ITEM NUMBER: 18.1

CONFIDENTIAL REPORT

BRIGHTON BEACHFRONT HOLIDAY PARK – MASTER PLAN (Report No: 392/20)

Pursuant to Section 90(2) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

d. **commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information or to confer a commercial advantage on a third party: and would, on balance, be contrary to the public interest.**

CONFIDENTIAL

Recommendation – Exclusion of the Public – Section 90(3)(d) Order

1. **That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 392/20) Brighton Beachfront Holiday Park – Master Plan in confidence.**

2. **That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 288/20 Brighton Beachfront Holiday Park – Master Plan on the following grounds:**

   d. **Pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to Report No: 392/20 Brighton Beachfront Holiday Park – Master Plan is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information or to confer a commercial advantage on a third party.**

   In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

3. **The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information and discussion confidential.**

Item No:	**18.1**
Subject:	**BRIGHTON BEACHFRONT HOLIDAY PARK – MASTER PLAN**
Date:	8 December 2020
Written By:	Team Leader, Leasing & Commercial Operations
General Manager:	Strategy and Business Services, Mr P Jackson

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SUMMARY

Since the first stage of its redevelopment between 2014 and 2016, the Brighton Beachfront Holiday Park (the Park) has increased occupancy rates within the park significantly, resulting in ongoing growth in the net contribution returned to Council.

However, over the last three years especially, the older infrastructure has been aging significantly, impacting on occupancy levels and revenue, and causing reputational risks.

Given that it is essential that the Park remains relevant, competitive and financially viable into the future, it is deemed urgent to progress Stage 2 of the development to ensure that the accommodation and facilities keep with the expectations of today's holiday park users. This upgrade is being considered in a tourism and caravan industry context that seems strong and favorable.

A master plan for the upgrade of the Park has been developed in collaboration with the new operator, including a concept plan and business case. Following its presentation at Council workshop on 10 November 2020, this report seeks endorsement of the business case and concept plan.

RECOMMENDATION

That Council:

1. **approve the Business Case for the redevelopment of the Brighton Beachfront Holiday Park in principle, with a total construction budget of $3.4 Million over the next 3 years;**

2. **endorse Administration to progress with the works planned in year 1 as detailed in the business case;**

3. **endorse Administration to undertake further concept and detailed design for stage 2 and 3 as planned in the business case; and**

4. **consider Stage 2 and 3 separately as part of the relevant annual budget process.**

<u>RETAIN IN CONFIDENCE - Section 91(7) Order</u>

3. having considered Agenda Item 18.1, Brighton Beachfront Holiday Park – Master Plan in confidence under Section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, attachments and minutes be retained in confidence for a period of 24 months and that the Chief Executive Officer is authorised to release the documents prior to that time if and when all parties to the contract have provided their consent.

COMMUNITY PLAN

Community: Providing welcoming and accessible facilities
Economy: Supporting and growing local business
Economy: Making it easier to do business
Economy: Boosting our visitor economy

COUNCIL POLICY

Procurement Policy (2017)

STATUTORY PROVISIONS

Local Government Act 1999.

BACKGROUND

Stage 1 of the Brighton Beachfront Holiday Park redevelopment took place between 2014 and 2016. This included 14 new cabins and an amenities/camp kitchen building. Over the following years, occupancy rates increased significantly and this, combined with an effective operational management of the Park, resulted in ongoing growth in the net contribution returned to council. Despite the COVID crisis and the closure of the park for nearly 3 months, the net return to council for the 2019/20 financial year was $963,249.

The 2014 master plan included a second development stage (Stage 2), with the investigation and design to be undertaken in 2016/17. However, this second stage was delayed due a change of Council staff and other competing priorities at the time.

$100,000 was allocated in financial year 2018/19 for the detailed design and carried forward to this current financial year, with the expectation that the project would be progressed once a new operator was engaged.

$750,000 were also allocated to the current FY2020/21 budget for commencement of Stage 2 works, with a further $750,000 considered to complete the project in FY2021/22.

In the meantime, Free Spirit retired and Council appointed AAPR/Innoviv Park Services (the Manager) on 22 September 2020 to operate the Park under a new management agreement for an initial term of 5 years commencing from 01 November 2020.

Under this agreement, the Manager is responsible for all operating expenditure and the revenue is shared equally between the Manager and Council. Council remains responsible for all capital investment.

The new management agreement also requires for the Manager to work with Council to redevelop aged infrastructure, reconfigure the accommodation offerings and develop the park to improve occupancy and yield. To this end, the Manager has developed a business case and concept plan for the upgrade of the Park, in collaboration with internal stakeholders and Administration. It is to be noted that the Manager has extensive and recognised experience as a specialist consultant, providing advice for the development, design, financial analysis and management of caravan parks across Australia.

Following the presentation of the master plan at Council workshop on 10 November 2020, this report seeks endorsement of the business case and concept plan.

REPORT

The business case and concept plan are summarized below and presented in full in Attachment 1.

Refer Attachment 1

State of the industry

The Caravan industry Association of Australia has recently released its annual report for 2019. The main findings include:

- The caravan and camping sector became Australia’s favorite popular holiday choice in 2019.
- South Australia recorded its strongest year on record in 2019 across domestic caravan and camping with 1.4M trips (+19%) and more than 5.5M nights spent.
- Given the current sanitary crisis and more Australians travelling regionally, the market conditions are expected to remain strong.
- The older travelers such as grey nomads and families continue to spend the most nights in caravan parks.
- However, the growth of the ‘young/midlife (under 45) with no children’ is significant.
- The production of Recreational Vehicles continues to grow.
- Caravaners take 40% of trips and 42% of nights
- Cabins account for 27% of trips and 29% of nights. However, they represent 57% of parks’ annual revenue (as they are the most expensive type of accommodation.
- Camping makes up 22% of trips.
- The demand for nature based activities is growing, as well as the positioning of the caravan park sector as the experience the closest to nature.
- Eating out, sightseeing and visit to the beach are the most popular activities when staying at a caravan park.

State of the Brighton Beachfront Holiday Park

Cabin accommodation at the Park still experiences relatively high levels of occupancy (63% on average, driven by weekends and summer holidays) compared to industry averages.

However, over the last three years especially, the infrastructure has been aging rapidly. 10 of the oldest Cabins are considered to be derelict and have been decommissioned but not replaced. A further seven cabins will need to be removed from service in the next 12 months and the reception building and other staff facilities have exceeded its useful life and is not DDA compliant.

As a result, the occupancy levels and customer experience are significantly compromised and the reputation of the business, as well as Council as owner, are at risk.

Other existing constraints and risks include:

- Topography (hill/foreshore), with no space to grow
- Lack of car parking
- Minimal recreational activities
- Limited shade
- Cultural significance of the site: works will need to approved and possibly monitored by the Kaurna community

Given that it is essential that the Park remains relevant, competitive and financially viable into the future, it is deemed urgent to progress Stage 2 of the development to ensure that the accommodation, infrastructure and facilities offered at the Park keep with the expectations of today's holiday park users.

Opportunities and objectives

The main objectives of the upgrade project are to:

- achieve higher consistent returns
- sustain a high level of customer satisfaction
- maintain Park operations and compliance in line with industry best standards and;
- abide by Council's Environmental objectives and satisfy eco-tourism trend.

This can be achieved by:

- Offering diversity in accommodation: It is vital that any future development at the Brighton Beachfront Holiday Park be not targeted to any single user group.
- Creating a distinct identity for the Park (differentiation with competition) with the following characteristics: affordable, quality, boutique beachfront accommodation
- Improving the aesthetics and functionality of the Park by constructing attractive, modern, DDA compliant new buildings that are energy efficient.
- Increasing the product range, including recreational activities, to attract wider target markets.

Project deliverables

It is recommended that the following infrastructure be renewed or developed:

a) New Administration Block and managers' residence
b) 17 new accommodation units—including one DDA cabin
c) New shelter for picnic area on Northern block
d) Landscaping around new buildings

e) New vehicle garage, maintenance yard, staff laundry and storage
f) New recreational facilities
g) New entry statement
h) New roadway between Premium Powered Sites and Beachfront Powered Sites

The concept plans are presented in Attachment 2.

Refer Attachment 2

As this early stage, two lay out options are proposed on pages 2 and 3 of attachment 2, depending on the location of the future Kingston Park kiosk (project undertaken separately, and currently at its detailed design stage).

Option B is preferred as it provides for more green and recreational spaces, in comparison with option A, which would require more access roads. The lay out in option B is also operationally more efficient and maximizes beachfront views for caravan sites. Both lay out options can be refined within the detailed design phase of the project, according to outcomes relevant to the kiosk project.

Please note that the old caretaker cottage is currently out of scope and has not been costed. However, if the construction of a kiosk on the beachfront is confirmed following its detailed design, a 3 bedroom deluxe villa in place of the old cottage can be added to the scope of the Park's upgrade.

Recommended accommodation products

With current trade split evenly between families and couples, the following products will complement the existing offering at the Park:

- Blocks of Studio Units
  Generally sited in groups of four, simple floor plans with washing up and cooking facilities. At a lower price point than a traditional cabins but still of quality, they would attract workers and people visiting families for medical purposes. Relatively cheap to install and provide an attractive return on investment.

- 2- Bedroom Cabins
  This product will essentially appeal to all markets including couples, families and groups, with a more luxurious and comfortable fit outs for longer stays.

- Eco Tent - Glamping
  This type of accommodation is becoming increasingly popular for those seeking a unique style of holiday experience. They are becoming particularly popular with the millennial segment who are seeking a different type of holiday experience, with an eco-focus. They feature ensuite bathrooms and cooking facilities

- Larger caravan sites
  The plan shows the creation of new larger, formalised sites at the front of the Park, as well as new large ensuite sites (still very popular) where existing sites are extremely small and not utilised as a result.

- Recreational activity

A mini-golf course to complement the existing playground will give an additional point of attraction, especially off season when the beach activities are reduced.

Project costings and timings

The business case proposes to undertake the redevelopment of the Park in stages over 3 years, commencing this current financial year.

This staged approach will ensure:

- Disruptions to guests are minimised and occurring out of peak seasons.
- Current capacity will not be impacted during the project, as new cabins will be sited in place of the currently unused ones, before the works on the reception building and new cabins start.
- A prudent approach and the ability to adapt in the third year if accommodation requirements or the state of the industry change.

This project is scheduled to commence immediately with:

- Tenders called for the detail design of general lay out, cabins and reception building in December 2020
- Geological technical assessments and Engineering, Mechanical and Electrical assessments in January 2021.
- Tenders for construction will follow, with contracts awarded in April 2021 for installation during winter 2021.
- Lead times of 10-12 weeks will likely prevent earlier delivery.

Components of the project that do not require detailed design or tendering can be progressed within this current financial year, including the sale of unused cabins, sites remediation, shade over the barbecue area and installation of a new shed.

Description	Year 1	Year 2	Year 3
Sites & Accommodation			
Reconfigure Budget Cabin area	$25,000		
1 x 4 studios		$260,000	
1 x 4 studios – 2-storey		$360,000	
4 x 2 Ensuite blocks		$160,000	
Ensuite blocks – Civil works and new pads etc.		$80,000	
1x DDA cabins, furnishings and connections			$145,000
4 x 2-bedroom cabins			$540,000
4 x Safari Tents (including paths, connections and fitout)			$360,000
10 x beachfront sites			$25,000
Other			
Mini Golf Course	$65,000		
Extend and cover BBQ area adjacent to Northern amenities	$30,000		
Workshop and Laundry Store	$120,000		

Sale of Budget Cabins	-$20,000		
Sale of Hillview Cabins	-$35,000	-$35,000	
Other – demolition, landscaping etc.	$40,000	$40,000	$80,000
Retaining and miscellaneous civil	$25,000	$50,000	$50,000
Other ongoing capital (operational – cabin refurbs etc.)	$15,000	$15,000	$15,300
Sale of Seaside Cabins		-$54,000	
New Reception/Admin Building & Managers' Accom – Plus fit out, landscaping etc.		$600,000	
Relocate boom gates		$30,000	
Reconfigure entry to Park		$65,000	
Pathways and parking at rear		$75,000	$25,000
Upgrade road to beachfront sites and provide turnout			$65,000
SUB- TOTAL CAPITAL WORKS	**$265,000**	**$1,646,000**	**$1,305,300**
Contingency	$20,000	$50,000	$50,000
Project Management	$5,300	$32,920	$26,106
Grand Total	**$290,300**	**$1,728,920**	**$1,381,406**
Opening Capex		$290,300	$2,019,220
Movement	$290,300	$1,728,920	$1,381,406
Cumulative Capex	**$290,300**	**$2,019,220**	**$3,400,626**

BUDGET

Financial analysis

The annual occupancy and yields assumptions used to model the incremental profitability over 10, 15 and 20 years are in line with industry rates and the existing results of the Park. The calculations take into consideration the [redacted] and operational costs on the assumption that the first lot of new cabins and reception building would be completed and operational from September 2022.

The financial analysis included:

- Incremental Returns On Investment (ROI) calculations:
  This anticipated a positive net cashflow at year 4 ($308,576) and a ROI of approximately 9% at completion of the project, averaging 20% after 25 years.

- Net Present Value analysis:
  An incremental Net Present Value was completed using a 6% discount rate, deemed suitable for infrastructure projects in a low CPI and low risk environment. The forecast return would be positive over 15 years.

- Internal rate of return analysis, showing 8.0 % for a term of 15 years. This is considered very profitable given that commercial property returns currently are as low as 6-7%.

- Annual loan repayments on debt of $3.4M over 20 years, assuming Principal and Interest repayments are approx. $240,000 a year at an assumed interest rate of 4% (considered high).

- The project would be cashflow positive after three years and yearly thereafter after loan commitments.

- It would take 11 years of Council's incremental growth in revenue to repay the debt in full.

Funding

The total indicative project costing is $3.4 Million across 3 years.

It is worth noting that the Asset Management Plan (AMP) already allows for a total renewal cost of $991,951 over the next 3 years. This includes the renewal of the reception building and hillside cabins, all assets having reached their end of useful life.

The AMP is currently undergoing community consultation before being presented to Council for approval in January 2021. However, if approved, this would leave a balance of $2,118,375 that would require additional CAPEX funding.

	FY 20/21	FY 21/22	FY 22/23	TOTAL
Total budget	**$290,300**	**$1,728,920**	**$1,381,406**	**$3,400,626**
AMP Renewal works Budget		$847,880	$144,071	$991,951
Approved CAPEX Budget	$750,000	$459,700		
Required additional CAPEX funding	**$0**	**$421,340**	**$1,237,335**	**$2,118,375**

LIFE CYCLE COSTS

Council will continue to be responsible for all costs related to the significant maintenance (over $2,000) and replacement of the building & structures on site. These will be factored into Council's Operating Budget and Asset Management Plans in the future.

Attachment 1

Brighton Beachfront Holiday Park Business Case

Stage 2 Redevelopment

Document Control

Executive Sponsor:	Pam Jackson, General Manager, Strategy and Business Services
Business Owner:	Fabienne Reilly, Commercial and Leasing Team Leader

Document History

Version	Date	Author	Reason for Change
	30/10/2020	Andrew Chapman	Original Business Case
	04/11/2020		
	16/11/2020		

Distribution

Name	Position
Fabienne Reilly	Fabienne Reilly- Commercial and Leasing Team Leader
Pam Jackson	General Manager, Strategy and Business Services

Approvals

Reviewed & Approved by	Position	Date	Signature

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1 Background / Context

1.1 State of the Industry

The Caravan Industry Association of Australia reports that the caravan and camping sector became Australia's most popular holiday choice in 2019. Highlights from a recent State of the Industry Report are included below.

We believe there are favourable market conditions for the caravan and camping industry, as international travel is non-existent, and more Australians are travelling at home.

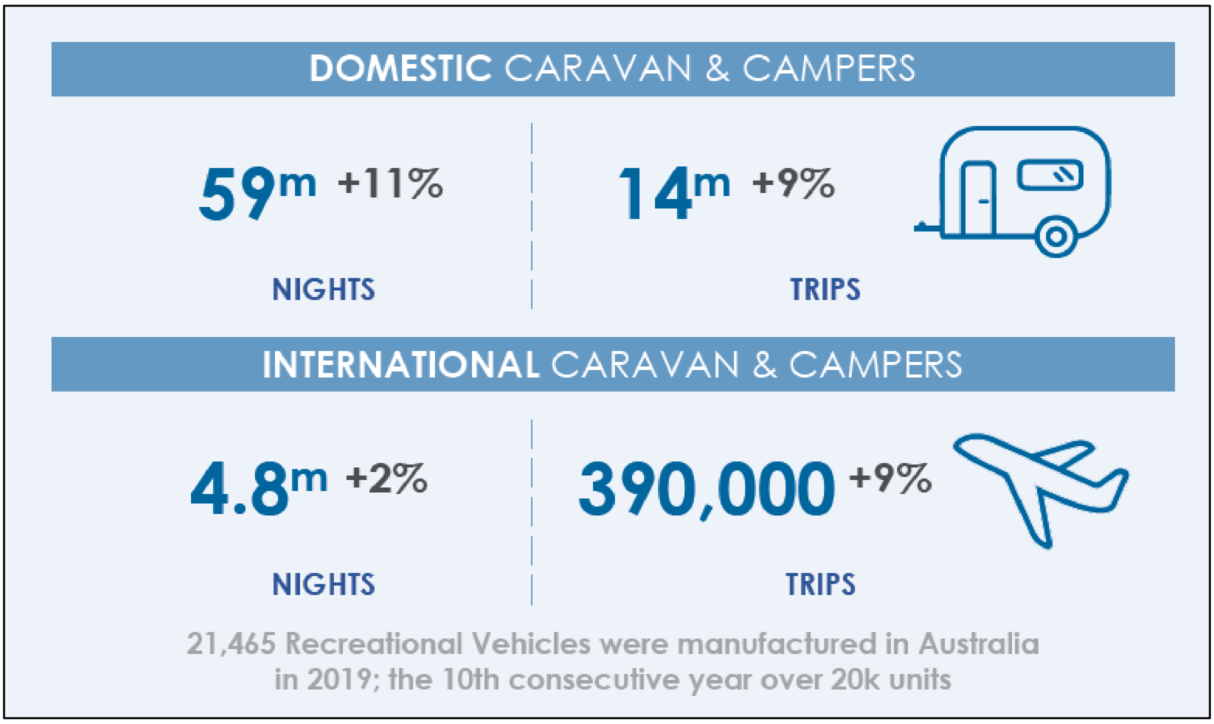
Even if a vaccine becomes available, experts advise that it will be at least 12-18 months thereafter before large numbers of people are vaccinated and allowed to travel internationally. It is expected that in the meantime, the domestic tourism and travel industry will have a captive audience as Australians are unlikely to be able to travel internationally. While international travel will eventually return, it is also not expected that the previous cheap airfares and holidays that consumers have become accustomed to will be available for many months/years. City breaks are expected to remain subdued as people avoid high density environments while cruising remains inactive in Australian waters. This may impact positively on Brighton Beachfront Holiday Park as consumers target more regional destinations.

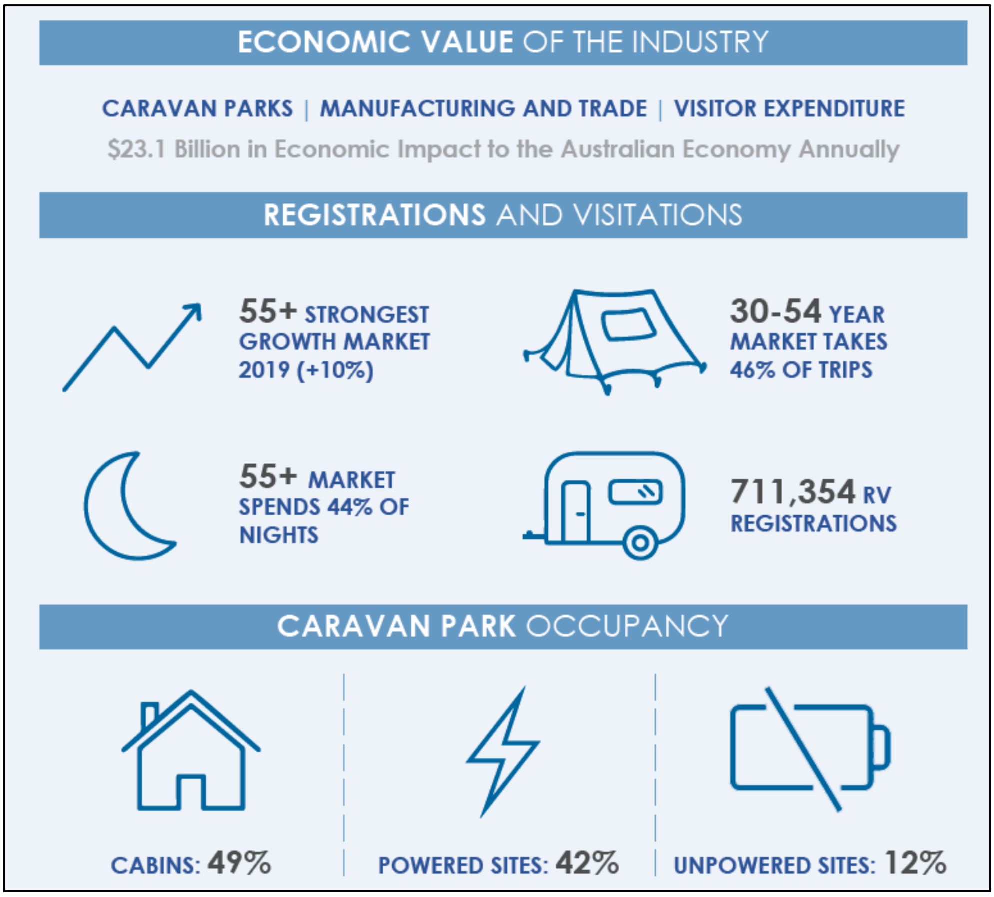
These conditions, along with the desire for Australians to support local businesses and to reconnect with family, friends and nature after a challenging year, offer a good opportunity for the caravan and camping industry not only to rebound but also to form a stronger market position than before COVID-19.

Since December 2017, caravan and camping visitation has enjoyed consistent growth on the back of growing demand for nature-based activities and the positioning of the caravan park sector as the "closest to nature accommodation" experience. Although growth has come from all age brackets, it has been the growth of the 'young/midlife (no children)' segment that has been a telling factor in the success of the industry. In an important milestone, this segment surpassed the 'parents with children at home' as the largest takers of caravan and camping trips.

This Millennial/Generation X segment (aged under 45 and travelling without children) are increasingly searching out nature-based experiences that complement their increasingly busy personal and professional lives. This segment has often been regarded as a distant third for the caravan industry behind the family market and the older travellers such as grey nomads.

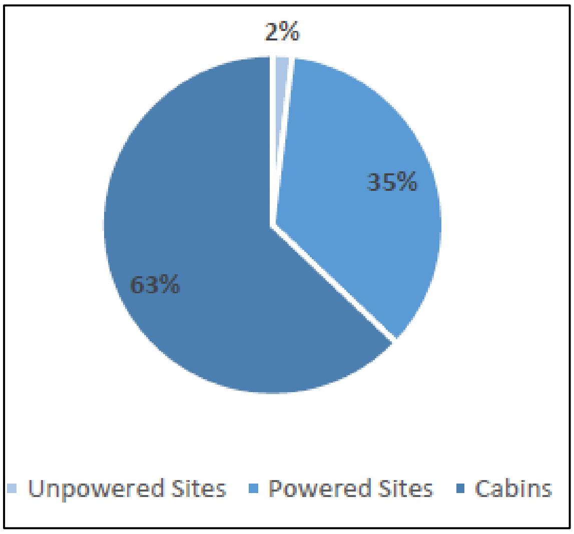
Despite the above, the older travellers and family segments continue to spend the most nights caravanning and camping around Australia.



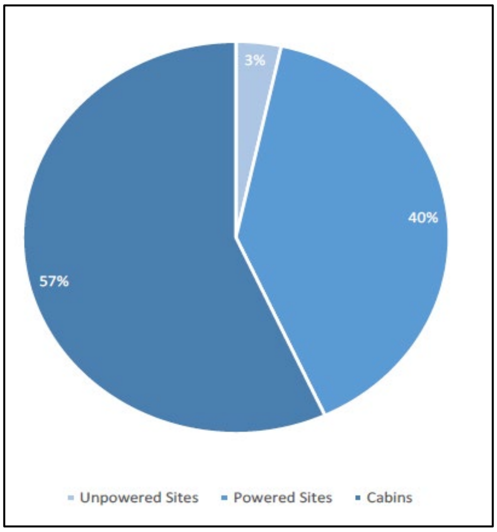


Caravan Park Revenue Generation

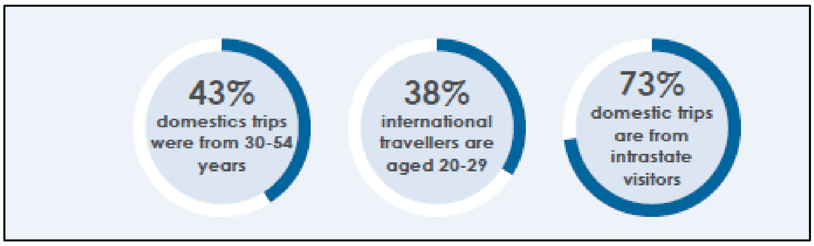
South Australia



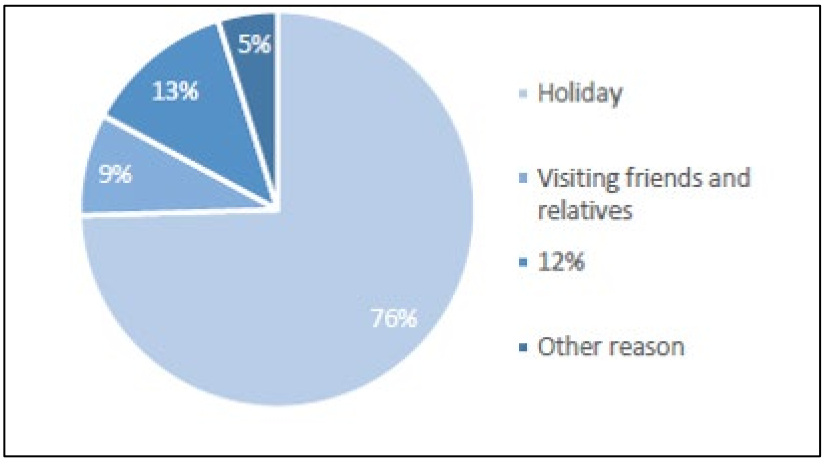
All of Australia



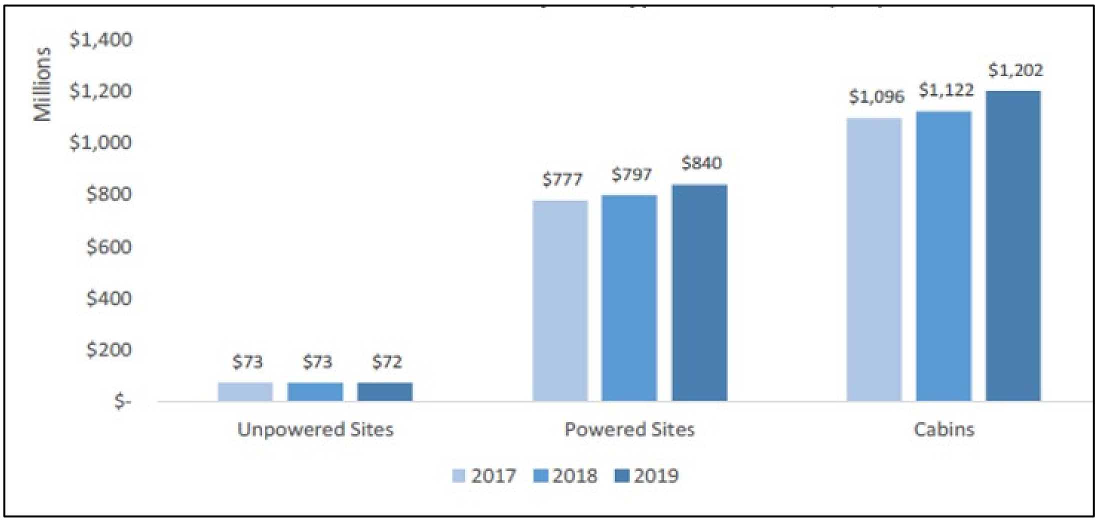
South Australian Visitation



Domestic Caravan and Camping- Reasons for Trip



Caravan Park Revenue by Site Type 2017-2019 ($M)



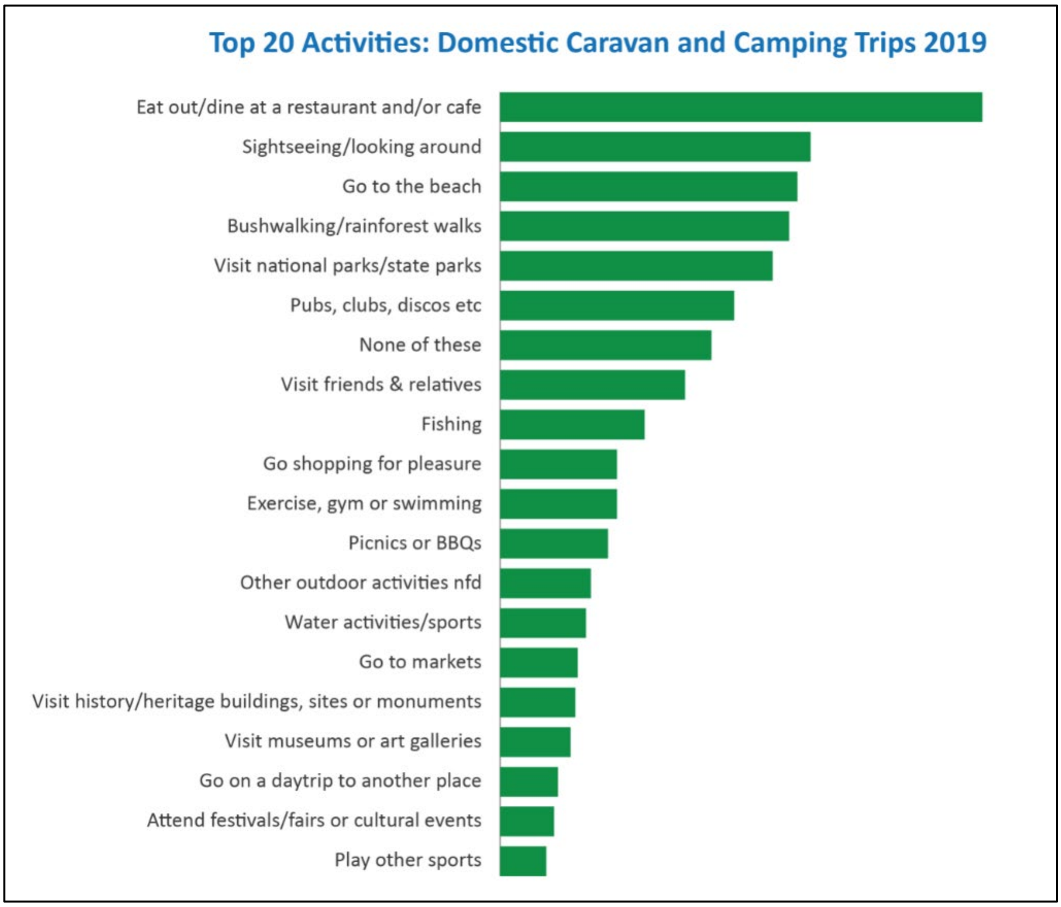
Other highlights for 2019 as reported by the Caravan and Camping Industry Association

- South Australia recorded its strongest year on record in 2019 across domestic caravan and camping with 1.4M trips (+19%) and more than 5.5M nights spent for the first time in a calendar year period, a +31% increase. This increase in visitation levels led to a total domestic expenditure of $774M in the state by caravan and camping visitors, also a 31% increase from 2018.
- Average trip length in 2019 was 4.2 nights, up marginally from 4.17 in 2018. Trips of 2-3 nights long continue to make up the largest share of caravan and camping trips (41%).
- Average spending: Domestic travellers in 2019 are reported to have spent $139 on average per night for a total average of $569 per trip while caravan and camping in South Australia.
- Caravans: Since 2011, caravan park accommodation usage has remained consistent with 40% of trips and 42% of nights coming from visitors who travel with and stay in caravans (or other towable recreational vehicles).
- Cabins: cabins account for 27% of trips and 29% of nights spent in caravan parks. Despite sites accounting for a larger number of nights, on average, 57% of parks' annual revenue comes from cabins (because of the higher price), which experienced their highest occupancy in January and April, coinciding with Christmas and Easter.

- Camping: While only making up 22% of trips to caravan parks, camping remains a vital gateway to the caravan and camping lifestyle. Having affordable accommodation options for all levels of guests is a strong drawcard for caravan parks, especially consumers who do not have a family connection to owning an RV.

  To this end, it is vital that any future development at the Brighton Beachfront Holiday Park be of a consistent quality and not targeted to any single user group.

- Popular Activities when staying in a caravan park:



1.2 Opportunity

2014, Stage 1 of the Brighton Beachfront Holiday Park redevelopment took place. This included 14 new cabins and an amenities/camp kitchen building.

In 2016/17, a capital budget allocation for the investigation and design of Stage 2 of the upgrade works was made; however, it was delayed due a change of Council staff and other competing priorities at the time.

In 2019/20, a further budget allocation of $1.5M was made for commencement of Stage 2 works.

To coincide with the transition to new park management arrangements, it is deemed timely to progress Stage 2 of the development to ensure that future capacity issues are addressed, and that the types of accommodation, infrastructure and facilities offered at the Park are of a type and quality in keeping with the expectations of today's holiday park users, to ensure that the Park remains relevant, competitive and financially viable into the future.

1.3 Recommendation

Replacement of 16 existing cabins, managers' residence, maintenance shed and administration building and associated infrastructure works. In addition, landscaping of new facilities and formalisation and sealing of roadway servicing to the existing beachfront sites and addition of low-key, recreational activity

1.4 Funding Requirement

	CAPEX ($m)	TOTAL ($m)
Budgeted:	$1,500,000	$1,500,000
Unbudgeted:	$1,900,000	$1,900,000
Total:	$3,400,000	$3,400,000

1.5 Risk /Benefit

High Benefit			
Med Benefit			X
Low Benefit			
	High Risk	Med Risk	Low Risk

This project is a pro-active action to ensure that accommodation and infrastructure at Brighton Beachfront Holiday Park are maintained at levels that meet or exceed today's customer expectations.

Accommodation at the Park already experiences relatively high levels of occupancy and hence risk is considered low, especially as over the last three years, poorer quality accommodation has already previously been decommissioned and not replaced, and a further seven cabins (one Hillside disabled and six Seaside cabins) will need to be removed from service.

Project completion will increase accommodation standards and available options to attract a wider range of users as well as provide recreational activities that will assist in attracting people who are not beach-lovers or people who may frequent the Park in the off-season.

A staged redevelopment over 3 financial years will allow for risks to be monitored and balanced with the benefits.

2 Project Description & Scope

2.1 Scope

To develop and renew the Brighton Beachfront Holiday Park infrastructure to enhance the city's tourism activities and grow its commercial revenue, as well as increase visitor appeal and long-term profit and sustainability through the replacement of ageing structures and buildings with a range of new modern eco-friendly facilities.

Specific purposes are to:

- a) Design and site a range of new buildings and landscaping at the entry to the Park that will align with COHB environmental objectives
- b) Deliver new facilities) that are a model in sustainable energy and resource management
- c) Deliver facilities that will satisfy eco travel trends and will attract a wider range of customers for the next 15/20 years
- d) Enhance recreational offering
- e) Risk Management—That the Park remains relevant, competitive and continues to meet consumer expectations

While all but one of the 11 Hillside cabins have been removed from service, the remaining ten remain onsite and are not being used—other than for storage purposes.

A further six Seaside cabins remain onsite and though currently in use, fail to meet consumer expectations, making them the source of a number of complaints from users. In addition, there are four non-ensuite cabins in a poor state of repair that are recommended for removal and conversion back to Powered Sites.

In addition, the quality of the managers' residence and the administration building is such that both have exceeded their useful life, and no longer meet minimum expected standards. There are also OH&S issues associated with their deteriorating condition.

It is proposed that the second stage of works is divided into two parts, the first being the removal and sale of the existing un-used Hillside cabins so that new cabins can be sited in their place, and the second being the siting and construction of a new admin building/residence and recreational facilities.

Once Stage One works are complete, this will then allow for the existing seaside cabins and admin building to be removed, resulting in minimal guest disruption, and no reduction in overall cabin numbers available.

Doing all of the works in one stage would mean a reduction of eight cabins from inventory during the construction phase, and the requirement for a temporary administration building, so a two-stage process is recommended.

Current Cabins (in service)	Cabins numbers at completion of Stage 1	Cabins numbers at completion of Stage 2
36	44	42

2.2 Business objectives

This project meets the following objectives:

Achieve a higher consistent yield: Yields of most cabins are currently considered to meet industry benchmarks, with the exception of the Seaside cabins, which already are below industry benchmarks.

Offer diversity of accommodation: This project will help contribute towards the development of the Park as a quality, 4-star facility that caters to and attract a wide variety of demographics. In addition, a passive recreational activity has been factored in to promote occupancy during poor weather when consumers are visiting the Park purely for beach/water-based activities or during the winter months.

Create a distinct identity for the Park: a point of differentiation for the Park, compared to its competitors and in particular West Beach Caravan Park is to offer high customer service in an affordable yet boutique and beachfront environment.
The removal of the poor quality seaside cabins, and replacement of the Hillside cabins, coupled with the siting of a new administration building will raise the overall standards of the Park in line with what customers identify as being synonymous with a modern, 4-star Park. 4-star quality does not necessarily require all accommodation to be luxury. As such, accommodation options can still include low-cost, entry-level style accommodation, but at a high-end quality. A range of accommodation styles are proposed to target a range of users.

Achieve and sustain a high level of customer satisfaction: Though the cabins sited in Stage 1 are well-appointed and modern, they do lack some basic inclusions sought out by today's consumers (oven/dishwasher). The older Seaside cabins have caused many complaints; however, for those with limited budgets, these cabins continue to be in relatively high demand with price driving occupancy. New cabins/accommodation styles will provide a much better experience.

Attract Wider Target Markets and Remain Competitive
While all new accommodation should be of a minimum 4-star standard, different styles need to be considered to appeal to wider audiences. These markets would include those on a budget, families and workers/corporate travellers, as well as those seeking a luxury seaside getaway. A "one size fits all" approach is not recommended.

Maintain Park operations and compliance in line with industry best standards: The current administration building does not comply with the DDA, nor does the Park have two good-quality DDA-compliant cabins as required under the Act for a property with between ten and 40 cabins. (One was sited in Stage 1, but the remaining Hillside DDA cabin is not compliant). The existing seaside cabins are also no longer considered appropriate for a Park of a 4-star standard. The proposed new cabin options/styles of cabin, including a further new, modern, 2-bedroom DDA cabin, will overcome all of these issues, as will the proposed new DDA-compliant administration building.

Advance the Park product in terms of appearance, assets and amenities: The existing Seabreeze cabin and the amenities/recreation and kitchen building that was sited as part of Stage 1 has had a positive impact on the Park's appearance. However, the existing administration building, maintenance facilities and seaside cabins situated in high profile positions at the Park entry are detracting from the appearance of the remainder of the Park. Their replacement with modern facilities and new landscaping and recreational facilities will lift the overall appearance of the Park and enhance the first impressions of guests on arrival.

Protect the Park's reputation: The low-quality Seaside cabins are the main source of complaints. Negative posts to review sites and negative word-of-mouth will potentially risk the Park's reputation as a quality, 4-star facility. This brand risk will increase with time as the facilities are expected to deteriorate further in the short-term. To counteract this in the past, product has simply been removed from service. However, as these haven't been replaced or capital injected, gross income and profits of the Park have declined over the last three years. New product and facilities will align much better with the quality expected by users of Brighton Beachfront Holiday Park

2.3 Project Deliverables

a) New Administration Block and managers' residence
b) 17 new accommodation units—including one x DDA cabin
c) New shelter for picnic area on Northern block
d) Landscaping around new buildings
e) New vehicle garage, maintenance yard, staff laundry and storage
f) New recreational facilities
g) New entry statement
h) New roadway between Premium Powered Sites and Beachfront Powered Sites

Out of scope:

- Brighton Park Kiosk/Café
- The Old cottage (although if the Kiosk is located by the beach front, a 3 bedroom deluxe villa can be scoped. At the time of this business case, the feasibility and implementation of the kiosk has not been confirmed).

2.4 Project milestones

Milestone, pre-construction	FY21			
	Q1	Q2	Q3	Q4
Finalise Site Layout		21/10/20		
Prepare working drawings/ engineering		21/11/20		
Council Engagement		10/11/20		
Submit Business Case to Council		08/12/20		
Prepare detailed designs, engineering and working drawings		25/01/21		
Finalise tender documentation and facilities specification		15/02/21		
Submit DA		15/02/21		
Advertise Tender		15/02/21		
Assess and Award Tenders			15/3/20	
Commence Stage 1 onsite works.				01/05/20

2.5 Key Success Factors and Dependencies

Resource Availability:
Appropriately experienced tourist cabin manufacturers are required for this project.

Project Dependency:
This project is dependent on the location chosen for the future Kingston Park Kiosk, if approved by Council. The feasibility study process may delay the new design of the park. It also will impact its revenue if the chosen location is by the beachfront as it will impede on existing sites. However it will also create some opportunities for a holiday villa to replace the old Cottage.

Project Timing Dependency:
This project is scheduled to commence immediately with tenders called for construction of buildings in December 2020, with contracts awarded in February 2021 for installation in May/June 2021. Lead times of 10-12 weeks will likely prevent earlier delivery.

Appropriate Designs:
Designs and cabin inclusions need to ensure that they meet target markets and consumer expectations. Higher end cabins need to have inclusions such as dishwashers and ovens. All accommodation to be of a 4-star standard, but differing designs and styles so as to cater to a wider range of potential users with a focus on environmental sustainability.

Appropriate Marketing:
The new cabins and facilities will need to be incorporated into existing websites, digital and printed advertising material to highlight the improvements and several new differing product options, and attract new clientele that may not have previously considered staying at the Park.

2.6 Constraints and Risks

Available space:
Existing Powered Sites yield highly, particularly the beachfront sites. Any proposed improvements need to consider loss of revenue from reduction in site numbers from siting of new facilities.

Build Time:
Project commencement is subject to availability from cabin manufacturer. With a normal 12-14 week build time, this project requires timely project management to ensure completion by the September School Holidays. Any prolonged wet weather will potentially cause delays into early December school holidays.

Aboriginal Heritage:
Site has indigenous burial sites and works will need to be approved, and possibly monitored by the Kaurna people.

Contract Delays:
Contracts may be subject to additional costs and time delays as a result of changes due to compliance issues.

Debris and Flooding:

Possibility of flooding and debris sliding down the Kingston Park Hill onto cabins (existing location of Hillside cabins).

2.7 Sourcing and Acquisition

This project requires the assistance of building contractors experienced in construction and installation of tourist cabins in a busy holiday park environment.

Following receipt of Geological technical assessments and Engineering, Mechanical and Electrical assessments, a public tender process will be undertaken according to Council Procurement policies.

3 Project Impact

3.1 Risk Impact

Risks if project IS implemented:

a) **Programme Risk**
Risk that the project will finish overtime and impact customer experience and Park revenue, potentially placing at risk early school holiday revenue. The project is considered relatively basic in nature and risk is considered low.

b) **Design & Quality Risk**
Risk that the project quality and or design will fail to meet expectations long-term. Considered very unlikely given specific design specifications and access to a number of reputable, experience builders in the region.

c) **Financial risk**
Financial risk associated with selling/auctioning many cabins at once and potentially oversupplying market. Financial risk will be mitigated with a stage approach to the selling over two years.

Risk if project is NOT implemented:
The failure to complete this project represents the following direct risks:

a) Continued, relatively high customer complaints about older accommodation.
b) Inability to meet changing consumer expectations and broader markets.
c) Decrease in perceived 'value for money'.
d) Likely long-term downturn in yields, occupancy and income specific to the seaside cabins.

4 Business Benefits

4.1 Tangible Benefits

Measure	Baseline	Target
Cabin occupancy	Current Occupancy 63% for all ensuited cabins.	Meet aggressive but achievable target of 66% occupancy for all cabin accommodation-taking into account greater cabin numbers
Yield	Income—average room rate excluding GST is $165.00 per night	Targeted nightly yield of $180 per night per
Customer complaints in respect of cabins	Approx. 1-2 complaints per month regarding quality of seaside cabins and limited facilities of new cabins (e.g. no oven).	Zero complaints about quality of all new cabins and their inclusions resulting from greater range of cabins

4.2 Intangible Benefits

a) Expectation of improvement in overall customer satisfaction surveys from customers enjoying new product, especially in terms of 'value for money' concept

b) Elimination of negative feedback on accommodation standards currently experienced by Seaside Cabins

c) Improvement in perceived standard of Brighton Beachfront Holiday Park, resulting in returned business

d) Improvement and protection of Park's brand reputation and Council brand

e) Wider public appeal resultant from greater range of accommodation offerings and improved recreational facilities

f) Higher Social media reputation (reviews: Tripadvisor, Facebook etc.)

g) Improved reputation within community as Council is protecting, investing in and enhancing community assets

5 Target Markets and Requirements

5.1 Families

This target group prefers an all-inclusive park suitable for each member of the family. They appreciate well-maintained facilities and easy access to nearby attractions. Beach activities and a relaxing environment are likely to appeal to them. Families with younger children enjoy in-park entertainment, events and facilities to keep the kids entertained for hours.

5.2 Grey Nomads

Grey Nomads enjoy nature, so they prefer staying in an eco-type caravan park. They appreciate the cleanliness and accessibility of the park's facilities, a friendly/approachable operator and the general clean and modern appearance of the park.

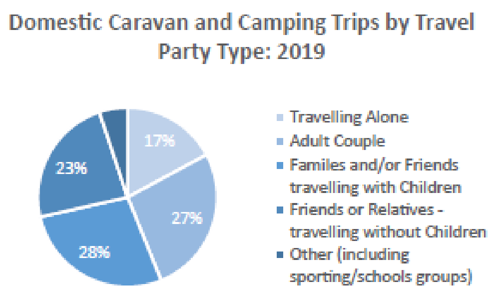
5.3 Sinks and Dinks

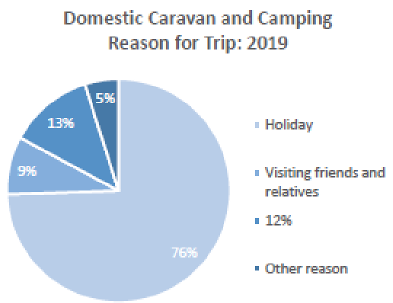
(Single income no kids; Dual income no kids)

Sinks and Drinks are very conscious about the environment of the park, since these short trips are their quick escape from their busy lives. They prefer nice and quiet moments away from any noise. They are always keen to experience the local area, so they appreciate good customer service and friendly staff to attend to their inquiries. They are also looking for "new experiences" that are predominantly nature-based.

5.4 Baby Boomers

Boomers appreciate the cleanliness of a park's facilities, friendly/approachable staff and the general appearance of a park. Local tourism will add value to their experience.





The re-development should also target users visiting the Park for purposes other than leisure. People looking for accommodation while attending events, hospital appointments and or travelling for work purposes should also be considered, with these user groups often looking for accommodation that is still self-contained, but not requiring the same amount of space that would typically be sought by those on a family holiday. This customer segment is important and will help address the mid season and mid week occupancy.

6 Master Plan Strategy

6.1 Key Design and Development Objectives

The key driver for the recommended design concept is to create a quality, relaxed tourist facility that provides a unique, affordable holiday destination in harmony with the local community and location.

The design concept proposed incorporates the following design themes:

A. **Welcoming** – providing a sense of arrival and place

B. **Comfortable** – quality of design and ambience

C. **Good quality** – value through cost-effective design, with a style sympathetic to the local setting

D. **Excellent service** – from booking and arrivals, to departure

E. **Safe** –in design, giving the customer the feeling of being secure

F. **Inclusive** – universal access and social hubs

The proposed design is sensitive to the location It retains the relaxed feel of the site and maintains links to surrounding public amenities and facilities where desired. The objective is to ensure that the Park provides a holiday destination that takes advantage its beachfront location and preserves environmental values and existing positive site characteristics.

6.2 Design Considerations

A. Heights

B. Setbacks between elements of the site

C. Distances to amenities

D. The amount of open space

E. Landscaping provisions

F. Site ratios

G. Privacy

H. Acoustics

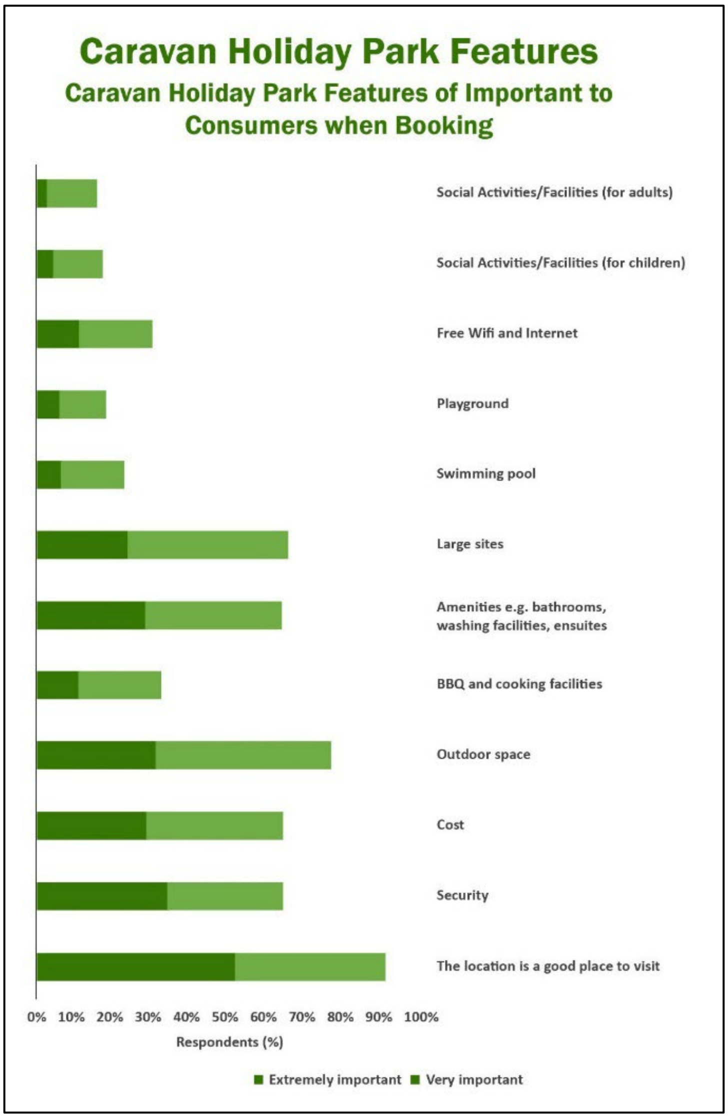
I. Building materials

J. Universal access

K. Site access, traffic flow and parking

6.3 Important Features

The following graphic depicts the results of a recent survey by the Caravan Industry Association, detailing park attributes that are considered important to consumers when booking their holiday.



7 Improvement Program

7.1 Introduction

The master plan for the Park sets out a strategy to identify the actions required for the next phase in the development of the business, with the aim of enhancing the Park's market presence and commercial outcomes.

The tourism marketplace is a dynamic business environment. In the past 7 years, the Park has increased in popularity as a result of the change from a largely permanent Park clientele to the operation that it is now. However, there are always new and emerging opportunities and challenges to be met to ensure continued growth of the Park and its relevance in the marketplace. Some of the facilities and infrastructure has aged significantly, resulting in 11 cabins being considered unsafe not compliant and not hireable anymore. This has created capacity issues and loss of income.

Investment will be required to provide additional ancillary facilities that will provide enhancement for guests seeking value for money, by adding to their holiday experience. There are opportunities to make specific provisions for strong market groups, such as people seeking quality, on-site accommodation as well as 'grey nomads', and at the same time improving facilities for traditional caravanners and campers. Importantly, the program of improvement and development must be appropriate to the location and target markets, and must deliver long-term, commercially and environmentally sustainable outcomes.

The concept plan balances the design themes, best practices, visitor needs and future trends to devise a park that will attract significant tourist visitation, improve economic diversity and assist business development, which in most cases will flow on to increase employment in the region.

7.2 Design Rationale

The key driver for the design concept is to create a quality tourist facility that provides an affordable, boutique holiday destination in harmony with the location, the environment and the local community.

The concept for the redevelopment is based upon:

- retaining the current relaxed, boutique ambience of the Park;
- utilising low impact development and an informal layout;
- Maximising site utilisation;
- improving visual appeal;
- achieving greater occupancy and yield;
- maintaining affordability by providing a mix of accommodation types;
- improving functionality and safety;
- achieving compliance with applicable regulations
- delivering a sustainable commercial operation; and
- abiding by Council's Environment Strategy 2020-2025 to become carbon neutral by 2030

A range of possible improvements in the facilities and accommodation products offered in the Park have been identified to achieve the development strategy. These improvements have the potential to enhance the financial performance of the park and generate growth in revenue and profit from new clients and emerging market segments. Proposed improvements need to be assessed against the impact they could have on the Park and the business, as well as in relation to the contribution the Park makes to the community. The proposed development program for the Park has been structured to build on existing strengths and attractions.

The redevelopment of the Park to provide a quality, relaxed and boutique facility will enable the City of Holdfast Bay to enhance the experience for visitors and position it as an integral tourism asset for the region, ensuring it develops into the first choice in the region, with the Park becoming as much of a destination as the location itself.

In addition to the summary of the key features and design attributes noted above, the following is a comprehensive list that details exactly how the proposed concept plan seeks to achieve the design concepts and rationales through the redevelopment of the Park.

8 Master Plan Considerations

Table 1
Master Plan Considerations

Objective	Master Plan Solution
1. The Park's entry should be welcoming and provide a sense of arrival. There should be dedicated check-in lanes, which are located so that access to the office can be made without the customer having to cross the flow of traffic.	The first impressions for guests arriving at the site are poor. There are issues with queuing, and guests are required to cross the flow of traffic to make their way into the office to check in. The new design shows the office located on the opposite side of the road with a dedicated check-in lane that results in guests not having to cross the flow of traffic. The new building will also be DDA-compliant.
2. The general Park and reception presentation should be visually appealing with a contemporary appearance consistent with the improvements occurring in the balance of the Park.	The new position of the boom gates will also allow for more vans to queue inside of the Park, which will assist in ensuring the entry to the public carpark is not hindered during peak check-in times. In addition, a caretakers'/managers' residence adjoining the office is proposed. This will allow after-hours staff to keep a close eye on those entering and exiting the Park. By relocating the office, this also frees up what would arguable be an area of the Park that enjoys some of the best views of the beach, which can be much better utilised by paying guests.
2a. Enhance and build upon the existing Park infrastructure with the goal of providing improved facilities across the entire Park, to better support long-term growth.	Communal camp kitchen for preparing meals, BBQs, refrigeration and washing amenities are must-have facilities in any modern park. An expectation for these facilities has grown in recent years and they have become an industry standard. These were upgraded as part of the previous works program, however, there is a need to provide for additional covered dining areas, which have been shown adjacent to the Northern facilities.
3. Provide a mix of accommodation types and styles to meet a diverse customer base with varying tastes and budgets.	The proposed plan nominated a number of different future accommodation considerations including Studio Units (1- and 2-storey), traditional two-bedroom cabins, and safari tents. With trade currently split evenly between families and couples, we believe this mix will cater to both sectors. This includes a low-cost "studio option" for those that might be in town for medical or business appointments; a traditional, stand-alone cabin (unlike the cabins that were sited in the last works program that are joined); and a safari tent—an experience highly sought after by the millennials who are seeking unique holiday experiences. **Blocks of Studio Units** Generally sited in groups of four, these blocks have a king split bed so they can be configured for a couple or on a twin share basis. The floor plans are simple, but unlike a motel, the units still offer washing up and cooking facilities. They are predominately targeted at the short-stay/overnight market and would be attractive to those who want the ability to cook, which is not often provided in a motel, but still want to take advantage of the lower price point than a traditional cabin. We believe these would be popular with corporates and people in the city for business or medical purposes. **2-Bedroom Cabins** This product will essentially appeal to all markets including couples, families and groups. The expectations for cabins has progressed from basic "Box" style accommodation to more luxurious fit outs. The following features would be considered a minimum standard for the proposed development: a) Modern, architect-style designs, using modern roof lines and contemporary external colours. Modern, quality kitchen with hotplates, full oven and ideally a dishwasher. b) Lounge seating for all bedding positions. Minimum of four and flat screen TV / DVD/ Blu-ray (recommend minimum 55-inch TV).

	c) Air conditioning to living areas (fans sufficient for bedrooms, especially as coastal location). d) TV in main bedroom for parents' use. e) Painted plasterboard walls (not wall ply). f) Painted weathertex style weatherboards or similar (not aluminum cladding). g) Hotel-quality furnishings. h) Covered outside deck with fixed BBQ and BBQ preparation bench in higher-end cabins (stainless steel). i) Colourbond roofing. j) Heavy-duty steel chassis beams. k) Duragal steel floor joists (vital for coastal environment). l) Quality outdoor furniture to endure coastal environment. While new cabins were sited in the previous development, unfortunately several of the above areas were not addressed. Guests also are seeking stand-alone cabins as opposed to the conjoined cabins previously sited. **Eco Tent - Glamping** This type of accommodation is becoming increasingly popular for those seeking a unique style of holiday experience. They are becoming particularly popular with the millennial segment who are seeking a different type of holiday experience, with an eco-focus. The focus on eco-tourism also aligns with Councils broader strategic objectives. With several eco-friendly aspects in design and/or function, these tents are much more luxurious than a standard tent, and also feature the following inclusions: a) Ensuite bathroom b) Sliding doors c) Heating/Cooling d) Cooking facilities
4. Provide well-located recreational facilities to create a new zone with a high level of guest amenity. Create inclusiveness and social hubs.	A recreational precinct has been identified in the plan. This zone will be easily accessible and highly visible and tie in with existing facilities adjacent to the Park. The location has been chosen for an area of the site currently used for parking. Though the ocean is a big attractant for the Park, the addition of a mini-golf course to complement the existing playground will give an additional point of attraction for users who are not drawn by the beach, or beach activities, as well as to promote off-season occupancy. A second recreational option of a swimming pool has been shown in the concept, but at this point is not included in any costings.
5. Ensure sites are sized, located and provided with services in accordance with local regulations. Provide a range of sites, ensuring optimum site utilisation. There is a trend towards larger RVs with self-contained amenities, requiring parks to have larger sites and services.	Many of the existing sites are quite small, and the premium sites at the front of the Park are quite informal in nature. The plan shows the creation of new larger, formalised sites at the front of the Park, as well as new large ensuite sites where existing sites are extremely small and not utilised as a result. Ensuite sites continue to be highly sought after.
6 To ensure the Park has sufficient quality accommodation, including for people with disabilities and/or mobility restrictions.	Dedicated accommodation compliant to the current DDA guideline is incorporated into the design. For up to 40 cabins as proposed, two cabins are to be included. While one was sited as part of the last upgrade program, an additional cabin is now required to replace for the older existing Hillside DDA cabin being removed as it does not comply with current regulations and fails to meet customer expectations.

9 Improvement Examples

Ensuite Sites

Studio Cabins

Studios Internals

Studio Internals

Safari Tents

2-Bed Cabins

2-Bed Cabins

2-Bed Cains

New Office

Mini Golf

Mini Golf

10 Indicative Project Costings

Table 2
Project Costings (based on Option B)

Description	Year 1	Year 2	Year 3
Sites & Accommodation			
Reconfigure Budget Cabin area	$25,000		
1 x 4 studios		$260,000	
1 x 4 studios – 2-storey		$360,000	
4 x 2 Ensuite blocks		$160,000	
Ensuite blocks – Civil works and new pads etc.		$80,000	
1x DDA cabins, furnishings and connections			$145,000
4 x 2-bedroom cabins			$540,000
4 x Safari Tents (including paths, connections and fitout)			$360,000
10 x beachfront sites			$25,000
Other			

Mini Golf Course	$65,000		
Extend and cover BBQ area adjacent to Northern amenities	$30,000		
Workshop and Laundry Store	$120,000		
Sale of Budget Cabins	-$20,000		
Sale of Hillview Cabins	-$35,000	-$35,000	
Other – demolition, landscaping etc.	$40,000	$40,000	$80,000
Retaining and miscellaneous civil	$25,000	$50,000	$50,000
Other ongoing capital (operational – cabin refurbs etc.)	$15,000	$15,000	$15,300
Sale of Seaside Cabins		-$54,000	
New Reception/Admin Building & Managers' Accom – Plus fit out, landscaping etc.		$600,000	
Relocate boom gates		$30,000	
Reconfigure entry to Park		$65,000	
Pathways and parking at rear		$75,000	$25,000
Upgrade road to beachfront sites and provide turnout			$65,000
SUB- TOTAL CAPITAL WORKS	$265,000	$1,646,000	$1,305,300
Contingency	$20,000	$50,000	$50,000
Project Management	$5,300	$32,920	$26,106
Grand Total	**$290,300**	**$1,728,920**	**$1,381,406**
Opening Capex		$290,300	$2,019,220
Movement	$290,300	$1,728,920	$1,381,406
Cumulative Capex	$290,300	$2,019,220	$3,400,626

11 Site Numbers

The financials have been prepared on the basis of the following movements in site numbers in the next three years.

For simplicity, while works are undertaken over two years, the financial and other benefits including customer satisfaction are not shown until the following year.

Note that over 3 years the total number of sites decrease by one site, however they yielding will increase and caravan sites will increase in size, responding to a current need.

Table 3
Site Numbers

	Year 1 (Current)	Year 2	Year 3	Year 4
Beachfront Sites	11	11	11	11
Premium Powered Sites	15	15	8	8
Powered Sites	76	76	68	68
Ensuite Sites	0	0	8	8
OceanView Spa Cabins (Existing)	3	3	3	3
Sea Breeze Villas (Existing – Newest)	14	14	14	14
Waterview Villas (Existing)	8	8	8	8
Seaside Cabins (Existing)	6	6		
Budget Cabins (Existing)	4	4		
Hillside DDA Cabin (Existing)	1			

New DDA cabins			1	1
New Studios		4	4	4
New Double Story Studio		4	4	4
New 2-Bedroom Cabins			4	4
New Safari Tents			4	4
Total Sites	138	145	137	137

The site numbers above do not factor in any movement in beachfront site numbers resulting from location of new kiosk.

12 Current Cabin Occupancies and Yields

The following occupancies and yields are actual figures for the period 1 March, 2019 to 29 February, 2020. This period was used as it is the most recent full 12-month period excluding the effects of COVID-19 shut-downs.

Table 4
Current annual yields

Type	Annual Yield (March 19 to Feb 20)
CABINS	
Seabreeze Villas (6Pax)	$36,119.11
Seabreeze Villas (4Pax)	$38,856.67
Special Access Seabreeze Villa	$39,413.63
Oceanview Spa Villa	$40,813.62
Waterview Villa	$36,607.19
Seaside Cabin	$24,635.39
Special Access Hillside Cabin	$28,662.70
Budget Cabin – No Ensuite	$13,908.68
SITES	
Powered Grass Sites	$9,999.23
Premium Powered Sites	$10,363.19
Powered Slab Sites	$9,036.23
Beachfront Powered Grass Sites	$12,893.61

Table 5
Existing Occupancy by day and date – Cabins

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Grand Total
Mar	72%	65%	66%	58%	64%	87%	92%	73%
Apr	80%	63%	63%	66%	77%	79%	81%	72%
May	36%	31%	29%	33%	36%	54%	73%	42%
Jun	56%	37%	36%	38%	36%	59%	66%	48%
Jul	52%	44%	43%	53%	60%	68%	79%	56%
Aug	31%	41%	41%	41%	46%	61%	69%	48%
Sep	61%	46%	39%	43%	49%	66%	81%	55%
Oct	55%	47%	58%	63%	71%	94%	91%	68%
Nov	78%	52%	54%	61%	58%	76%	94%	69%
Dec	80%	72%	74%	66%	70%	79%	84%	75%
Jan	91%	77%	76%	85%	79%	84%	97%	84%
Feb	66%	51%	48%	53%	63%	90%	88%	66%
Grand Total	64%	52%	53%	55%	59%	75%	83%	63%

The above chart shows an obvious higher demand for cabin accommodation on Fridays and Saturdays and highlights the need and opportunity to increase occupancy during mid week.

Table 6
Existing Occupancy by day and month – Sites

Months	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Grand Total
Mar	84%	74%	73%	72%	70%	90%	93%	80%
Apr	77%	68%	71%	75%	83%	89%	85%	78%
May	52%	47%	43%	42%	42%	49%	55%	47%
Jun	43%	37%	37%	40%	40%	45%	46%	41%
Jul	33%	34%	34%	33%	32%	34%	36%	33%
Aug	37%	34%	34%	36%	38%	41%	41%	38%
Sep	53%	50%	42%	42%	46%	59%	62%	51%
Oct	72%	68%	66%	66%	69%	77%	77%	70%
Nov	84%	79%	74%	76%	81%	89%	92%	83%
Dec	86%	85%	85%	76%	80%	92%	94%	85%
Jan	99%	92%	92%	95%	95%	96%	100%	96%
Feb	87%	80%	80%	79%	83%	96%	94%	86%
Grand Total	67%	62%	61%	61%	63%	72%	73%	66%

Caravan sites occupancy is more regular as the customer profile during weekdays is older and has more freedom.

Table 7
Existing Occupancy by range – Cabins (All Ensuite)

Month	< 40%	41% - 60%	61% - 85%	86% - 100%	Grand Total
Mar		9	14	8	31
Apr	4	7	5	14	30
May	19	7	4	1	31
Jun	14	10	3	3	30
Jul	4	17	8	2	31
Aug	9	15	6	1	31
Sep	7	13	7	3	30
Oct	2	10	12	7	31
Nov	2	8	12	8	30
Dec		11	8	12	31
Jan	1	3	10	17	31
Feb	3	11	8	7	29
Grand Total	65	121	97	83	366

The table above shows that, for 186 nights of the year, all Ensuite cabins combined failed to reach higher than 60% occupancy, while for the remainder of the year, cabins sit at greater than 60%, leaving quite a large amount of opportunity for growth for over half the year.

Table 8
Existing Occupancy by range – Sites

Month	< 40%	41% - 60%	61% - 85%	86% - 100%	Grand Total
Mar			20	11	31
Apr	1	2	13	14	30
May	6	23	2		31
Jun	10	20			30
Jul	27	4			31
Aug	23	8			31
Sep	4	20	5	1	30
Oct		9	18	4	31

Nov			19	11	30
Dec			15	16	31
Jan			5	26	31
Feb			12	17	29
Grand Total	71	86	109	100	366

When looking at existing site occupancy, for 209 nights of the year, occupancy exceeds 60%. There is further opportunity available in May, June, July and August, where occupancy has not traditionally exceeded 60%; however, the beach is not as attractive at these times.

The following tables show occupancy in relation to what would be considered minimum expectations. The site occupancy only fails to meet minimum expectations for three-four months of the year; however, the yearly average is significantly higher than the minimum expectation.

Figure 3

Site Occupancy benchmarked

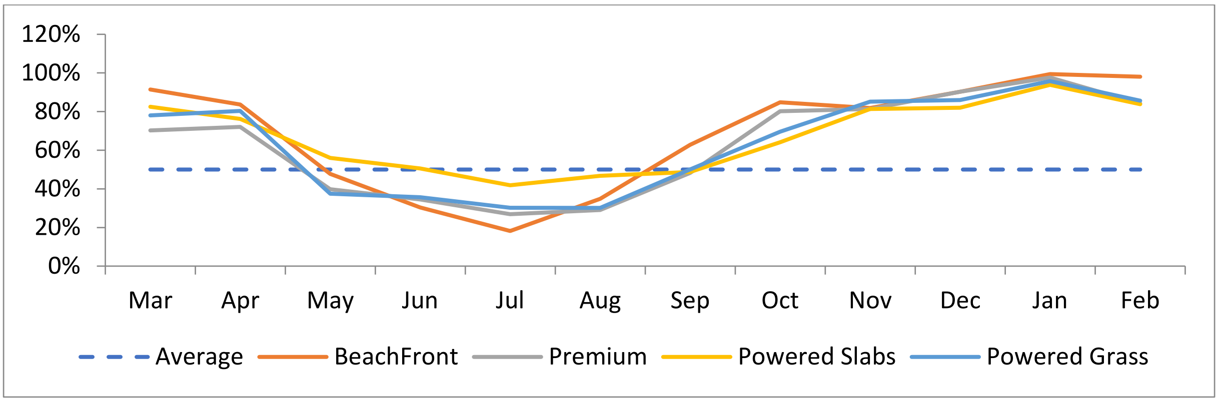
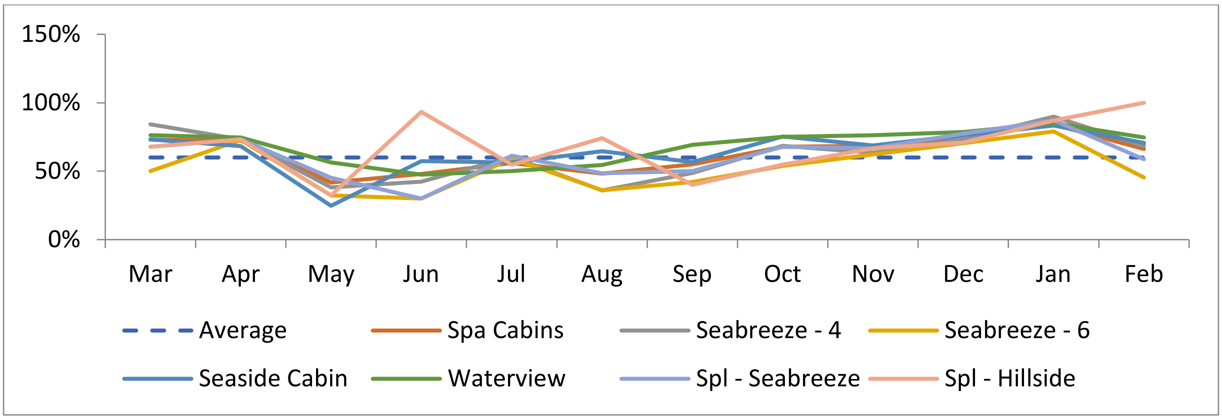


Figure 4

Cabin Occupancy benchmarked



Cabin occupancy "hovers" close to the trend line for a large part of the year. However, overall, it sits above the South Australian average reported park occupancy of 50-55%.

13 Occupancy and Yield Assumptions

The following occupancy and yield assumptions have been factored into the modelling returns:

Table 9

Occupancy Assumptions next five years.

Year 1 represents current occupancy. Target average yields of >60% for cabins and sites are considered acceptable.

Annual Occupancy	Year 1	Year 2	Year 3	Year 4	Year 5
Beachfront Sites	65.9%	67.4%	68.9%	68.9%	68.9%
Premium Powered Sites	64.5%	65.9%	67.4%	67.4%	67.4%
Powered Sites	59.1%	59.1%	60.3%	61.7%	63.1%
Ensuite Sites	0.0%	0.0%	63.2%	64.6%	66.0%
OceanView Spa Cabins (Existing)	63.8%	63.8%	63.8%	63.8%	63.8%
Sea Breeze Villas (Existing – Newest)	59.9%	59.9%	61.3%	62.9%	62.9%
Waterview Villas (Existing)	64.9%	64.9%	64.9%	64.9%	64.9%
Seaside Cabins (Existing)	61.7%	61.7%			
Budget Cabins (Existing)	36.2%	36.2%			
Hillside DDA Cabin (Existing)	63.3%				
New DDA cabins			54.4%	55.7%	56.5%
New Studios		60.4%	61.3%	62.2%	63.1%
New Double Story Studio		64.6%	65.6%	66.5%	67.5%
New 2-Bedroom Cabins			62.6%	63.6%	64.6%
New Safari Tents			57.5%	58.2%	59.4%

Table 10

Yield Assumptions next five years. Year 1 represents yields for the current financial year.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Beachfront Sites	$13,009	$13,621	$14,232	$14,588	$14,953
Premium Powered Sites	$11,091	$11,620	$12,149	$12,453	$12,764
Powered Sites	$9,045	$9,273	$9,683	$10,110	$10,562
Ensuite Sites			$13,159	$13,755	$14,385
OceanView Spa Cabins (Existing)	$40,707	$41,732	$42,800	$43,870	$44,966
Sea Breeze Villas (Existing – Newest)	$38,220	$39,183	$40,989	$42,877	$43,949
Waterview Villas (Existing)	$35,804	$36,706	$37,645	$38,587	$39,551
Seaside Cabins (Existing)	$23,022	$23,602			
Budget Cabins (Existing)	$12,061	$12,365			
Hillside DDA Cabin (Existing)	$28,113				
New DDA cabins			$34,334	$35,914	$37,278
New Studios		$23,110	$24,000	$24,915	$25,870
New Double Story Studio		$27,867	$28,957	$30,080	$31,252
New 2-Bedroom Cabins			$41,030	$42,615	$44,271
New Safari Tents			$38,165	$39,512	$41,190

Yields assume base rates plus a 2.5% CPI increase each year as well as minor occupancy increases.

14 Financial Returns

Financial Returns have been based on the incremental revenue growth. That is to say, over 10, 15, 20 years, what are the incremental returns to City of Holdfast Bay when compared to the financial returns received from "doing nothing"? These financial returns are after the management contractor's 50% commission and operational costs.

The below calculation makes the following assumptions:

1) Total capital cost including project management and contingencies of $3,418,806.
2) ROI of approximately 9% at completion averaging 20% after 25 years.
3) Three-stage program of works with Stage 2 works complete and facilities open and trading from September 2022 and Stage 2023 completed and open and operational from September 2023.

4) Three differing styles of accommodation targeted to various different market segments—some at a higher specification, and some lower—but all at a 4-star standard.

5) Yield assumption and occupancy assumptions have been modelled as at industry rates and in keeping with existing yields and occupancy.

6) Resulting annual yield assumption on new studios of $23,000 (considered low), $27,000 for 2-storey cabins, $41,000 for 2-bedroom cabins and $38,165 for safari tents are all considered achievable.

7) Council's financial returns have been based on [redacted] of all income [redacted].

8) IRR (Internal Rate of Return) of 11.1% over 20 years and 12.7% over 25 years are deemed very good.

9) A positive NPV over 15 years with an assumed discounted cash rate of 6% is considered acceptable for infrastructure project in the current economic climate.

10) Annual loan repayments on debt of $3.4M over 20 years, assuming Principal and Interest repayments are approx. $240,000 a year at an assumed interest rate of 4% (considered high).

11) By end of year 2, incremental financial return to Council is $228,000 a year, and end of year 3, it is $300,000 a year, showing the project is cashflow positive after three years and yearly thereafter after loan commitments.

12) To repay the debt in full of Council's incremental growth in revenue would take 11 years.

13) Modelling allows for $15K of other ad-hoc capital investment (increasing annually by CPI for the next 20 years).

13.1 Summary Estimated Investment Financial Returns

Table 11

Financial returns (full summary provided as an attachment)

Incremental ROI Calculations					
		Stage 1	Stage 2		
	Year 1	Year 2	Year 3	Year 4	Year 5
Council Returns – implementing proposed m/plan	$973,474	$1,211,011	$1,307,664	$1,357,453	$1,403,613
Councils Returns – no works implemented	$973,474	$982,819	$1,008,069	$1,033,271	$1,059,103
Incremental Council Returns	$0	$228,192	$299,595	$324,182	$344,511
Cumulative Investment	-$124,000	$1,593,700	$3,418,806	$3,434,412	$3,450,330
Incremental ROI	0.0%	14.3%	8.8%	9.4%	10.0%
		Stage 1	Stage 2		
	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Invested	$124,000	-$1,635,000	-$1,740,300	-$15,606	-$15,918
Incremental Annual Return to Council	$0	$228,192	$299,595	$324,182	$344,511
Net Incremental Cashflow	$124,000	-$1,406,808	-$1,440,705	$308,576	$328,593
Net Cumulative Incremental Cashflow	$124,000	-$1,282,808	-$2,723,513	-$2,414,937	-$2,086,344

Table 12

Net Present Value

An incremental Net Present Value has thus been completed over 15, 20 and 25 years using a 6% discount rate, deemed suitable for infrastructure projects. A sensitivity analysis was also undertaken at 4% and 8%, as per below

Discount Rate of 4%	
Term	NPV
10 Years	-$538,017.77
12 Yars	-$20,541.06
15 Years	$728,020.42
20 Years	$1,905,353.74
25 Years	$3,296,863.71

Discount Rate of 6%	
Term	NPV
10 Years	-$671,962.58
12 Years	-$256,237.24
15 Years	$317,277.71
20 Years	$1,153,634.90
25 Years	$2,051,252.04

Discount Rate of 8%	
Term	NPV
10 Years	-$777,350.13
12 Years	-$441,969.60
15 Years	-$270.51
20 Years	$598,094.33
25 Years	$1,182,293.56

Table 13
Internal Rate of Return

The incremental rate of return has been calculated using the following logic:

1. Councils earnings if master plan IS implemented LESS;
2. Councils earnings if no changes are implemented.
3. This differential has then been divided annually by the cumulative capital investment to provide an annual one-off measurement of the success of the master plan investment.

Term	IRR
15 Years	8.0 %
20 Years	11.1%
25 Years	12.7%

Commercial property returns currently are as low as 6-7%. As such, the above returns are considered sufficient to warrant approval of the project.

15 Conclusion

Though Council has invested heavily into the Park since taking it back in-house in 2014, there remains a number of accommodation types and facilities that are considered to be sub-standard and in urgent need of upgrades and capital injection. Council's investment will also mean protecting and enhancing Council assets and current revenue streams, greater financial returns, as well as meeting visitors and community expectations of modern and diverse accommodation facilities.

Brighton Beachfront Holiday Park must remain competitive in providing quality visitor experiences, and must explore innovative and creative ways to reposition the existing accommodation product and introduce new products with modern facilities to ensure satisfactory customer/visitor satisfaction. Investment cannot simply be made on the basis of the direct returns that this new investment will provide, as consideration must also be given to existing infrastructure to "protect" existing revenue streams. New visitor experiences are also recommended to appeal to more demanding and ever-changing consumer expectations.

If the Park is to appeal to a broader range of visitors and increase length of stay, some form of recreational activity offering is required. Although the Brighton Beachfront Holiday Park is tourist-focused, there are minimal provisions for recreational activities other than beach activities. This means the Park may not be as appealing to young families outside of peak summer holiday periods, when the beach is not as attractive. In saying this, any recreational offering should not compromise the Park's appeal to the grey nomad market, which is built on its peaceful character.

A range of modern accommodation types should be available to appeal to various target visitor market segments, and diversifying accommodation options will also assist in attracting a broader range of demographics. Currently, the Park caters equally to couples and families.

Research tells us that couples, in particular millennials, a growing market segment, are now seeking out unique, and different holiday experiences with a focus on the outdoors. To this end we believe the hillside Safari Tents will provide the Park with a unique point of difference. The proposed studio rooms will also allow an affordable, 4-star, entry level accommodation for couples and corporate travellers, while the new 2-

bedroom cabins will provide a level of luxury and convenience not offered by the previous new cabins that were sited.

Though COVID-19 has had a positive impact on regional travel in recent times in South Australia, evidence suggests that City locations are not enjoying the heightened levels of patronage that their regional counterparts are experiencing with visitors from city locations opting for more relaxed, regional destinations. By offering new and unique guest experiences and accommodation, the Brighton Beachfront Holiday Park can be positioned as a unique “place to stay” with modern accommodation with a range of facilities.

Attachment 2

Subject To Survey
NOT FOR CONSTRUCTION

Existing Site Plan

Scale: 1:500 @ A1 / 1:1000 @ A3

0 5m 25m

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Brighton CARAVAN PARK

Brighton Caravan Park, SA

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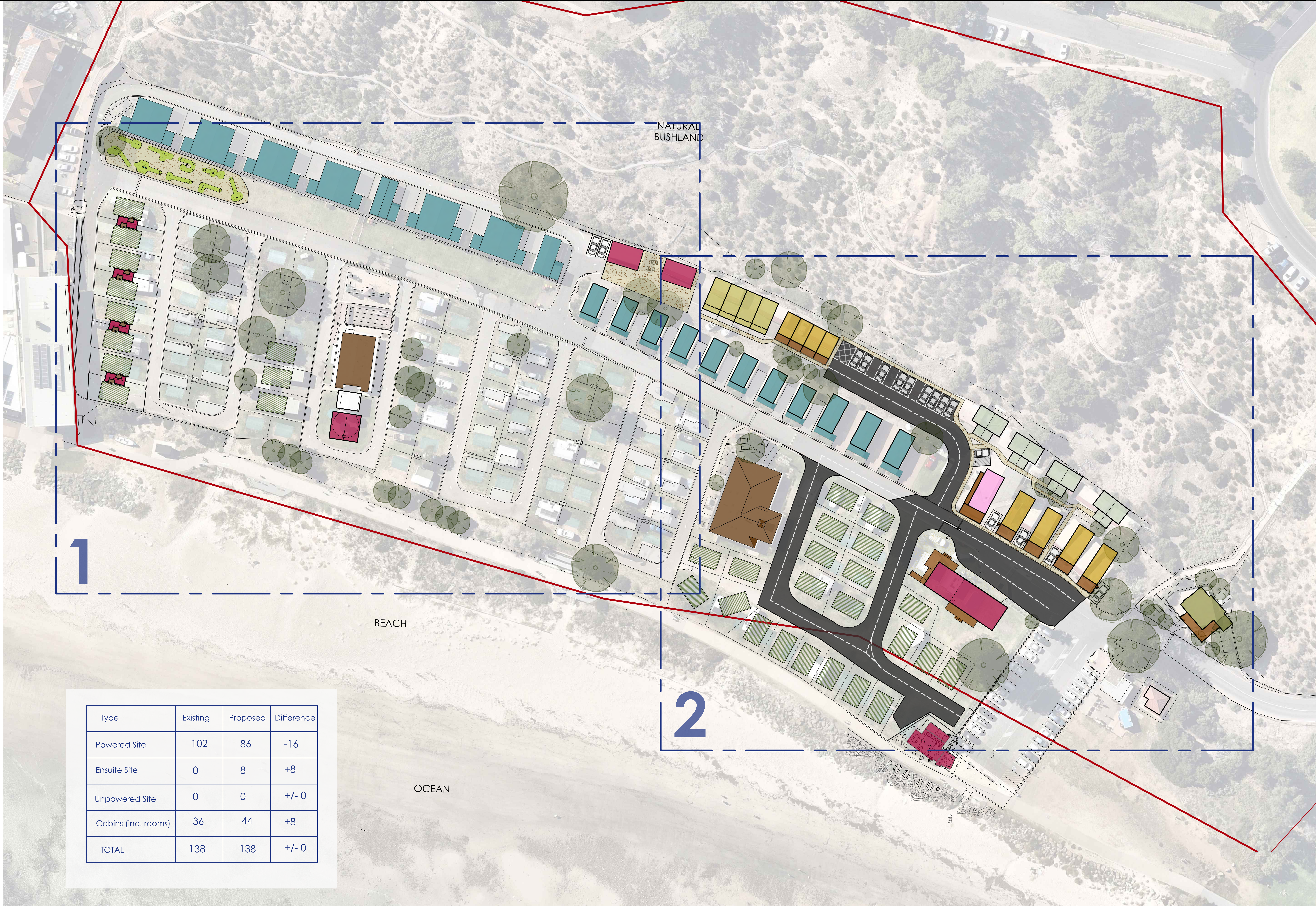
contractor to verify all dimensions on site before commencing construction

Site:	Brighton Caravan Park	Drawing Scale:	As Shown	Sheet:	1 of 6
Address:	4-8 Burnham Road Kingston Park SA	Drawn:	DAO	Project No.:	200712
Project:	Proposed Development	Checked:	J.R.	Drawing Issue:	Review SK15
Drawing:	Existing/Proposed Site Plan	Sheet Size:	A1	Date of Issue:	30 Oct 2020



Type	Existing	Proposed	Difference
Powered Site	102	86	-16
Ensuite Site	0	8	+8
Unpowered Site	0	0	+/- 0
Cabins (inc. rooms)	36	44	+8
TOTAL	138	138	+/- 0

Subject To Survey
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Proposed Site Plan

Scale: 1:500 @ A1 / 1:1000 @ A3   0 10m 50m

Option A

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Project:	Proposed Development	Checked:	J.R.	Drawing Issue:	Review SK15
Drawing:	Existing/Proposed Site Plan	Sheet Size:	A1	Date of Issue:	30 Oct 2020

Type	Existing	Proposed	Difference
Powered Site	102	87	-15
Ensuite Site	0	8	+8
Unpowered Site	0	0	+/- 0
Cabins (inc. rooms)	36	43	+7
TOTAL	138	138	+/- 0

Subject To Survey
NOT FOR CONSTRUCTION

Proposed Site Plan

Scale: 1:500 @ A1 / 1:1000 @ A3

0 10m 50m

Option B

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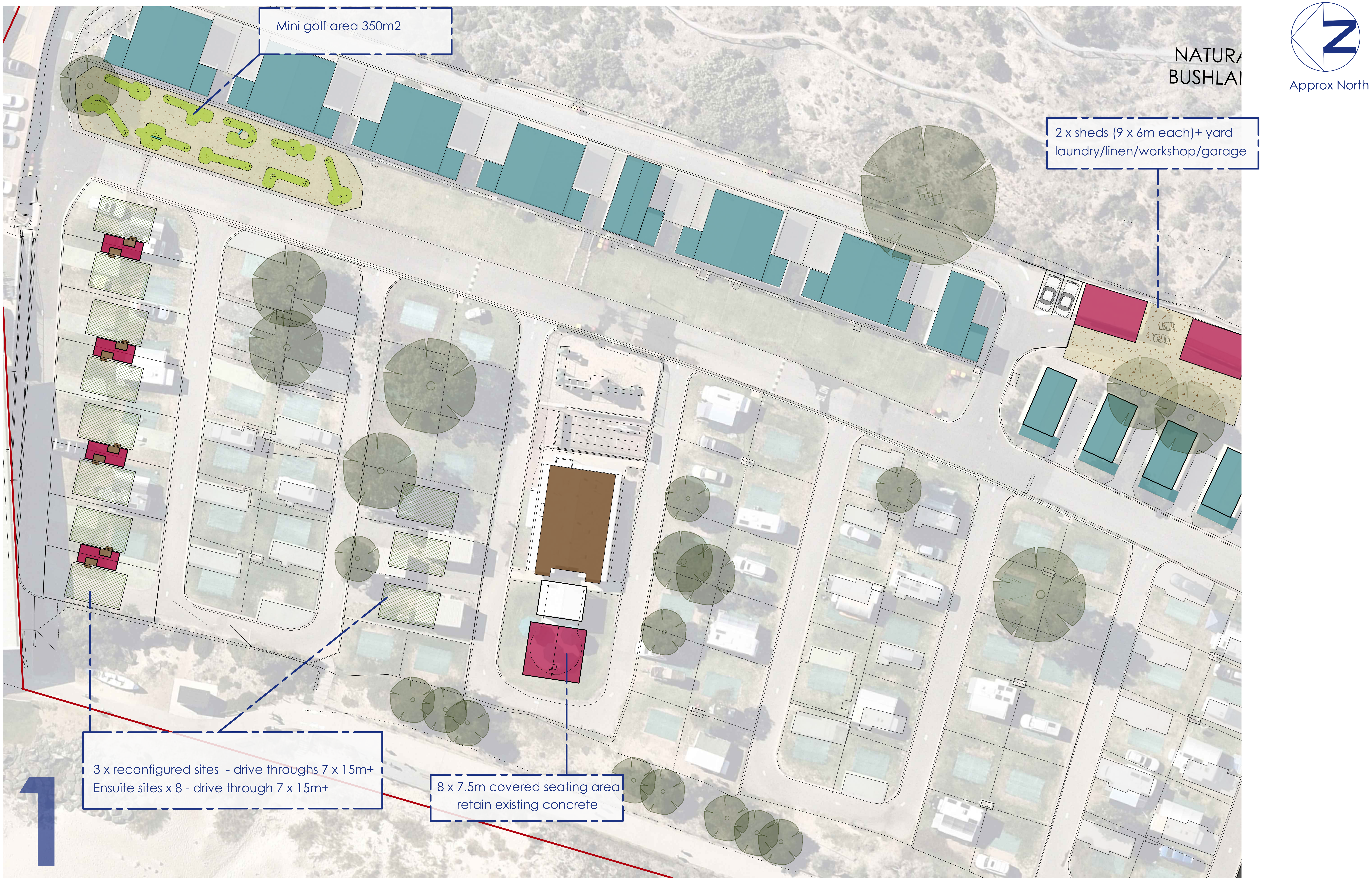
Project:	Proposed Development	Checked:	J.R.	Drawing Issue:	Review SK15
Drawing:	Existing/Proposed Site Plan	Sheet Size:	A1	Date of Issue:	30 Oct 2020



Subject To Survey
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Proposed Site Plan

Scale: 1:250 @ A1 / 1:500 @ A3   0 2.5m 12.5m

Option A / Option B

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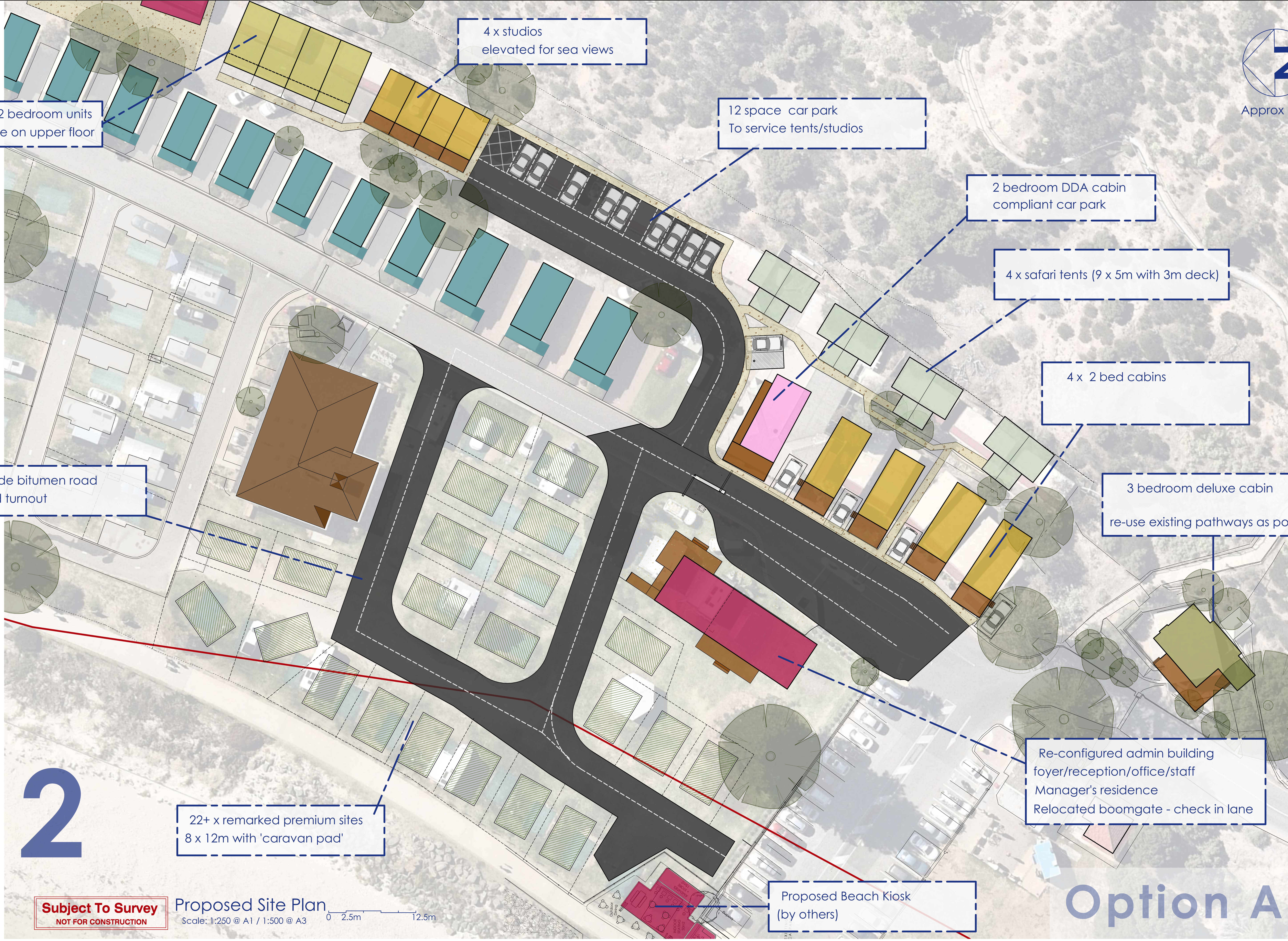

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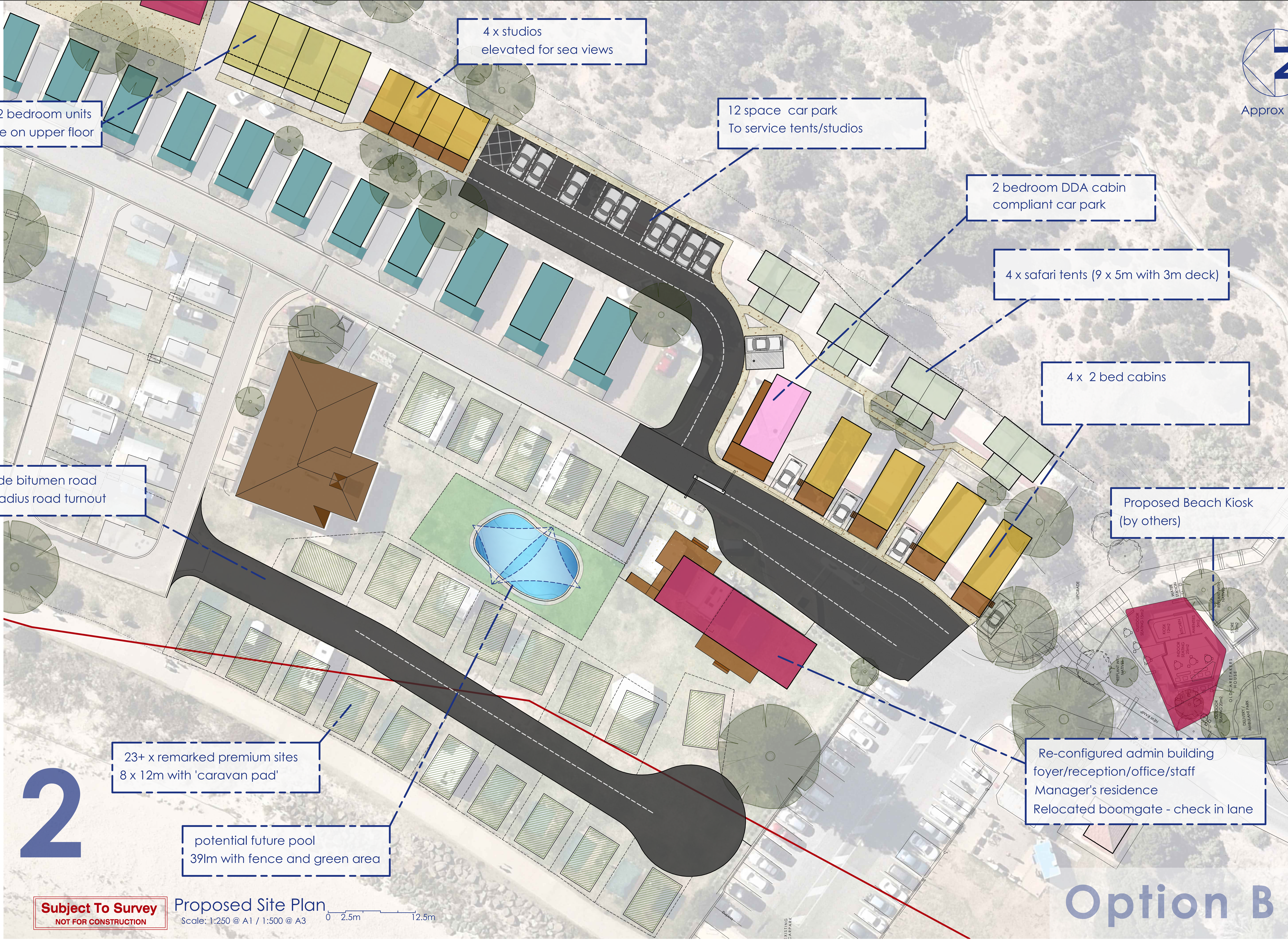
Drawing:	Existing/Proposed Site Plan	Sheet Size:	A1	Date of Issue:	30 Oct 2020



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Project:	Proposed Development	Checked:	J.R.	Drawing Issue:	Review SK15
Drawing:	Existing/Proposed Site Plan	Sheet Size:	A1	Date of Issue:	30 Oct 2020