a close supporter of the Friends.

**DA and food shop expenses:** the Business proposal (page 17) allows for \$15,000 for repairs and inspection of food handling facilities.

**Company fees, etc.:** the Friends are a not-for-profit organisation and thus do not pay tax. All profits will be used to improve and maintain the Village. The Friends have already registered a business name, and legal and accounting services will be provided free of charge.

**Staffing:** staffing details are to be found on page 16 of the business proposal under the heading "expenses". Further, the profit and loss statement details wage expenses for the two casual staff positions (schools program and site manager).

**Contingency planning:** the revenue projections are extremely conservative. Inclement weather such as rain is not considered an identified business risk. Budget variations will and can occur, but the first year profit and loss statement can accommodate a variation of up to 14% before a loss will result. Cancellation fees will be charged. The Village contains sufficient flood free land to ensure the safety of moveable heritage and the Friends have proven experience in managing and repairing the Village following flood at no cost to Council.

**Additional financial projections:** the Friends have only provided the first year's trading projections. We believe that our proposal is sufficiently detailed to show that we can operate the Village in a profitable manner. Any further projections would involve spurious crystal ball-gazing, given that the site has not been opened to the public for 10 years. We do not believe that the invention of future figures would be of any real use.

**Financial independence:** this refers to the Friends application to Council for an annual sum of \$40,000 in addition the \$100,000 initial set-up grant. The Friends understand that Council currently views the Village as a financial liability and we do not wish to further this perception. As stated, the Friends will not ask for any additional monies from Council after the first five years. Financial independence

means that the Village will not need any further contributions from Council, with regards to running costs or maintenance.

**Key Financial indicators:** these are detailed in the Financial Goals, found page 18 of the Business Plan.

Yours sincerely,

A handwritten signature in cursive script that reads "Lesley George". The signature is fluid and elegant, with the first name "Lesley" and the last name "George" clearly distinguishable.

Mrs Lesley George

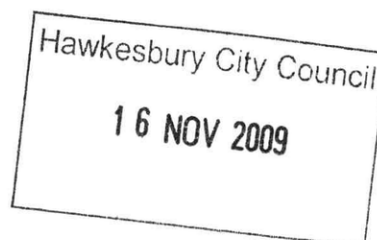
AT - 5 Letter dated 4 November 2009 from Mr  
Laurie Rose, AM, Brown Consulting (NSW) Pty Ltd

4 November 2009

**Hawkesbury City Council**  
PO Box 146  
WINDSOR NSW 2756

**Attention:** Mr Laurie Mifsud

Dear Laurie



**RE: AUSTRALIANA VILLAGE**

Thank you for your update on the current state of play. As a member of the Rose Family who emigrated as free settlers in the 1790's I have a strong personal interest in ensuring that Australiana Village and Rose Cottage in particular are permanently retained, maintained and regularly available for public enjoyment.

I understand Council's desire to stop the bleed of maintenance costs and in accordance with Council's previous resolution have been helping James and Sue Kelly prepare for attendance at the auction and vigorously attempting to acquire the Village. My support for the Kelly's is based on my belief that as owners/operators of the Paddle Wheel tourist attraction they are best placed to ensure financial viability of a reopened village. I have also been briefed on details of their comprehensive business plan to operate should they become the owners.

I also understand the community pressure brought on Council at the public meeting at Rose Cottage and no doubt other representations. It was thus predictable that Council would seek to offer an opportunity to the Friends of the Village to propose their business plan and I similarly support the resulting resolution. I persuaded the Kelly's to offer participation to the 'Friends' in preparing the plan and in particular the opportunity to perhaps link the Paddle Wheel boat cruises to visits to the reopened village.

To my great disappointment such offer was rejected out of hand by the business plan team. It is also my understanding that no significant liaison has occurred between the 'Friends' proponents and Hawkesbury Tourism. This all leaves me wondering just how robust their proposal might be.

I am now concerned that Councillors might be unaware that a viable alternative to the 'Friends' submission exists. It would be a great pity if Council were to resolve the issue without the benefit of alternative options

**BROWN**



Understanding that the 'Friends' proposal is confidential and currently subject to detailed review we do not seek to interrupt that process. However we do seek a similar opportunity to inform Council of the Kelly's strategy under the same condition. Their proposal does not necessarily involved acquisition until after a proving period.

I trust you understand my concern with the Village still closed; no prospect of restoration and even greater maintenance costs.

Mr James Kelly and I are available to make a presentation as soon as you can arrange. Please feel free to contact me on 0419 227 444 or my email at [laurie.rose@brownconsulting.com.au](mailto:laurie.rose@brownconsulting.com.au)

Yours faithfully,

**LAURIE ROSE AM**

A handwritten signature in black ink, appearing to read 'Laurie Rose', with a stylized flourish at the end.

**BROWN CONSULTING (AUST) PTY LTD**

Executive Chairman