

OAK LODGE FUTURES

Feasibility Analysis

A report prepared for the Coal River Valley Historical Society Inc and the Richmond and Coal River Valley Community
September 2013

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Executive Summary

“Oak Lodge” is a treasured community asset. The community is affronted by what is perceived as the National Trust taking a windfall gain to address previous management shortcomings at the expense of the local community.

Although there is a strong preference to keep Oak Lodge in community ownership, there are also concerns relating to the community’s capacity to pay for its upkeep unless a viable use and revenue stream can be attached to the building.

There is strong support for Oak Lodge playing a broader role than it currently does in tourism and product promotion and from this, visitor and yield conversion within Richmond and the Coal River Valley. It is considered important that the Richmond and Coal River Valley tourism offer be reinvigorated to arrest decline in the proportion of visitors who include Richmond as part of their visit and in accommodation “bed night” measures. Oak Lodge could play a significant role in addressing the lack of a compelling heritage narrative, interpretation and heritage visitor experience that is currently within the Richmond and Coal River Valley visitor offer.

Within the context established above, Oak Lodge’s role is to:

- Introduce and orient visitors to Richmond and the Coal River Valley and its evolution;
- Demonstrate this within the house;
- Develop visitor interest in experiencing this and in seeking a deeper understanding and keenness to experience what the village and valley have to offer;
- Support visitors to experience this through strong narrative and interpretation and provision of visitor services such as tours, to enable further engagement;
- Provide a mix of visitor information services; and
- Encourage visitors to spend longer in Richmond and experience its heritage and commercial offers.

Review of other Australian historical houses indicates the potential for a viable revenue stream from this entry and service mix when using comparable pricing structures.

There is a market opportunity and need for Oak Lodge to play a key role in repositioning the Richmond and Coal River Valley tourism offer by providing of a sense of place, its evolution and as a visitor services hub to connect visitors to the area, its attractions and businesses and to provide an authentic heritage experience consistent with Tourism Tasmania positioning.

The development of the proposed operations is considered outside the role and contribution of the Coal River Valley Historical Society Inc. in isolation and should be integrated into the wider business community structures that exist within Richmond.

Retention of Oak Lodge in community control then becomes a key strategic issue. While a number of purchase options have been considered, success in the short run is considered improbable. An alternate strategic option is to develop an “Oak Lodge model” that enables the retention of the building in National Trust Tasmania ownership while allowing the Richmond and Coal River Valley community to securely operate it for the benefit of the community.

The Oak Lodge Model could be based on:

- Integrating the property with the culture and economy of the place in which it is located;
- Creating a partnership model between the National Trust and communities within which properties are located;
- Separating ownership from operations (and ownership and operational costs) by securing a binding agreement with a community entity to manage and operate the property and associated services;
- Engaging community groups and entities such as the Coal River Historical Society Inc and local schools to provide specific expertise and support to the tourism and cultural offer based in Oak Lodge; and
- Creating a broad benefit/cost relationship between the property owner and management and operational entity.

While this model is considered feasible in the Richmond/Oak Lodge context, it may not work in all communities.

The benefits that Oak Lodge could offer National Trust Tasmania within this model could include:

- Removal of the fixed cost responsibilities associated with Oak Lodge from the organisation;
- Promotion of the National Trust and its properties to a large cohort of visitors ;
- A ‘licence fee’ to the National Trust reflective of the use of the brand and the means by which the property came into Trust ownership;
- Rebuild some of the image, moral standing and positioning lost as a result of the decision to sell Oak Lodge; and
- Provide an alternate model by which historic houses are retained as part of a community and by which to establish sustainable beneficial use.

This combination of strategies is designed to provide significant benefits to the Richmond and Coal River Valley community, the National Trust Tasmania and, in particular, the tourism sector, by enriching the visitor experience. It provides the local tourism association and Clarence City Council with a vehicle and focus within which to enhance the local tourism offer and to engage with Destination Southern Tasmania.

These benefits would accrue by Oak Lodge becoming the hub from which a revitalised Richmond and Coal River Valley visitor offer emerges, one that is consistent with contemporary visitor expectations and increases length of stay and satisfactory revenue conversion. The formation and operation of this hub would occur through a community partnership comprising business and interest groups, schools and with the support of the Clarence City Council.

As a consequence of the construction of the “Heavy Vehicle Link Road”, by-passing Richmond, the key positioning of Oak Lodge in relation to the village entrance enhances the role of Oak Lodge as an introduction to Richmond.

Introduction and Chronology

This report has been prepared for the Coal River Valley Historical Society Inc. (CRVHS) to establish whether a feasible and sustainable business model to support the purchase and ongoing management, by the Richmond community, of “Oak Lodge” in Richmond is achievable. The establishment of feasibility requires a determination of the potential market, revenue streams available from activities centred on Oak Lodge and their match to the fixed and variable costs associated with ownership and operations over a specific time period. The need to consider this purchase has arisen from a decision by National Trust Tasmania to sell Oak Lodge as an element of a strategy to place National Trust Tasmania on a more secure financial footing.

Oak Lodge, built by Henry Buscombe in Bridge Street, Richmond in c.1831, was gifted to the National Trust of Australia (Tasmania) by Miss Muriel Horsfall in 1998 for the benefit of the whole community; it was to be run as a museum.

The decision to leave/transfer the property to National Trust Tasmania was made as a consequence of no alternative entity being locally available to hold the property in trust. As part of the negotiations undertaken in transferring this property, the National Trust negotiated a clause stating that the property could be sold after 3 years. The broader Richmond community were not aware that this clause existed until 2003, when the National Trust discussed selling this property to clear their current debts. Miss Horsfall also left a sum of money to assist with the preparation of a conservation management plan and the painting of three rooms in the house.

As a result of public outcry, supported by Miss Horsfall who was still alive, upon the announcement of the decision to sell, the National Trust changed its stance and allowed the Society, who had entered into an agreement in 2001 to manage the property, to continue to manage the property and open it to the public seven days a week.

In the middle of 2012, the Board of the National Trust again decided to sell the property and the Society commissioned a formal valuation by TPC Valuers dated 14th February 2013, which indicated that the property had an estimated value of \$525,000.

Once again the community responded vigorously and at a meeting at the end of January 2013, over 200 people voiced their concerns and opposition to the sale, on the basis that there is clearly a strong moral obligation to fulfil Miss Horsfall’s wishes and keep the property as a living museum open to the public. Oak Lodge is a Georgian gentleman’s residence that remains in largely original condition and, if sold, many of the original features of the house would be lost as the house is modernised to make it habitable.

To date the National Trust have ignored the community back lash and have indicated intent to seek “Expressions of Interest”, opening in mid November 2013 and closing in mid-February.

Current Situation

During its history, the occupants of Oak Lodge have reflected the various stages of the life of Richmond. It was used as a Rectory between 1855- 1880, a School House from 1880-1909 and a doctor's surgery for Dr Bill Clark from 1909–1950. During the period 1950 – 1962 it was occupied as a private residence by Mr & Mrs Williams and was sold to the Horsfall sisters in 1962. Miss Muriel Horsfall gifted the house and much of its contents to the National Trust in 1998.

Oak Lodge sat empty for nearly 3 years, with the house and its contents suffering the depredations of possums, rats and silverfish. The garden and the stables became unkempt and overgrown.

In 2001 the Coal River Valley Historical Society Inc. (Society ABN 93 989 621 798), which was incorporated on 13 April 1999, entered into an agreement with the National Trust to open Oak Lodge to the public on Sundays. By 2003 it became apparent that to access grant funding for conservation and interpretation projects, Oak Lodge would have to be opened 7 days a week. This extension of opening hours was undertaken with an entirely volunteer work force.

The Society has developed interpretative displays to reflect the history of the building; the Australian Medical Association has lent medical instruments and furniture reflecting the "Clark era" and the Clarence City Council has lent turn of the century classroom furniture to enhance interpretation.

An interpretation display on the early history of Richmond and the Coal River Valley has been developed by the Society with the support of a \$15,000 grant from the Tasmanian Community Fund and hundreds of volunteer hours researching, designing and producing the displays. Through the successful application for various other Grants and community donations, the Society has also restored the stables, wired the first floor, created a display on the history of the Coal River Valley up to 1840, restored that back porch, built a garden arch and replaced garden gates.

Currently, entry is \$2 for adults and \$1 for children. Based on the following table showing the visitor numbers that have passed through the building since January 2004, the income received for FY 2013 was only \$2,378. (Society income and Expenditure Statement FY 2013), in part due to reduced opening hours in response to the National Trust stance. The Society has now reverted to longer opening hours.

Visitor Numbers for "Oak Lodge" from January 2004 to June 2013:

Calendar Year (Jan – Dec)	Number of Visitors
2004	2803
2005	4069
2006	3937
2007	4259
2008	3477
2009	4573
2010	3835
2011	3527
2012	2274
2013 (6 mths up to June)	1507

Community Consultation & Perceptions of the Oak Lodge Challenge

To determine the level and strength of support in Richmond and the broader community for retention of Oak Lodge in “community hands”, face to face interviews were undertaken with key community and business groups, plus local entrepreneurs. In addition, a number of meetings and working sessions occurred.

The aim of these discussions was to understand the roles of the various community and business groups within Richmond and the broader community, their understanding of Oak Lodge and how they perceive it currently fits and could fit into Richmond and the broader Coal River Valley.

All interviewees expressed their concerns that Oak Lodge was able to be sold by the National Trust; while they understand that this is a legal right, they also believe that Miss Horsfall’s original intent that the building be retained by the community and be utilised as a house museum/display should be honoured. Concern as to the affordability of the building and trying to ensuring that there was a balance of what was in the best interests of the building and the broader community was also expressed.

Discussions were also focused around their perceptions of Richmond from a tourism experience perspective, what needs to be done to enhance this experience and could Oak Lodge contribute to this. There was universal agreement amongst those interviewed that the Richmond/CRV tourism experience needs to be redefined and repositioned and that Oak Lodge could be utilised as the catalyst for this repositioning. All parties also agreed that a management committee involving representatives of all the key community and business groups would be the best way to oversee the development and operations of Oak Lodge within this context.

Discussions were also held with senior executives of the Tasmanian Museum & Art Gallery (TMAG) who expressed support for the concept of Oak Lodge being developed as an interpretation centre of the history of Richmond and the CRV, offering to support any initiative with advice and potential display material.

Conclusions

Oak Lodge is a treasured community asset; the community is affronted by what is perceived as the National Trust taking a windfall gain to address previous management shortcomings at the expense of the local community.

Although there is a strong preference to keep oak Lodge in community ownership, there are concerns relating to the community’s capacity to pay for its upkeep.

There is strong support for Oak Lodge playing a broader role than it currently does in tourism and product promotion.

Historical Houses in the Cultural and Tourism Landscape

It is important to place Oak Lodge in context. Oak Lodge is part of a wider National Trust Tasmania property portfolio and is also a property which has contemporaries in other states and importantly it needs to be considered in the local context of Richmond and the Coal River Valley.

The National Trust in Tasmania currently owns and operates 10 properties in Tasmania:

- 5 in the Northern Tasmania, including Clarendon Homestead and Franklin House
- 3 in Southern Tasmania, including Runnymede and Oak Lodge
- 2 in the Northwest Tasmania, including Home Hill
- 1 on the West Coast (leased)

The vision of the National Trust Tasmania “is to ensure that Tasmania’s heritage endures and is valued, understood and enjoyed by successive generations by engaging the community in identifying, conserving and interpreting Tasmania’s heritage.” Entry fees for most properties range between \$10 - \$15 Adults, \$8 - \$10 Concession and members & children under 18 free. National Trust Tasmania operates under specific state legislation and argues that the framework does not enable a business model appropriate to the management of these properties and their role.

A review of “Historical House Museums” around Australia, identified a number of pertinent examples.

The Historical Houses Trust of NSW operates “Sydney Living Museums” under which it controls and promotes 12 of NSW’s most important museums and historical houses. Focusing on “the lives that were lived” in each of its museums and houses, *Sydney Living Museums* offers insights into the personal stories of how people lived, worked and played, and vital parts of Australian culture and heritage that are unique and fascinating. Its purpose is to revitalise peoples’ lives with Sydney’s living history, allowing them to experience Sydney’s past as if they had lived it themselves - from its earliest days to right now. They bring the past alive through their activities such as education, interpretation, exhibitions, events (such as walks, talks and tours), festivals and publications. Some of their key strategies are focused on:

- Developing education programs – with over 60,000 primary and secondary students participating last year;
- Volunteer programs;
- Building and developing partnerships with similar organisations; and
- Strengthening ties with the local communities.

Entry fees are Adults \$8, Concession & Children \$4, Family \$17 and members free.

In Western Australia, the Armadale History House Museum was developed and managed by the Armadale Historical Society for over 27 years before being passed over to the local Council. Although the Museum building itself was built in 1976, the local historical society collected hundreds of documents, objects and photos of Armadale’s past to build a display that showed an understanding and reflection of its past.

Other examples of Historical Museums are Charleville in Queensland and Cummins House in South Australia where historical societies have purchased and /or managed historical houses to preserve and maintain the homes so that they depict the times of the original owner through interpretation and displays.

Oak Lodge is located within Richmond, one of Tasmania's premier tourism sites, attracting over 200,000 interstate and overseas visitors to 'stop and look around', plus a substantial number of local day trip visitors. As a largely intact house, Oak Lodge provides an example of the evolution of uses that the house has undergone as Richmond and the Coal River Valley has evolved and continues to do so. Unlike other Richmond attractions such as the Bridge, Gaol and Churches, it facilitates a narrative that connects how people lived through the timeline from first European settlement, who they were, what they did and why – it can provide a vehicle that facilitates a "context for Richmond and the Coal River Valley", its past, present and continued evolution. This narrative is currently missing in the "Richmond experience" and results in reduced length of stay, reduced income and diminished experience for visitors.

Conclusions

Oak Lodge could play a significant role in addressing the lack of a compelling heritage narrative, interpretation and heritage visitor experience that is currently within the Richmond and Coal River Valley visitor offer.

Tourism & Cultural Context

Richmond is one of Tasmania's most visited locations by both interstate and overseas visitors and Tasmanians.

While visitors are attracted by the "heritage village" market positioning and Richmond's ongoing profile, it is arguable that Richmond fails to convert the high level of visitation into its length of stay and revenue potential. Richmond has not made the transition from "places and things you look at" to an attraction that reflects the experience and learning offer that is reflective of current tourism demand. Consequently the length of visitation is often quite short and achieves limited sales conversion; there are examples of authoritative negative feedback on the Richmond offer.

Two relevant key themes emerge from Tourism Tasmania's current marketing stance that guide the reorientation of Richmond and the potential role of Oak Lodge in this:

1. Go behind the scenery; and
2. Lifelong learning.

Richmond and the Coal River Valley are not formally aligned to either of these themes. The village comprises a range of sites. However, there is a lack of engaging narrative at both macro and micro levels that conform to the above positioning; connection to the Coal River Valley and its complementary offer is not strong.

Oak Lodge can play a significant role in its own right and in the context of Richmond and the Coal River Valley in providing this narrative and repositioning of the "Richmond Offer". The building provides a context within which to provide and interpret the evolution from first European settlement of the Coal River Valley through to the emergence of the current agricultural and tourism mix. This is reinforced by the focus and contribution of the people who have lived in Oak Lodge, their relationship with the village and valley and the adaptation of use of Oak Lodge to reflect the needs of the community. In essence, Oak Lodge can provide the context within which visitors can then meaningfully engage with and experience the village, the valley and mix of attractions and experiences. This will require:

- Integration of Oak Lodge into the Richmond visitor offer portfolio;
- Design of the overall Richmond/Coal River Valley offer, including Oak Lodge and other strategic assets;
- Investment in the further development of the narrative, interpretation and services; and
- Refocusing the existing visitor attraction mechanisms that exist within Richmond to manage this core function.

Importantly, this latent capacity can play an equally strong role in helping Tasmanians develop a deeper understanding "in context" of how Tasmania developed from early settlement and continues to evolve. This is important from a socio-cultural sense and can be used to integrate Richmond into the formal school curriculum.

Oak Lodge is an example of how a residence and its owners have contributed to the evolution of the place, the uses of the building adapted as part of this evolution. This is different to many other historic buildings that are placed in the market as exemplars of a period or evolution of a particular use. This evolution, complemented with the ongoing evolution of the Coal River Valley, is considered its unique theme.

This argues that Oak Lodge should remain a publicly accessible asset and retain its core attributes as the basis for realignment of the Richmond tourism offer and to create a viable financial future for the building and site.

It is not argued that the ownership of the building and operations emanating from it should occur within a single entity; there are advantages in separating the ownership and management to ensure the primary focus is not blurred. This is an emerging theme within social enterprise to ensure that the tension between “doing good” and establishing a strong revenue stream and viable business does not distort decision making and prejudice outcomes.

The Oak Lodge Contribution in this context

Just “being there” will not enable Oak Lodge to increase the relevance, diversity and richness of the visitation offer to contribute to Richmond and the Coal River Valley’s future; the site, its integration and value add must be actively managed as a key strategic asset and service to complement the rest of the Richmond offer.

Within the context established above, Oak Lodge’s role is to:

- Introduce and orient visitors to Richmond and the Coal River Valley and its evolution;
- Demonstrate this within the house;
- Develop visitor interest in experiencing this and in seeking a deeper understanding and keenness to experience what the village and valley have to offer;
- Support visitors to experience this through strong narrative and interpretation and provision of visitor services, such as tours, to enable further engagement; and
- Provide a mix of visitor information services.

A key question is whether a market exists for such a Heritage Experience.

The “Business Case Analysis into the Establishment of a Visitor Centre in Richmond” that was undertaken by cPF in September 2012, indicated that tourism operators in Richmond and the Coal River Valley have expressed concern with a reduction in visitor activity and expenditure and the consequences for business viability in the sector; some influential publications, e.g. “Lonely Planet Guide” are concerned that Richmond, despite its physical and historic attributes, has defrayed its traditional position in the visitor market. The future development and refinement of Richmond as the premier Tourist destination in Clarence needs to be carefully managed. It must take into consideration the local community, both residents and business owners, and the fit of Richmond and the Coal River Valley into the Municipal landscape (as a heritage destination).

Why do visitors come to Richmond and the Coal River Valley?

Richmond is home to Australia’s oldest bridge, built by convict labour between 1823 and 1825, the Richmond Gaol, Australia's oldest gaol built in 1825, Australia's oldest remaining Catholic Church - St Johns - built in 1836, and Oak Lodge, as one of the finest examples of more than fifty 19th-century Georgian buildings. This wealth of heritage and historical buildings provide the fundamental key to why people visit Richmond.

According to recent research by Tourism Tasmania, “Motivations Research - Appeal triggers and motivations for tourism in Tasmania”, heritage, in the form of historical houses and historical sites/attractions, was identified as a key trigger to motivate people to visit a location. It was also

expressed that Tasmania had Historic Heritage experiences that were truly unique to the rest of Australia. Conversion of interest is demonstrated in the table below.

Activities Undertaken in Tasmania:

	April 09 – Mar 10	April 10 – Mar 11	April 11 – Mar 12	April 12 – Mar 13
Visit Historical Houses	238,300	236,900	198,700	200,600
Visit historical sites	410,500	401,200	343,400	348,900

Source: TVS 2013 (Tourism Tasmania)

An identified challenge for Tasmania and Richmond is identified as low visitor awareness of Tasmanian experiences across all holiday theme areas, including Historic Heritage.

Two major themes emerge – the importance of heritage and the notion of an experience. It is critical to understand this interdependence if local tourism is to meet the expectations of both visitors and operators.

“Experiences are memorable events or interactions that engage with people in a personal way and connect them with a place” – in this case Richmond and the Coal River Valley, its heritage, people and their way of life.

The key to visitor satisfaction in Richmond and the Coal River Valley is considered to be connection and engagement with the place, people and past. These three factors are the central hub for the attraction and fulfilment of the visitors’ expectations.

Visitation Patterns

Tourism is a critical element of Tasmania’s state, regional and local economies. A total of 931,100 visitors came to Tasmania in the year ending March 2013, up 10% from 845,800 from the previous year. Visitor expenditure within Tasmania provides \$2 billion to the economy, generating income, jobs and further investment and consumption. A central element to the dispersal of these benefits across local and regional communities is access to information that converts people’s interest and needs into local expenditure. In many instances tourism is considered to be a leisure activity. However, this understates the role of tourism as an industry that generates income and jobs and disperses these through the economy.

On the demand side, tourism comprises travel and visitation by Australians and overseas visitors. On the supply side, tourism comprises all of the inter-related activities that are required to produce goods and services for consumption by tourists. This includes transport, accommodation, education, retailing, cultural and recreational services.

Richmond is a well-established visitor destination within the Tasmanian tourism industry. Tasmanian Visitor Survey (TVS) data illustrates that Richmond, with around 208,000 visitors per annum, is the fifth most visited place in Tasmania, ranking behind only metropolitan Hobart, metropolitan Launceston, Devonport and Sorell. The TVS also indicates that around 89% of all visitors to Tasmania on scheduled air and sea services travelled by air, of whom 59% go through Hobart airport. In addition to the interstate and international visitors recorded by the TVS, Richmond receives a substantial (but unquantified) number of local day trip visitors due to its proximity to Hobart.

However, the data also indicates that in the last 12 months, the historic village has experienced a further decline in passed through and total visitors against a 10% growth in total Tasmanian visitors, but an increase in average nights spent and therefore total nights stayed, as displayed in the table below:

	April 09 – Mar 10	April 10 – Mar 11	April 11 – Mar 12	April 12 – Mar 13
Passed through	67,700	67,400	62,200	61,700
Av Nights Spent	4	1.9	1.7	2.3
Total Nights Stayed	89,500	47,600	37,600	38,800
Total Visitors	250,900	253,100	220,300	208,300

Source: TVS 2013 (Tourism Tasmania)

While there has been a significant overall decline, Richmond tourism is at risk of meeting neither the needs of the residents who provide the town fabric nor of the visitor. In a survey conducted by Tourism Research Australia “Destination Visitor Survey Program” in 2009, it was concluded that the management of tourism and local events within Richmond needs to be reviewed due to the low rating by local residents when considering the impact of Tourism on the personal quality of life. Nearly 18% of residents indicated that tourism had a negative impact on them. While a majority of respondents were happy to see continued tourism growth (55%), 26% felt that future growth should be focussed in a different direction.

The risk of a “disconnection” between the resident of Richmond and those who operate business in the village and valley is of strategic importance.

“The Lonely Planet Guide” identifies the picturesque characteristics of Richmond, while lamenting what is perceived as “a lack of life” and a retail orientation.

“Straddling the Coal River 27km northeast of Hobart, historic Richmond was once a strategic military post and convict station on the road to Port Arthur. Riddled with 19th-century buildings, it’s arguably Tasmania’s premier historic town, but like The Rocks in Sydney and Hahndorf in Adelaide, it’s become a parody of itself with no actual ‘life’, just a parasitic tourist trade picking over the bones of the colonial past.

That said, Richmond is undeniably picturesque, and kids love chasing the ducks around the riverbanks. It’s also quite close to the airport – a happy overnight option if you’re on an early flight” Source: The Lonely Planet Guide 2009

Oak Lodge, as the only “non-institutional” building in “public ownership” including the Gaol and the Courthouse, is arguably the only property that:

- Can be used to demonstrate an evolution of Richmond and the Coal River Valley
- Can provide a catalyst for community engagement with Richmond’s sense of place and
- Act as a key part of a mix of sites around which a structured heritage offer can be delivered

Oak Lodge is well positioned to play a key role in “introducing” visitors to Richmond because of its proximity to the entrance to be constructed as part of the “Heavy Vehicle Link Road” by-passing Richmond. The configuration of the entrance and the potential for associated signage and traffic management initiatives will result in Oak Lodge occupying a strategic position within the village.

Conclusion

There is a critical need to arrest the decline in Richmond visitation as a proportion of that to Tasmania and to enhance the visitor offer to ensure increased length of stay and revenue conversion.

Oak Lodge is well placed to play a significant role in repositioning the Richmond and Coal River Valley tourism offer to enhance the heritage tourism experience, increase length of stay and improve yield conversion.

Oak Lodge’s position in a high visitation location and in a strategic position, means it does not need to attract more visitors to Richmond. It is a question of strategically positioning Oak Lodge to become the centre point to the heritage tourism experience the village has to offer, to the mutual benefit of Oak Lodge and other attractions and businesses.

Revenue Potential

The following table indicates three operating scenarios and their revenue estimates:

1. Stage One: premised on initial promotion and integration with Richmond tourism offer achieving 12,000 visitors to Oak Lodge (around 4% penetration of local and external visitors) paying a relatively low entry fee to view the house and enhanced interpretation;
2. Stage One as above: complemented by walking tours that include high quality interpretation and based on interest and length of tour visits to complementary sites and tourism businesses. The tour fee is additional to the entry fee and reflects an “average length tour”;
3. Scenario 3: achievement of the minimum benchmark visitation to a significant number of Tasmanian attractions of 50,000 visitors and applying the same fee structure as above. This may require 2-3 years to achieve this number, dependent on the vigour of integration with Richmond’s offer, activity and ability to attract investment in interpretation content and infrastructure.

Scenario 1 Stage One Entry Numbers

	Fee	Visitors	Revenue
<i>Door Entry - Adults</i>	\$8.00	8400	\$67,200.00
<i>- Children</i>	\$2.00	3600	\$7,200.00
<i>Total</i>		12000	\$74,400.00
Scenario 2 Stage One Entry Numbers and Tours			
<i>Door Entry - Adults</i>	\$8.00	8400	\$67,200.00
<i>- Children</i>	\$2.00	3600	\$7,200.00
<i>Guided Tours (Add spend)</i>	\$5.00	5000	\$25,000.00
<i>Total</i>		17000	\$99,400.00
Scenario 3 Entry numbers			
<i>Door Entry - Adults</i>	\$8.00	20000	\$160,000.00
<i>- Children</i>	\$2.00	10000	\$20,000.00
<i>Guided Tours (Add Spend)</i>	\$5.00	20000	\$100,000.00
<i>Total</i>		50000	\$280,000.00

These scenarios are considered modest and conservative in terms of their “achievability”. However, Oak Lodge’s progression to making a significant and ongoing contribution to the tourism offer will require initial capital investment in interpretation and skills, along with minor capital investment in improving rest room facilities. From a basic profit & loss perspective, each scenario can provide a surplus from Oak Lodge operations. However, it will require cash flow funding as do all start-up enterprises.

Conclusion

There is a market opportunity and need for Oak Lodge to play a key role in repositioning the Richmond and Coal River Valley tourism offer by provision of a sense of place, its evolution and as a visitor services hub to connect visitors to the area, to provide an authentic heritage experience consistent

with Tourism Tasmania positioning to improve the visitor experience, visitation, length of stay and revenue conversion.

The services model can provide a revenue stream that provides the foundations for a viable operation.

The development of the operations proposed is considered outside the role and contribution of the Coal River Valley Historical Society Inc. in isolation and should be integrated into the wider business community structures that exist within Richmond.

Oak Lodge – The Building

To understand the importance and significance of Oak Lodge from a Heritage perspective and manage its ongoing conservation, the National Trust, in May 1999, commissioned Peter Freeman P/L to undertake a Conservation Management Plan (CMP), utilising funds given to the Trust by Miss Horsfall. The Executive Summary of that report acknowledges that the key issue of the CMP is the appropriate adaptive re-use of the precinct. It states that “A **used** heritage place enables the ongoing **conservation** of that place” and acknowledges that the wish of Miss Muriel Horsfall was that the precinct should serve as an education function, for example as a house museum/display of Richmond region history. It recommended that such use should have a curatorial/manager “in residence” component.

Other options included the conditional sale of the property, the lease as a town residence, or the franchised use of the place for museum/display use. The CMP strongly recommended that the matter of adaptive re-use options for Oak Lodge be discussed as widely and openly as possible, as there are many stakeholders who relate and have affection for this historical precinct. In assessing the significance of Oak Lodge, the CMP utilised the criteria set out within the Tasmanian Historical Cultural Heritage Act of 1995 and made the following “**Statement of Cultural Significance**”.

“The Oak Lodge building and garden is significant as an element of early 19th century settlement in the township of Richmond, which was an important urban centre within Tasmania’s early European settlement. The Georgian style building is, in comparative terms, one of a number of such places in Tasmania. The conjunction of the Oak Lodge residence, garden and stables is, however, a rare and uncommon remnant of an early 19th century town residence and garden, and such is of considerable significance.”

It acknowledges Oak Lodge has “high cultural significance” which resides in its cultural relationship with the town of Richmond and its immediate region and confirms that it is an important example of the Colonial Georgian vernacular architectural style.

“The Oak Lodge precinct should be actively managed, such that its cultural heritage significance values are maintained and enhanced, and such that its relationship with the township of Richmond is maintained and enhanced. This policy will require the maintenance and conservation of the external and internal fabric of the former residence, and the maintenance of the garden and outbuildings as recommended. It should be interpreted, such that the visitor is provided with an understanding of the precinct’s history, uses and associated events/people”.

The CMP includes a detailed inventory description of the buildings and garden along with a Conservation policy recommendation and a Conservation works recommendation which forms the basis of an ongoing works and maintenance program.

Building Ownership options include:

- National Trust retains ownership on an agreed rental/return for a nominated period while the operational model is developed and implemented.
- National Trust retains ownership until an agreed figure is paid off over a 3–5 year period.
- The property is purchased by a Community Trust from donated and Government funding with
 - Minimal debt
 - No Debt
- The property is purchased by the Clarence City Council with community donations and Government and or Council funding debt free

The unencumbered ownership of the building is critical to the ongoing viability of any business model. With a 2013 valuation of \$525,000, the ability to raise this amount and therefore limit the level of debt that may be required will be challenging. Any unencumbered ownership of the building outside the National Trust should be based on a Community Trust model that involves representatives of the broader community groups as trustees. This model can also be used as an “Operations Management Committee” or “Board”, ensuring the focus of Oak Lodge is providing the narrative and repositioning of the “Richmond Offer” as discussed earlier.

The option of establishing a Community Trust as the owner of the building, raises many issues:

- How is the Trust established and who are the Trustees
- No tax deductibility status for donations
- If borrowed funds are required, financial institutions will not lend to the Trust, even with a proven business plan. This means that a separate guarantor will be required. Who would take this role?
- Even if the Trust was debt free, what would happen if the business model was not sustainable?
- If the building was sold at a later date, who are the benefactors of the proceeds?

Conclusion

Given the need to establish operations within Oak Lodge to make a significant contribution to repositioning tourism in Richmond and the Coal River Valley and the need to fund cash flow over the time period to establish operations and seek investment for interpretation, the capacity for operations to fund debt is limited.

The ability for an entity to raise funds for the purchase of the building, while in a start-up phase, is severely limited.

The sale of Oak Lodge by National Trust Tasmania will not, in any strategic sense, improve the organisation’s capacity to effectively operate; it would allow the elimination of long term debt, but would not alter the underpinning business model.

The potential to develop an “Oak Lodge model” that enables the retention of the building in National Trust Tasmania ownership while allowing the Richmond and Coal River Valley community to securely operate it for the benefit of the community should be explored as a strategic option.

Ownership and Operations

Retention of ownership by the National Trust brings significant advantage, principally the “Deductible Gift Recipient” (DGR) status for donations. This enables a significant revenue stream to support conservation and maintenance activity, not otherwise available to heritage property owners.

Ownership of a property in a high visitation location, contributes to the profile of the National Trust and in the instance of high levels of visitation and engagement allows promotion of other, more remote properties. A combined “Friends of Oak Lodge” and National Trust donation would provide a dual benefit to community and National Trust.

A business model that separates ownership from operations, including conservation and maintenance, while providing a higher profile promotional vehicle for the National Trust, could provide greater benefit to the National Trust than the cost of servicing the loan funds that sale would extinguish.

The Oak Lodge Model could be based on:

- Integrating the property with the culture and economy of the place in which it is located;
- Creating a partnership model between the National Trust and communities within which properties are located;
- Separating ownership from operations (and ownership and operational costs) by securing a binding agreement with a community entity to manage and operate the property and associated services;
- Engaging community groups and entities such as the Coal River Historical Society Inc and local schools to provide specific expertise and support to the tourism and cultural offer based in Oak Lodge;
- Creating a broad benefit/cost relationship between the property owner and management and operational entity.

While this model is considered feasible in the Richmond/oak Lodge context, it may not work in all communities.

The benefits that Oak Lodge could offer National Trust Tasmania within this model could include:

- Removal of the fixed cost responsibilities associated with Oak Lodge from the organisation;
- Promotion of the National Trust and its properties to a large cohort of visitors ;
- A ‘licence fee’ to the National Trust reflective of the use of the brand and the means by which the property came into trust ownership; and
- Rebuild some of the image, moral standing and positioning lost as a result of the decision to sell Oak Lodge;
- Provide an alternate model by which historic houses are retained as part of a community and by which to establish sustainable beneficial use.

Strategic Conclusion

The goal of the Coal River Valley Historical Society Inc is to retain Oak Lodge within community ownership in a form that provides ongoing security and certainty; in the current situation this would be to have the property transferred into local ownership. This requires a suitable entity, would result in the loss of DGR status and, while recognising that other government and private entities also own and operate historic houses and sites, creates an anomaly with respect to the role of National Trust Tasmania as a principal custodian of significant heritage properties around Tasmania. The option developed during the preparation of this feasibility analysis is to develop a composite model where National Trust Tasmania retains ownership of Oak Lodge but cedes management responsibility and operations rights to a community entity in return for a stream of benefits.

It is important that the community continue to seek funds for the purchase of Oak Lodge and its retention as a community asset. However it is unlikely that adequate funds will be raised in the short term.

Oak Lodge becomes the hub from which a revitalised Richmond and Coal River Valley visitor offer emerges, one that is consistent with contemporary visitor expectations and increases length of stay and satisfactory revenue conversion. The formation and operation of this hub would occur through a community partnership comprising business and interest groups, schools and with the support of the Clarence City Council.

Steps

1. Coal River Valley Historical Society Inc(CRVHS) adopt the direction contained within this report;
2. CRVHS seek to partner this approach with the Richmond Promotions Group and the Richmond Advisory Committee and seek support for the proposal from the Clarence City Council;
3. The “Group”, in conjunction with the support of the Clarence City Council, formally put the proposal outlined within this report to National Trust Tasmania Board.

Summary Enabling Actions

Management

Two key elements:

1. The management of Oak Lodge as a heritage asset – inclusion of National Trust Tasmania and the community; and
2. Formation of a group to manage operations within “Oak Lodge” in conjunction with current promotional structures and processes.

Infrastructure

“Positioning” Oak Lodge as a focus at the entry to Richmond, including, for example:

- Parking for Buses
- Rest Room

Interpretation & skills development

Short term – guided walks, integration of Clarence City Council interpretation initiatives with new Richmond/Coal River Valley Narrative.

Summary Financials

The following financials reflect the scenarios outlined above and are indicative. They also reflect an ongoing involvement of volunteers within Oak Lodge in conjunction with paid staff in managing and operating Oak Lodge and in providing guided tours. Scenarios (1) & (2) are constructed to identify risk in chasing revenue without controlling cost.

Scenario 1																			
<u>Income</u>																			
Door Entry - Adults	\$8.00	8400	\$67,200.00																
- Children	\$2.00	3600	\$7,200.00																
Members of Oak Lodge	\$50.00	100	\$5,000.00	\$79,400.00															
<u>Fixed Costs</u>																			
Rates & Taxes		500																	
Water		700																	
Insurance		3500																	
Light & Power		1200																	
Security		500	\$21,400.00																
0.5 Direct Labour		15,000																	
<u>Variable Costs</u>																			
Telephones		300																	
Repairs & Maint		5000																	
General Expenses		15,880																	
Advertising		3000																	
0.5 Direct Labour		15000	\$39,180.00	\$60,580.00		\$18,820.00	Profit/Loss												
<table border="1" style="float: right; margin-top: 10px;"> <tr> <td>Income</td> <td>\$79,400.00</td> </tr> <tr> <td>Fixed Costs</td> <td>\$21,400.00</td> </tr> <tr> <td>Variable Costs</td> <td>\$39,180.00</td> </tr> <tr> <td>Contribution Margin</td> <td>0.51</td> </tr> <tr> <td>Break-even</td> <td>\$42,246.64</td> </tr> <tr> <td>Margin of safety</td> <td>\$37,153.36</td> </tr> </table>								Income	\$79,400.00	Fixed Costs	\$21,400.00	Variable Costs	\$39,180.00	Contribution Margin	0.51	Break-even	\$42,246.64	Margin of safety	\$37,153.36
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Scenario 2																			
<u>Income</u>																			
Door Entry - Adults	\$8.00	8400	\$67,200.00																
- Children	\$2.00	3600	\$7,200.00																
Guided Tours	\$5.00	5000	\$25,000.00																
Members of Oak Lodge	\$50.00	100	\$5,000.00	\$104,400.00															
<u>Fixed Costs</u>																			
Rates & Taxes		500																	
Water		1200																	
Insurance		5000																	
Light & Power		2000																	
Security		500	\$31,700.00																
0.5 Direct Labour		22500																	
<u>Variable Costs</u>																			
Telephones		300																	
Repairs & Maint		5000																	
General Expenses		20880																	
Advertising/collateral		6000																	
0.5 Direct Labour		22500	\$54,680.00	\$86,380.00		\$18,020.00	Profit/Loss												
<table border="1" style="float: right; margin-top: 10px;"> <tr> <td>Income</td> <td>\$104,400.00</td> </tr> <tr> <td>Fixed Costs</td> <td>\$31,700.00</td> </tr> <tr> <td>Variable Costs</td> <td>\$54,680.00</td> </tr> <tr> <td>Contribution Margin</td> <td>0.48</td> </tr> <tr> <td>Break-even</td> <td>\$66,562.35</td> </tr> <tr> <td>Margin of safety</td> <td>\$37,837.65</td> </tr> </table>								Income	\$104,400.00	Fixed Costs	\$31,700.00	Variable Costs	\$54,680.00	Contribution Margin	0.48	Break-even	\$66,562.35	Margin of safety	\$37,837.65
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