Feasibility Assessment
Banka Banka Station Caravan Park
Northern Territory

Banka Banka West (A1307)

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Australian Government

Indigenous Land Corporation

The ILC GROUP

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1 Executive Summary

The Indigenous Land Corporation (ILC) acquired Banka Banka West in October 2010, situated 100 km north of Tennant Creek. It comprises a caravan park and a cattle station.

This report assesses the viability of the caravan park operations as a going concern and identifies some alternative options for business feasibility in the next 5 years.

Current performance

The 2 greatest assets that make Banka Banka Station Caravan Park (BBSCP) stand out from the competition are its hosts (their hospitality and approach to customer service) and the availability of spring water.

The caravan park runs at a slight profit, albeit with a low net margin of less than 10%. The attribution of repairs and maintenance costs in particular, given the second hand nature of equipment acquired by the business, has had a negative impact on the P&L, both for the caravan park and the cattle station. Whilst the caravan park is the secondary business, it appears that both operate in a symbiotic relationship and this clearly works in favour of the bottom line for both businesses.

Recommendations to improve future performance

Future performance of the caravan park could be improved by focusing on the following:

1. Re-focus and expansion of target markets

Given international visitors to the Barkly Region count for 16% of overall visitor nights in FY17, there is a considerable opportunity for attracting more international visitors (currently estimated at 2% of total visitation to BBSCP).

Recent market research on growth markets for the caravan park industry indicates that the Asian market, in particular the Chinese market, is a key source of growth and that there is an anticipated slow down in rates of growth of the Active Seniors market segment over the next decade. This would require diversifying marketing efforts and product offering.

2. Increase occupancy levels during troughs (shoulder and low season)

Targeting efforts towards the international market segment will strongly support the increase of occupancy levels during troughs, given that international travellers tend to have different travel patterns from domestic travellers to this region.

Future business models for consideration:

Some business modeling was done in order to understand the financial implications of 3 options:

1. Continue as a going concern: operate the caravan park alongside the cattle station and expand its product offerings to capture diversified target markets

2. Lease the caravan park operations to a third party, with passive investment by the owner of the land, buildings and structural items:
    a. As per the current product offering (unpowered sites only)
    b. Upgrade the facilities in order to allow the lessee to diversify product offerings
3. Cease operations of the caravan park and continue operations of the cattle station

Financial modeling for a five year period, based on historical financials as provided by the ILC, indicate that the most opportune option for sustainability appears to be option 1. This would not only lead to sustainability for the caravan park but also for the cattle station.

Option 1 assumes investment in expanding product offerings to include 5 cabins, and the development of a natural spring pool for guests to enjoy, with the specific aim of attracting the international (and especially the Asian) market.

Considerations should also be given to replacing the diesel generator power with solar power as this would lead to a considerable reduction in overhead cost over time.

Next steps

Given that Voyages is a wholly owned subsidiary of ILC, the logical next step would be to engage their expertise for bringing efficiency and sustainability into the operations of BBSCP and explore the option of a split lease arrangement for Banka Bank Station between Voyages for the caravan park operations and AIA for the cattle station operations, with an MOU between the subsidiaries to share costs of equipment and assets (maintenance, repairs, depreciation).

Consideration should be given to exploring capital development grant options for development of the on-site accommodation, a spring water relaxation pool and solar power, through more in-depth discussions with Tourism NT and the Economic development department of the NT Gov

More detailed business planning would be required to act on recommendations.

2 Introduction

This report documents the process of identifying problems and opportunities for Banka Banka Station Caravan Park (BBSCP) as a going concern, by assessing the range of costs and benefits associated with several alternatives for business viability in the coming 5 years.

The following dimensions of business viability were explored: the market, business model and financial model, management model and exit strategy.

Banka Banka Station pastoral lease is situated 100 km north of Tennant Creek. Banka Banka West was acquired by the Indigenous Land Corporation (ILC) in October 2010 and was excised from the Banka Banka Station pastoral lease in 2010. According to the ILC's regional Indigenous Land Strategy Northern Territory 2013-2017, this cultural acquisition has secured the protection and preservation of cultural heritage and traditional owner access to 59 registered or recorded sites of cultural importance (p. 10).

The property Banka Bank West contains a tourism camp ground and caravan park and pastoral operations. The caravan park was initially operated by the ILC post-acquisition, but was combined into one business in 2011/12. Since then, it has been managed alongside the pastoral operation, first by the ILC's Business Employment and Training Directorate, and then by Australian Indigenous Agribusiness Company Pty Ltd (AIA) when responsibility for the ILC's agricultural business operations was transferred in September 2014. AIA is one of the ILC's wholly-owned subsidiaries.

More recently, the ILC provided direction to the AIA Board encouraging AIA to adopt a commercial approach, and it urged AIA to achieve financial independence from the ILC as soon as possible. This led to AIA reviewing its business portfolio. Banka Banka Station Caravan Park was identified as operating at a loss, and its operations were also seen as not aligning with the company's strategic direction or delivering minimal benefits for Indigenous people (letter AIA, dated 7th Nov 2017).

Therefore the AIA and ILC require advice regarding the viability of the caravan park separate from the pastoral operations, as a sustainable tourism enterprise.

The feasibility study aims to determine if:

- The going concern is viable under the current delivery model;
- There is an alternative delivery model under which the operation would be more profitable; and
- If offered as a lease holding to a third party, what lease income the ILC (or Indigenous owner of the property post-grant) could realistically expect.

The following sections cover the findings of the investigation and describe options for viability over the coming years.

Please note that the financial parts of this report are based on data provided to the consultant by the ILC and no independent verification of the data has occurred.

3 The product and service

Banka Banka Station Caravan Park (BBSCP) offers approximately 48 unpowered sites for "Free and Independent Travellers" (FITs) travelling in caravans, campervans and cars / tents. The caravan park is spread over less than 1 Sq km of the overall property.

Whilst land availability for camp sites is not an issue for BBSCP, the maximum FIT capacity is currently based on the number of showers and toilets in the ablution block. The campground has one ablution block for females and one for males, each with 4 toilets, 6 showers and 4 wash basins. An additional ablution block for males and for females is on site (4 toilets,3 showers and 2 wash basins in each) however this is currently not operational as there is no power connected to these additional ablution blocks. They are plumbed into the septic system.

The caravan park also has a dedicated site for tour groups, which was set up by tour operator Wayoutback Safaris. Wayoutback uses the caravan park 4 times a week. The site contains a building with kitchen and bathroom facilities and 12 permanent tents, holding a capacity of 24 passengers (pax). The tents are owned by Wayoutback Safaris.

The caravan park also has 1 stockman's cottage with 3 bedrooms and 5 shipping containers converted in to single bed cabins with en suite, TV, bar fridge, kitchenette and A/C.

Shipping container 'cabins' on site

Neither the stockman's cottage nor the 5 cabins are formally rented out to FITs, however they are used on a regular basis for cattle station contractors and whenever AIA's pastoral manager visits the site.

The following prices are charged:

Unpowered site – adult (age 16+)	$10 p.p.
Unpowered site – child aged 12 to 15	$5 p.p.
Unpowered site – child < 12 years	Free
Groups – per person cost	Varies, negotiated with each tour operator: $8 to 14 p.p.
Car wash: charge for water use	$3
Washing machine use	$3

Merchandise such as stubby holders, fridge magnets, stickers and post cards are also sold in the shop. Phone cards are sold at cost.

Some beverages are sold in the kiosk at an average mark up of 2.5 to 3.5 times the wholesale price. The kiosk is open in the evenings, when the management team promotes sing-along evenings around the campfire. This is very popular with FITs and many guests buy a drink whilst sitting around the campfire.

Sing-along by the camp fire at BBSCP

Currently no food is sold for consumption, however anecdotal evidence suggests that food vans are popular with travellers. In the past, a food truck selling coffees and burgers has stayed at BBSCP for one week, selling out on its items each night.

4 Market environment & caravan park industry

According to a market industry update by the Australian Property Institute[1] there were 1,430 holiday & caravan parks and camping grounds across Australia in 2015, generating revenue of $1.4 BN per annum. The sector employs 10,700 people and has seen an average market growth of 1.9% per annum over 5 years ending 2015.

The industry is dominated by small 'family' businesses and it has 5 major players (Big 4 Holiday Parks, Discovery Parks, Aspen Group, Top Tourist Parks of Australia and Family Parks).

The market industry update indicates that occupancy levels drive park viability, with good operators managing to reduce occupancy troughs and increase the peaks. Secondary spend revenue streams such as revenue gained from kiosk sales, internet services and from the laundry and camp kitchen tend to be non-profit making for most caravan parks. They are provided to increase accommodation revenue, which is the key component of the revenue derived and the component that attributes most to profitability.

4.1 Drivers of demand

Drivers of demand for caravan parks are: disposable income levels and other general economic factors (tax rates, interest rates, employment levels etc), exchange rates (relative cost to outbound tourism), competition for accommodation, demographic factors (such as ageing population), and inbound tourism tastes and preferences.

4.2 User profile

The Australian Property Institute report lists the user profile for 2015 as 90% domestic with 45% family travellers, 25% seniors and 11% residents and long-term visitors.

A KPMG report on market segments, commissioned by the Caravan Industry of Australia in 2013, identified a number of target markets with growth potential for the caravan and camping industry[2]:

- Strong projected growth in Couple family without children market segment and Lone Person households
- Growth in Lone Person households, driven largely by single mature females (widowed, separated or divorced) provide a value-driven consumer segment with specific needs. The report projects an increase in the number of persons aged 65 years and over living alone in Australia by 40% from 0.73 million to 1.03 million between 2011 and 2021. This market segment is likely to have specific needs ranging from physical security to companionship – the sociability of camping / caravanning and the appeal of affordability is a plus
- Opportunities to increase participation rates amongst Asian born and culturally linked Australian residents, with a need to focus on shifting perceptions of camping (aspirational

[1] API and Herron Todd White: Caravan and Tourist Parks Market Update (2015) [https://www.api.org.au/api-and-herron-todd-white-caravan-and-tourist-parks-market-update-2015] website accessed 14th June 2018

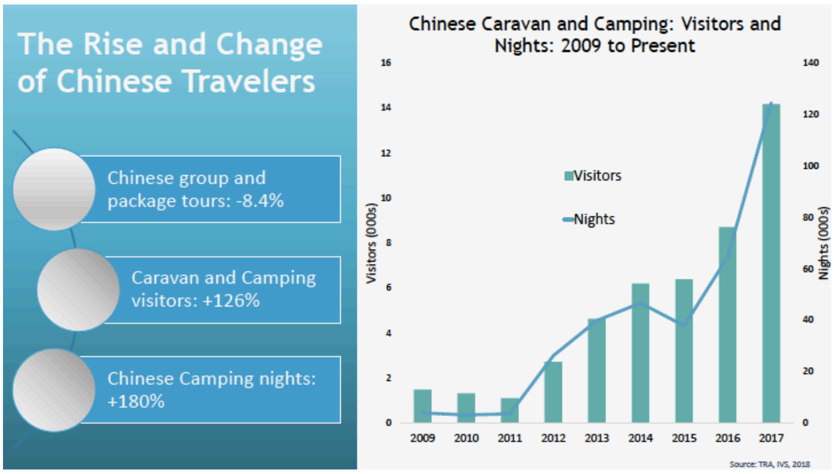
[2] KPMG (2013). *Impact of Demographic Change on the Future of the Caravan, Camping and Manufactured Housing / Manufactured Home Village Industry*. 19 July 2013.

middle-class life in Australia): the development of more prestigious camping / caravanning experiences (e.g. 'glamping') and raising awareness of the facilities within parks may be an important step in developing the Asian market.

Interestingly, the report also states an anticipated slow down in rates of growth over the next decade compared to the last decade (-40% and -26% growth respectively) in the 55 to 69 year old age cohort ('Active Seniors' segment), established families (40 to 54 years old) and Active Seniors.

Service quality indicators that customers value include attributes such as cleanliness, maintenance, staff interactions and value for money. The nature of any hospitality venue is heavily reliant on the standard of management and surrounding competition both of which are crucial in generating gross revenue and thus profitability.

The Asian born market as a potential for growth was referenced in this 2013 KPMG report and it was mentioned that, in the year ending 2012, China contributed the highest number of international visitor nights to Australia, but 0% of nights were spent camping or caravanning. A more recent study in 2018 on the Chinese visitors to caravan and camp grounds demonstrates that since the KPMG report this market has grown rapidly, especially in relation to caravanning and camping: there was a decline of Chinese package tours of 8.4% and increase of 126% of Chinese caravan and camping visitors and 180% increase in Chinese camping nights from 2009 to 2018.



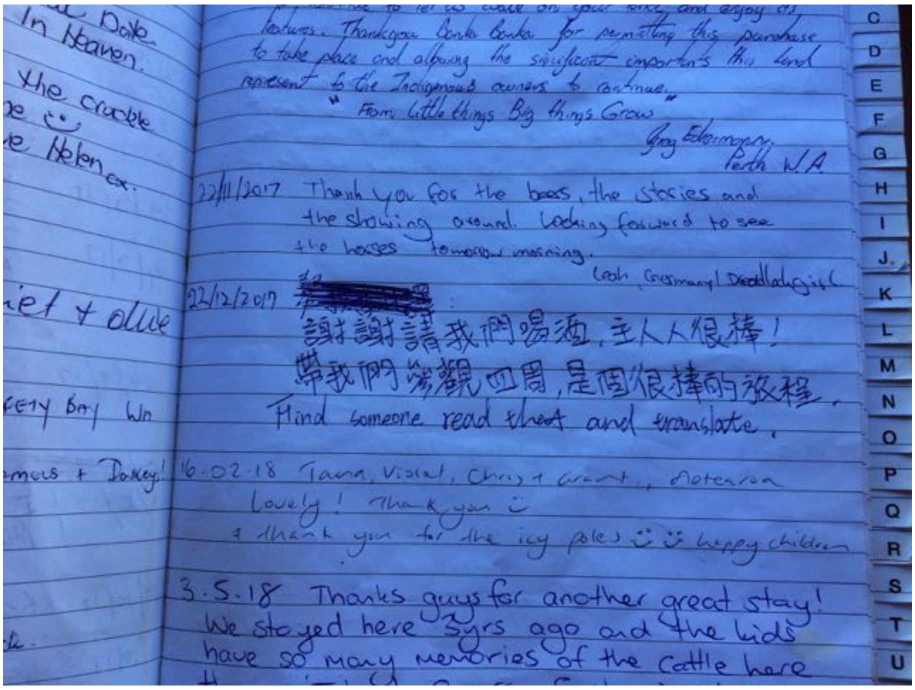
Source: Caravan Industry Association Australia: Chinese Visitors in Caravan Parks, National Conference 2018

Chinese travellers were incorporating a stay in caravan parks with other accommodations during their holiday with hotels and resorts representing the accommodation that many respondents (76%) had used in addition to staying in a caravan park. Of importance, 53% of all respondents indicated that they had already stayed in a caravan park on their trip prior to their current stay. This indicating that caravan parks were actively being sought as a preferred product of choice.

The report also found there is a need to explore options to subtly educate Chinese guests so they can get the most out of a caravan or camping holiday. This is because, for 80% of the respondents, they had never stayed in a caravan park before. According to the research, the typical Chinese tourist is a female aged between 30-54 and will spend 11-15 days in Australia. 70% of respondents also said they would be likely to return to Australia, with 77% of those responses stating that they would stay in a caravan park again.

It is clear that this segment presents a significant opportunity for the industry. Establishing how to introduce and attract Asian visitors to camping / caravanning is the key challenge and it is important for those within the industry to learn how different the needs of a Chinese traveller are to ensure their interest and enthusiasm for caravan and camping holidays continues to grow. The report suggest offering value for money alternatives to international travellers (families) and raising the prestige of luxury factor of domestic camping and caravanning for people travelling without children in tow may be key to maintaining market relevance.

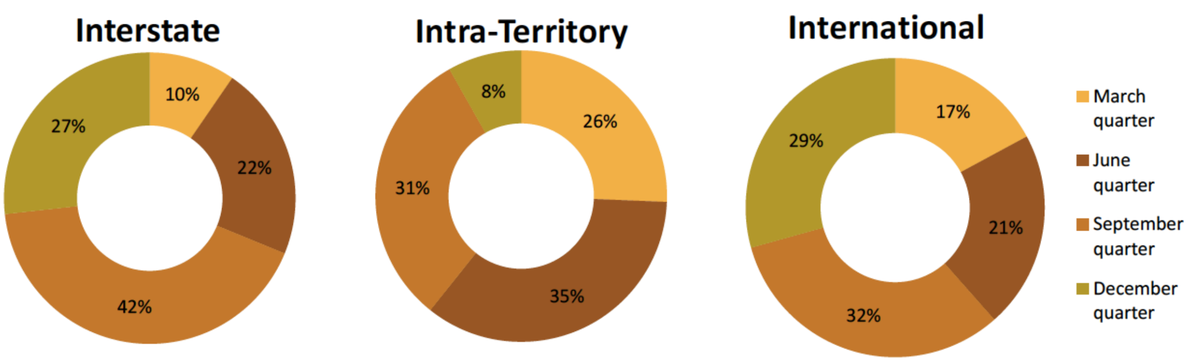
This initial research highlights that Chinese visitors are seeking the flexible and the unique experiences that caravan and camping can offer, and although they are keen to embrace this style of travel, they are also seeking comfort.



BBSCP comments book – entry by a Chinese tourist

Tourism NT update on the Barkly region:

Banka Banka falls within the boundaries of the Barkly tourism region. Tourism NT's 3 year regional profile (FY15 to FY17) indicates that this region, mainly accessed by road as there is no major airport,has a strong dependence on the interstate drive market. The June and September quarter mostly see interstate and intra-territory travellers passing through the region, whilst the spread of international visitors across the 4 quarters is more even:



Source: Tourism NT: Regional Profile Barkly Region: Three Year Averages – Year ending June 2015 – 2017

International visitors accounted for 16% of visitor nights in the Barkly region, with domestic holidaymakers and VFR accounting for 48% of visitor nights:

TOURIST NUMBERS IN THE BARKLY

Barkly overnight visitor numbers, three year average YE June 2015 – 2017*

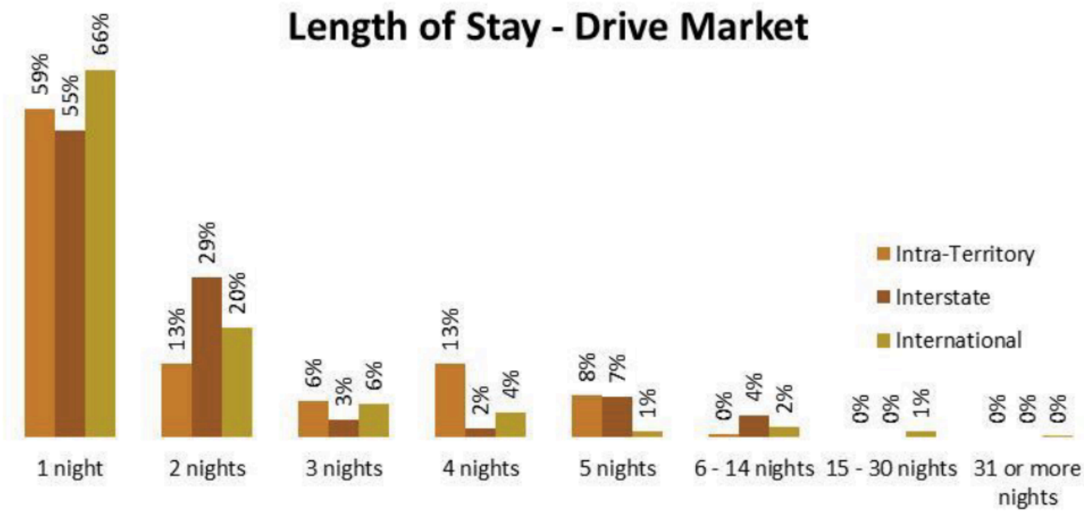
Origin	Intra-Territory	Interstate	Domestic[a]	International	Total[b]
Visitors	**56,000**	**68,000**	**124,000**	**15,000**	**140,000**
Holiday	np	34,000	43,000	15,000	57,000
Visiting Friends and/or Relatives	np	np	np	np	14,000
Business	23,000	np	32,000	np	33,000
Visitor nights	**116,000**	**144,000**	**260,000**	**50,000**	**310,000**
ALOS[c] (nights)	2.1	2.1	2.1	3.3	2.2
Expenditure	**-**	**-**	**$74M**	**$4M**	**$78M**

a: Domestic = Intra-Territory and Interstate
b: Total = Domestic and International
c: ALOS – Average Length of Stay
np: not publishable due to low sample
*Three year averages have been provided to reduce sampling error

Source: Tourism NT: Regional Profile Barkly Region: Three Year Averages – Year ending June 2015 – 2017

74% of international travellers travelled in a private vehicle, rental car, motorhome or campervan.

The length of stay for the drive market is of direct relevance to Banka Banka:



Source: Tourism NT: Regional Profile Barkly Region: Three Year Averages – Year ending June 2015 – 2017

Conversations with caravanners during the site visit indicated that most caravanners follow a similar route and Devils Marbles is a very popular spot to stay overnight. Given the Tourism NT statistics that 50% stay only 1 night in the Barkly region, this would imply that Banka Banka currently has a 50% chance of capturing passing holiday makers and visiting friends and relatives (VFRs).

5 Competition

Market analysis based on price and customer satisfaction ratings

There are many free camping spots dotted every 20 kms or so along the Stuart Highway. The NT government has made concerted efforts to provide for campers on dedicated road side stops, with the popular ones providing water (rainwater tank), wood BBQs and composting toilets.

Anecdotal evidence during the field visit indicates that caravanners largely use the same route and stop at the same stops. The most popular overnight stops between Alice Springs and Katherine are listed in the table below, together with their customer ratings as per Trip Advisor:

Location	**Distance from Banka Banka**	**Cost***	**Trip Advisor rating**
Aileron	476 km south	Unpowered site or powered site: $15 p.p. Cabin – single: $148.50 Cabin – double: $170.50	4 stars (25 reviews)
Wycliffe Well	235 km south	Unpowered site: $10 p.p. Powered site: $15 p.p. Cabin: $165	3 stars (122 reviews)
Devils Marbles Conservation Park	198 km south	Unpowered site (no running water, no showers, drop toilet): $3.30 p.p. Managed by the Department for Environment, NT	4.5 stars (258 reviews)
Banka Banka	-	Unpowered site: $10 p.p.	4.5 stars (70 reviews)
Renner Springs	77 km north	Powered site: $16 p.p. Unpowered site: $12 p.p. Budget room - single: $96 per night Motel room - single: $117 per night	3 stars (136 reviews)
Elliott	152 km north	Unpowered site: $15 p.p. Powered site: $20 p.p. Key deposit to enter and exit the caravan park	No rating – Facebook page gives a 1 star rating
Daly Waters	305 km north	Unpowered site: $10 p.p. Powered site: $16 p.p. Budget room: from $75 per night for 2 pax Single motel room: from $99 per night (king bed) Standard motel room: from $109 per nights (1double and 1 single bed)	4 stars (398 reviews)

** Except otherwise mentioned, sites have hot and cold showers and flushable toilets*

Star ratings indicate that Banka Banka caravan park is a top rated facility. This corresponds with anecdotal evidence collected during the field trip. Most travellers stopped at 3 stops on their way up north or down south: Devils Marbles, Banka Banka and Daly Waters.

Market analysis based on anecdotal evidence:

Conversations with travellers indicate that the decision making process is based on the following:

- Grey nomads particularly rely on word of mouth and travel blogs for planning their travel. Apps such as *Wikicamps Australia* (https://www.wikicamps.com.au/) and Facebook pages such as *Free Camping Australia* (https://www.facebook.com/groups/FreeCampingAustralia/about/) are very popular.

- Caravanners travelling for longer periods of time tend to travel 200 to 300 km per day, and prefer to get in to popular overnight camping spots early as there is a perception that popular places are fully booked early in the day. This crowding does not seem to deter this market, which is a surprise given the extensive choices for free and low cost camping along the route. People appear to look for company rather than solitude.

Devils Marbles camp site, a popular spot for caravanners

- Single travellers like camp grounds that make efforts for intended socializing, such as sing-alongs in the evening around the camp fire

- Grey nomads often travel in well decked out caravans – conversations with caravanners indicate that they don't necessarily require a powered site, as they carry a generator and solar panel which provides for their electricity needs. Their reasons for staying in a paid camp site focus more on other unique value propositions such as sightseeing, the quality of the water supply or the opportunity for socializing

- The grey nomad segment is quite price sensitive. Those preferring free camping see this as a means to save for fuel: *"3 nights of bush camping equals a tank of fuel"*

- Anecdotal evidence by the caravan park management team indicates that Chinese (and more generally Asian) travellers visit BBSCP in the fruit picking season.

- Some Asian travellers were interviewed during the field trip: all of them either stayed in motels or travelled in hired campervans.

6 Business model

Benchmarking tools for caravan parks indicate that there are 2 fundamental areas of management performance: visitor service quality including the key marketing concept of satisfaction, and operational management. These areas are key to establishing industry driven benchmarks.

Although indicators of 'performance' are often tied to caravan park 'star' ratings as instigated by motoring associations, rating schemes are typically input measures (concerned with facilities) and do not take into account the interactions of visitor service quality with management performance – they are not necessarily concerned with site management or the satisfaction of customers.

Therefore, in order to verify the performance of BBSCP, the consultant steered away from measures used to determine caravan park star ratings and instead conducted some high level surveys of satisfaction of visitors to caravan parks, combined with a desk based review of blogs referring to the caravan park. The main aim was to identify reasons to stay and value proposition for BBSCP, areas for improvement, and take these into consideration in the recommendations for the future of the caravan park.

Due to no availability of nationally adopted benchmarks for Australian caravan parks, the consultant developed a diagnostic tool by combining data from the Caravan Industry Association of Australia, the Caravan Industry Association of WA, the Australian Property Institute and benchmarking research done by University of Technology Sydney, University of South Australia and Griffith University in 2006[3] (referred to further in this report as the 'combined university study').

6.1 Current performance

Non-financial aspects:

<u>Value proposition</u>

As per section, 4 BBSCP is rated at the top of all ratings of its competitors in the area. This is consistent with anecdotal evidence gathered during the field trip. People mostly found out about BBSCP through word of mouth and apps such as WikiCamps, and their reason for choosing Banka Banka was its reputation for friendly staff, great Aussie entertainment in the evenings and the ability to fill the water tank with spring water (most stops along the route offer only bore water).

[3] Hayllar et al (2006). Benchmarking Caravan and Tourist Park Operations. *Tourism Today*. Fall 2006. Pp. 112 – 133.

When assessing the value of Banka Banka's assets against the list traditionally recommended by property brokers, such as standard and nature of accommodation and range of additional features, BBSCP may not necessarily get a gold star. However, it's quintessential Aussie appeal provided by the location as well as the management couple's hosting style, attracts both domestic travellers as well as international travellers.

The 2 greatest assets that make it stand out from the competition are its hosts (their hospitality and approach to customer service) and the availability of spring water.

<u>Internal processes:</u>

The management team's internal processes for recording visitation numbers and for bookkeeping are basic. This causes some inefficiencies with limited ability of tracking performance against forecasts and budget.

Apart from the provision of excellent outback hospitality leading to strong word of mouth recommendations, limited efforts are spent on marketing BBSCP.

No differentiation between caravan park operations and costs and cattle station operations and costs has created a lack of visibility of profitability of the two business lines. This has impacted on a limited ability to make sound business decisions with regards to investment in assets and the business as a whole.

The attribution of repairs and maintenance costs in particular, given the second hand nature of equipment acquired by the caravan park, has had a negative impact on the P&L, both for the caravan park and the cattle station. Even if the caravan park was to stop operations, it is highly likely that these costs will not reduce significantly, and the cost will have to be borne by the agribusiness without the supplementary revenue received by the caravan park.

A log book of vehicles and equipment use would be beneficial, at least for 1 year, as to better understand the need for the vehicles and appropriated use.

In general, caravan parks that are run as family-owned small businesses have their limitations: they often don't have ready access to management expertise, have limited resources to engage management or administrative development services, and are isolated from capital-city based expertise and best practice operations due to their isolated location. Given ILC's access to expertise through its wholly owned subsidiary Voyages Indigenous Tourism Australia Pty Ltd, it is recommended to engage their expertise for bringing efficiency into the operations of BBSCP.

Financial aspects:

The caravan park is currently operating alongside the cattle station. Operations are strongly integrated, and financial data for the caravan park, separate from the cattle station operations, were not available. In light of the limited accurate records distinguishing between costs, use of equipment and time spent on activities for the caravan park versus the cattle station, a number of assumptions were made in order to better understand the costs of operation of the caravan park, in terms of equipment and human resource cost.

Considerable time and effort was spent on splitting financials for the 2 operations, through the following actions:

- Review of invoices during the field visit
- Assessment of equipment use by the caravan park, as a % of total use, through a site inspection and conversations with the manager during the site visit
- Estimate of time spent by the management team on caravan park versus cattle station operations: the current manager estimates he spends 2 hours every 2 days on cattle station operations during summer months, and 2 hours every 3 days during cooler months, in terms of checking bores and ensuring water supply to the cattle; the administration officer ensures clean accommodation and meals are provided for mustering contractors, fencing contractors and for the AIA's pastoral manager when he visits Banka Banka. This happens on average 4 times a year, with an average duration of stay of 3 nights.
- Review of the financial property report, as provided by ILC head office and allocation of expenses to the 2 business lines based on information provided
- Review of records of booking numbers and cash/Eftpos funds banked, as provided by the caravan park's administration officer
- Calculation of % of diesel used by operations that are specific to the caravan park and that otherwise would not be used if the cattle station was the only business operations
- Desk based review of documents in order to ascertain a set of best practice benchmarks for caravan parks in Australia.

The following assumptions were made to assess current financial performance and to formulate recommendations for the future:

1. The cattle station is considered core business for Banka Banka, with the caravan park operations considered a diversification strategy and hence providing a secondary / supplementary income stream to the business
2. If the caravan park were to cease operations and the cattle station would continue to operate, this would require continued investment in Banka Banka's infrastructure, such as buildings, a functioning generator (primarily for pumping of water to the tanks) and the employment of a resident stockman (husband and wife team, for checking of water supply etc). Hence the majority of the buildings and diesel generator would continue to be used
3. Taking into consideration point 2, the extra diesel cost incurred of running the caravan park operations in addition to the cattle station (as opposed to just running the cattle station operations) is calculated as the cost of generating electricity for operating the lights in the caravan park buildings (ablution blocks, kiosk, walk ways) and operating the fridges, freezers and washing machines that are specifically for the benefit of caravan park customers (fridge-freezer in camp kitchen, drink display fridge in kiosk, freezer in kiosk)
4. The manager's vehicle (currently a Toyota Prado) is considered a cattle station cost, consistent with other AIA properties' allocation of a manager's vehicle
5. The Toyota Hilux and trailer are considered for use on a 50/50 basis: 50% for caravan park use and 50% for cattle station use
6. Other equipment such as tractors, workshop tools etc are considered essential equipment for running a cattle station. Given they are also being used for caravan park operations, 20% of its

use (and cost) is allocated to the caravan park. The maintenance cost and depreciation cost are apportioned accordingly.

7. The labour cost is allocated on a 85/15 basis (85% towards the caravan park and 15% towards the cattle station) to account for the management team's time spent on ensuring cattle have access to water, emergency repairs to fences are done and meals and accommodation is provided for visitors directly related to cattle station operations
8. Business overhead expenses such as postage, banking fees, telephone & internet and staff travel are carried by both businesses on a 50/50 basis
9. Insurances: property insurance is 100% allocated to the cattle station in line with assumption made in points 1 and 2, and vehicle insurance is allocated on a 20/80 basis (20% to the caravan park and 80% to the cattle station) in line with point 6

Current financial performance of BBSCP:

The current financial performance of the caravan park was based on figures provided for FY17, because this was the most complete data set available at the time of conducting this investigation.

Occupancy numbers:

In FY17, the caravan park had the following visitor numbers:

	Month	*Visitors - FITs*	*Visitors – group tours*	*Total visitors*
Peak season	Jul '16	2,570	3,878	6,448
	Aug '16	1,499	3,109	4,608
Shoulder season	Sep '16	697	3,000	3,697
Low season	Oct '16	209	2,472	3,378
	Nov '16	88	1,656	1,744
	Dec '16	77	1,356	1,481
	Jan '17	42	1,404	1,446
	Feb '17	31	996	1,027
	Mar '17	59	1,416	1,475
Shoulder season	Apr '17	359	2,988	3,347
Peak season	May '17	1,437	2,124	3,561
	Jun '17	2,745	2,112	4,857

Based on analysis of all the visitor numbers that were provided to the consultant, the FY17 figures are representative of an average year.

No information is captured on the country of origin of visitors to BBSCP. Visitors write their name, car registration, number of people per vehicle and amount paid in a visitors' book on arrival. During the site visit, the consultant made an attempt at ascertaining international visitor numbers, by reviewing surnames as entered in the visitors' book. At a minimum, it appears that about 2% of FITs are internationals. This indicates a considerable opportunity for improvement in this market segment, given internationals count for 16% of overall visitor nights in FY17 to the Barkly region (Tourism Regional Profile, Tourism NT, 2017).

Profit & loss statement of caravan park alongside cattle station:

The following table provides an overview of the FY17 financial performance for the whole business, with financials separated between caravan park and cattle station, using principles as per the above 9 assumptions. Also noting that AIA is currently not paying a lease fee to ILC, even though it is understood that a lease agreement is in place between ILC and AIA, the following points should be taken into consideration when interpreting the P&L statement:

- Depreciation cost: the asset register provided by caravan park management listed a number of assets that appear to be no longer at the property, hence the depreciation cost may need revision and adjustment.
- Wage cost: the provided financials did not separate superannuation cost for staff; however the ILC finance department confirmed that this cost is included in other account codes.
- Account code 8849 'appropriation to subs': this amount was, as much as possible, re-divided to various cost items of wage cost, in order to get a better view on the wage cost. An amount of $124,578 was unspecified and it was therefore allocated to wages for the cattle station operations as 'wage appropriation – other'.

BANKA BANKA STATION - PROFIT & LOSS FY17

* Where amounts are taken from the financial report provided by ILC, the account code is listed

Ref.*	REVENUE	CARAVAN PARK	CATTLE STATION	TOTAL - BANKA BANKA	NOTES
5100	*Sales - cattle*		372,153.0		*Revenue excludes market value of closing stock - cattle (5401), valued at $287,943 for FY17*
	Camping fees				*As per records kept by caravan park administration officer*
	FITs camping fees	96,805.0			
	Tour group camping fees	27,104.0			
	Cottage accommodation	75.0			
	Store sales				*As per records kept by caravan park administration officer*
	Alcohol	24,748.0			
	Merchandise	556.5			
	Groceries	860.0			
	Phone cards	580.0			
	Car wash	178.0			*As per records kept by caravan park administration officer*
	Washing machine use	2,348.5			*As per records kept by caravan park administration officer*
	Other - miscellaneous	371.0			*As per records kept by caravan park administration officer*
	Other income				
4071	Insurance recovery	10,541.0			*Assumed that this relates to costs incurred in caravan park due to bush fire*
4073	Diesel fuel rebate	149.8	14,828.2		*1% of diesel is used for caravan park specific operations (see also comments in expenses 8772 'diesel')*
4074	Other misc income	68.0	68.0		*Unknown what this is for, hence spread 50/50 over cattle station and caravan park*
	TOTAL REVENUE	**164,384.8**	**387,049.2**	**551,434.0**	
	COST OF GOODS SOLD	**CARAVAN PARK**	**CATTLE STATION**	**TOTAL - BANKA BANKA**	***NOTES***
5150	Selling expenses cattle		42,803.0		
5131	Internal purchases cattle		180,000.0		
5622	Beverage purchases for resale	2,166.0			
5624	Shop purchases for resale	10,200.0			
	Cleaning products & guest amenities	1,755.0			*Extracted from account code 8768*
8627	Freight costs - internal transfers		18,251.0		*Internal purchases / sales of livestock*
8636	Mustering - aircraft		1,208.0		
8637	Fodder		115.0		
8638	Mustering - Avgas		1,520.0		
8653	Vermin control		2,910.0		
8706	Heating	4,930.0	1,000.0		*Assumed that this relates to gas bills for hot water; allocation to cattle station is calculated on basis of a p.p. per day cost for a household of 4 plus annual fee by the gas company providing the gas bottles*
8772	Diesel	493.7	48,872.3		*Most of diesel use allocated to cattle station operations (pumping of water); cost attributed to caravan park: fridge freezers in kiosk + camp kitchen and LED lights in ablution blocks (0.7% - rounded to 1%)*
	TOTAL COST OF GOODS SOLD	**19,544.7**	**246,807.0**	**266,351.7**	
	EXPENSES	**CARAVAN PARK**	**CATTLE STATION**	**TOTAL - BANKA BANKA**	***NOTES***
8603	Chemicals & fertilister		141.0		
8703	Depreciation infrastructure	5,327.2	21,308.8		*Equipment use: 80% cattle station, 20% caravan park (based on conversations with c/park manager)*
8663	Pasture maintenance cost		296.0		
8712	R&M - buildings and structures	28,273.0	4,768.0		*Repairs to shower blocks are atrributed to caravan park, hot water system replacement is attributed to cattle station as this is considered the main function of the property; if caravan park were to be closed down, hot water system would still be needed*
8716	R&M - other	84.0			*Solar lights for park*
8717	Gardening / Landscaping	534.0			*Seeds and fertilisers for lawns of caravan park*
8721	R&M - waters		3,562.0		*Assumed this is a cost related to the bores for the cattle station*
8723	Furnitures & fixtures <$1000	1,940.0	-		*Washing machine, fridge-freezer: it is assumed that these would only be used for caravan park and not for cattle station*
8749	Depreciation furniture & fixtures	112.8	451.2		*Assumed that this relates to equipment (tractors etc) with 80% use by cattle station and 20% by caravan park (based on conversations with c/park manager)*
8750	Depreciation motor vehicles	2,544.2	10,176.8		*Assumed that this relates to equipment (tractors etc) with 80% use by cattle station and 20% by caravan park*
8753	Depreciation plant & equipment	4,347.6	17,390.4		*Assumed that this relates to equipment (tractors etc) with 80% use by cattle station and 20% by caravan park*
8760	Insurance & rego	382.0	716.0		*Relates to Prado, Hilux and trailer; Prado = 100% cattle station (allocated as manager's vehicle consistent with other AIA cattle properties), hilux and trailer 50/50 use for cattle station and c/park*
8765	R&M - plant & equipment	209.8	839.2		*Equipment use (tractor etc): 80% by cattle station, 20% by caravan park*
8766	R&M - motor vehicles, bikes & trailers	10,245.7	13,464.3		*Repairs to Prado allocated 100% to cattle station, repairs to hilux allocated 50/50; other heavy equipment repairs allocated 80% CS and 20% CP*
8767	Plant & equipment <$1000	48.4	193.6		*Equipment use (tractor etc): 80% by cattle station, 20% by caravan park*
8768	Workshop supplies		5,426.0		*Supplies for workshop, minus cleaning products for caravan park*
8773	Petrol & Oils	19.9	1,965.2		*1% of cost allocated to carvan park, as per comment in expenses 'diesel'*
	Staff cost				
	Fringe benefits tax				*15% towards cattle station, to account for Bob's time spent on cattle station operations*
	FBT as per 8849	329.0	58.1		*Fringe benefits tax component of account code 8849*
8849	Payroll tax	1,622.7	286.4		*Payroll tax component extracted from account code 8849*
8849	Wages	65,164.4	11,499.6		*Wages component extracted from account code 8849*
	Superannuation				*No info*
8849	Payroll costs	1,132.2	199.8		*Payroll cost component extracted from account code 8849*
8849	Workers compensation	- 190.4	- 33.6		*Workcover component extracted from account code 8849*
8849	Wage appropriation		34,654.0		*Wage appropriation of pastoral manager to Banka Banka*
8849	Wage appropriation - other		124,578.0		*other unspecified wage cost*
8823	OH&S expenses	778.6	137.4		*15% towards cattle station, as per time allocation of manager*
8856	Advertising	150.0			*Advert for caravan park*
8859	Bank charges	252.5	252.5		*50% towards caravan park, 50% towards cattle station*
8873	Meeting expenses	110.5	110.5		*50% towards caravan park, 50% towards cattle station*
8875	Office supplies	318.0	318.0		*50% towards caravan park, 50% towards cattle station*
8877	Postage & freight	233.5	233.5		*50% towards caravan park, 50% towards cattle station*
8881	Subscriptions & licences		444.0		*no info - assumed this is a cattle station cost*
8882	IT / internet expenses	667.5	667.5		*50% towards caravan park, 50% towards cattle station*
8883	Telephone & communications	2,363.0	2,363.0		*50% towards caravan park, 50% towards cattle station*
8885	Staff travel	1,518.5	1,518.5		*50% towards caravan park, 50% towards cattle station*
8888	Insurance	279.4	3,301.6		*Property insurance: 100% to cattle station as this is the primary business; vehicle insurance: 20% to c/park and 80% to cattle station*
8890	Lease		4,374.0		*Pastoral lease fee to NT Gov*
8899	Valuation cost		450.0		*Auctioneers cost*
	TOTAL EXPENSES	**128,797.9**	**266,111.2**	**394,909.0**	
NET PROFIT / LOSS		**16,042**	**- 125,868.93**	**- 109,827**	

Whilst the caravan park is the secondary business, it appears that both operate in a symbiotic relationship and the cattle station benefits from revenue generated by the caravan park.

Profit & loss statement of Caravan Park only:

The caravan park financials were then isolated in order to generate a P&L to be used to conduct an analysis of financial ratios for BBSCP:

BANKA BANKA CARAVAN PARK P&L				
REVENUE	**FY17**		**%**	**Notes**
Camping fees	123,909		75.38%	
FITs camping fees		96,805		*78.13% of total sales*
Tour group camping fees		27,104		*21.87% of total sales*
Cottage accommodation	75		0.05%	
Secondary Spend by campers	29,642		18.03%	*Includes store sales (alcohol, merchandise, groceries, ph cards), car wash, washing machine and other misc*
Other income	10,759		6.54%	*Includes insurance recovery, diesel fuel rebate, other misc income*
Insurance recovery		10,541		
Diesel fuel rebate		150		
Other misc income		68		
TOTAL REVENUE	**164,385**		100.00%	
COST OF GOODS SOLD (COGS)				
Purchases for secondary spend	12,366			*Includes beverages and merchandise*
Cleaning, guest amenities	1,755			*Includes cleaning products and guest amenities*
Energy (gas, electricity)	5,424			*Includes use of gas for hot water and diesel foruse of lights and fridge in camp ground facilities*
TOTAL COGS	**19,545**		11.89%	
GROSS REVENUE	**144,840**		88.11%	
EXPENSES				
Depreciation infrastructure	12,332			
Repairs & maintenance	38,832			
Gardening & landscaping	534			
Furniture & fixtures	1,988			
Insurance & registrations	661			
Wage cost	68,836			*Includes wages, payroll tax, FBT, workers comp, payroll cost and OH&S expenses*
Wages		65,164		
Payroll tax		1,623		
FBT		329		
Workers compensation		- 190		
Payroll cost		1,132		
OH&S expenses		779		
Advertising	150			
Bank charges	253			
Office supplies	318			
Postage & freight	234			
Telephone, internet, comms	3,031			
Staff travel & meeting cost	1,629			
TOTAL EXPENSES	**128,798**		78.35%	
NET PROFIT / LOSS	**16,042**		**9.76%**	

At first sight, the gross margin of 88% may seem quite high, however this is consistent with caravan park operations given the need for limited service provision. A net margin of less than 10% is generally considered a poor performing business.

Benchmarking:

The caravan park visitation numbers and financials were then compared to benchmarks as follows:

Indicator	Banka Bank performance	Benchmark	Source
Revenue of secondary spend (% of total revenue)	18.03%	7%	Combined university study
		3 to 5%	Australian Property Institute
Secondary services spend per visitor night	$3.02	$0.99	Combined university study
Maintenance cost (% of total cost)	26.12%	10%	Combined university study
Maintenance cost (% of total revenue)	23.62%	5.45%	Caravan Industry Association Australia
Energy cost (% of total cost)	3.55%	8%	Combined university study
Gas cost only (% of total cost)	3.32%	1.8%	Caravan Industry Association WA
Insurance cost (% of revenue)	0.40%	1.1%	Caravan Industry Association WA
Labour cost (% of total cost)	46.52%	44%	Combined university study
Labour cost (% of gross revenue)	47.75%	32%	Combined university study
Labour cost per visitor night	$7.05	$5.44	Combined university study
COGS cost (% of revenue)	11.89%	10.37%	Caravan Industry Association Australia
Average annual fixed costs per site	$2,690.16	$4,500	Caravan Industry Association of WA
Average occupancy during FY17	27.85%	60%	Australian Property Institute
		20.69% (NT)	Caravan Industry Association Australia
		20.8% (national)	Caravan Industry Association Australia
Average occupancy during FY17, including group tours	62.22%		
Average occupancy - peak season (4 months / May to Aug)	70.08%	75%	Caravan Industry Association WA
Average occupancy - shoulder season (2 months / April, Sep)	18.33%	65%	Caravan Industry Association WA
Average occupancy - low season (8 months)	2.87%	52%	Caravan Industry Association WA
Number of nights fully booked in FY17	22	8	Caravan Industry Association WA
Average daily rate for unpowered site (ADR)	$9.86	$36.30 (national)	Caravan Industry Association Australia
		$31.97 (NT)	Caravan Industry Association Australia
Revenue per available site (RevPAR)	$4.38	$6.62 (NT)	Caravan Industry Association Australia

High performance:

Banka Banka performed well above the benchmark on **average occupancy**, **number of nights fully booked** and on **revenue generation from secondary spend**. The management team's considerable efforts in socializing with guests in the evenings around the camp fire and provision of entertainment such as sing-a-longs helps in enticing customers to spend money in the kiosk and bar, with a considerable mark up of goods sold. It also helps in creating a strong word-of-mouth publicity for its park, despite the numerous choices and competition of other spots for caravanners (free camping as well as other caravan parks).

During the field visit it also became apparent that especially caravanners appreciate the spring water and are prepared to pay for an overnight stay in lieu of free camping, in order to fill their water tanks with good quality water, a rarity along the N-S route and the route from/to Queensland via the Barkly Highway.

The **combined costs for energy, gas and insurance** are also performing at lower cost than benchmarks, highly likely due to the fact that the caravan park costs are shared with the primary business, the cattle station. The symbiotic relationship between caravan park and cattle station clearly works in favour of the bottom line for both businesses.

Low performance:

The **maintenance cost** at BBSCP is considerably higher than the benchmark. This is likely due to the high bills for repairs of the various pieces of secondhand equipment at the station, as also remarked on by the management team. It was mentioned that BBSCP has received second hand machinery and vehicles over the past years, that have required considerable funds to be spent to repair and keep in operation.

Average occupancy during shoulder and low season is also underperforming. This is likely due to the fact that the caravan park does not actively market the facilities and only has unpowered sites. Desk based review suggests that caravan parks that have a mix of cabins, powered sites and unpowered sites have a better performance overall. Even though the benchmarks used here are WA based, since NT benchmarks were not available, there is an opportunity to generate revenue from the cabins that are currently on site.

The **average daily rate** is well below the average for the NT, suggesting that a price increase could be borne by the market. It has to be noted though that caravanners, especially grey nomads, are a very price sensitive market and a price increase would need to be combined with a concerted effort on marketing the unique value proposition of the property as well as close monitoring of visitor numbers. Currently no marketing is undertaken and the park relies entirely on word of mouth and road signage.

Borderline performance:

The **labour cost as a % of total cost** and **as a cost per visitor night** are slightly higher than benchmarks, suggesting that the caravan park has capacity to take on more visitors without the need to increase labour cost, for example, through generating revenue from the cabins that are currently on site. This could also help in bringing the **average occupancy during peak season** up.

The **cost of goods sold as a % of revenue** is likely higher than the benchmarks because there is a requirement to buy more stock for the kiosk, given the higher demand for goods and higher secondary spend than the benchmark.

6.2 Implications for future performance

1. Re-focus and expansion of target markets

The desk based research and conversations with the Caravan Industry Association Australia indicate that caravan parks that are financially viable are those with a mix of products on offer, mainly because the yield of unpowered sites tends to be too low to make the business profitable.

The combined university study indicates that the income share of caravan parks is as follows:

Product	Income share
Cabins	49%
Powered sites (no ensuite)	25%
Powered sites (with ensuite)	6%
Unpowered sites	1%
Secondary spend	7%

The same study also notes that, whilst caravan site occupation accounts for more than 40% of overall site use, cabins with superior facilities (e.g. ensuite) account for more than 35% of visitors and that 'high yield' cabins continue to be developed by operators given the comparative return on investment for each individual cabin 'site'.

Recent market research on growth markets for the caravan park industry indicates that the Asian market, in particular the Chinese market, is a key source of growth. In its 2018 *Chinese Visitors to Caravan Parks* report[4], the Caravan Industry Association of Australia strongly indicates that the modern Chinese traveller to Australia is evolving to seek an independent trip with 'special moments' that are based around uniqueness, authenticity and that is quintessentially Australian. This search is increasingly leading Chinese visitors to caravan and camping adventures in regional Australia.

The report also indicates that, while Chinese visitors are eager to embrace the unique experiences offered by caravan and camping holidays, they require a different approach towards development of products and services in order to meet their needs, including the approach to marketing to this market segment. Suggestions as per the report are:

- Provision of a rice cooker, hair-dryer and chopsticks in a cabin, as cliché as this may sound
- Use key platforms for communication with the market such as WeChat and C-Trip, mediums more likely used by Chinese travellers instead of the Western focused mediums of Facebook, Google or Instagram
- Offer roofed accommodation in addition to sites for RVs. The association's recent market research indicates that 32% of respondents chose to rent a recreational vehicle which they were staying in overnight, with motorhomes being the most popular choice (24%). In contrast, 67% chose a roofed accommodation option with 51% staying in cabins and 14% choosing on-site motel rooms.

In addition, given the KPMG study indication of an anticipated decline of the grey nomads and a boom in Chinese caravan and campers, it is strongly recommended to consider a product diversification approach in order to prepare for this change in market segmentation.

[4] Caravan Industry Association Australia (2018). *Chinese Visitors in Caravan Parks*.

2. Increase occupancy levels during troughs (shoulder and low season)

As per the Australian Property Institute report on caravan parks, occupancy levels drive park viability, with good operators managing to reduce occupancy troughs and increase the peaks: usually, occupancy over a 12 month period would tend to sit at around 60%, with between 3% and 5% of gross revenue derived from ancillary services provided on site (kiosk sales, internet services and revenue derived from the laundry and camp kitchen).

Hence the recommendations for future performance focus on 1/ diversifying the product range of the caravan park and 2/ attracting the growing markets that are interested in uniquely Australian experiences such as camping, but with some comfort levels.

7 Future business models for consideration

This report includes business modeling for 3 options:

4. Continue as a going concern, with product diversification: operate the caravan park alongside the cattle station and invest in expanding product offerings to capture diversified target markets
5. Lease the caravan park operations to a third party, with passive investment by the owner of the land, buildings and structural items:
    a. As per the current product offering (unpowered sites only)
    b. Upgrade the facilities in order to allow the lessee to diversify product offerings
6. Cease operations of the caravan park and continue operations of the cattle station: although not recommended, this option has been included in the report on indication that caravan park operations do not fall within the core business remit of AIA

The business modeling is based on the following assumptions:

- A 3% increase in costs year on year
- No increase in staffing
- Equipment depreciation of equipment is set at the same value each year over a 5 year period, noting that limited information was available on how depreciation was calculated for assets that are specific to the caravan park

7.1 Option 1: going concern, with product diversification

This option looks at investing in the caravan park in order to expand product offerings to include cabins, and to offer a natural spring pool for guests to enjoy. The business modelling includes the following considerations:

- Invest in bringing the 5 cabins that are currently on site operational so they can be used for FITs; occupancy for the cabins is assumed to be 35% in the first year, moving to 55% in subsequent years, consistent with the Caravan Industry Association Australia's figures on average occupancy for cabins in the NT for FY18.
- Charge the cattle station for use of cabins and for meal preparation when contractors related to the cattle station visit the property
- Increase investment in marketing of the caravan park in the shoulder season and low season and assume increased occupancy to the benchmark by attracting a portion of the Chinese market:
    - Peak season: move from 70% occupancy to 72%: an increase of, on average, 2 FITs per day
    - Shoulder season: move from 18.33% occupancy to 20%: an increase of, on average, 1FIT per day

  - Low season: move from 2.87% occupancy to 3.5% occupancy. This equates to an increase, on average, of 1 FIT per day

- Increase the price in peak season to $12 p.p., keep the price same in shoulder and low season
- Increase the price for tour groups by 3% each year
- Conduct recommended infrastructure upgrades as per the CAPEX report, discussions with management and the 2017 WHS report (see sections 7 and 10 for more detail)
- Achieve a secondary spend of $3 per visitor night, as per current operations

The budget forecast for option 1 'going concern with product diversification', for year 1 to year 5 is displayed in the below table:

Banka Banka Station budget forecast: expansion of caravan park product offering						
REVENUE	**year 1**	**year 2**	**year 3**	**year 4**	**year 5**	**Notes**
Camping fees						
FITs camping fees	119,534	119,534	119,534	119,534	119,534	*Based on 72% occupancy in peak season, 20% occupancy in shoulder season and 3.5% occupancy in low season; increase to $12 p.p. in peak season only*
Tour group camping fees	27,917	28,755	29,617	30,506	31,421	
Cottage accommodation	31,938	50,188	51,693	53,244	54,841	*Based on 5 cabins at a rate of $50 per cabin and 35% occupancy in yr 1, from then 55% occupancy (as per Caravan Industry Association Australia figures for NT for FY18)*
Secondary Spend by campers	33,779	33,779	33,779	33,779	33,779	*Average secondary spend of $3 per FIT night*
Other income	224	231	238	245	252	*Includes apporrtioned diesel fuel rebate and other misc income as per FY17*
TOTAL REVENUE	**213,392**	**232,486**	**234,861**	**237,308**	**239,828**	
COST OF GOODS SOLD (COGS)						
Purchases for secondary spend	13,974	14,393	14,825	15,269	15,727	*Includes increased cost for purchases of 13%, relfecting increased visitor nrs*
Cleaning, guest amenities	12,927	13,315	13,714	14,125	14,549	*Includes cleaning products and guest amenities and cleaning cost of cabins @$11.13 per cabin, as per combined university study*
Energy (gas, electricity)	7,398	7,620	7,849	8,084	8,327	*Includes use of gas for hot water and diesel for power: lights + fridge in camp ground facilities, lights + A/C + fridge in 5 cabins at 55% occupacy (A/C used for 8 hrs/day in summer, and 3 hrs/day in winter)*
TOTAL COGS	**34,299**	**35,328**	**36,387**	**37,479**	**38,603**	
GROSS REVENUE	**179,093**	**197,159**	**198,474**	**199,829**	**201,224**	
EXPENSES						
Depreciation infrastructure	12,332	12,332	12,332	12,332	12,332	*Cabins were included in FY17 asset register- it is assumed that depreciation is same as per FY17 P&L*
Repairs & maintenance	39,997	41,197	42,433	43,706	45,017	
Gardening & landscaping	10,534	550	567	584	601	*$10,000 cost in year 1 to create natural spring relaxation pool*
Furniture & fixtures	7,048	2,109	2,173	2,238	2,305	*$1,000 cost per cabin in year 1 to upgrade or repair furniture & fixtures*
Insurance & registrations	681	702	723	744	767	
Wage cost	71,098	73,231	75,427	77,690	80,021	*Includes wages, payroll tax, FBT, workers comp, payroll cost and OH&S expenses*
Marketing & advertising	3,841	4,185	4,310	4,440	4,573	*Includes increased marketing efforts in shoulder and low season, at cost of 1.8% of total income (Caravan Insutry Association Australia)*
Bank charges	260	268	276	284	293	
Office supplies	328	337	347	358	369	
Postage & freight	241	248	255	263	271	
Telephone, internet, comms	3,121	3,215	3,312	3,411	3,513	
Staff travel & meeting cost	1,678	1,728	1,780	1,833	1,888	
TOTAL EXPENSES	**151,158**	**140,102**	**143,935**	**147,883**	**151,949**	
NET PROFIT / LOSS	**27,935**	**57,057**	**54,539**	**51,946**	**49,275**	
Cumulative profit before CAPEX	27,935	84,992	139,531	191,477	240,752	
CAPEX cost	68,318	58,535			2,500	*Includes 50% of manager's residence CAPEX cost (assumption that 50% will go to cattle station CAPEX)*
Cumulative profit after CAPEX	- 40,383	26,457	80,996	132,942	179,717	

7.2 Option 2: lease to a third party

When assessing going concern hospitality assets, the following aspects are taken in consideration:

- Management: the asset class is highly sensitive and heavily reliant on the standard of management, with the revenue derived having a direct correlation to operational management. The consequence of inexperienced and poor management practices can quickly reduce gross revenue and thus profitability;
- Volatility: the value of going concern entities is reliant on the gross revenue and thus profitability. Given the reduced barriers to entry for lease holds versus free holds, and high reliance of management, cash flows can be eroded quickly as a result of newly established competing businesses and change management practices; and
- Marketability: the market for such assets is heavily reliant on the availability of finance. Given the intricate business operations involved in going concern assets extended due diligence and therefore, extended selling periods are often experienced.

These points should be considered by the ILC when determining option 2 as a suitable option for the business.

Most new caravan park leases in the industry are 30 years long, made up of a fixed term plus options (for example, 10 years plus 4x5 year options).

Based on typical motel leaseholds, in most situations a leasehold arrangement requires an upfront lump sum payment to the owner and a rent to be paid every year. The lump sum amount is the price for the lease and is calculated on the basis of the asset value (land plus buildings) - this amount is usually considerably lower than the price of land under a freehold arrangement.

Based on the whole property's valuation by the NT government, and its pastoral lease fee of $4,375, combined with the very small percentage of the land size that is taken up by the caravan park, it is suggested that the caravan park lease is a peppercorn lease.

The annual rent to be paid would normally be between 20% and 25% of the turnover, depending on the location and condition of the property, its performance and the length of the lease.

Option A: lease the caravan park as a going concern:

For option A it is assumed that the lessee lives on site and conducts the day-today management of the business, with the owner (or 'landlord') responsible for all structural repairs and maintenance of the property for the duration of the lease, including CAPEX for the manager's residence.

The landlord receives an annual rent from the lessee and the rent increases yearly by CPI.

The annual rent is conservatively calculated as 15% of turnover of FY17, taking into account the average condition of the property, a 10 year lease and the fluctuating occupancy rates.

The lessee is responsible for operating costs such as wages, expenses and outgoings, not related to structural repairs and maintenance. The budget forecast for a 5 year period is displayed in the table below:

Banka Banka Station budget forecast: lease arrangement for caravan park as going concern						
REVENUE	**year 1**	**year 2**	**year 3**	**year 4**	**year 5**	**Notes**
leasehold income						
annual rent	23,077	23,538	24,009	24,489	24,979	*calcuated at 15% of FY17 turnover figure for the caravan park only (excl insurance recovery income) with an annual average CPI increase of 2%*
lease fee (peppercorn lease)	1					
TOTAL REVENUE	**23,078**	**23,538**	**24,009**	**24,489**	**24,979**	
COST OF GOODS SOLD (COGS	-	-	-	-	-	*Responsiblity of the lessee*
TOTAL COGS	**-**	**-**	**-**	**-**	**-**	
GROSS REVENUE	**23,078**	**23,538**	**24,009**	**24,489**	**24,979**	
EXPENSES						
Depreciation infrastructure	12,332	12,332	12,332	12,332	12,332	
Repairs & maintenance	28,273	29,121	29,995	30,895	31,822	*Only the structural repairs & maintenance are included in the forecast*
TOTAL EXPENSES	**40,605**	**41,453**	**42,327**	**43,226**	**44,153**	
NET PROFIT / LOSS	**- 17,527**	**- 17,915**	**- 18,318**	**- 18,737**	**- 19,174**	
Cumulative profit before CAPEX	- 17,527	- 35,442	- 53,760	- 72,497	- 91,672	
CAPEX cost	8,818	55,170				*Includes 50% of manager's residence CAPEX cost (assumption that 50% will go to cattle station CAPEX) but no cost for cabins or investment in extra ablution blocks*
Cumulative profit after CAPEX	- 26,345	- 90,612	- 108,930	- 127,667	- 146,842	

For this option to work, it is anticipated that ILC (or its subsidiary AIA) would still need to invest in CAPEX as per annex A. An upgrade of some of its equipment is also recommended, as the currently high maintenance costs will likely be a red flag to any potential lessee.

Initial enquiries with a caravan park management company indicate that there would be limited appetite to take on a lease of this kind as the turn over is very low.

Option B: lease the caravan park, after investment in cabins and spring relaxation pool:

Given the limited ability for revenue generation, it is unlikely that a lessee would be found for the caravan park on the basis of just unpowered sites. Therefore option B considers investment in cabins and the spring water relaxation pool, in order to offer potential for growth and net profits. The annual rent for option B is based on a percentage of the expected turnover of the caravan park with upgrades to cabins and the spring water relaxation pool as per budget forecast option 1:

Banka Banka Station budget forecast: lease arrangement for caravan park with expanded product offering						
REVENUE	**year 1**	**year 2**	**year 3**	**year 4**	**year 5**	**Notes**
leasehold income						
annual rent	32,009	32,649	33,302	33,968	34,647	*calcuated at 15% of turnover figure for the caravan park only (excl insurance recovery income)as per expected turnover with upgrade of the c/park; annual average CPI increase of 2%*
lease fee (peppercorn lease)	1					
TOTAL REVENUE	**32,010**	**32,649**	**33,302**	**33,968**	**34,647**	
COST OF GOODS SOLD (COGS	-	-	-	-	-	*Responsiblity of the lessee*
TOTAL COGS	**-**	**-**	**-**	**-**	**-**	
GROSS REVENUE	**32,010**	**32,649**	**33,302**	**33,968**	**34,647**	
EXPENSES						
Depreciation infrastructure	12,332	12,332	12,332	12,332	12,332	
Repairs & maintenance	28,273	29,121	29,995	30,895	31,822	*Only the structural repairs & maintenance are included in the forecast*
TOTAL EXPENSES	**40,605**	**41,453**	**42,327**	**43,226**	**44,153**	
NET PROFIT / LOSS	**- 8,595**	**- 8,804**	**- 9,025**	**- 9,258**	**- 9,506**	
Cumulative profit before CAPEX	- 8,595	- 17,399	- 26,424	- 35,682	- 45,188	
CAPEX cost	68,318	58,535			2,500	*Includes 50% of manager's residence CAPEX cost (assumption that 50% will go to cattle station CAPEX)*
Cumulative profit after CAPEX	- 76,912	- 75,934	- 84,959	- 94,217	- 106,223	

For this option, the recommendation of equipment upgrades are also valid, given the high costs of repairs and maintenance.

7.3 Option 3: close caravan park

This option is offered in response to the consideration that caravan park operations are typically not core business for AIA, and AIA's view that there is limited Aboriginal benefit to the caravan park.

It is also worthwhile noting that, although provision of financial analysis and feasibility of the cattle station does not form part of this consultancy, this budget forecast is provided to demonstrate the symbiotic relationship between the caravan park and the cattle station, and to demonstrate the potential impact of the caravan park on cattle station operations.

The budget forecast for this option is displayed in the table on the next page.

Banka Banka station budget forecast: cattle station only (closure of caravan park)

Ref.*	REVENUE	cattle station only					
		year 1	year 2	year 3	year 4	year 5	*NOTES*
5100	*Sales - cattle*	383,317.6	394,817.1	406,661.6	418,861.5	431,427.3	*Revenue excludes market value of closing stock - cattle (5401), valued at $287,943 for FY17*
	Other income						
4073	Diesel fuel rebate	15,427.3	15,890.2	16,366.9	16,857.9	17,363.6	
4074	Other misc income	140.1	144.3	148.6	153.1	157.7	
	TOTAL REVENUE	**398,885.0**	**410,851.6**	**423,177.1**	**435,872.4**	**448,948.6**	
	COST OF GOODS SOLD						
5150	Selling expenses cattle	44,087.1	45,409.7	46,772.0	48,175.2	49,620.4	
5131	Internal purchases cattle	185,400.0	190,962.0	196,690.9	202,591.6	208,669.3	
8627	Freight costs - internal transfers	18,798.5	19,362.5	19,943.4	20,541.7	21,157.9	*Internal purchases / sales of livestock*
8636	Mustering - aircraft	1,244.2	1,281.6	1,320.0	1,359.6	1,400.4	
8637	Fodder	118.5	122.0	125.7	129.4	133.3	
8638	Mustering - Avgas	1,565.6	1,612.6	1,660.9	1,710.8	1,762.1	
8653	Vermin control	2,997.3	3,087.2	3,179.8	3,275.2	3,373.5	
8706	Heating	1,030.0	1,060.9	1,092.7	1,125.5	1,159.3	*of a p.p. per day cost for a household of 4 plus annual fee by the gas company providing the gas*
8772	Diesel	50,338.5	51,848.7	53,404.1	55,006.2	56,656.4	
	TOTAL COST OF GOODS SOLD	**305,579.7**	**314,747.1**	**324,189.5**	**333,915.2**	**343,932.7**	
	GROSS REVENUE	**93,305.3**	**96,104.4**	**98,987.6**	**101,957.2**	**105,015.9**	
	EXPENSES	**year 1**	**year 2**	**year 3**	**year 4**	**year 5**	***NOTES***
8603	Chemicals & fertilister	145.2	149.6	154.1	158.7	163.5	
	Depreciation	62,709.7	63,791.9	64,906.6	66,054.7	67,237.3	
8663	Pasture maintenance cost	304.9	314.0	323.4	333.2	343.1	
	Repairs & maintenance	34,081.7	35,104.1	36,157.2	37,242.0	38,359.2	*Includes R&M for buidlings, waters, plant & equipment and motor vehicles*
8760	Insurance & rego	1,130.9	1,164.9	1,199.8	1,235.8	1,272.9	
8767	Plant & equipment <$1000	249.3	256.7	264.4	272.4	280.5	
8768	Workshop supplies	5,588.8	5,756.4	5,929.1	6,107.0	6,290.2	
8773	Petrol & Oils	2,024.1	2,084.8	2,147.4	2,211.8	2,278.1	
	Wage cost	83,644.2	86,153.6	88,738.2	91,400.3	94,142.3	*Includes wages, payroll tax, FBT, workers comp, payroll cost and OH&S expenses*
8849	Wage appropriation	35,693.6	36,764.4	37,867.4	39,003.4	40,173.5	*Banka Banka*
8849	Wage appropriation - other	128,315.3	132,164.8	136,129.7	140,213.6	144,420.0	
8859	Bank charges	520.2	535.8	551.8	568.4	585.4	
8873	Meeting expenses	227.6	234.5	241.5	248.7	256.2	
8875	Office supplies	655.1	674.7	695.0	715.8	737.3	
8877	Postage & freight	481.0	495.4	510.3	525.6	541.4	
8881	Subscriptions & licences	457.3	471.0	485.2	499.7	514.7	
8882	IT / internet expenses	1,375.1	1,416.3	1,458.8	1,502.6	1,547.6	
8883	Telephone & communications	4,867.8	5,013.8	5,164.2	5,319.2	5,478.7	
8885	Staff travel	3,128.1	3,222.0	3,318.6	3,418.2	3,520.7	
8888	Insurance	3,688.4	3,799.1	3,913.1	4,030.4	4,151.4	
8890	Lease	4,505.2	4,640.4	4,779.6	4,923.0	5,070.7	*Pastoral lease fee to NT Gov*
8899	Valuation cost	463.5	477.4	491.7	506.5	521.7	*Auctioneers cost*
	TOTAL EXPENSES	**374,257.0**	**384,685.7**	**395,427.2**	**406,490.9**	**417,886.5**	
NET PROFIT / LOSS		**- 280,952**	**- 288,581**	**- 296,440**	**- 304,534**	**- 312,871**	
Market value of closing stock (FY17 value)		287,943	287,943	287,943	287,943	287,943	
Balance after adding closing stock		6,991	- 638	- 8,497	- 16,591	- 24,928	
CAPEX cost		7375	81,264				
Balance after CAPEX		- 384	- 81,902	- 8,497	- 16,591	- 24,928	
Cumulative		- 384	- 82,286	- 90,783	- 107,373	- 132,301	

NOTE TO FORECAST: the closing stock value was added to the financial projections year-on-year as no information was available on projections of closing stock year-on-year. However it is assumed that over the 5 year period, this closing stock value will vary considerably.

This forecast also takes into consideration that CAPEX would still occur for the manager's residence and the mud hut, but other buildings related to caravan park operations would no longer be maintained or serviced.

Option 3 is not recommended as it discounts the benefits of an income diversification strategy for Banka Banka. Especially in the cattle industry, it is worth considering the risks to core business of drought years, beef price fluctuations and the impact of potential live export cattle bans.

7.4 Recommendations

Financial recommendations

The budget forecasting options as described in previous sections are based on historical figures with some interpretation of the figures in terms of allocation between the business lines. Option 1 is recommended as the favourable option for sustainability, not only for the caravan park but also for the cattle station.

The following factors that influence pricing have been taken into consideration when developing the business models:

1. Seasonality: it is recommended that price increases only occur during peak season
2. Operating costs: it is recommended to do an audit of the condition of equipment used for the caravan park and cattle station, and consider replacing those assets that have an anticipated high maintenance cost
3. Competition: as prices are at the moment, BBSCP is competitively priced. However, it is worthwhile to regularly check prices of the competition to stay competitive.
4. Demand: people will pay more if there is a high demand in a region; similarly they will pay less if there is an abundance of choice, hence it is recommended to increase prices only during peak season.

An additional revenue option that has not been included in the business modeling, but that is worth considering, is the placement of a pop-up van during peak season, for food sales. This would require advertising the opportunity to pop-up van operators in the south during the winter months, and offering a space in the caravan park for a weekly fee.

Consider replacing equipment over a certain age or those that have an excessive repair spend.

Marketing recommendations:

The following recommendations are made in terms of increasing marketing efforts:

- Advertise BBSCP as being part of a working Aboriginal cattle station
- Advertise the spring water, by offering a spring water relaxation pool

- Advertise the uniqueness of the Australian outback and the typical Aussie hospitality
- Follow and enter into blog conversations typically used by Asians and grey nomads
- Signage of the spring water availability at BBSCP along the Stuart Highway
- Advertise through other sites (Barkley homestead, Daly Waters, Wauchope, Tennant Creek) through leaflets
- Invest in a simple and informative website or business Facebook page with links to blogs and Facebook pages
- Consider an advance booking system showing availability for cabins
- Consider a name change of the caravan park to "Banka Banka Springs"
- Ask leaving visitors who enjoyed their stay to put comments on TripAdvisor, particularly for internatonals, and on Weibo and WeChat for Chinese travellers

Market research recommendations:

- A simple survey of visitors (nationality, where they heard about BBSCP, what attracted them to the park)
- Regular check of blogs and websites, to monitor comments about BBSCP

Human resources recommendations:

Workforce planning is an important focus for the industry: in order to align the age profile of the work force to the age profile of customers the following are recommended:

- Manage the risk of an ageing workforce and address the key person risk – ensure an accurate person and job description is developed and support the current management team in development of manuals, policies and procedures
- Support the current management team in smoothing out administration and budget management practices
- Increase gender and ethnic diversity to reflect the diversification of target markets

Operational recommendations:

As a matter of urgency, resources should be invested in developing operational manuals for the park, and procedures for recording time and financial investments in the cattle station and caravan park separately.

Train the management team to monitor business performance on a regular basis. This should include:

- A review of pricing and break even point
- Monitoring of overheads and provide measures to manage / control if overheads are running over a set percentage

- Training of the team in market research and marketing
- Set accounts receivable procedures and monitor debtors. What is the % of debtors to forecasted sales in an given month or year?
- Monitor historical sales figures per month and comparison to previous years

Given that Voyages is a wholly owned subsidiary of ILC, the logical next step would be to engage their expertise for bringing efficiency into the operations of BBSCP. As mentioned in their website "*Voyages Indigenous Tourism Australia is owned by the Indigenous Land Corporation (ILC) and manages tourism and resorts on their behalf*". Explore the option of a lease arrangement with Voyages for the caravan park operations, such as one for Ayers Rock Resort and Home Valley Station, and a lease arrangement with AIA for the cattle station operations and an MOU to share costs of equipment and assets (maintenance, repairs, depreciation).

A similar development such as the Home Valley Station, offering a range of accommodation for all travellers - from luxury suites to roll out a swag under the stars, is well worth considering as glamping tents can already be obtained for as little as $700:

Examples of glamping tents

7.5 Benefit to traditional owners

Discussions with the caravan park management team indicate that repeated efforts were made to offer traditional owners (TOs) in and around Tennant Creek opportunities to engage with customers during camp fire evenings and the opportunity to sell art work. The management team would also be interested in offering a position for an Indigenous hospitality trainee.

Currently there is some aboriginal benefit flowing to the caravan park, as Maree Warde, the current caravan park administration officer, is a descendent from a TO of the Larrakia nation. Her son, Michael Warde, also works on the property as a casual employee.

8 Capital expenditure requirements

8.1 Capital asset Management Plan (2016) for Banka Banka Station

In 2015 a site audit was undertaken of the property, and a comprehensive asset register was developed of the fixed assets at the station. The fixed asset register was developed on the basis of a noninvasive visual inspection, and it incorporates the building structure and fabric, building services installation and fixed equipment such as kitchen equipment. Assets were ascribed a current condition where the asset is clearly in a poor condition or where the asset is brand new, with each asset also ascribed a criticality rating with the intent to enable the capital expenditure to be planned in line with the importance of the asset.

Items that were not included in the asset register and capital expenditure forecast:

- Building works including ductwork to air conditioning, foundations and areas that were not available for inspection
- Car park structures and hardstands, line marking, bollards
- Non-fixed assets such as office furniture, etc.

The capital forecast expenditure for items relevant to the caravan park for the next 5 years are summarised in the table in annex 1.

8.2 Capital investment requirements according to the WHS report, dated June '17

A report was made, following a near road accident incident, of investments to be made in the caravan park for it to meet Work, Health & Safety (WHS) standards. The following items were listed in the report:

Issue	Proposed remediation	Cost
Lack of a pull off lane on the highway for safe access to the caravan park – banking up of vehicles during traffic queuing outside front entrance	- Review of placement of entrance to BBSCP - Change campground entrance	Road design engineer consultancy = $10,000 Upgrade works = $80,000
Cage holding the water pump for pressurizing water (needed for operating fire hose reels) has not enough space and anchors, making it difficult to start the water pump Flaw in system design of fire hose reels, resulting in 5 to 10 min delay of start of pump	Replace petrol or diesel powered pump with electrical pump Or: Create a gravity fed supply from water tank on hill behind camp ground Or: Enlarge cage and provide access through a gate	Cage upgrade < $1,000 Emergency Fire System Water Supply Upgrade = $80,000
Smoke alarms not working in WayOutback area	Maintain and replace damaged smoke alarms	Maintenance cost only
Kinks and blockages in fire hoses	Redesign water supply side of fire hose reel so that it can operate without the water pump. In future ensure testing and	Maintenance cost only

	inspecting of fire equipment is done in accordance with AS1851 2012 Table 9.4.2	
Low beam at entrance of mud hut - Risk of visitors hitting their head on low beam	Warning signs, excavation of path to increase height at entrance point , block access points with rails	Mud hut access upgrade = $10,000 (ability to modify mud hut is limited due to heritage listing)
Best practice Property/Facility warning signs are not in place in strategic locations such as at the front entrance to warn campers of hazards on site.	Upgrade entrances based on risk assessment and install appropriate signs	Signage = $2,000

Following discussions with the management team the required list of expenditure as per the WHS report was downgraded to:

Item	**Cost**
Change camp ground entrance: Responsibility of Department of Roads, NT; current management team is in discussions with the local representative of the NT Government to get this progressed	$0
Upgrade water pump cage (gravity fed supply from water tank up the hill already in operation)	$2,000
Smoke alarms in Wayoutback area: responsibility of Wayoutback safaris: repeated requests by management team to Wayoutback to have this item addressed	$0
Low beam at entrance of mud hut: limit entrance to mud hut and exit to one access point only by roping off balcony area around the mud hut, and provide adequate signage	$500
Warning signs on hazards on site	$2,000

8.3 Connection of ablution blocks and cabins to power

Conversations with the caravan park management team indicate that there is a high need for connection of the extra ablution blocks to the power, especially during peak season as this would allow for more use of the overflow sites and the ability to charge caravanners for the use of the overflow sites. This would increase revenue during the peak season. Currently the manager is reluctant to charge any caravanner parked in the overflow site because he has to ask them to use their own ensuite facilities, as the functioning ablution block is too small to cater for more than the 48 site occupancy.

The management team estimated the power connection cost to the ablution blocks and 5 cabins be around $60,000, although a written quote was not available for review at time of the site visit. As understood from the conversations with the management team, a big part of this cost would be the digging of trenches for electricity cabling to the cabin sites. Given the fact that this ablution block has not been operational for some time, some investment would likely also be required for refurbishment.

Should ILC and AIA wish to proceed with this, it would be worthwhile to consider options for reducing the cost, such as engaging trainees and possibly a grey nomad who is a licensed electrician in NT.

8.4 Other capital investment recommendations

Spring relaxation pool

Discussions with several caravan park guests revealed one of the main attractions of Banka Banka being the availability of pure spring water, which is regarded as some of the best quality water of any outback caravan park. Female guests especially commented that for personal washing this was a huge bonus to staying at Banka Banka. This would also be a huge attraction for the Asian market.

Currently the spring water is not proactively advertised as a feature of the caravan park.

Given the popularity of the spring water and the unique locational value of this, the business model considers investment in the development of the area around the spring into a relaxation pool. This would no doubt be popular with the domestic as well as international market. A budget of $10,000 was allocated to this in the business model option 1 to develop the spring water relaxation pool site. See photos for concept ideas of this attraction:

Spring at Banka Banka

Concept idea of spring water relaxation pool

Solar power:

Investment in solar power equipment could make a considerable difference to the electricity cost, and hence the business' bottom-line. A property of that size with average electricity consumption (given the fact no powered sites are offered) should be within reasonable budget. Costings would have to be further explored, once it is clear on what the KWh per year use is currently (including the installation cost to this regional area).

Consideration should be given to exploring capital development grant options for development of the cabins, glamping tents and spring water relaxation pool and solar power, through more in-depth discussions with Tourism NT and Economic development department of the NT Government.

9 Critical Risk Factors

There are a number of critical risk factors for consideration when looking at the future sustainability of the caravan park:

- Key person risk: the management team's ability for providing great outback hospitality clearly has a direct link to its occupancy in peak season and its great performance of secondary spend compared to other caravan parks. This is a key person risk to the business and would have to be managed through development of policies, procedures and succession planning.
- Downturn in current target market: the active seniors market, although not slowing down at this stage, are forecasted to show a downturn. This would have to be managed by being ahead of the competitors and proactively starting marketing efforts to other market segments, and hence start the process of diversifying BBSCP's target markets.

Given that the caravan park is integrally linked to the cattle station, it is worthwhile briefly noting the risk factors of the cattle station operations in this context of the feasibility study of the caravan park, namely drought years, live export ban and fluctuating beef prices.

10 Annex 1 – CAPEX cost year 1 to year 5

1. CAPEX report

Building 1 - manager's residence

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
Room 01	Building works	Fibro wall sheeting	2	1	40		16,625				
Room 01	Building works	Fibro ceiling	3	1	40		9,800				
Room 01	Building works	Kitchen sink - twin bowl single drainer, 2 x taps, 1 x spout	3	1	40		2,250				
Room 01	Building works	Ceramic tiles splashback	2	1	40		1,575				
Room 02	Building works	Fibro wall sheeting	3	1	40		7,838				
Room 02	Building works	Fibro ceiling	3	1	40		2,400				
Room 02	Building works	Associated door hardware	3	1	40		2,600				
Room 03	Building works	Fibro wall sheeting with paint finish	3	1	40		8,550				
Room 03	Building works	Fibro ceiling	3	1	40		2,800				
Room 03	Building works	Associated door hardware	3	1	40		2,600				
Room 04	Building works	Floor tiles	4	1	40		2,250				
Room 04	Building works	Fibro ceiling with paint finish	3	1	40		1,188				
Room 04	Building works	Ceramic tiles splashback	4	1	40		1,800				
Room 04	Building works	Shower assembly	3	1	40		1,800				
Room 04	Building works	Vanity basin - twin taps	4	1	40		1,550				
Room 04	Building works	Bath - twin taps and spout	4	1	40		338				
Room 04	Building works	Associated door hardware	3	1	40		2,600				
Room 01	Electric light and power	Ceiling fan 3-blade x 2	3	2	5		1,850				
Room 02	Electric light and power	Ceiling fan 3-blade	3	2	5		925				
Room 03	Electric light and power	Ceiling fan 3-blade	3	2	5		925				
Total manager's residence							**72,264**				**72,264**

Building 3 - old school house (used by Way Outback tours)

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
Room 02	Electric light and power	Ceiling fan 3-blade x2	4	2	5		1,850				
Room 05	Electric light and power	Ceiling fan 3-blade x2	3	2	5		1,850				
Room 06	Electric light and power	Ceiling fan 3-blade	4	2	5		925				
Total old school house							**4,625**				**4,625**

Building 6 - cabins x 5

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
External of Room 3/4 Building	Fitments	Satellite dish	3	4	8					2,500	
External of Room 9/10 Building	Air conditioning	Air conditioning unit	3	4	15		3,875				
Room 01	Fire protection	Fire extinguisher	3	4	15		713				
Room 03	Fire protection	Fire extinguisher	3	4	15		713				
Room 05	Fire protection	Fire extinguisher	3	4	15		713				
Room 07	Fire protection	Fire extinguisher	3	4	15		713				
Room 09	Fire protection	Fire extinguisher	3	4	15		1,138				
Total cabins							**7,865**			**2,500**	**10,365**

Building 9 - disabled toilet, shower and laundry area

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
External > North Face	Electric light and power	Fluorescent light fitting with diffuser	3	3	20		500				
Room 01	Electric light and power	Single tube fluorescent light fitting	2	3	20		500				
Room 01	Fitments	Grab rails for disabled toilet	2	2	20		713				
Total disabled toilet, shower, laundry							**1,713**				**1,713**

Building 12 - camp kitchen

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
Room 01	Electric light and power	Ceiling fan 3-blade x 4	3	2	5		3,700				
Total camp kitchen							**3,700**				**3,700**

Building 17 - sea container storage, at back of property

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
Awning between Rm 2 & Rm 3	Fitments	Metal awning	4	2	5		9,000				
Total sea container							**9,000**				**9,000**
TOTAL BANKA BANKA							**99,167**			**2,500**	**101,667**

2. Other items as discussed with management team and as per WHS report (June '17)

Other items, as per discussions with management team

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
Building 1 - manager's residence		new A/C		2	15	3,875					
Building 7 - male toilets / amenities		new tap fittings x5 @ $338 per piece		2	40	1,690					
Building 8 - female toilets / amenities		new tap fittings x5 @ $338 per piece		2	40	1,690					
Connection of additional shower block and cabins to power and water supply				4	40	60,000					

Other items, as per WHS obervations report (June 17) and triaging with management team

Location	Type of work	Description of work	Condition (5=bad, 1=good)	Critical (5 = high 1 = low)	Effective life	Replacement year & cost (adjusted to location) 2019	2020	2021	2022	2023	Total yr 1 to yr 5
	pull off lane from highway - Government cost			5		-					
		Water pump cage upgrade		5	40	1,000					
		Mud hut access upgrade: adjust to one entry and one exit point, with appropriate signage		5	40	500					
		Hazardous materials signage		5	40	2,000					
ADDITIONAL COST BANKA BANKA based on management discussions and WHS report:						**72,774**					**72,774.0**