

**BUSINESS CASE FOR A MORE
EFFECTIVE WAY TO DEVELOP
ABORIGINAL TOURISM IN NEW
ENGLAND NORTH WEST NSW**

Final 23 August 2023

DIAGNOSIS & PLANNING • PRODUCT DEVELOPMENT • FEASIBILITY STUDIES



Authorship

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Disclaimer

Specific investment decisions addressing recommendations in this report require further planning, engineering, environmental and heritage advice, and costing by an estimator. Costings should not be used for construction.

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Acknowledgement of country from NSWALC

The NSW Aboriginal Land Council acknowledges the Traditional Owners of the land where we work and live. We pay respect to Elders past, present and emerging and extend that respect to all Aboriginal people.

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Definitions

Aboriginal tourism: an interpretation of the wider concept of Indigenous tourism (see below) that involves tourism interpreting Aboriginal cultures and stories.

Brand: source of a distinctive promise for customers from a product, service or place. Everything the lead organisation does in collaboration with its partners and community should be orientated around delivering and constantly enhancing the promise. Not just a logo.

Experience: The emotions, feelings and sensations generated by the people met, places visited, activities participated in and memories created by travel, through watching, testing, smelling, touching, listening and being part of a culture or lifestyle that is distinctly different from everyday life and that reaches an individual's deep needs and desires. An experience is not a product (which is the simpler / stripped back / commercialisation of an experience).

FTE: Full Time Equivalent employee / contractor, which can be made up of part time and casuals

Indigenous tourism is generally regarded as tourism specifically to interpret Indigenous cultures and stories, but it can also include and of the following attributes: Indigenous people directly operating or investing in tourism operations; business partnerships between Indigenous organisations and tourism operators; Indigenous people employed in tourism operations; mainstream tourism incorporating Indigenous culture and stories to enhance their programs; and Indigenous input into the way tourism is managed.

Interpretation: an experience that enriches our lives through engaging emotions, enhancing experiences and deepening the understanding of places, people, events and objects from the past and present. Interpretation communicates ideas, information and knowledge in a way which helps people to make sense of their environment.

Local Government Area: An LGA included in the ASGC LGA Structure is a spatial unit which represents the whole geographical area of responsibility of an incorporated Local

Government Council or an Aboriginal Council in Queensland. An LGA consists of one or more statistical local areas (SLAs). LGAs defined.

Marketing: the management process through which goods and services move from concept to the customer. It includes the coordination of four elements called the 4 P's of marketing: identification, selection and development of a product ; determination of its price; selection of a distribution channel to reach the customer's place, and development and implementation of a promotional strategy.

Operator: an individual or organisation that conducts a tourism activity which results in some degree of commercial return.

Product: a good or service (tangible or intangible) than an organisation offers to customers.

Target market: the portion of actual and potential visitors that an organisation most wants to attract to their destination or product. The target market is chosen because the needs of the market segments chosen most naturally fit what the destination or product can offer and offer the best return on any marketing investment to attract them

Visitor (day tripper): Day trips have a round trip distance of at least 50 kilometres from the respondent's usual place of residence and a minimum duration of four hours. Day trips taken as part of an overnight trip, or those that are routine (for example, from home to work/school, or an intrinsic part of a person's job), are not included in formal measures of day trips.

Visitor (local): a person who travels from their home < 25kms or whose day trip is routine.

Visitor (overnight): Overnight trips must include at least one night away from home and be a minimum of 40 kilometres from the respondent's usual place of residence.

Yield - The expenditure injections of tourists (sales revenues) or the profitability of catering to different visitor markets. Yield can be defined purely from an accounting perspective (sales revenues per visitor) or the financial rate of return to operators, or gross operating surplus of different industry sectors. Alternatively, the profitability to the tourism industry of different market segments can be assessed.

Key Proposal details

| PROPOSAL INFORMATION | |
|----------------------------------|--|
| Proposal name | A more effective way to develop Aboriginal tourism business in New England North West NSW |
| Lead proponent (e.g. Council) | NSW Aboriginal Land Council |
| Lead proponent ABN | 82 726 507 500 2 |
| Proposal partners | Department of Regional NSW, NATOC, Destination Outback |
| LEAD CONTACT | |
| Name | Alex Knight |
| Position | Business Development Adviser |
| Phone | +61 2 6885 7010 |
| Email | alex.knight@alc.org.au |
| Fax | No fax used anymore |
| Address | Suite 6, 11 White Street, Tamworth, NSW, 2340, Australia |
| PROPOSAL SCOPE | |
| Proposal summary for publication | <p>Develop and expand four existing Aboriginal tourism businesses with immediate growth potential through product and infrastructure development that includes accommodation, attraction and tour development.</p> <p>Enhance interpretation and guiding as part of Aboriginal tourism product development / reinvigoration – and develop and deliver a needs-based capacity building program delivered direct to invested operators, in situ.</p> <p>Improve and integrate regional Aboriginal tourism marketing platform via a regional brand or interpretation thread for Aboriginal tourism that could interlink the Aboriginal tourism experiences; a regional marketing tool, such as a tourist trail, that promoted the suite of experiences as a collective; and</p> |

| | Develop a booking engine that serviced the operators, ideally the same software so all operators could be trained to use it, so data could be collected on their customers, and so it was easier for the customer to book multiple products at once. |
|---|---|
| PROPOSAL LOCATION | |
| Proposal address | The proposal is spread across the New England and North West NSW (see Section 2.1.3) |
| Local government areas | Moree Plains, Muswellbrook Shire, Singleton Council, Upper Hunter Shire, Armidale Regional Council, Glenn Innes Severn Council, Gunnedah Shire, Gwydir Shire, Inverell Shire, Liverpool Plains Shire, Moree Plains Shire, Narrabri Shire, Tamworth Regional Council, Tenterfield Shire, Uralla Shire, Walcha Shire, Coonabarabran |
| NSW electorate | Northern Tablelands, Barwon, Tamworth, Upper Hunter |
| Federal electorate | New England, Gwydir and Hunter |
| SUPPORTING INFORMATION | |
| Attachments <i>Please list out all supporting information provided</i> | SMA Tourism, 2023, Aboriginal Tourism Audit for New England North & West NSW, for NSW Aboriginal Land Council |

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|------------------------------|--|
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1. EXECUTIVE SUMMARY

Introduction

Top-down approaches to foster Aboriginal tourism, whether led by well-funded marketing campaigns or major cultural centre investments, have largely failed to lift Aboriginal tourism performance in Australia. Strong demand for Aboriginal tourism experiences by international visitors largely goes unsatisfied, while Australians continue to show very low purchases of Aboriginal tourism experiences.

Tourism product development for Aboriginal-owned tourism experiences, which are overwhelmingly micro businesses, has to date, been starved of capital, innovation and best practice experience development approaches. Aboriginal tourism outside selected areas in the Northern Territory and Western Australia remains an infant industry trapped in a cycle of dedicated small-scale Aboriginal entrepreneurs struggling against long odds.

This business case outlines an alternative, forensically refined and bottom-up approach inspired by regional Aboriginal organisations in New England North West NSW. The recommended approach builds on a detailed business analysis of a set of more prospective existing Aboriginal tourism businesses. This business case provides a strong return to the NSW community with a \$29M Net Present Value, creation of 659 one-year jobs and benefit to cost ratio of 5.3 to 1.

This project proposes a pilot study in New England North West NSW to create success stories that act as exemplars and create Aboriginal tourism mentors. This approach and its proposed rigorous evaluation provide a model for a new era of Aboriginal tourism growth in regional Australia.

Only by professionally refining the experiences of the most exciting existing Aboriginal tourism businesses with targeted investment and skills development, can we develop a recognition of the business and cultural change potential of Aboriginal tourism.

Aboriginal tourism development in regional Australia has become a high priority but very challenging target of both the NSW and Australian Governments. These Governments are aiming to encourage economic self-determination and increased cultural pride within the Aboriginal community and greater Aboriginal cultural awareness by non-Indigenous Australians. The current debate for Constitutional reform has also highlighted the need for greater sharing of Aboriginal culture, particularly in regional areas.

This initiative is also an aspect of the broader need to transition Aboriginal tourism from a looking back / historic depiction, towards a living culture that is rebuilding, but needs non-Aboriginal people to grow their respect and interest in how to help with the rebuilding.

Currently, there is a very low share of accommodation embedded within an Aboriginal tourism experience. Addressing this fundamentally deepens the experience, as visitors have more time to reflect and interact with Aboriginal culture. Including accommodation in Aboriginal tourism products also significantly lifts the profitability and broadens employment opportunities for local Aboriginal people.

The benefits of testing a fresh approach to fostering Aboriginal tourism warrants strong Government and community support for the nationally significant pilot study recommended in this report. To cite leading Australian songwriter Paul Kelly's review of the battle for Aboriginal land rights – "From little things big things grow".

The problem and strategic responses

Three inter-related problems have been identified to initiate this project:

- Problem 1: Existing Aboriginal tourism operators in the region are too small to achieve economy of scale for profitability, valued at 50% of the overall Problem Statement
- Problem 2: Existing product needs to be made more innovative to become more attractive to current and emerging markets, valued at 20% of the overall Problem Statement
- Problem 3: Minimal market awareness of Aboriginal tourism in region and product too hard to find and book, valued at 30% of the overall Problem Statement

The proponent, the NSW Aboriginal Land Council, has proposed three strategic responses to address these problems.

Strategic response to first problem

Existing Aboriginal tourism operators in region too small to achieve economy of scale for profitability (50% of overall problem).....

The strategic response is to use prioritised opportunities in the Aboriginal Tourism audit to select investments with greatest immediate profitable growth potential. This requires a change mechanism of investing in selected Aboriginal tourism operator's assets; particularly in developing accommodation, infrastructure and equipment for selected Aboriginal operators.

Strategic response to second problem

Existing product could be made more innovative to become more attractive to current and emerging markets (20% of overall problem).....

The strategic response is to enhance interpretation and guiding as part of Aboriginal tourism product development / reinvigoration. This requires a change mechanism of developing and delivering a needs-based capacity building program delivered direct to operators in situ. As part of the funding agreement, participating Aboriginal tourism operators would then make themselves and their business and product available as mentors for emerging Aboriginal tourism businesses.

Strategic response to third problem

Minimal market awareness of Aboriginal tourism in region and product hard to find & book (30% of overall problem)...

The strategic response is to improve and integrate a regional Aboriginal tourism marketing platform. This requires two change mechanisms:

- developing a brand for Aboriginal tourism in the region; and
- developing capacity building in marketing and booking systems for the operators receiving a business and product upgrade.

This response also generates two types of assets:

- an Aboriginal Tourism Trail through linking quality Aboriginal tourism products; and
- a booking system for Aboriginal tourism operators.

This response also calls for strong marketing support from Destination NSW and the regional tourism organisation.

The three expected outcomes from the proposal (matched to a problem statement) are:

1. More immersive Aboriginal tourism experiences
2. Improved marketing of individual products and the region's Aboriginal tourism offer
3. More profitable Aboriginal tourism operators.

The proposal

After an extensive audit of 18 existing and potential Aboriginal tourism opportunities across the region, it is proposed to initially invest in four Aboriginal tourism businesses:

Yinarr Ma Bush Tucker Tours would transition from a guided walking bushtucker tour in the Moree Botanic Gardens to a guided drive and walking bushtucker tour in fields where the bushtucker grows. The visitor experience would switch from customers looking at a small sample of each grain species within the Botanic Gardens, to visitors seeing and then collecting the grains in their natural habitat at locations like Whittaker's Lagoon. Customers would then have a demonstration on how to turn the grains to flour and then could eat some food that uses the seeds and grains. In the future, cooking in situ could be offered.

The **Armidale Aboriginal Cultural Centre** would receive three investments. The first part involves creating two interpretive experiences within the existing artefact gallery loosely called 'artefact immersion'. A suite of key artefacts will be interpreted via five stations providing a dynamic video recording streamed into the

room for entry fee paying visitors to access via QR codes into their phones, or via an I-Pad provided at reception. The second experience involves a 10 minute audio visual production, screened onto descending screens and running every 30 minutes. The second investment develops an Aboriginal guided tour that drives customers to private land, where they take a short walk to a powerfully emotionally charged Aboriginal site. The two and a half hour tour would provide highly developed face to face interpretation that continued the story established at the Centre. The third investment refurbishes the existing workshop space to provide upgraded IT and art studio, for customers to continue the interpretive story through learning to make their own symbolic art as influenced by their exposure to Aboriginal culture and as led by a workshop facilitator.

The **Tamworth and Kootingal Horse Riding Adventures** would receive two investments. The first would enhance existing guiding and interpretation to significantly enhance the social and recreational benefits of guided horse-riding, with guests feeling more connected to country and each other. The second investment would construct two one-bedroom and two two-bedroom cabins on the property, surrounded by a fenced experimental pasture plot featuring native grasses and minimal weeds to suggest the landscape pre colonisation.

The Aboriginal art workshop **ArtShack @ Wilgabah** would improve the quality of its existing accommodation and add three double and one universal access family cabin. A self-guided interpretive cultural walk could also significantly enhance the social and recreational benefits of the visit, with guests feeling more connected to country and each other.

Each of the four operators receiving product development would be given access to a specialist with interpretation, guiding and special interest experience

development. The specialist would assist each with a needs-based capacity-building program delivered direct to invested operators, in situ. The intervention also bundles four integrated initiatives into the investment:

1. A regional brand or story thread for Aboriginal tourism in the region
2. A regional marketing tool for Aboriginal tourism
3. A booking engine to service Aboriginal tourism operators in region
4. Capacity building in marketing and booking systems for invested operators

Proposed staging

The project is proposed to run for two years, and is costed to start at the beginning of 2024. This staging needs to integrate the development approval processes with construction, fitout, landscaping and development of individual operator product development. Marketing development has to wait for this work to be finished so that images and video footage can be collected to provide visual content.

Development costs

The proposal has been costed at \$6.5M, plus a further \$0.9M in contingency. The audit of Aboriginal tourism operators, including those in this proposal, confirmed their small scale and limited cash reserves or propensity to secure significant debt to fund the proposals themselves, and in most cases, even contribute 25% of the total funding needed. Addressing this issue through investment to make the businesses more profitable is a fundamental objective of the proposal.

Financial forecasts

As this investment triggers additional revenue generation for four existing profit orientated businesses, we have prepared individual five-year Profit and Loss

forecasts for these businesses, along with costs for the ongoing operation of the proposed marketing platform.

The Proposal has been forecast to convert most of the businesses to be financially self-sufficient from the first year in operation, and all by the second year. The financial forecast suggests sufficient profitability to sufficiently market its offer, meet all costs, cover its taxation obligations set aside funds for continuous renewal.

The investment immediately converts the combined net debt of the four businesses \$232,493 associated with the Base Case, to a break even point in Year 1, and then almost \$1M Net Profit by Year 5.

Economic and social benefits

The investment could increase Full Time Equivalent local Aboriginal employment from the current 5.9 to 17 FTE.

The Cost Benefit Analysis forecast over a 20 year evaluation period:

1. A net present value in discounted 2022/23 dollars of \$29M
2. Creation of 659 one-year jobs (not FTEs) in NSW
3. A benefit to cost ratio of 5.3 to 1

Two key sensitivity analysis tests are included in this cost-benefit analysis. The impact on the calculated net present value of \$29M in discounted 2022/23 dollars was:

1. A reduction in the calculated net present value to \$23.7M in 2022/23 dollars or by \$5.3M when the revenues to the four businesses, incremental visitor spending to other NSW businesses and NSW resident consumer surplus due

to the four businesses are reduced by 40% compared to the analysis in the financial evaluation of this project.

2. A reduction in the calculated net present value to \$16.2M in 2022/23 dollars or by \$13.8m when using the real discount rate of 7% instead of the 3% used to value this proposal.

This proposal continues to have a strong net community benefit for the NSW community if the benefits associated with revenue for the business are cut by 40% or if a much higher and inappropriate real discount rate is applied.

The combination of these four projects, as proposed, yields significantly better net benefits compared to assessing the four small projects independently (although this analysis was not conducted).

Recommendations

It is recommended that the NSW Aboriginal Land Council coordinate funding applications and act as Project Manager of any successful funding.

This proposal requires a single lump sum to allow its integrated approach to be undertaken. It therefore will not work to attempt to mesh together multiple small funding sources. It will also not work to apply for external grants requiring significant cash contributions, because the proponents do not have it.

It is recommended to first use this Business Case to support a funding application to the Growing Regional Economies Fund managed by the Department of Regional NSW. Expressions of Interest for this Fund closed 23 May 2023 and detailed applications for shortlisted proponents open on 17 October 2023. Successful applicants will be notified by January 2024.

Pending this opportunity, it is also recommended to use this Business Case to support a funding application to the Growing Regions Program – Round 1, coordinated by the Commonwealth Department of Industry, Science and Resources. Expressions of Interest for this Program opens on the 5th July 2023 and full applications for shortlisted proponents close 1st November 2023.

Beyond, this, it is recommended that the NSW Aboriginal Land Council directly approach the Treasury offices of the NSW government using the Prospectus and supporting video, to present the proposal and determine interest and a unique channel from which to gain support to implement the proposal.

The region includes the following Local Aboriginal Land Council's (LALCs):

- Wanaruah¹, Walhallow, Tamworth, Red Chief, Nungaroo, Moombahlene, Guyra, Glen Innes, Dorrigo Plateau, Coonabarabran, Amaroo, Anaiwan, Armidale, Ashford; and
- Narrabri, Toomelah, Wee Waa, Moree and Mungindi from the North West Region.

2.1.2 The planned outcomes of the proposal

The planned outcomes from the proposal are:

- more immersive Aboriginal tourism experiences and higher social media review scores;
- improved marketing of individual businesses and the region's Aboriginal tourism offer;
- more profitable Aboriginal tourism operators who employ more Aboriginal workers; and
- a more differentiated and competitive visitor economy for the region.

2.1.3 Proposal description (summary)

The proposal will:

1. Refine proposals to develop and expand four existing Aboriginal tourism businesses with immediate growth potential through product and infrastructure development that includes accommodation, transport and a performance centre.

¹ Wanaruah will be included to fit with NSWALC regional governance.

2. Refine enhanced interpretation and guiding as part of Aboriginal tourism product development / reinvigoration – and develop and deliver a needs-based capacity building program delivered direct to invested operators, in situ.
3. Refine a proposal to improve and integrate regional Aboriginal tourism marketing platform via:
 - a regional brand or interpretation thread for Aboriginal tourism that could interlink the Aboriginal tourism experiences;
 - a regional marketing tool, such as a tourist trail, that promotes the suite of experiences as a collective; and
 - a booking engine that serviced the operators, ideally the same software so all operators could be trained to use it, so data could be collected on their customers, and so it was easier for the customer to book multiple products at once.

2.2 RATIONALE FOR INVESTMENT

2.2.1 Problem Statement

Three inter-related problems have been identified to initiate this project:

- Problem 1: Existing Aboriginal tourism operators in the region are too small to achieve economy of scale for profitability, valued at 50% of the overall Problem Statement

Problem 2: Existing product needs to be made more innovative to become more attractive to current and emerging markets, valued at 20% of the overall Problem Statement

Problem 3: Minimal market awareness of Aboriginal tourism in region and product too hard to find and book, valued at 30% of the overall Problem Statement

Each of these problems are further explained below.

Problem 1: Existing Aboriginal tourism operators in the region are too small to achieve economy of scale for profitability

The audit of Aboriginal tourism operators in the region found that they are too small to achieve economy of scale for profitability, and that this was significantly inhibiting their capacity to invest in their product, upgrade their business systems and reduce under-employment and employ additional staff. The audit specifically found that:

- half the operators were sole traders, two were partnerships (husband and wife) and two were LALCS employing two or three staff plus casuals;
- the average annual number of customers attracted by Aboriginal tourism businesses was just 7,250 (ranging from 700 to 18,000);
- the average annual turnover by Aboriginal tourism businesses was just \$58,000 (ranging from \$11,000 to 106,000);
- most businesses do not have sufficient turnover or assets from which to secure debt funding to invest in upgrading their business (half have agricultural land, residence and vehicle, a quarter just have a vehicle and minor equipment, and the last quarter have just equipment); and

- businesses want to make a living from Aboriginal tourism and employ Aboriginal people to service a larger scale business and give themselves a break; and
- several businesses want to introduce in-situ accommodation on their property to meet unfulfilled demand, increase yield per customer, allow deeper customer immersion in Aboriginal culture on Country and significantly improve profitability.

Consequently, there is a real need to intervene and invest in the Aboriginal tourism businesses with the superior growth prospects, and this investment needs to come from the public sector, because debt finance is unavailable. Making investments that increase yield and economy of scale could address this problem and should deliver success stories in an area of tourism which has proven subject to few successes.

Making the selected businesses larger and more profitable would create business models and mentors for other Aboriginal tourism businesses to be inspired and guided by. For this reason, the returns from this proposal extend beyond those available to the individual products that are enhanced.

Problem 2: Existing product could be made more innovative to become more attractive to current and emerging markets

The audit of Aboriginal tourism operators in the region found that one of the two areas of training and capacity building most requested by existing operators was interpretation and associated product development and guiding. Operators asked if it was possible for this training to be delivered in situ and the expertise to be embedded as part of their product reinvigoration or development, as this was likely

to result in greater adoption of the skills and ensured they could apply it in their product.

The audit subsequently undertook a review of potential suppliers of this service and concluded that it be delivered by a consulting trainer expert rather than conventional trainers (such as TAFE). Therefore, this supply approach avoided some of the past training failures with the region's Aboriginal tourism operators, where the theory was too far removed from their practice, leaving them broadly educated but not equipped to sharpen their businesses, product and marketing.

Problem 3: Minimal market awareness of Aboriginal tourism in region and product too hard to find & book

Low awareness of the region's Aboriginal tourism

The Aboriginal tourism audit found that there was minimal market awareness of Aboriginal tourism in the region, and that Aboriginal tourism product was too hard to find and book. Interviews with Aboriginal tourism operators (as part of the audit) identified that there is insufficient marketing being done to generate market awareness about Aboriginal tourism product in the region, and that there is a much larger market available to tap in, if an integrated approach was taken.

The report further suggested that there is much work to do in marketing to help grow the existing operators. **Table 2.2.1** summarises the marketing used by the audited operators. Key findings from the marketing dimension of the audit were that:

1. Brand is underdeveloped among the operators audited. Only half had any semblance of a brand. This was largely logo dependent, and the logos are complex to see as too small and/or difficult to understand. There is a real need for a professional photographer to capture images of the experience and the

interactions between the host and the customer that demonstrate the benefits of the experience from a consumer perspective.

2. Marketing by the existing operators is for many focussed on Facebook – all operators use this. Some of the better examples are being delivered by Tamworth and Kootingal Horse Riding Adventures and Armidale Aboriginal Cultural Centre. Just over half the operators had a website, but two of the four were unfinished or out of date.
3. Registering product with the Australian Tourism Data Warehouse is critical to become profiled by Destination NSW and a host of distributors. A stronger profile on Trip Advisor would also help with this, and costs nothing while providing valuable feedback that fosters continuous improvement.
4. It is essential that operators, especially those with or asking for accommodation, add a booking system to their business so that customers can book when they want, and the operator can focus on product delivery rather than taking calls or returning them later. The system will also generate critical data to better understand the market and their business.

Table 2.2.1 High level summary of existing and proposed Aboriginal tourism products for the New England NE region of NSW

| Marketing methods | Present | Quality, champions |
|-------------------------------|---------|--|
| Brand | 3 / 8 | Mostly just a logo, complicated |
| Website | 5 / 8 | 3 unfinished / out of date, good example is Tamworth and Kootingal Horse Riding Adventures |
| Facebook | 8 / 8 | Best part of the marketing, with friendly and visual posting, though drops off at times and drops some professionalism |
| Instagram | 2 / 8 | Patchy, insufficient images of customer and host interacting |
| ATDW listing | 1 / 8 | Operators unaware |
| Trip Advisor / Google profile | 4 / 8 | Strengthening these sites would make a big difference |
| Marketing partnerships | 2 / 8 | Localised, not strategic, no land tour operators or bigger marketers |
| Listed on Destination NSW | 3 / 8 | Need more imagery of customer and host interacting |
| Booking system | 0 / 8 | Significant distraction to operators taking enquiries and having no booking data to review |

Unmet demand for Aboriginal tourism in regional Australia and NSW

Tourism Research Australia’s domestic tourism data shows that many Australians want to experience First Nations culture while on holiday or are willing to travel to experience First Nations arts and craft. Supporting this finding, research from the Northern Territory found that nearly two thirds of Australians want to learn about First Nations beliefs and connection to the land while on holiday².

New South Wales is Australia’s most popular state for Aboriginal tourism, receiving the highest number of total international and domestic overnight visitors, visitor nights and expenditure (see **Figures 2.2.1 and 2.2.2**).

Figure 2.2.1 Key metrics for Aboriginal tourism in NSW (Tourism Research Australia)



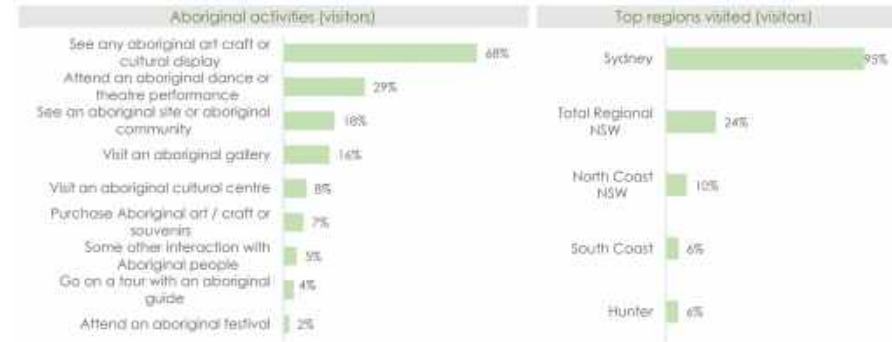
² Northern Territory Government Department of Tourism and Culture 2017, National demand for cultural tourism in Australia, Northern Territory Government Department of Tourism and Culture. <http://tourismnt.com.au/en/research/topical-research>

Figure 2.2.2 Contrasting international and domestic markets choosing Aboriginal tourism in NSW (Tourism Research Australia)



The State's Aboriginal tourism visitation is mostly driven by the international market. Among the dominant international market, by far the most popular activity picked up in visitor monitoring is 'seeing Aboriginal art & craft or cultural display' (68%), followed by seeing an Aboriginal dance or theatre performance (29%), followed by seeing an Aboriginal tourism site or community (18%) and visiting an Aboriginal gallery (16%). A more detailed breakdown is available in **Figure 2.2.3**. Sydney captures 95% of the market, whereas the whole of regional NSW captures just 24% (allowing for visitors to both regions with this activity). North West NSW is not capturing any significant portion of the international Aboriginal tourism market (see **Figure 2.2.3**).

Figure 2.2.3 Most popular Aboriginal tourism activities and top regions visited in NSW among international markets (Tourism Research Australia)



Aboriginal tourism in NSW is not a family market – quite the opposite. The international market's most dominant sector visits alone (52%) or as a couple (22%). These markets are generally travelling for a holiday (64%), or visiting Friends and Relatives (22%), as shown in **Figure 2.2.4**.

Figure 2.2.4 Dominant groups among international markets (Tourism Research Australia)



There is a higher likelihood that international visitors will be female (56%) and below 50 years (54%).

Emerging trends from COVID and lockdowns that Aboriginal tourism experiences could capitalise on to differentiate and attract markets

Market research³ during and following the COVID lockdowns has identified the amplification of several market trends that Aboriginal tourism could capitalise on. Some of these trends include increased consumer demand for:

- more immersive experiences that assist with physical and mental health and well-being;
- more interactive interpretation that engage the visitor to be a part of the story, not just listen and watch;
- teaching customers skills and techniques that help them feel they are a better person that can enact these in their ongoing life;
- storytelling that tackles social and environmental issues, and offers solutions and a sense of optimism;
- integrating the sourcing, cooking and eating of local food to help tell local stories;
- more inclusive facilities and services for all abilities, backgrounds and abilities;
- demonstrating sustainability in the operation and ways that consumers can assist during their experience; and
- offering a portion of revenue to reinvest in social or environmental programs that help society and the planet – which in this region might be supporting training of a previously unemployed Aboriginal person.

³ Expedia, 2023 Traveller Value Index - the gap between traveller expectations and industry perceptions; Quantum Market Research, 2022, Australia Now

Limited marketing and capability of region's Aboriginal tourism operators

The audit of Aboriginal tourism operators in the region found that one of the two areas of training and capacity building most requested by existing operators was digital marketing and specifically the management and updating of websites, Facebook, Instagram and a booking system. Operators asked if it was possible for this training to be delivered in situ and the expertise to be embedded as part of a marketing upgrade, as this was likely to result in greater adoption of the skills and ensured they could apply it in their marketing on an ongoing basis.

The audit subsequently undertook a review of potential suppliers of this service and concluded that it be delivered by a consulting trainer expert rather than conventional trainers (such as TAFE). This supply approach avoided some of the past training failures with the region's Aboriginal tourism operators, where the theory was too far removed from their practice, leaving them broadly educated but not equipped to sharpen their businesses, product and marketing. Stakeholders consulted during the audit also suggested that the region's marketing of Aboriginal marketing was being undertaken in a solo approach, with no integration of a common brand and no way to make it easier for customers to see the collective range of product as sufficient to take a multi-night trip into the region. For example, Western Australia as the leading state in developing Aboriginal tourism product has for many years focused on marketing WA Indigenous Tourism Operators Council (WAITOC) members. Some solutions supported in the audit consultation were:

- a regional brand or interpretation thread for Aboriginal tourism that could interlink the Aboriginal tourism experiences;
- a regional marketing tool, such as a tourist trail, that promoted the suite of experiences as a collective; and
- a booking engine that serviced the operators, ideally the same software so all operators could be trained to use it, so data could be collected on their customers, and so it was easier for the customer to book multiple products at once.

Given the access challenges and costs for international and capital city resident visits to this region it is vital that marketing awareness be lifted through shared promotion of available Aboriginal products.

NSW government commitment to developing Aboriginal tourism

The NSW Visitor Economy Strategy 2030 identifies Living Aboriginal Culture as supporting one of the five State strengths – Vibrant, contemporary culture. It also recognises a strong, diverse and vibrant culture as one of the six distinctive aspects of NSW as a destination. Two of the actions supporting Strategic pillar 3: “Showcase our strengths” are to:

- 3.03 Partner with the NSW Aboriginal Tourism Operators Council (NATOC) and Aboriginal tourism stakeholders to make NSW Australia’s premier destination for Aboriginal tourism by showcasing and developing authentic, accessible, high-quality and compelling visitor experiences.
- 3.04 Develop and deliver an annual state-wide program of workshops, mentoring and other business support to foster the growth and sustainability of the Aboriginal cultural tourism sector.

These two actions are to be led by Destination NSW and supported by: NATOC; Aboriginal Affairs; Destination Networks; NPWS; and Industry.

The Aboriginal Tourism Action Plan is a key deliverable identified in the Visitor Economy Industry Action Plan, the NSW Government’s Response to the Final Report of the Visitor Economy Taskforce and also aligns with the NSW Government Plan for Aboriginal Affairs, OCHRE. Both OCHRE and the Aboriginal Tourism Action Plan have goals to support more Aboriginal people in gaining fulfilling and sustainable jobs and focus on opportunities for economic empowerment. The goals outlined in the Action Plan 2020 are intended to be implemented by Destination NSW through a partnership model over a three-year timeframe with Aboriginal businesses and organisations being key partners in delivering these goals.

How NSW compares to other states in delivering Aboriginal tourism

NSW ranks well behind the Northern Territory, the clear market leader, and Western Australia in delivering Aboriginal tourism. It ranks slightly behind Queensland but ahead of Victoria. The much higher share of domestic overnight visitors who undertake an Aboriginal tourism experience in the Northern Territory highlights that there is a domestic market for these experiences, even if these experiences are much more unusual in other states.

The data shown in **Table 2.2.2** indicates that NSW had the second lowest share of domestic adult visitors of all States/Territories who go on a tour with an Aboriginal guide, ahead of only Victoria (ignoring ACT). This data also emphasises how little knowledge Australians gain of Aboriginal culture while on overnight trips through NSW.

Table 2.2.2 Domestic adult visitor participation in Aboriginal visitor experiences by State/Territory in the year ending September 2022

| Summation Options for share of Domestic Adult Holiday Overnight Travel in year ending September 2022 with the listed activities | State/Territory | Experience aboriginal art / craft and cultural displays | Visit an aboriginal site / community | Attend aboriginal performance | Go on a tour with an Aboriginal guide | Participate in traditional activities | Have an Aboriginal food experience | Have a camping experience on Aboriginal land | Total of any one or more of these activities |
|---|--------------------|---|--------------------------------------|-------------------------------|---------------------------------------|---------------------------------------|------------------------------------|--|--|
| Share of Domestic Adult (15+) Holiday Overnight trips (000) | New South Wales | 0.22% | 0.18% | 0.04% | 0.04% | 0.31% | 0.03% | 0.05% | 0.75% |
| | Victoria | 0.23% | 0.13% | 0.07% | 0.01% | 0.15% | 0.03% | 0.03% | 0.52% |
| | Queensland | 0.30% | 0.31% | 0.10% | 0.06% | 0.17% | 0.01% | 0.04% | 0.83% |
| | South Australia | 0.35% | 0.34% | 0.16% | 0.07% | 0.39% | 0.12% | 0.05% | 1.05% |
| | Western Australia | 0.66% | 0.72% | 0.05% | 0.20% | 0.20% | 0.09% | 0.14% | 1.42% |
| | Tasmania | 0.17% | 0.70% | 0.00% | 0.07% | 0.23% | 0.00% | 0.12% | 1.13% |
| | Northern Territory | 9.37% | 11.43% | 1.87% | 3.95% | 3.89% | 1.76% | 1.90% | 18.32% |
| | ACT | 0.35% | 0.45% | 0.00% | 0.00% | 0.48% | 0.00% | 0.00% | 1.17% |
| Share of Domestic Adult Holiday Visitor Nights (000) | New South Wales | 0.24% | 0.20% | 0.05% | 0.05% | 0.27% | 0.04% | 0.06% | 0.74% |
| | Victoria | 0.31% | 0.12% | 0.05% | 0.01% | 0.12% | 0.01% | 0.02% | 0.56% |
| | Queensland | 0.55% | 0.56% | 0.11% | 0.07% | 0.25% | 0.01% | 0.09% | 1.43% |
| | South Australia | 0.26% | 0.24% | 0.10% | 0.04% | 0.25% | 0.14% | 0.09% | 0.74% |
| | Western Australia | 0.78% | 0.72% | 0.04% | 0.33% | 0.30% | 0.17% | 0.11% | 1.59% |
| | Tasmania | 0.32% | 0.60% | 0.00% | 0.04% | 0.41% | 0.00% | 0.04% | 1.07% |
| | Northern Territory | 8.12% | 6.35% | 0.86% | 2.18% | 2.34% | 1.11% | 1.25% | 14.92% |
| | ACT | 0.21% | 0.19% | 0.00% | 0.00% | 0.22% | 0.00% | 0.00% | 0.58% |

Source: Tourism Research Australia, National Visitor Survey, extracted using TRA Online.

This data also highlights questions about how NSW schools introduce non-Indigenous students to Aboriginal culture, as the local NSW school market is an area of opportunity for delivering Aboriginal cultural experiences that cannot be captured in the Tourism Research Australia data, which only collects visitation data from Australians 15 years and over in age.

More positively, it is clear that the international market is the major opportunity in the current (post COVID) market for Aboriginal experiences. Unfortunately, data on the activities of international visitors are not collected by stopover but only for the whole trip to Australia. However, an alternative way to provide estimates at least for the more visited States is to look only at visitor activities by visitors who only stay overnight in one State or Territory on their trip to Australia. A special data service from Tourism Research Australia as shown in **Table 2.2.3** highlights the much higher share of international adult visitors who had an Aboriginal tourism experience in the five years pre-COVID (2015-2019). This special data service from Tourism Research Australia for this project estimated that 15% of international visitors to NSW over 2015-19 did an Aboriginal visitor experience. This was equivalent to an annual average of 602,000 international adult visitors, while domestic overnight visitors undertaking Aboriginal visitor experiences in NSW over the eight years ending September 2022 involved an annual average of only 148,000 adult visitors.

Table 2.2.3 International adult visitor participation in Aboriginal visitor experiences by State/Territory in the five years ending 2019

| Share of International Adult Visitors to States having an Aboriginal tourism experience over 2015- 2019 | Experience aboriginal art / craft and cultural displays | Visit an aboriginal site / community | Attend aboriginal performance | Total Indigenous Culture Activities |
|---|---|--------------------------------------|-------------------------------|-------------------------------------|
| New South Wales | 10% | 6% | 5% | 15% |
| Victoria | 10% | 6% | 4% | 14% |
| Queensland | 12% | 8% | 7% | 17% |
| Western Australia | 12% | 6% | 2% | 15% |
| Other | 22% | 16% | 6% | 29% |
| Total | 8% | 4% | 3% | 11% |

Source: TRA Special Data service for this project, March 2023.

2.2.2 Strategic responses to the problem

Strategic response to first problem

Existing Aboriginal tourism operators in region too small to achieve economy of scale for profitability (50% of overall problem).....

The strategic response is to use prioritised opportunities in the Aboriginal Tourism audit to select investments with greatest immediate profitable growth potential. This response represents 60% of the overall strategic response.

This requires a change mechanism of investing in selected Aboriginal tourism operator's assets; particularly in developing accommodation, infrastructure and equipment for selected Aboriginal operators.

Strategic response to second problem

Existing product could be made more innovative to become more attractive to current and emerging markets (20% of overall problem).....

The strategic response is to enhance interpretation and guiding as part of Aboriginal tourism product development / reinvigoration. This response represents 20% of the overall strategic response.

This requires a change mechanism of developing and delivering a needs-based capacity building program delivered direct to operators in situ. As part of the funding agreement, participating Aboriginal tourism operators would then make themselves and their business and product available as mentors for emerging Aboriginal tourism businesses.

Strategic response to third problem

Minimal market awareness of Aboriginal tourism in region and product hard to find & book (30% of overall problem)...

The strategic response is to improve and integrate a regional Aboriginal tourism marketing platform. This response represents 20% of the overall strategic response.

This requires two change mechanisms:

- developing a brand for Aboriginal tourism in the region; and
- developing capacity building in marketing and booking systems for the operators receiving a business and product upgrade.

This response also generates two types of assets:

- an Aboriginal Tourism Trail through linking quality Aboriginal tourism products; and
- a booking system for Aboriginal tourism operators.

This response also calls for strong marketing support from Destination NSW and the regional tourism organisation.

2.3 STRATEGIC ALIGNMENT

State Infrastructure Strategy 2022

The State Infrastructure Strategy 2022-2042: Staying Ahead, looks beyond the current projects and outlines the importance of diversifying the infrastructure investment pipeline, maintaining service reliability in the existing asset base, embedding resilience, harnessing digital technology and growing partnerships with the private sector. The scale and transport focus is outside the scope of this project.

NSW Premier's priorities

Table 2.3.1 presents how this proposal responds to the NSW Premier's priorities.

Table 2.3.1 NSW Premier's priorities and how this proposal responds to them

| Premier's priorities | Response from this proposal |
|--|---|
| A strong economy | Strengthen the viability of Aboriginal tourism operators to in turn attract more inter-State and international markets to NSW, and to reach an economy of scale that triggers full employment of owners and additional employment to support them |
| Highest quality education | Provide customised in-situ training of Aboriginal tourism operators that reflects a needs analysis, adds product innovation and scales up the capacity of digital marketing Create a suite of Aboriginal tourism mentors to provide inspiration, guidance and problem solving for emerging Aboriginal tourism operators |
| Well connected communities with quality local environments | Create a suite of Aboriginal tourism mentors to provide inspiration, guidance and problem solving for emerging Aboriginal tourism operators Develop a marketing platform that inter-connects the region's Aboriginal tourism operators with a common brand and booking system |
| Putting customer at the centre of everything we do | Refine Aboriginal tourism experiences to better meet customer needs and wants Make it easier for customers to find and book differentiated Aboriginal tourism product |
| Breaking the cycle of disadvantage | Increase employment among the region's Aboriginal tourism visitor economy Develop Aboriginal entrepreneurial success stories to motivate others in communities toward economic self-determination and job creation Strengthen Aboriginal pride in sharing Aboriginal culture Provide facilities and services that cater for customers with special needs |

The 20-Year Economic Vision for Regional NSW

The *20-Year Economic Vision for Regional NSW*, released in 2018, sets out the Government's priorities and plans to achieve long-term social and economic success for regional communities across the state. The 2018 Vision has been refreshed in response to the changed economic landscape and opportunities that have emerged in regional NSW following the drought, bushfires, flood and COVID-19 pandemic.

The Vision document contains a number of principles that this Proposal for a strategic integrated approach directly supports. **Table 2.3.2** presents how this proposal supports these principles.

Table 2.3.2 How this Proposal supports the 20-Year Economic Vision for Regional NSW

| Principles from the 20-Year Economic Vision for Regional NSW | How this Proposal assists to deliver the Principles |
|---|--|
| <p>Principle 5: A skilled labour force for current and future needs of the regions:</p> <ul style="list-style-type: none"> ○ training support to improve student success, including mentoring, accommodation and transport assistance ○ targeted skills and work experience approaches for groups that are under-represented in regional economic participation, including Aboriginal people | <p>This proposal includes customised training for Aboriginal tourism operators (including tours and accommodation). The training in tourism product development and marketing is based on a needs analysis, and will be therefore delivered at the place of business and directly align with actual product development and the development of digital marketing systems required (as identified in an earlier audit of the businesses).</p> <p>Aboriginal tourism operators are under-represented in business and marketing training in NSW.</p> |
| <p>Principle 6: Recognising each region's strengths and underlying endowments:</p> <ul style="list-style-type: none"> ○ options to activate tourism potential based on regional endowments and cultural heritage ○ opportunities for underutilised public land and infrastructure to play a bigger role in tourism ○ driving the growth of ecotourism and domestic tourism through <ul style="list-style-type: none"> - supporting local, regional and state organisations to establish distinctive value propositions in tourist destinations based on regional endowments - opportunities to improve access to, and management of, areas of significant natural amenity and ecotourism potential - innovative models to promote the preservation and enhancement of natural endowments | <p>This proposal, led by the NSW Aboriginal Land Council, features the development of Aboriginal tourism product and supporting facilities and infrastructure to support the expansion of existing Aboriginal tourism businesses. This investment comes from an audit of 19 Aboriginal tourism businesses and the strategic approach has prioritised the most immediate best return on investment. The business enhancement will allow the businesses to attract more international visitors, increasing export earnings.</p> <p>This proposal has been designed to increase the value proposition of Aboriginal tourism in the region, by introducing innovative interpretive experiences and accommodation in situ in line with the Aboriginal experiences. This will increase the value of significant public land that already provides walking access but minimal interpretation.</p> <p>The broader marketing platform within this proposal is an innovative model to interlink Aboriginal tourism business marketing, share expertise and create mentors.</p> |
| <p>Principle 7: Regulation and planning to promote commercial opportunities – Grow vibrant places to live, work and study to encourage business and population growth:</p> <ul style="list-style-type: none"> ○ investigate cultural infrastructure investment across regional NSW ○ supporting existing businesses to expand, and attracting growing businesses likely to enjoy a competitive advantage in regional NSW, by developing programs to incentivise businesses to invest, innovate and hire in regional NSW ○ promoting agreements for Aboriginal joint access, use and management of Crown Land and promoting economic, environmental and cultural outcomes for land owned or managed by Aboriginal communities | <p>This proposal is to invest in cultural infrastructure. For example, a live performance space will allow more immersive Aboriginal dance, storytelling and music experiences for larger audiences.</p> <p>This proposal will expand the capacity and increase competitiveness of existing Aboriginal tourism businesses via capacity building, product development and supporting infrastructure, and a marketing platform that interlinks Aboriginal tourism across the region.</p> <p>This proposal will also consolidate Aboriginal use of public lands for guided tours, bushfood collection tours and live performances. It will also increase the utilisation of land privately owned by Aboriginal people, helping it to provide sufficient income for its owners.</p> |
| <p>Principle 8: Sustainable economies and communities are better able to recover from shocks. Creating new opportunities in regional economies and supporting access to markets by:</p> <ul style="list-style-type: none"> ○ integrating Aboriginal economic participation, education and skills development into government priorities focused on regional NSW, to increase Aboriginal employment and enterprise development | <p>The proven needs-based capacity building, product, marketing development and mentor development will not only enhance the existing performance of Aboriginal tourism in the region but will establish a frame of reference and mentors to inspire and guide emerging Aboriginal tourism operators. Emerging operators will become viable faster.</p> |

Restart NSW / Rebuilding NSW

The Restart NSW / Rebuilding NSW identifies that the Restart NSW Fund Act 2000 considers supporting projects that improve the economic growth and productivity of NSW across all sectors. Infrastructure NSW uses a project's Benefit Cost Ratio (BCR) to assess this: a project's benefits must exceed the cost of its delivery, as demonstrated by having a BCR greater than 1. Some 30% of Restart NSW funding is targeted at regional and rural areas.

Projects funded from the Restart NSW Fund include a mixture of NSW Government agency-led infrastructure projects, as well as local and community infrastructure projects being delivered by local government, non-government organisations and other entities.

As this project is proposed to improve economic growth of regional Aboriginal tourism, be based in a regional area, offer a Benefit Cost Ratio (BCR) greater than 1 and be delivered by a non-government organisation, it complies with all requirements.

Upper North West Regional Economic Development Strategy 2018 - 2022

The Strategy recognised tourism as an important and emerging industry for the Region, generating cash flow year-round and reducing the impacts of seasonal and cyclical activities. Through marketing, promotion and visitation, tourism helps to raise the profile of the Region and can play a part in relocation decisions. The Strategy also recognised the region's significant Aboriginal sites and assets, agricultural tours and experiences.

The Strategy proposed to continue to strengthen and grow the region's tourism industry through product and infrastructure development, building the events sector

and marketing and promotion. This proposal specifically aims to support this recommendation through an Aboriginal tourism project in Moree and a wider marketing platform that includes the Upper North West region.

Lower North West Regional Economic Development Strategy 2018 - 2022

The Strategy recognised tourism in the region as an important sector that helps diversify the economy and by raising the profile, helps to play a part in relocation decisions. The Strategy recommended to increase visitation by building the drive-touring and events markets, through product development, marketing and promotion. The Strategy also recommends development of additional tourism attractions and facilities, including the Tamworth Performing Arts and Convention Centre. This proposal specifically aims to support this recommendation through two Aboriginal tourism developments in the region – one of which is a performance centre for Aboriginal dance and storytelling, and a wider marketing platform that includes the Lower North West region.

Southern New England High Country Regional Economic Development Strategy 2018 - 2022

The Strategy recognised tourism as a specialty component of the region's economy and an important industry that complements the other key industries and provides diversity of employment.

The Strategy recommended to support tourism by continuing to expand and improve the attraction, experience and activity base of the Region and by product and infrastructure development. This proposal specifically aims to support this recommendation through an Aboriginal tourism project in Armidale and a wider marketing platform that includes the Southern New England High Country region.

2.4 EXPECTED OUTCOMES

The three expected outcomes from the proposal (matched to a problem statement) are:

1. More immersive Aboriginal tourism experiences
2. Improved marketing of individual products and the region's Aboriginal tourism offer
3. More profitable operators.

Table 2.4.1 presents Key Performance Indicators for monitoring these benefits and evaluating the success of the proposal.

Table 2.4.1 Measuring the expected outcomes

| Outcomes | Key Performance Indicators |
|---|---|
| More immersive Aboriginal tourism experiences | KPI 1: Annual turnover |
| | KPI 2: Yield per customer |
| | KPI 3: Number of Full Time Equivalent Employees |
| Improved marketing of individual businesses and region's Aboriginal tourism offer | KPI 1: Number of non-dormitory accommodation beds offered by Aboriginal tourism operators |
| | KPI 2: Number of Aboriginal operators that interpret Aboriginal culture |
| | KPI 3: Number of Aboriginal tourism operators that provide interactive interpretation |

| | |
|--|--|
| More profitable Aboriginal tourism operators | KPI 1: Number of Aboriginal tourism operator's part of collective marketing platform |
| | KPI 2: Number of operators linked to a booking system |
| | KPI 3: Increased visitation to Aboriginal tourism in region |

The beneficiaries of these outcomes include:

- the region's existing Aboriginal tourism operators and their staff and dependents;
- emerging Aboriginal tourism operators;
- visitors to the region interested in experiencing Aboriginal tourism; and
- the wider region's visitor economy that derives benefits from more visitors to the region, staying longer and spending more.

Quantitative targets for these outcomes are presented in **Section 3.1**.

2.5 STAKEHOLDER AND COMMUNITY SUPPORT

There has been strong engagement and strong support for this project from:

- the lead agency for the project – the NSW Aboriginal Land Council (NSWALC);
- 16 Local Aboriginal Land Councils in the region;
 - 10 from the Northern Zone – Wanaruah, Walhallow, Guyra, Glen Innes, Dorrigo Plateau, Coonabarabran, Amaroo, Anaiwan, Armidale, Ashford, Moombahlene, Red Chief and Tamworth; and

- Five from the North West Region Narrabri, Toomelah, Wee Waa, Moree and Pilliga.
- the four existing Aboriginal tourism operators proposed to receive investment;
- the other 14 existing and emerging Aboriginal tourism operators in the region, that stand to benefit from the establishment of Aboriginal tourism business mentors and a regional marketing platform; and
- Destination Outback, who would receive a regional model for an integrated approach to enhancing the quality of Aboriginal tourism, increasing the viability of Aboriginal tourism operators and attracting more visitors to the region. Destination Outback has the very difficult task of providing regional tourism organisation services to around 2/3rds of NSW, so product development initiatives for smaller geographic areas rather than region wide are essential.

The first round of targeted stakeholder consultation was undertaken as an audit of existing and emerging Aboriginal Tourism operators in the region. The audit involved:

1. A training needs assessment matched against the most suitable suppliers to meet the training needs
2. An audit of existing and emerging Aboriginal tourism experiences in the region, profiling their business, product, marketing, gaps and opportunities, then assessing their relative merit for investment

⁴ SMA Tourism, 2023, Aboriginal Tourism Audit for New England North & West NSW, for NSW Aboriginal Land Council

The subsequent report⁴ formed a logical and crucial rationale for this business case, because it largely established the problem and set up the proposal. The audit report was shared with all LALCs and Aboriginal tourism businesses, and they were invited to attend a workshop to present and discuss the report and the next steps (round two consultation).

The NSW Aboriginal Land Council has responded to the audit report by splitting the next phase of work into two concurrent streams:

1. Building the capacity of LALCs and other emerging organisations and businesses wanting to develop and expand their Aboriginal tourism in the region. This project will evolve over time and is likely to be stimulated by several rounds of funding
2. A business case for a more tangible and short-term suite of integrated initiatives, designed to establish business and product models and business owner mentors, to support the emerging Aboriginal tourism initiatives (this business case).

A third round of consultation was undertaken as part of this business case. The consultation targeted the four existing Aboriginal tourism operators proposed to receive investment in their business. The consultation involved visiting operator business sites, an extensive meeting and exploring the proposed development site(s). Ten objectives of this consultation were to:

1. Clarify their individual proposals sourced from the audit, present and seek support for potential products for major capital expenditure
2. For businesses operating on public land, meet the land manager, present the proposal and seek support
3. Explore support for integrating in situ training in interpretation and guiding within their proposed product development
4. Explore support for integrating in situ training in digital marketing, as part of a digital marketing upgrade for their business
5. Determine potential funding that the business could invest to leverage a potential grant application, and request a letter confirming they would have these resources
6. Develop assumptions for forecasting visitation and financials
7. Explore support for alternative procurement approaches, including the NSW Land Council to auspice the grant(s) and project manage
8. Explore commitment to meet the proposed timeline for project implementation
9. Explore support to participate in a regional marketing platform
10. Explore support for a role as an ongoing mentor to emerging Aboriginal tourism business in the region.

The results of the consultation were used to develop the business case.

A fourth round of consultation was undertaken by sharing the Draft Business Case with the participating Aboriginal tourism businesses (report excluded each other's detailed financial forecasts).

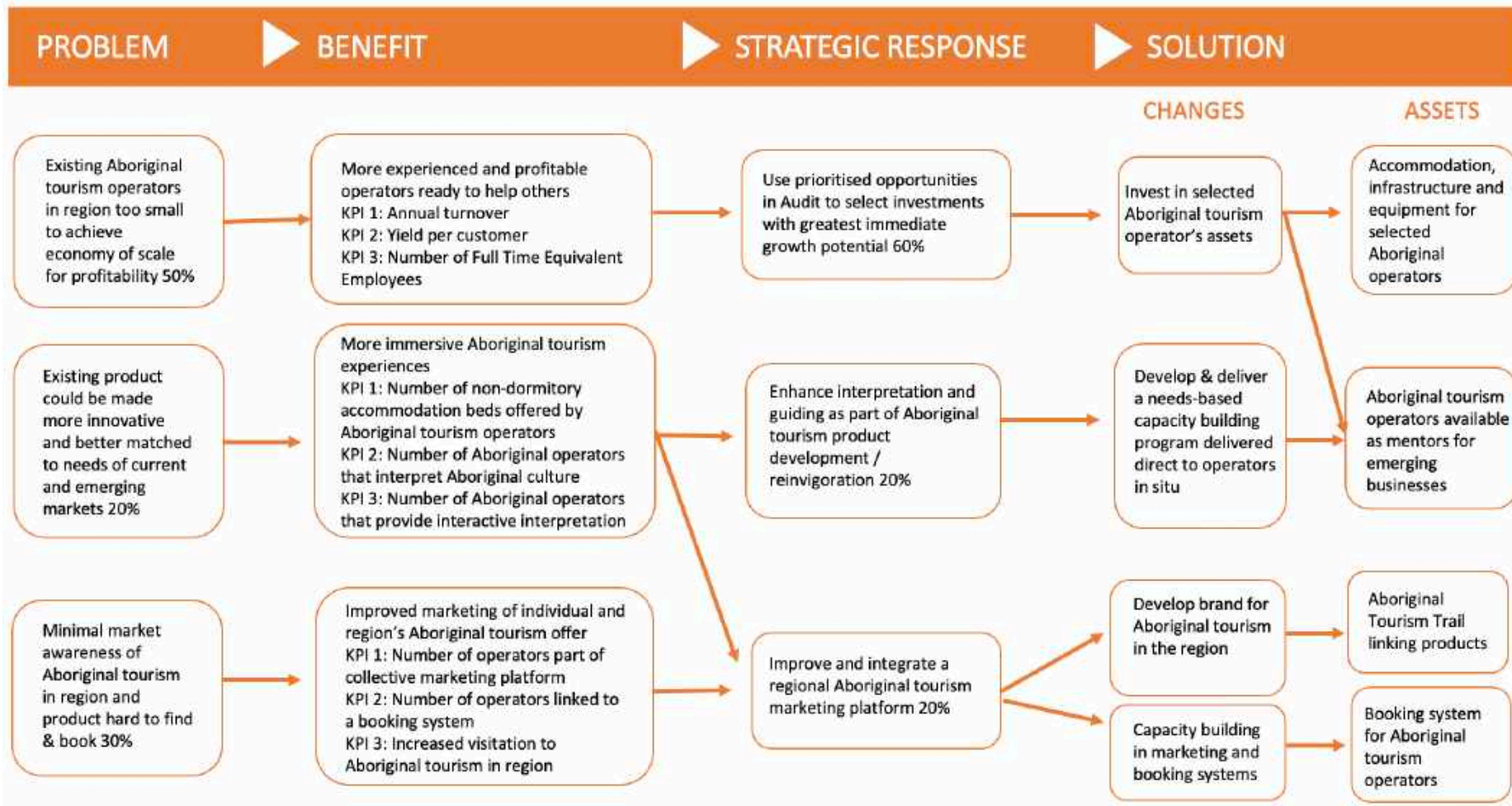
A fifth round of consultation was undertaken by inviting LALCs and Aboriginal tourism businesses to attend a workshop to present and discuss the report and the next steps.

All of these rounds of consultation involved the project's Steering Committee with representatives of the NSW Aboriginal Land Council, Department of Regional NSW, NATOC, Destination Outback and YARPA. The NSW Aboriginal Land Council will continue presentations on the progress of the project through ongoing workshops with the region's LALCs and Aboriginal tourism businesses.

2.6 INVESTMENT LOGIC MAP

Summarising the Problem, Strategic Response and Benefits is an Investment Logic Map, presented as **Figure 2.6.1**.

Figure 2.6.1 Investment Logic Map of Proposal



3. ANALYSIS OF THE PROPOSAL

3.1 OBJECTIVES AND INDICATORS

This section provides a monitoring system to check on and report on how the proposal delivers the promised objectives / outcomes / benefits presented in **Section 2**. To monitor the proposed three benefits of the proposal, **Table 3.1.1** presents a draft monitoring system (Benefit Management Plan) for the proposal that features Key Performance Indicators, monitoring method, baseline data set and target data set.

The monitoring system would start from the completion of Proposal implementation in mid 2024. The small cost of monitoring to report on benefit realisation is a part of Project Management costs in **Section 3.5**.

In April each year, after collating the data from the monitoring, a summary report should be prepared. The Report would include the calendar year data that becomes available and should be presented to the NSWALC northern region forum.

3.2 THE BASE CASE

The base case is the state of the region without the proposal – the case with no change and business as usual.

The base case was definitively researched within the earlier Aboriginal Tourism Audit for the region. The audit report addressed the capacity building, product,

business and marketing needs of 18 existing or emerging Aboriginal tourism operators.

3.2.1 Training gap analysis

There were five areas that came up most frequently among stakeholders:

1. Interpretation, product development and guiding (6 proponents)
2. Digital marketing eg. websites, Facebook stories and images, Instagram images etc (8 proponents)
3. Business development (record keeping, visitor monitoring, reservation systems) (6 proponents)
4. Financial management / book-keeping (3 proponents)
5. Cultural (Aboriginal) knowledge / Gamilaraay language (2 proponents)

The training needs have been mapped to show locations for future planning of time efficient delivery.

The preferred training method was face to face in situ, particularly for interpretation, guided product development and guiding, because they could balance theory with the actual development / refinement of their product, and the trainer and trainee could draw on the actual environment to tailor to conditions. The selection of a set of consultants also makes pragmatic sense, because the range of relevant available programs has significantly contracted following COVID and lockdowns, and the recent shortage of qualified specialists to fill education institution roles.

Table 3.1.1 Benefit Management Plan / monitoring system

| Outcome / Benefit of the proposal | Key Performance Indicators | Measure | Baseline | Target |
|--|---|--|----------|-----------|
| More immersive Aboriginal tourism experiences | KPI 1: Annual turnover | Provided by operators and averaged for region | \$60,000 | \$150,000 |
| | KPI 2: Yield per customer | Provided by operators and averaged for region | \$60 | \$120 |
| | KPI 3: Number of Full Time Equivalent Employees | Provided by operators and averaged for region | 11 | 20 |
| Improved marketing of individual and region's Aboriginal tourism offer | KPI 1: Number of non-dormitory accommodation beds offered by Aboriginal tourism operators | Provided by operators and totalled | 5 | 16 |
| | KPI 2: Number of Aboriginal operators that interpret Aboriginal culture | Provided by operators and totalled | 4 | 5 |
| | KPI 3: Number of Aboriginal tourism operators that provide interactive interpretation | Provided by operators and totalled | 3 | 5 |
| More profitable operators | KPI 1: Number of Aboriginal tourism operator's part of collective marketing platform | Provided by operators and totalled | 0 | 5 |
| | KPI 2: Number of operators linked to a booking system | Provided by operators and totalled | 1 | 5 |
| | KPI 3: Increased visitation to Aboriginal tourism in region | Provided by operators and totalled and compared to previous year | 28,850 | 100,000 |

3.2.2 Existing businesses

The existing businesses have generally been operating for two to three years or nine to 12 years. Half the operators were sole traders, two were partnerships (husband and wife) and two were LALCs employing two or three staff plus casuals. Most businesses have limited assets, perhaps beyond in some cases land, managers residence and equipment.

Measurement of the number of customers is poorly done, limiting business analysis and business strategy. The number of customers is generally quite low, totalling around 30,000 and varying from 700 to 18,000 per annum. Similarly, turnover was found to be low (\$11-106k), typically lowest with the sole traders and mid-range for the partners and LALCs.

Recovery from COVID has been patchy, but faster for two person / LALC run businesses than for most sole traders.

3.2.3 Existing marketing

The audit found that there is much work to do in marketing to help grow the existing operators. Some of the opportunities to grow the businesses through better marketing included:

- engage a professional photographer to capture images of the experience and the interactions between the host and the customer that demonstrate the benefits of the experience;
- share advice on how to post more influential Facebook stories and images
- register product with the Australian Tourism Data Warehouse to become profiled by Destination NSW and a host of distributors;

- build a stronger profile on Trip Advisor, where many customers are browsing for opportunities; and
- add a booking system so that customers can book when they want, and the operator can focus on product delivery rather than taking calls or returning them later.

3.3 OTHER OPTIONS CONSIDERED

Five alternatives were considered and evaluated for this business case:

1. Do nothing strategic, but allow operators to seek funding for their own improvements
2. Major Aboriginal arts and cultural centre to attract visitors into the region and market regional offer
3. Focus on a training and mentoring program to build expertise, provide advice and mentoring support
4. Focus on a major investment in marketing Aboriginal tourism in the region
5. Strategic integrated approach

Each of these alternatives are explained and then evaluated in the following sub-sections.

3.3.1 Do nothing strategic, allow industry to seek funding for their own improvements

The first option considered was to 'let the industry fix it themselves'. This translates into:

- leaving individual operators to seek funding to upgrade their own businesses (eg. accommodation, infrastructure, product development / capacity building and marketing); and
- leaving regional marketing approaches unchanged (eg. branding, market awareness raising and booking systems to the regional tourism organisation responsible for the New England North West NSW).

This approach is a 'bottom up' approach and lacks any strategy and integration between operators and other stakeholders. Four implications of adopting this option include:

1. Limited operator investment procurement and flow on improvements to their business and its economy of scale, because
 - their business lacks the turnover to convince banks to provide finance; and
 - they cannot apply to most government grants (not open to the private sector) or they do not have the capital to provide seed / matching funding.
2. For any operators that can procure funding, limited innovation because they don't have the time (and perhaps the expertise) to source and evaluate suppliers that could provide innovation

3. Minimal increased market awareness of Aboriginal tourism in the region because:
 - most of the audited operators don't have the expertise and time to deliver cutting edge marketing; and
 - Destination Country and Outback cannot justify limited resources to support a highly targeted marketing initiative for one small sector in only part of their huge region.
4. Continued silo approach, with minimal cooperation and integration between Aboriginal tourism operators and related stakeholders.

We therefore do not recommend this option.

3.3.2 Major Aboriginal arts and cultural centre to attract visitors into the region and market regional offer

The second option considered was the development of a major Aboriginal arts and cultural centre to attract visitors into the region and market Aboriginal tourism experiences available in the region. The underlying concept is to design the attraction to have a 'Wow factor' that is sufficiently differentiated and appealing to the market that it can attract visitors into the region to experience it. With visitors now motivated by the 'Wow factor' Aboriginal tourism experience, they are then offered other complementary experiences across the region to choose.

This option has been developed in many parts of Australia, and within the region at Armidale (currently operating) and Glenn Innes (currently closed). This approach has generally not worked across regional Australia for several reasons, including:

1. Not many visitors come to the Centre, perhaps because:
 - it failed to create a 'Wow factor experience', and instead offers passive experiences similar to other centres, with minimal interactive interpretation/content that is not particularly interesting to visitors; and / or
 - it doesn't market itself in channels that visitors use to decide to visit the region.
2. The Centre fails to convert its visitors into customers of other Aboriginal tourism experiences, perhaps because:
 - visitors have already predetermined what they are going to do with most of their time before they arrived at the Centre;
 - visitors have already prebooked all of their accommodation in the region, so cannot choose an Aboriginal accommodation offer while in the region on the same visit;
 - the other experiences have little connection with the Centre experience, or it just looks like 'more of the same'; and
 - the Centre doesn't do enough to actively promote the other Aboriginal experiences in an engaging way (eg. just stocks brochures in foyer).

Consequently, most cultural centres have become out of date and themselves need a major upgrade to attract visitors. In some cases the buildings are poorly designed to support 'Wow factor' experiences, and some have had to be closed and sit dormant with no use at all. In practice, financial costs of operating most Aboriginal cultural centres have required ongoing subsidies from governments to remain open.

We therefore do not recommend this option.

3.3.3 Focus on a training and mentoring program to build expertise, provide advice and mentoring support

The third option considered was to focus on a training and mentoring program to build expertise, provide advice and mentoring support. There have been various efforts made to offer Aboriginal tourism operators access to training in business development, marketing and cultural tourism. The audit for the region found that most of this training had made little positive impact on the operator's skills and their application to strengthening their business. There were three reasons for this failure suggested by the audited operators:

1. The program required travel and accommodation to a provider venue – triggering time and / or costs the business could not afford
2. The content was too theoretical or too generic to be of much interest and subsequent use to improve the business
3. The program did not incorporate actual projects that the business needed to work on, which meant that learnings had to be later remembered and applied to business reforms, rather than getting done as part of the course

In addition, the audit found that there were a relatively small number of people within the region needing the training and mentoring, which did not justify the development of programs. Instead, the audit recommended in-situ customised training that directly addressed business gaps as projects embedded within the training.

We therefore do not recommend this option.

3.3.4 Focus on a major investment in marketing Aboriginal tourism in region

The fourth option considered was to focus on a major investment in marketing Aboriginal tourism in the region. The underlying premise of this approach is to deliver a marketing campaign powerful enough to drive customers to the existing Aboriginal tourism products in the region. This is a model that Tourism Australia has championed nationally with international visitors. The increased business would generate profits that the operators could then use to seek debt finance for product development and business expansion. After this was achieved, the operators could work as a collective to support each other, generate regional marketing and mentor emerging Aboriginal tourism operators.

This approach has been attempted in various parts of regional Australia – more for the entire industry than a niche sector. The approach can work when the operators are capable of ‘scaling up’ to meet the increased business, deliver improvements to quality and achieve economies of scale that translate to higher profits and greater employment.

The principal constraint for this approach to work in this region for this niche sector, is that none of the operators are capable of scaling up. They are predominantly one or two person businesses, and their accommodation, infrastructure, equipment and booking systems are scaled to small groups at any one time. Therefore, a major influx of customers from a major marketing campaign cannot be capitalised on at this time. Not only would it be a waste of money, but it could cause problems for the operators trying to meet demand, and for the longer term development of the region’s Aboriginal tourism brand in not meeting expectations.

We therefore do not recommend this option.

3.3.5 Strategic integrated approach

The fifth option is a strategic integrated approach focused on overcoming key barriers that comprises three key components:

1. Use prioritised opportunities in Audit to select investments with greatest immediate growth potential – invest in selected Aboriginal tourism operator’s assets
2. Enhance interpretation and guiding as part of Aboriginal tourism product development / reinvigoration – and develop and deliver a needs-based capacity building program delivered direct to invested operators, in situ
3. Improve and integrate a regional Aboriginal tourism marketing platform that could feature
 - a regional brand or interpretation thread for Aboriginal tourism that could interlink the Aboriginal tourism experiences;
 - a regional marketing tool, such as a tourist trail, that promoted the suite of experiences as a collective; and
 - a booking engine that serviced the operators, ideally the same software so all operators could be trained to use it, so data could be collected on their customers, and so it was easier for the customer to book multiple products at once.

With reference to the Audit Report Multi Variant Analysis that shortlisted the development proposals, the Project Management Committee have subsequently recommended four businesses and their proposals to be the focus of the first and second part of this strategic approach, as shown in **Table 3.5.1**.

The assets from this approach would be:

- accommodation, infrastructure and equipment for selected Aboriginal operators;
- Aboriginal tourism operators available as mentors for emerging businesses;
- Aboriginal Tourism Trail linking products; and
- booking system for Aboriginal tourism operators.

This option was the recommendation from the Aboriginal Tourism Audit and has the support of the Audit's Project Management Group (Aboriginal Land Council NSW, NATOC, Department of Regional NSW and Destination Outback and Country), as well as all of the Local Aboriginal Land Council's in the study area.

We recommend this option as the Proposal.

3.3.6 Comparative evaluation

In addition to the qualitative evaluation focussed on each option, a comparative evaluation of the options against the Benefits was also undertaken and is presented in **Table 3.3.1**. The comparative evaluation confirmed the fifth option as vastly superior to the others, and suggested the following ranking and scores:

1. Strategic integrated approach (41 points / 45)
2. Focus on a training and mentoring program to build expertise, provide advice and mentoring support (15 points / 45)
3. Focus on a major investment in marketing Aboriginal tourism in the region (9 points / 45)
4. Do nothing strategic, but allow operators to seek funding for their own improvements (1 point / 45)

5. Major Aboriginal arts and cultural centre to attract visitors into the region and market regional offer (0 points / 45)

Table 3.3.1 Shortlisted operators and their products to invest in, and their capacity building needs from the audit

| Aboriginal tourism operators | Product and business investment | Training / capacity building needs |
|--|--|---|
| Yinarr Ma Bush Tucker Tours | Long wheel-base 4WD to collect seed and take tour groups to grain collection areas, public address system | None proposed from audit |
| Armidale Aboriginal Cultural Centre | Half & full day and eventually overnight guided tours to Aboriginal sites | <ul style="list-style-type: none"> ▪ Interpretation, product development and guiding ▪ Digital marketing ▪ Marketing and bookkeeping |
| Tamworth and Kootingal Horse Riding Adventures | Four self-contained cabins with strong sustainability elements, surrounding each cabin could be a fenced experimental pasture plot managed to suggest pre colonisation, featuring native grasses and minimal weeds | <ul style="list-style-type: none"> ▪ Interpretation, product development and guiding |
| ArtShack @ Wilgabah | Finish the main dining room, adaptation of two donga accommodation buildings, two tiny houses, sculptural interpretive trail | <ul style="list-style-type: none"> ▪ Interpretation, product development and guiding ▪ Cultural (Aboriginal) knowledge / Gamilaraay language |

Table 3.3.2 Comparative evaluation of the options against the Benefits (scores / 5)

| Options | Benefit 1 – More profitable operators | | | Benefit 2 – More immersive Aboriginal tourism experiences | | | Benefit 3 – Improved marketing of individual and region's Aboriginal tourism offer | | | Weighted Benefit Score | Ranking | |
|--|---------------------------------------|--------|--------|---|--------|--------|--|--------|--------|------------------------|---------|---|
| | KPI: 1 | KPI: 2 | KPI: 3 | KPI: 1 | KPI: 2 | KPI: 3 | KPI: 1 | KPI: 2 | KPI: 3 | | | |
| 1. Do nothing strategic, but allow operators to seek funding for their own improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| 2. Major Aboriginal arts and cultural centre to attract visitors into the region and market regional offer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 4 |
| 3. Focus on a training and mentoring program to build expertise, provide advice and mentoring support | 1 | 1 | 1 | 3 | 3 | 3 | 1 | 1 | 1 | 15 | 15 | 2 |
| 4. Focus on a major investment in marketing Aboriginal tourism in the region | 2 | 1 | 1 | 0 | 0 | 0 | 2 | 1 | 2 | 9 | 9 | 3 |
| 5. Strategic integrated approach | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 5 | 4 | 41 | 41 | 1 |

Key:

Benefit 1: More profitable operators

- o KPI 1: Annual turnover
- o KPI 2: Yield per customer
- o KPI 3: Number of Full Time Equivalent Employees

Benefit 2: More immersive Aboriginal tourism experiences

- o KPI 1: Number of non-dormitory accommodation beds offered by Aboriginal tourism operators
- o KPI 2: Number of Aboriginal operators that interpret Aboriginal culture
- o KPI 3: Number of Aboriginal tourism operators that provide interactive interpretation

Benefit 3: Improved marketing of individual and region's Aboriginal tourism offer

- o KPI 1: Number of Aboriginal tourism operator's part of collective marketing platform
- o KPI 2: Number of operators linked to a booking system
- o KPI 3: Increased visitation to Aboriginal tourism in region

3.4 INFORMATION ABOUT THE PROPOSAL

3.4.1 Invest in selected Aboriginal tourism operator's assets

This section profiles proposed investments for four Aboriginal tourism businesses in the region. These businesses are:

1. Yinarr Ma Bush Tucker Tours
2. Armidale Aboriginal Cultural Centre
3. Tamworth and Kootingal Horse Riding Adventures
4. ArtShack @ Wilgabah

Yinarr Ma Bush Tucker Tours

A profile of this business created from the Aboriginal tourism audit can be found in **Section 5.1**.

Proposed investment scope of work

The specific investments for this business case are:

1. Purchase a new all-wheel drive 2.0L TD1410 Diesel Volkswagen Crafter Minibus (12 – 15 seats) capable of transporting up to 13 customers on unsealed roads, install a lift kit to establish 22mm clearance, register and insure for 12 months
2. Install business logo on vehicle front doors
3. Purchase a portable wireless mic / headset and speaker system so the group can hear commentary enroute
4. Construct a layby on the edge of the road at Whittaker Lagoon Reserve for the tour vehicle to safely park in for the walking part of the tour

5. Conduct in situ training on interpretation, product development and guiding, to enhance skills and introduce innovation into the vehicle-based guided tour
6. Contract a photographer for new product stills and video footage
7. Contract a drone specialist to produce a promotional video of the expanded guided bushtucker tour
8. Contract a website developer to produce a website with brand for the business and connections to a regional Aboriginal tourism brand
9. Upload profile to Australian Tourism Data Warehouse
10. Purchase and install a bookings system connected to the website, as a stand-alone system or as part of a regional Aboriginal tourism bookings system
11. Conduct training in website, Facebook, Instagram and bookings system operations.

Rationale for the investment

This proposed investment is to transform the business from a guided walking tour to a guided all-wheel drive guided tour. It will also shift the tour location from the Moree Botanic Gardens to Whittaker's Lagoon (natural area on the outskirts of Moree where the Indigenous grains grow naturally). The visitor experience would switch from customers looking at a small sample of each grain species within the Botanic Gardens, to visitors seeing and then collecting the grains in their natural habitat at locations like Whittaker's Lagoon. Customers would then have a demonstration on how to turn the grains to flour and then could eat some food that uses the seeds and grains. In the future, cooking in situ could be offered in the future at a higher price (not factored into this proposal's costs or forecasts).

Figure 3.4.1 Whittaker's Lagoon, near Moree



The only approval required would be for the construction of the vehicle layover, through the Moree Plains Shire Council.

The collection of vehicle centred investments would:

- ensure all year vehicle access to source ingredients used for the tour (and therefore all year tour operation);
- address an unmet need expressed by visitors to see the seeds and grains growing in a more natural habitat; and
- transition the guided experience into a separate higher value product than the current walking tour, capable of greater differentiation and commensurate with a higher price.

Figure 3.4.2 Proposed vehicle



Figure 3.4.3 Potential portable headset



The business would take the owner from part time to full time employment and add one Casual local Aboriginal person to the business in Year 3 and one PT in Year 4. The overall result would lift Full Time Equivalent employment from 0.3 to 2 people. The product development investments and capacity building will position the owner

to become a regional mentor for emerging Aboriginal tourism businesses in the region.

The proposal promises to educate visitors and the Aboriginal community about the benefits of native grains and potentially promote new applications of native grains in recipes, restaurants and with farmers.

Proposed implementation timetable

This investment could be soft launched in June 2025, before the other proposals are completed, because it does not involve development approvals or construction, so can be completed earlier. The timing of critical tasks is shown in **Table 3.4.1**.

Table 3.4.1 Proposed staging plan for Yinarr Ma Bush Tucker Tours proposal

| Phase | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 |
|--|------|------|------|------|------|------|------|------|
| | 2023 | 2024 | 2024 | 2024 | 2024 | 2025 | 2025 | 2025 |
| Business Case funding procurement | ■ | | | | | | | |
| Funding agreement with NSW Aboriginal Land Council | | ■ | | | | | | |
| Source vehicle, register and insure for 12 months | | ■ | ■ | ■ | ■ | | | |
| Seek approval for a gravel layover parking bay for a single vehicle near Whittaker's Lagoon | | | | ■ | | | | |
| Construct a gravel layover parking bay for a single vehicle near Whittaker's Lagoon | | | | | ■ | | | |
| Develop and pilot test new product with capacity building in interpretation, product development and guiding | | | | | ■ | | | |
| Purchase test portable headset | | | | | ■ | | | |
| Apply business logo to vehicle doors | | | | | | ■ | | |
| Contract a photographer for new product stills and video footage | | | | | | ■ | | |
| Contract a drone specialist to produce a promotional video of the expanded guided bushtucker tour, upload to website | | | | | | ■ | | |
| Branded website | | | | | | | ■ | |
| Contract marketing specialist for digital upgrade and training | | | | | | | ■ | |
| Soft launch product (June 2025) | | | | | | | ■ | |

Notes:

Green shading overlaps with separate strategy 'Needs-based capacity building program delivered direct to invested operators, in situ' (**Section 3.4.2**).

Blue shading overlaps with separate strategy to 'Develop and deliver capacity building in marketing and booking systems for invested operators' (**Section 3.4.3**)

Armidale Aboriginal Cultural Centre

A profile of this business created from the Aboriginal tourism audit can be found in **Section 5.1**.

Proposed investment scope of work

The rationale for the investment is multi-faceted.

1. The Centre needs a more immersive interpretive experience that can support a user charge and a subsequent regular income stream, to support basic day to day operating costs.
2. The passive labels interpreting the artefacts on display are insufficient to adequately engage visitors and tell an impactful story. The Director of the Centre currently provides a dynamic face to face interpretation that is highly appreciated by visitors, but this removes her from critical managerial roles. The Centre needs a more interactive approach that is not reliant on the Director.
3. There is proven market demand from visitors to the Centre asking to see local Aboriginal sites supported by face to face interpretation.

There are three parts to the proposal that create three experiences that could be undertaken individually or as a package. These three parts are presented in **Figure 3.4.4**. The first part involves creating two interpretive experiences within the existing artefact gallery loosely called 'artefact immersion'. A suite of key artefacts will be interpreted via five stations providing a dynamic video recording streamed into the room for entry fee paying visitors to access via QR codes into their phones, or via an I-Pad provided at reception. The second experience involves a 10 minute audio visual production, screened onto descending screens and running every 30 minutes.

Figure 3.4.4 The three experiences created through the investment proposal

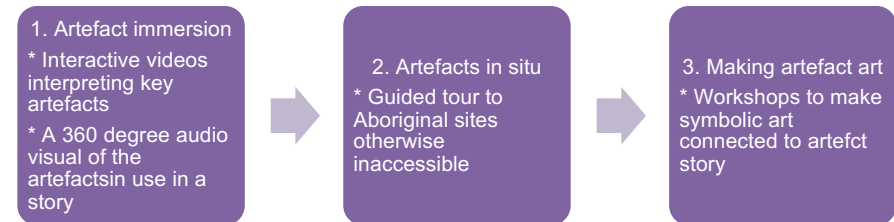


Figure 3.4.5 The existing room where the immersion fitout is proposed



Figure 3.4.6 Proposed changes to existing building to facilitate change

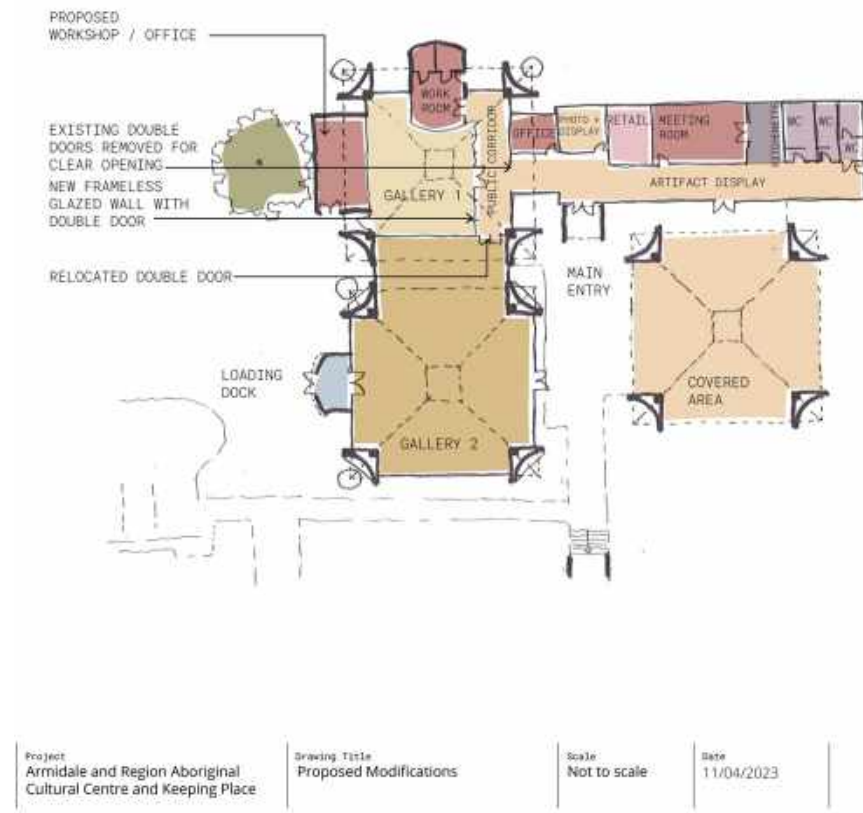
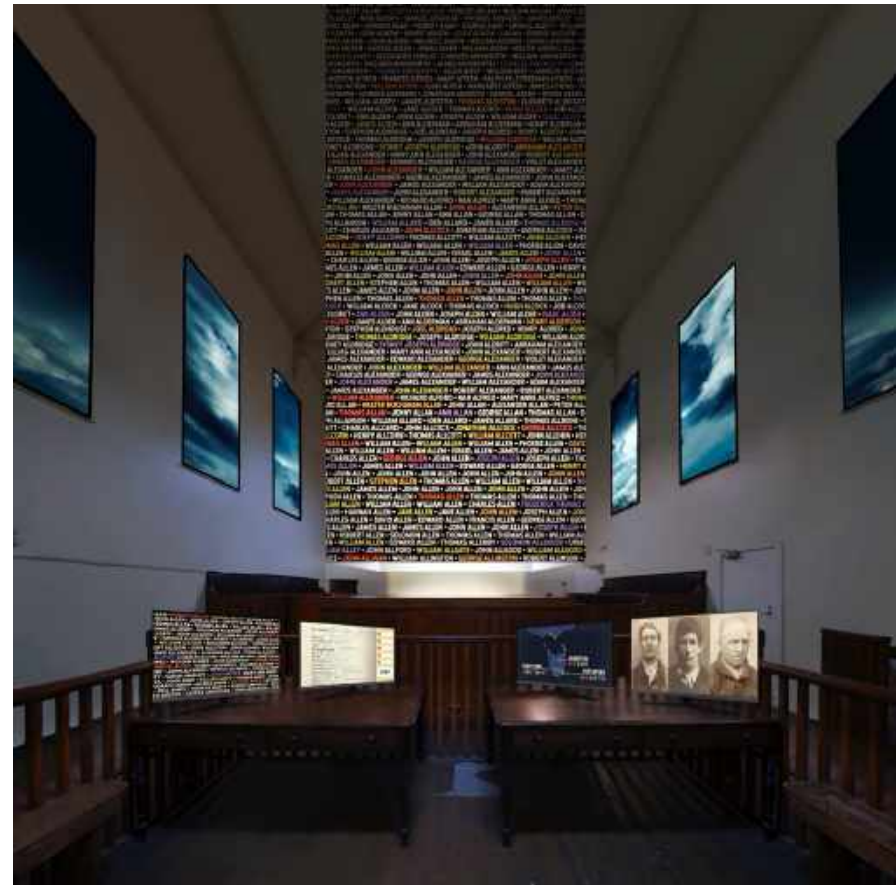


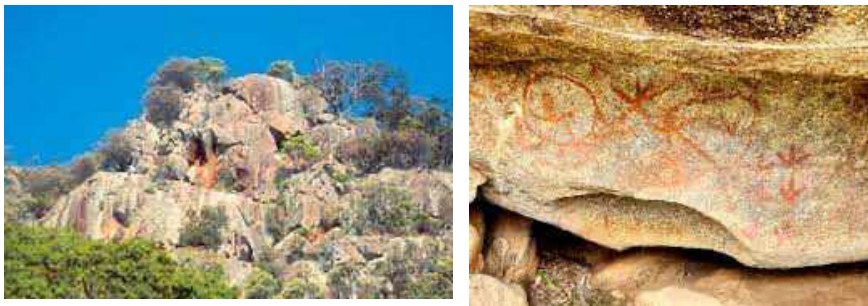
Figure 3.4.7 Example of a digital four sided plinth that has a digital screen on each side, along with screens that descend and deliver additional imagery (as conceived for Convict Memorial Hub, Hobart, SMA Tourism)



The second part of the proposal is the development of an Aboriginal guided tour that drives customers to private land, where they take a short walk to a powerfully emotionally charged Aboriginal site. The two and a half hour tour would provide highly developed face to face interpretation that continued the story established at the Centre.

The third part of the proposal would be refurbishment of the existing workshop space to provide upgraded IT and art studio, for customers to continue the interpretive story through learning to make their own symbolic art as influenced by their exposure to Aboriginal culture and as led by a workshop facilitator.

Figure 3.4.8 Mount Yarrowick – potential site for guided tours



Proposed investment scope of work

The proposed investments in the business are:

1. Prepare building plans to incorporate a visitor corridor from reception to art gallery and fitout of the artefact room, and submit for approval as required
2. Research interpretive content to develop a unique Aboriginal story and perspective
3. Adapt the content into the various interpretive experiences, creating scripts for each, along with a tour structure (eg. route, stops, activities and stories) and workshop structure
4. Pre-record artefact interpretation videos by Centre Director, edit and prepare for downloading
5. Develop an app that supports the artefact video interpretations
6. Produce new audio-visual production with graphics and sound effects
7. Construct corridor to art gallery
8. Audio visual fitout of artefact room with projectors, screens, blackout material
9. Workshop room refurbishment for use as arts room (IT and equipment)
10. Recruit and train guides and workshop facilitator via pilot testing new product with capacity building in interpretation, product development and guiding
11. Purchase a new all-wheel drive 2.0L TD1410 Diesel Volkswagen Crafter Minibus (12 – 15 seats) capable of transporting up to 13 customers on unsealed roads, install a lift kit to establish 22mm clearance, adapt it to provide for wheelchair access, register and insure for 12 months
12. Install business logo on vehicle front doors
13. Purchase a portable wireless mic / headset and speaker system so the group can hear commentary enroute
14. Contract a photographer for new product stills and video footage
15. Contract a website developer to produce a website with brand for the business and connections to a regional Aboriginal tourism brand
16. Upload profile to Australian Tourism Data Warehouse
17. Conduct training in website, Facebook, Instagram and bookings system operations.

18. Purchase and install a bookings system connected to the website, as a stand-alone system or as part of a regional Aboriginal tourism bookings system

Rationale for the investment

The expanded business would create much needed income for the Centre to cover its day to day operational costs.

The proposal would convert two Part Time to full time jobs and create two more casual jobs. The overall result would lift Full Time Equivalent employment from 3 to 6 people.

The investments and capacity building would position the Centre's team to become regional mentors for emerging Aboriginal tourism businesses in the region and the Centre to become a hub that can link customers to other Aboriginal tourism products in the region.

Proposed implementation timetable

This investment could be launched in June 2025, before the other proposals are completed, because it does not involve development approvals or significant construction, so can be completed earlier. The timing of critical tasks is shown in

Table 3.4.2.

Table 3.4.2 Proposed staging plan for Armidale Aboriginal Cultural Centre

| Phase | Q 4 | Q1 | Q 2 | Q 3 | Q 4 | Q1 | Q2 |
|---|------|------|------|------|------|------|------|
| | 2023 | 2024 | 2024 | 2024 | 2024 | 2025 | 2025 |
| BC funding procurement | █ | | | | | | |
| Funding agreement with NSW Aboriginal Land Council | | █ | | | | | |
| Purchase a new all-wheel drive 2.0L TD1410 Diesel Volkswagen Crafter Minibus (12 – 15 seats) capable of transporting up to 13 customers on unsealed roads, install a lift kit to establish 22mm clearance, adapt it to provide for wheelchair access, register and insure for 12 months | | █ | █ | █ | █ | | |
| Prepare building plans to incorporate a visitor corridor from reception to art gallery and fitout of the artefact room, and submit for approval as required | | █ | | | | | |
| Development approvals for corridor | | | █ | | | | |
| Research interpretive content to develop a unique Aboriginal story and perspective | | █ | | | | | |
| Adapt the content into the various interpretive experiences, creating scripts for each, along with a tour structure and workshop structure | | | █ | | | | |
| Pre-record artefact interpretation videos by Centre Director, edit and prepare for downloading | | | █ | | | | |
| Develop an app that supports the artefact video interpretations | | | █ | | | | |
| Produce new audio-visual production with graphics and sound effects | | | | | █ | █ | |
| Construct corridor to art gallery | | | | █ | | | |
| Audio visual fitout of artefact room with projectors, screens, blackout material | | | | | | █ | |
| Workshop room refurbishment for use as arts room (IT and equipment) | | | | | █ | | |
| Develop new guided tour product(s) into a script and tour structure (eg. route, stops, activities and stories) | | | | | █ | | |
| Recruit and train guides via pilot testing new product with capacity building in interpretation, product development and guiding | | | | | █ | | |
| Purchase test portable headset | | | | | █ | | |
| Apply business logo to vehicle doors | | | | | █ | | |
| Apply business logo to vehicle doors | | | | | █ | | |
| Contract a photographer for new product stills and video footage | | | | | | | █ |
| Contract marketing specialist for digital upgrade and training | | | | | | | █ |
| Launch product (June 2025) | | | | | | | █ |

Note: Green overlaps with separate strategy 'Needs-based capacity building program delivered direct to invested operators, in situ' (**Section 3.4.2**). Blue overlaps with separate strategy to 'Develop and deliver capacity building in marketing and booking systems for invested operators' (**Section 3.4.3**)

Tamworth and Kootingal Horse Riding Adventures

A profile of this business created from the Aboriginal tourism audit can be found in **Section 5.1**.

Proposed investment scope of work

The proposed investments in the business are:

1. Construct and install two one-bedroom and two two-bedroom cabins on the property:
 - Construct access road sufficient to transfer cabins into place and then allow 2WD customer access
 - Install foundation posts Install footings and four 20,000 litre corrugated iron water tanks with electric pump
 - Purchase, transport and install four cabins, all with kitchen, bathroom and open plan living / dining kitchen, two with two bedrooms (family cabin) and one with one double bedroom (couple cabin)
 - Install gas cylinders, gas hot water systems and gas fireplaces
 - Sustainability: Passive energy design, solar energy panels on roof and batteries in on rear deck, low water consumption plumbing, ceiling fans
 - Design and fitout inspired by a rustic farm
2. Construct around each cabin a fenced experimental pasture plot managed to suggest pre colonisation, featuring native grasses and minimal weeds. Land management of these plots could be supported by Landcare, Conservation Volunteers or the Youth Agriculture and Equine Development Program
3. Conduct in situ training on interpretation, product development and guiding, to enhance skills and introduce innovation into the vehicle-based guided tour
4. Contract a photographer for new product stills and video footage
5. Contract a website developer to produce a website with brand for the business and connections to a regional Aboriginal tourism brand
6. Upload profile to Australian Tourism Data Warehouse
7. Purchase and install a bookings system connected to the website, as a stand-alone system or as part of a regional Aboriginal tourism bookings system
8. Conduct training in website, Facebook, Instagram and bookings system operations.

Figure 3.4.9 Potential locations of cabins, potential cabin and view from first Family Cabin site towards Day Riding Area



Figure 3.4.10 Top: Closest Family cabin site to carpark and petting facility, Middle: Second Family Cabin site, Bottom: First Double cabin site



Figure 3.4.11 First Couple (double) cabin site



Figure 3.4.12 Layout and measurements of single bedroom cabin (enclosed area: 42.17m², veranda area: 49.44m², Total footprint: 91.61m²)



Rationale for the investment

The proposal would consolidate the viability of the existing business in several ways:

- increase satisfaction among the existing market by meeting an unmet need of many to stay overnight;
- grow a market not coming because there is nowhere to stay;
- add additional revenue from the accommodation; and
- increase yield per customer from adding accommodation and from adding additional rides from guests staying the second and third day.

Enhancements to guiding and interpretation could also significantly enhance the social and recreational benefits of guided horse-riding, with guests feeling more connected to country and each other.

The conservation plots and greater exposure to interpretation could enhance understanding of land management.

An additional 1 FTE would be created: 0.5 FTE to service the accommodation and 0.5 FTE to service additional rides. The overall result would lift Full Time Equivalent employment from 1.3 to 2.5 people.

The investments and capacity building will position the owners to become a regional mentor for emerging Aboriginal tourism businesses in the region.

Proposed implementation timetable

This investment proposal represents one of the two longer period durations of the four operators and could be launched late 2025, as shown in **Table 3.4.3**.

Table 3.4.3 Proposed staging plan

| Phase | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
|---|------|------|------|------|------|------|------|------|------|
| | 2023 | 2024 | 2024 | 2024 | 2024 | 2025 | 2025 | 2025 | 2025 |
| BC funding procurement | █ | | | | | | | | |
| Funding agreement with NSW Aboriginal Land Council | | █ | | | | | | | |
| Site survey, engineer assessment, cabin design | | █ | █ | | | | | | |
| Development Approval | | █ | █ | | | | | | |
| Adaptation – existing (pre-approved) buildings | | █ | █ | | | | | | |
| Construction – roads | | | █ | █ | | | | | |
| Construction – cabins (production and transport) | | | | █ | █ | | | | |
| Construction – cabin foundations and adjacent sheds | | | | █ | | | | | |
| Construction – cabin assembly | | | | | █ | █ | █ | █ | |
| Fitout and landscaping | | | | | | | █ | █ | |
| Guiding product reinvigoration via capacity building in interpretation, product development and guiding | | | | | | | | █ | |
| Contract a photographer for new product stills and video footage | | | | | | | | █ | |
| Contract marketing specialist for digital upgrade and training | | | | | | | | | █ |
| Product launch (December 2025) | | | | | | | | | █ |

Notes:

Green shading overlaps with separate strategy 'Needs-based capacity building program delivered direct to invested operators, in situ' (**Section 3.4.2**)

Blue overlaps with separate strategy to 'Develop and deliver capacity' building in marketing and booking systems for invested operators' (**Section 3.4.3**)

ArtShack @ Wilgabah

A profile of this business created from the Aboriginal tourism audit can be found in **Section 5.1**.

Proposed investment scope of work

The proposed investments in the business are:

1. Construct a 1.3km gravel road from the studio up to the proposed cabin locations, sufficient to transfer cabins into place
2. Install 3 phase transformer and new pole, connect to mains line, dining room and house
3. Finish the main dining room (A), lining the dining room and studio walls and ceiling (adding insulation), applying the same epoxy flooring as the rest of the building, adding an internal wall and door to segment the laundry, and adding windows to look onto the landscape
4. For Donga building (B), extend the building footprint to accommodate two bedrooms and two bathrooms on the western side, designing one room and bathroom for wheelchair access. Construct a roofed veranda on the eastern side, fitout two bedrooms and bathrooms (one for disability access)
5. For Donga green building (C), construct a roofed veranda
6. Construct then install four cabins on the property:
 - o install foundation posts and electrical reticulation for cabins;
 - o all cabins with bathroom and open plan living / dining kitchen;
 - o three cabins with one bedroom, one cabin with two bedrooms;
 - o roofed deck adjacent to living area to provide views and an outdoor bath;
 - o sustainability elements: passive energy design, solar energy panels on roof and batteries in a cupboard, rainwater tanks, low water consumption plumbing, fans and a gas fire / stove (requiring two gas cylinders per cabin);
- o exterior design inspired by a rustic farm; and
- o interior fitout inspired by Aboriginal art and storytelling, and perhaps giving each room its own character and name.
7. Purchase can-ams (small 4WD vehicle) for guest and housekeeping transport
8. Develop a sculptural interpretive trail that depicts the historical evolution of the property from pre to post-Colonial (and directly interpreting the many Aboriginal grooves used for food processing and oval shaped sharpening tools, and scattered stone artefacts)
9. Contract a photographer for new product stills and video footage
10. Contract a website developer to produce a website with brand for the business and connections to a regional Aboriginal tourism brand
11. Purchase and install a bookings system connected to the website, as a stand-alone system or as part of a regional Aboriginal tourism bookings system
12. Conduct training in website, Facebook, Instagram and bookings system operations

Figure 3.4.13 Location of buildings requiring refurbishment



Figure 3.4.14 Donga Building B (left) and Donga Building C (right)



Figure 3.4.15 Former dairy building D and space to left for bathroom addition



Figure 3.4.16 Location of four cabins along ridgeline from dining room building A



Figure 3.4.17 Location of four proposed cabins, access road and self-guided walk



Figure 3.4.18 Cabin 1 (left), Cabin 2 (right) along the ridgeline



Figure 3.4.19 Cabin 3 (left), Cabin 4 (right) along the ridgeline



Figure 3.4.20 View from cabin 4



Figure 3.4.21 Potential Double cabin exterior, interior and layout



Rationale for the investment

The proposal would consolidate the viability of the existing business in four ways:

- increase satisfaction among the existing market by meeting an unmet need for a higher standard of accommodation and for accommodation in a more private and immersive location;
- increase the yield per guest;
- increase the average number of nights stayed; and subsequently
- increase annual turnover from \$68,000 to between \$400,000 and \$500,000.

A self-guided interpretive cultural walk could also significantly enhance the social and recreational benefits of the visit, with guests feeling more connected to country and each other.

The proposal could create an additional 1 FTE Operations Manager and two Part-Time Cleaners. The overall result would lift Full Time Equivalent employment from 1.3 to 3.5 people.

The investments and capacity building will position the owners to become a regional mentor for emerging Aboriginal tourism businesses in the region.

Proposed implementation timetable

This investment proposal represents one of the two longer period durations of the four operators and could be launched in late 2025, as shown in **Table 3.4.4**.

Table 3.4.4 Proposed staging plan for ArtShack @ Wilgabah proposal

| Phase | Q 4 2023 | Q1 2024 | Q 2 2024 | Q 3 2024 | Q 4 2024 | Q 1 2025 | Q2 2025 | Q3 2025 | Q4 2025 |
|---|-------------|------------|-------------|-------------|-------------|-------------|------------|------------|------------|
| BC funding procurement | █ | | | | | | | | |
| Funding agreement with NSW Aboriginal Land Council | | █ | | | | | | | |
| Site survey, engineer assessment, cabin design | | █ | █ | | | | | | |
| Development Approval for cabins | | █ | █ | | | | | | |
| Construction and fitout works for dining room, studio, two dongas and former dairy | | █ | █ | | | | | | |
| Construction – roads to cabin sites | | | | █ | | | | | |
| Construction – cabins (production and transportation to site) | | | | █ | █ | | | | |
| Construction – cabin foundations and adjacent sheds | | | | █ | | | | | |
| Construction – cabin assembly | | | | | █ | █ | █ | █ | |
| Fitout and landscaping | | | | | | | █ | █ | |
| Guiding product reinvigoration via capacity building in interpretation, product development and guiding | | | | | | | | █ | |
| Contract a photographer for new product stills and video footage | | | | | | | | █ | |
| Contract marketing specialist for digital upgrade and training | | | | | | | | | █ |
| Product launch | | | | | | | | | █ |

Notes:

Green overlaps with separate strategy 'Needs-based capacity building program delivered direct to invested operators, in situ' (**Section 3.4.2**)

Blue overlaps with separate strategy to 'Develop and deliver capacity building in marketing and booking systems for invested operators' (**Section 3.4.3**)

3.4.2 Needs-based capacity building program delivered direct to invested operators, in situ

Concurrent training with product development

This strategic intervention is designed to enhance the region’s interpretation and guiding component of the Aboriginal tourism product. Each of the four operators receiving product development would be given access to a specialist with interpretation, guiding and special interest experience development. The specialist would assist each with a needs-based capacity-building program delivered direct to invested operators, in situ.

Rationale for the investment

The Australian community is being expected to contemplate some really big reformist ideas, including changes to the Constitution, a Treaty, improvements to land rights, and initiating programs to accelerate or restart progress on closing the gap in key social, health and economic concerns for Aboriginal people.

The Aboriginal tourism market is seeking more immersive and interactive interpretation and guiding not only on Aboriginal culture but these contemporary issues. Aboriginal tourism provides a communications bridge to create greater understanding and respect among Australians and international visitors.

This initiative also provides an opportunity for interpretation within individual Aboriginal tourism experiences to build in messages that are common across the region to form a regionally distinctive brand and / or story (see **Section 3.4.3**).

Proposed implementation timetable

This strategic intervention needs to integrate the development of a regional brand with individual operator product development. This strategy would be undertaken after a regional brand / story thread for the region and would be delivered in two periods – Quarter 1 of 2024 and Quarter 1 of 2025.

Table 3.4.6 Staging plan for implementing Needs-based capacity building program delivered direct to invested operators, in situ

| Phase | Q4 2023 | Q1 2024 | Q 2 2024 | Q 3 2024 | Q 4 2024 | Q1 2025 |
|--|------------|------------|-------------|-------------|-------------|------------|
| Develop regional brand / story thread for region | | | | | | |
| Yinarr Ma Bush Tucker Tours | | | | | | |
| Armidale Aboriginal Cultural Centre | | | | | | |
| Tamworth and Kootingal Horse Riding Adventures | | | | | | |
| ArtShack @ Wilgabah | | | | | | |

Notes

Green overlaps with separate strategy 'Needs-based capacity building program delivered direct to invested operators, in situ' (**Section 3.4.2**)

Blue represents preceding critical task associated with separate strategy to 'Develop and deliver capacity building in marketing and booking systems for invested operators' (**Section 3.4.3**)

3.4.3 Improve and integrate regional Aboriginal tourism marketing platform

This strategic intervention is designed to build a platform that benefits not just the participating operators in this Proposal, but other existing and emerging Aboriginal tourism operators in the region, including LALCs. The intervention bundles four integrated initiatives:

1. A regional brand or story thread for Aboriginal tourism in the region
2. A regional marketing tool for Aboriginal tourism
3. A booking engine to service Aboriginal tourism operators in region
4. Capacity building in marketing and booking systems for invested operators

Each of these initiatives are outlined below.

Develop a brand / story / idea or message for Aboriginal tourism in the region

We are not aware of any region in Australia that has built a regional brand or interpretation thread for Aboriginal tourism. Instead, Aboriginal tourism has been built in a silo approach, allowing for repetitive stories and experiences, no bigger picture interconnected storytelling and consequently, limited reason to choose more than one experience in a region. This investment will help to differentiate this region's Aboriginal tourism from competitor regions, increase appeal, increase product take-up and make the sector more viable.

The regional brand or interpretation thread for Aboriginal tourism would identify:

- some distinctive elements of the region's Aboriginal culture that could help differentiate the region from other regions and thus increase the strength of the argument that regardless of what Aboriginal experience a person might

have had elsewhere, this will be different for some specific reasons – this could become the regional brand for Aboriginal tourism; and / or

- an overarching Aboriginal story, idea or message that interpretation delivered by each experience in the region contributes towards – this could interlink the Aboriginal tourism experiences like a puzzle and trigger visitors to engage with as many experiences as possible.

The regional brand or interpretation thread would also consider the latest market needs.

Develop a regional marketing tool for Aboriginal tourism

It is proposed to develop an Aboriginal Tourism Trail that promotes the suite of experiences as a collective. The Trail would be developed to promote:

- the proposed brand or story / idea / message that integrates Aboriginal tourism across the region (see above sub-section);
- Aboriginal tourism experiences that communicate some of the brand or story / idea message developed to integrate the region (see above sub-section); and
- supporting F&B and accommodation that has a cultural link to the Aboriginal tourism.

The Trail would use:

- an app to provide content on the above elements;
- a feature section in regional and local tourism websites with a link to download the app;
- a feature section on each participating operator's website; and

- a DL flier for local Visitor Information Centres in the region.

It is proposed that the regional website be hosted and maintained by a website contractor, and that this cost would be paid for by the participating Aboriginal tourism businesses that it promotes.

Develop a booking engine to service Aboriginal tourism operators in region

It is proposed to develop a booking engine that services the four operators receiving product development / business expansion funding, and then any ongoing interested Aboriginal tourism operators in the region. Ideally the same software would be purchased and made available to all, so all operators could be trained to use it, so data could be collected on their customers, and so it was easier for the customer to book multiple products at once.

It is proposed that the regional booking engine be hosted and maintained by a website contractor, and that this cost would be paid for by the participating Aboriginal tourism businesses that it promotes.

Develop and deliver capacity building in marketing and booking systems for invested operators

It is proposed that the four proposed operators receiving product development also receive capacity building to develop better digital marketing and the capacity to then manage it themselves. A suitable digital media consultant and trainer would work directly with the four operators to:

1. Update their digital media (eg. websites, Facebook, Instagram) and train them in how to continue operating and refreshing the digital media

2. Establish profiles on the Australian Tourism Data Warehouse and Destination NSW Visit NSW website and train them in how to continue refreshing these
3. Establish / upgrade their existing third-party review sites such as TripAdvisor and Google and train them in how to continue operating and refreshing.

It is proposed that the digital media consultant work with each individual operator for several days on this task at a suitable workplace venue.

This investment could result in:

- Aboriginal tourism product being marketed in a contemporary approach and continuing to stay that way as a result of the operators knowing how to do it;
- much greater market awareness of the products, leading to a lift in customers and business;
- third party marketers offering to market and sell the product on behalf of the operators, adding additional sales; and
- the opportunity to create some differentiation across the products and some regional connectivity, leading towards a regional brand.

Proposed implementation timetable

Table 3.4.7 presents a timeline for the elements that make up this part of the proposal. Marketing development has to wait for the completion of construction and fitout, so that images and video footage can be collected to provide visual content. At this stage it is envisaged that this would be late 2025.

Table 3.4.7 Proposed staging plan for entire proposal (add other project components)

| Phase | Q4 | Q1 | Q 2 | Q 3 | Q 4 | Q1 | Q2 |
|---|------|------|------|------|------|------|------|
| | 2023 | 2024 | 2024 | 2024 | 2024 | 2025 | 2025 |
| A regional brand or story thread for Aboriginal tourism in the region | | | | | | | |
| A regional marketing tool for Aboriginal tourism | | | | | | | |
| A booking engine to service Aboriginal tourism operators in region | | | | | | | |
| Capacity building in marketing and booking systems for invested operators | | | | | | | |

Notes:

Blue represents preceding critical task associated with separate strategy to ‘Develop and deliver capacity building in marketing and booking systems for invested operators’ (Section 3.4.3)

3.4.4 Related projects

The proposal has been developed from the analysis and strategic recommendations of a preceding Aboriginal Tourism Audit of the region, produced by SMA Tourism in 2022.

The proposal is closely related to:

The NSW Aboriginal Tourism Action Plan 2013 – 2016 proposed that the international markets for NSW to target towards NSW Aboriginal tourism should be the US, UK and China (being the largest markets at the time).

- a business case to expand and develop Aboriginal tourism at Severn River, being coordinated by the Glenn Innes LALC; and
- capacity building intended to be delivered to other Aboriginal tourism operators in the region, subject to funding procurement.

The proposal is not dependent on these or any other projects proceeding.

3.4.5 Proposal exclusions

The proposal excludes any capacity building intended to be delivered to other Aboriginal tourism operators in the region.

3.4.6 Potential target markets

Section 2.2 identified that the international market was more interested and likely to partake in Aboriginal tourism product than the domestic market during overnight trips through NSW (pre-COVID around 600,000 per annum internationals compared to 150,000 Australians per annum in the eight years ending September 2022).

However, the strong success of the Northern Territory in getting domestic overnight visitors to experience Aboriginal tourism (18.3% of these visitors in the year ending September 2022) suggests that the existing low penetration of NSW domestic overnight visitors (0.75%) could lift significantly with more compelling Aboriginal tourism products in NSW.

The target markets for Destination Country and Outback NSW (2018 – 2020) are: active families; younger adults, more active 55+, meetings and conferences. Post COVID, there is a strong targeting of the Visiting Friends and Relatives market.

3.5 PROJECTED COSTS

3.5.1 Costing approach and assumptions

This section provides a development budget for the proposal. Cost estimates include:

- detailed design, approvals and permits;
- base site preparation, construction, site works and landscaping and fitout;
- contractor margins;
- project management margins;
- cost escalations for delays; and
- various types of contingencies.

Capital costs have significant buffer and even in this current high inflation environment are reflective of the cost at the time of spending. Capital costs are presented:

- at 2024 and 2025 rates with an allowance to this time for construction and contracting;
- cost escalations for time are acknowledged to inform the cost benefit assessment; and

The assumed inflation rate is 7.8%, the rate at the time of preparing this section of the business case.

All cost estimates are exclusive of GST.

Costs were identified using different approaches for different cost types:

- the cost to build roads to the proposed cabin sites was determined with a local construction firm (Mac Demo) with separate quotes for gravel on site and gravel offsite (more expensive off-site quote used)
- the cost for the production and transportation of eight cabins (flat packs), was determined using scope of works and a subsequent cost estimate from preferred supplier iBuild via their website costing;
- the cost to prepare cabin sites, install foundations and construct the cabins on site, was determined using a cost estimate by a contractor from outside the area (Beach to Bush Carpentry) and its chosen subcontractors providing quotes to it – an outside area quote was used to mitigate for potential higher cost if a local builder could not be sourced;
- the cost to supply, transport and install four waterless composting toilet units was provided by Clivus Multum (supplier);
- the cost to supply, transport and install four aerated wastewater treatment biocycle plants was provided by Express wastewater solutions;
- the cost to supply, transport and install four off-grid solar systems and batteries was provided by Off-grid energy;
- the cost to produce and install the interactive audio-visual production for the Armidale Cultural Centre, was prepared based on a comparable project currently being undertaken by Roar Film, for which SMA Tourism prepared the Business Case;
- the cost to prepare the marketing platform (websites and booking engines) was prepared using quotes from website producers (Baha Agency, Insil and Joos); and

- other smaller costs were determined as lump sum estimates based on previous development costing by SMA Tourism for similar projects.

3.5.2 Projected capital costs

The proposal has been costed at \$7.4M, including a \$0.9M contingency, with the majority of this spent over the second year. **Table 3.5.1** presents a summary of the projected capital costs inclusive of contingency and potential price escalations for each major component of the project. Detailed cost estimations for each major initiative are provided in **Section 5.3**.

Table 3.5.1 Projected capital costs breakdown by proposal component

| Yinnar Ma Bush Tucker Tours | 2023/24 | 2024/25 | Total |
|--|------------------|--------------------|--------------------|
| Base cost estimate | \$20,000 | \$152,761 | \$172,761 |
| Contingency | \$3,000 | \$22,914 | \$25,914 |
| Nominal costs | \$23,000 | \$175,675 | \$198,675 |
| Armidale Aboriginal Cultural Centre | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$150,000 | \$1,142,761 | \$1,292,761 |
| Contingency | \$22,500 | \$171,414 | \$193,914 |
| Nominal costs | \$172,500 | \$1,314,175 | \$1,486,675 |
| Kootingal Tamworth Horse riding Adventures | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$158,500 | \$2,033,984 | \$2,192,484 |

| Contingency | \$23,775 | \$305,098 | \$328,873 |
|----------------------------|--------------------|--------------------|--------------------|
| Nominal costs | \$182,275 | \$2,339,082 | \$2,521,357 |
| Artshack @ Wilgabah | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$500,500 | \$2,043,984 | \$2,544,484 |
| Contingency | \$75,075 | \$306,598 | \$381,673 |
| Nominal costs | \$575,575 | \$2,350,582 | \$2,926,157 |
| Marketing platform | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$20,000 | \$36,450 | \$56,450 |
| Contingency | \$3,000 | \$5,468 | \$8,468 |
| Nominal costs | \$23,000 | \$41,918 | \$64,918 |
| Overall Project Management | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$100,000 | \$150,000 | \$250,000 |
| Contingency | \$10,000 | \$15,000 | \$25,000 |
| Nominal costs | \$110,000 | \$165,000 | \$275,000 |
| Total costs | 2023/24 | 2024/25 | TOTAL |
| Base cost estimate | \$949,000 | \$5,559,940 | \$6,508,940 |
| Contingency | \$137,350 | \$826,491 | \$963,841 |
| Nominal costs | \$1,086,350 | \$6,386,431 | \$7,472,781 |

Table 3.5.2 presents a summary of the projected capital costs inclusive of contingency and potential price escalations, using the budget structure required from the funder of this business case.

Table 3.5.2 Projected capital costs inclusive of contingency

| Stage | 2023/24 | 2024/25 | Total |
|--------------------|-------------|-------------|-------------|
| Base cost estimate | \$949,000 | \$5,559,940 | \$6,508,940 |
| Contingency | \$137,350 | \$826,491 | \$963,841 |
| Nominal cost | \$1,086,350 | \$6,386,431 | \$7,472,781 |

3.5.2 Projected ongoing cost

As this investment includes revenue generation for four existing profit orientated businesses, we have prepared individual five-year Profit and Loss forecasts for these businesses, along with costs for the ongoing operation of the marketing platform.

3.6 PROPOSED FUNDING ARRANGEMENTS

3.6.1 Potential funding contributions

Immediate cash contribution from Aboriginal tourism operator contributions

The starting point for a funding model is for the proponents to make a cash contribution that can serve as leverage to external funding. The proponents have

very limited cash reserves from which to contribute to the project. It is this issue that the project is trying to address. A total contribution of \$50,000 has been promised by the proponents:

- \$10,000 from Yinarr Ma Bush Tucker Tours
- \$10,000 from Armidale Aboriginal Cultural Centre
- \$10,000 from Tamworth and Kootingal Horse Riding Adventures
- \$20,000 from ArtShack @ Wilgabah

Potential loan funding from Aboriginal tourism operators

Many external grants seek a minimum of 25% cash contribution of the total cost. It might be possible for proponents to approach Indigenous Business Australia for a business loan. The IBA has more favourable conditions than standard financial institutions. **Table 3.6.1 shows that** based on the financial forecasts, it is theoretically possible for the four proponents' businesses to borrow funds to make a larger contribution and pay it off within five years, allowing ongoing net profit to become available to the business owners.

Table 3.6.1 EBITDA forecasts for each business over five years (Earnings Before Interest, Taxation, Depreciation and Amortisation) for a 25% contribution to funding model, green shading indicates year that the loan COULD be paid off and profit is delivered to owners instead

| EBITDA | 25% contribution to funding | Base case | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Comments |
|--|-----------------------------|------------|-----------|-----------|-----------|-----------|-----------|---|
| Yinarr-Ma Bush Tucker Tours | \$49,669 | 0 | \$24,057 | \$26,595 | \$67,003 | \$125,103 | \$158,706 | Loan could be repaid in Year 3 , so business owner begins to receive surplus profits in Year 4 |
| Armidale Aboriginal Cultural Centre | \$371,669 | -\$248,174 | -\$94,162 | -\$18,158 | \$111,415 | \$211,888 | \$358,229 | Loan could be repaid in Year 5 , so business owner begins to receive surplus profits in Year 6 |
| Tamworth and Kootingal Horse Riding Adventures | \$630,339 | \$4,649 | \$204,948 | \$241,622 | \$282,945 | \$328,632 | \$379,024 | Loan could be repaid in Year 2 , so business owner begins to receive surplus profits in Year 4 |
| Artshack @ Wilgabah | \$731,539 | \$41,632 | \$312,419 | \$362,062 | \$411,541 | \$460,141 | \$507,265 | Loan could be repaid in Year 3 , so business owner begins to receive surplus profits in Year 3 |

Table 3.6.1 shows that:

- Yinarr-Ma Bush Tucker Tours, with a development cost of \$198,675, would need to borrow **\$50,000** for a 25% contribution, and could **pay it back in Year 3** and then retain ongoing net profit
- Armidale Aboriginal Cultural Centre, with a development cost of \$1,486,675, would need to borrow **\$372,000** for a 25% contribution, and **could pay it back in Year 5** and then retain ongoing net profit
- Tamworth and Kootingal Horse Riding Adventures, with a development cost of \$2,521,357, would need to borrow **\$630,000** for a 25% contribution, and **could pay it back in Year 3** and then retain ongoing net profit

- Artshack @ Wilgabah, with development costs of \$2,926,157, would need to borrow **\$731,359** for a 25% contribution, and **could pay it back in Year 4** and then retain ongoing net profit

However, only two proponents have assets (their land) to borrow against Tamworth / Kootingal and Artshack @ Wilgabah). The other proponents may not be able to get a loan facility. Trying to get four loan facilities aligned to support a grant application would be very problematic and time consuming. A funding deed made to the NSW ALC would be much more complicated than normal and an added project management burden.

Assuming loan facilities were made available to all four proponents, the other issue is that combining the four tranches of 25% does not equate to 25% of the total cost, because the proposal includes regional initiatives such as the regional

marketing platform is for all Aboriginal tourism in the region and there is no direct beneficiary that can make a 25% contribution for this. So even if all four proponents contribute 25% of their cost, the total 25% contribution is not achieved.

Potential funding source: Growing Regional Economies Fund- NSW Government

The most immediate funding opportunity for this proposal is The Growing Regional Economies Fund, which provides an opportunity for projects supported through the NSW Government's Business Case and Strategy Development Fund to seek further funding towards the realisation of infrastructure projects. This Business Case was developed using the NSW Government's Business Case and Strategy Development Fund.

The key objectives of the Growing Regional Economies Fund are to:

- accelerate economic development and prosperity in regional NSW;
- increase the appeal of investing in regional NSW;
- support investment in major transformational projects that increase employment opportunities in regional areas; and
- ensure that regional communities have the infrastructure and services required for sustainable growth.

In late May the NSW ALC submitted an Expression of interest for State government funding to implement this proposal. Invitations for detailed applications open in July 2023 and successful applicants will be notified from January 2024. Contracts can commence on signing and returning a Letter of Offer and Confidentiality Agreement.

The Fund requires that projects are completed by 30 June 2026, providing 5-6 months of time contingency from this proposal's current timeline.

The Fund asks for cash co-contributions of at least 25% of the grant amount. Co-contributions cannot be made using funding received from the NSW Government. Projects that maximise the co-contribution from the applicant, the Australian Government and/or the private sector will be preferred. Applicants can indicate that there are extenuating circumstances preventing them from making the required co-contribution, including if the project is dependent on co-contributions that have not yet been secured and these factors will be considered by the Assessment Panel. The Assessment Panel may recommend funding for projects that do not have the required co-contribution based on extenuating circumstances outlined by the applicant. The assessment panel may recommend partial funding for projects if there is insufficient funding available for the whole project or where a component of the project is considered suitable and eligible.

Local Aboriginal Land Councils are eligible applicants, as is the NSW Aboriginal Land Council.

Ineligible project scope includes costs associated with recruiting employees, staff development and training – but we understand that the small amount of training cost included in this Proposal should be allowed.

Assessment criteria are Strategic alignment (35%), economic outcomes (35%), deliverability and affordability (15%) and community impact (15%)

Potential funding source: Growing Regions Program – Australia Government

This grant opportunity is part of the Growing Regions Program designed to achieve Government objectives Outcome 3: *Strengthening the sustainability, capacity and diversity of Australia's regions, including northern Australia, including through facilitating local partnerships between all levels of government and local communities; through investment in infrastructure and measures that stimulate economic growth; and providing grants and financial assistance.*

The program will deliver community and economic benefits by investing in community-focused infrastructure which revitalises regions and enhances amenity and liveability throughout regional Australia.

The intended outcomes of the program are:

- provision of infrastructure which benefits the community by improving equity and supports diverse social inclusion
- to contribute to the achievement of broader Government priorities such as net zero emissions, gender equity, and/or First Nations priorities
- growing local economies and enhancing amenity and liveability in the regions.

Expressions of interest open: 5 July 2023

Expression of interest close: 1 August 2023

EOI notifications and announcements: 24 October 2023

Full applications open: 1 November 2023

Full applications close: 12 December 2023

Full application notifications and announcements: 12 March 2024

Latest start date of project: 15 May 2024

Project completion date: 31 December 2025

End date of grant commitment: 30 June 2026

Minimum grant amount: \$500,000

Maximum grant amount: \$15 million

Co-contributions: 10% for Group 1 (Projects run by First Nations Community Controlled Organisations)

Eligibility criteria: Not-for-profit organisation and Indigenous Corporation

Project locations: Outside of the Greater Capital City Statistical Areas

Assessment criteria for the EOI: To what extent the project is ready to proceed and how it aligns to the program objectives (non-weighted) and how does the project align with regional priorities for the area (5 points)

Assessment criteria for full application: Contribution to economic opportunity and social and community inclusion (40 points), Alignment with broader Government and regional strategic priorities (20 points), Capacity, capability and resources to deliver and sustain the project (40 points)

There are a large number of other grants available but the maximum amount is insufficient to fund this Business Case. Grants offering suitable amounts require a large co-contribution amounts.

3.6.2 Proposed funding model

This proposal requires a single lump sum to allow its integrated approach to be undertaken. It therefore will not work to attempt to mesh together multiple small funding sources. It will also not work to apply for external grants requiring significant cash contributions, because the proponents do not have it.

It is recommended to first use this Business Case to support a funding application to the Growing Regional Economies Fund managed by the Department of Regional NSW. Expressions of Interest for this Fund close 23 May 2023 and detailed applications for shortlisted proponents open on 17 October 2023. Successful applicants will be notified by January 2024.

Table 3.6.1 presents the proposed capital funding contributions across the proposed two-year development period.

Table 3.6.1 Proposed capital funding contributions for a NSW government approach to funding

| Stage | 2023-24 | 2024-25 | Total |
|-------------------------|-------------|-------------|-------------|
| Proposal capital costs | \$1,086,350 | \$6,386,431 | \$7,472,781 |
| NSW Government | \$984,600 | \$5,893,082 | \$7,422,781 |
| Commonwealth government | - | - | - |
| Industry contributions | \$50,000 | | \$50,000 |
| Community contributions | - | - | - |
| Sub-total | \$1,086,350 | \$6,386,431 | \$7,472,781 |

The larger contribution is proposed to be sourced from the NSW government, with small contributions from proponents and the potential for a contribution from the Commonwealth government.

Pending this State government initial focus, it is also recommended to use this Business Case to support a funding application to the Growing Regions Program – Round 1, coordinated by the Commonwealth Department of Industry, Science and Resources. Expressions of Interest for this Program opens on the 5th July 2023 and full applications for shortlisted proponents close 1st November 2023.

Beyond, this, it is recommended that the NSW Aboriginal Land Council directly approach the Treasury offices of the NSW government using the Prospectus and supporting video, to present the proposal and determine interest and a unique channel from which to gain support to implement the proposal.

3.7 FINANCIAL HEALTH & SUPPORT

The audit of Aboriginal tourism operators, including those in this proposal, confirmed their small scale and limited cash reserves or propensity to secure significant debt to fund the proposals themselves, and in most cases, even contribute 25% of the total funding needed. Addressing this issue through investment to make the businesses more profitable is a fundamental objective of the proposal.

As Aboriginal tourism has more heavily relied on international visitors, it is a sector of the hard-hit tourism industry that was particularly disadvantaged through the

COVID period when international borders were closed. For this reason, it is not surprising that the base case data shows negative profitability.

Table 3.7.1 provides a Summary of revenue, EBITDA and net profit of the four proponents as a Base Case and over five years following investment. EBITDA stands for earnings before interest, taxes, depreciation, and amortisation. It measures profitability from a company's core operations. EBITDA does this by excluding non-cash depreciation and amortisation expenses, as well as taxes and the costs of debt (which depend on the capital structure). **Table 3.7.1** reveals that the investment immediately converts the total net debt of \$232,493 associated with the Base Case, to a break-even point in Year 1, and then almost \$1M Net Profit by Year 5.

3.8 EMPLOYMENT BENEFITS

Table 3.8.1 provides a summary of the potential employment benefits from the investment and suggests that it could increase Full Time Equivalent local Aboriginal employment from the current 5.9 to 14.

Table 3.7.1 Summary of revenue and net profit of the four proponents as a Base Case and over five years following investment

| Key Profit & Loss metrics | Base Case | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-------------------|--------------|------------------|------------------|------------------|------------------|
| Total Revenue | \$305,998 | \$1,303,889 | \$1,570,104 | \$1,922,446 | \$2,633,013 | \$3,169,960 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | -\$201,893 | \$447,262 | \$612,703 | \$858,613 | \$1,426,703 | \$1,805,721 |
| Total Net Profit | -\$232,493 | \$873 | \$170,711 | \$423,064 | \$663,666 | \$922,339 |

Table 3.8.1 Comparison of current employment (Base Case) and increased employment benefits in Year 3 of operations

| Project development elements | Current Full time equivalent (FTE) | Casual | Part time (PT) | Full time (FT) | New FTE |
|--|------------------------------------|------------|----------------|----------------|-----------|
| Yinarr Ma Bush Tucker Tours | 0.3 | 1 | 1 | 1 | 2 |
| Armidale Aboriginal Cultural Centre | 3 | 4 | 2 | 5 | 6 |
| Tamworth and Kootingal Horse Riding Adventures | 1.3 | 0.5 | 0.5 | 2 | 2.5 |
| ArtShack @ Wilgabah | 1.3 | 0 | 2 | 2 | 3.5 |
| TOTAL | 5.9 | 5.5 | 5.5 | 10 | 14 |

3.9 COST-BENEFIT ANALYSIS OF ECONOMIC AND SOCIAL BENEFITS AND COST

3.9.1 Executive Summary of the cost-benefit analysis

In brief, the three key conclusions of the Cost Benefit Analysis (detailed in **Table 3.9.1**) over the 20-year evaluation period are:

1. A Net Present Value in discounted 2022/23 dollars of \$29M
2. Creation of 659 one-year jobs (not FTEs) in NSW
3. A Benefit-to-Cost Ratio of 5.3 to 1

The focus of this cost-benefit analysis is to derive robust estimates using conservative assumptions of the value to the NSW community of this innovative project.

Of the total benefits, the largest share (60%) accrues to other visitor economy businesses in NSW that benefit from increased spending attracted by the operation of the four Aboriginal tourist attraction businesses. However, each of the eight identified benefits for the NSW community help make this project an attractive proposal for a NSW State Government seeking to fast track development of Aboriginal tourism.

As noted in the final section of this analysis, beyond the economic and social benefits of this proposal there are also important cultural benefits which Western methodologies including cost benefit analysis do not incorporate.

Table 3.9.1 Summary of cost-benefit analysis - net benefits to the NSW Community and for jobs in the region from this proposal over the evaluation period to 2042-43

| | Net Present Value in 2022/23 \$M | One-year jobs (not FTEs) |
|--|--|--------------------------|
| Cost of the project | (\$7.40) | N/A |
| Direct Benefit 1 - Construction and other services bought from NSW suppliers in enhancing the 4 businesses | \$5.40 | 32 |
| Direct Benefit 2 - Increased incremental spending in NSW due to international/interstate visitor spending within the 4 businesses | \$6.00 | 221 |
| Direct Benefit 3 - Increased incremental spending in NSW due to international/interstate visitor spending outside the 4 businesses | \$17.90 | 406 |
| Direct Benefit 4 - Incremental consumer surplus benefits to local residents (most obviously school children) | \$1.60 | N/A |
| Direct Benefit 5 – Value of incremental Aboriginal employment beyond the direct wages received | \$1.00 | N/A |
| Direct Benefit 6 – terminal value of the investments made in enhancing the businesses | \$1.30 | N/A |
| Benefit 7 – broader benefits from this proposal as a pilot test of a new approach to fostering Aboriginal economic self-determination and Aboriginal tourism | \$2.50 | N/A |
| Benefit 8 – option, altruistic and non-use value * | Recognised as a non-quantifiable further benefit | N/A |
| TOTAL | \$29.00 | 659 |
| Benefit to Cost ratio (how many dollars of benefit for the cost to the NSW community) | \$5.33 | N/A |

3.9.2 This project requires a more sophisticated cost-benefit analysis

This project requires a more sophisticated cost-benefit analysis than is normally applied to a regional tourism development proposal. This is due to the benefits of this project extending beyond the normal direct benefits such as incremental visitation from interstate and international visitors, construction cost benefits and in this case valuation of direct social benefits from increased Aboriginal employment.

What sets this proposal apart, is its broader significance as a pilot test to evaluate a fresh approach to the policy challenge of developing successful Aboriginal tourism businesses in regional areas. From the perspectives of both NSW and Australia, this project holds exceptional economic and social policy importance. This section estimates the value of these broader benefits, acknowledging the inherent difficulty in accurately assessing them.

Additionally, these broader benefits warrant the utilisation of a lower real discount rate. Furthermore, this project presents challenges in valuing its benefits due to the inclusion of hard-to-measure options, altruistic values, and non-use values that the proposal brings.

3.9.3 Key features of a cost benefit analysis of a visitor attraction

When the NSW Government funds investment in upgraded tourist attraction businesses, there is a short-term return from the construction spending through the community. But more significant over the whole evaluation period of 20 years is the increased spending by international and interstate visitors travelling within NSW,

only a share of which comes to the businesses. As Aboriginal tourism experiences of high quality are so rare in NSW and these experiences are of most interest to international visitors, it is expected that the upgraded experiences from this proposal will bring incremental visitors and increased stay to the New England North West NSW region and to NSW.

It is common with visitor attractions that the major share of the induced regional visitor spending goes to businesses other than the attraction itself. Commonly, for every dollar spent in a new visitor attraction, anywhere between \$1 and \$6 is spent by visitors elsewhere in the region who come to or stay longer in the region due to the visitor attraction. Due to this “free-rider” problem form of market failure (a positive externality), there is normally underinvestment in visitor attractions by the private sector compared to the community economic benefits they bring. This, in turn, explains why many visitor attractions have their capital investment funded by governments and are also often operated by State or local governments, further crowding out investment in and competing with private sector tourist attractions.

3.9.4 Four projects in one

This project consists of four smaller projects that mutually support one another in generating increased benefits, such as improved marketing and enhanced competitiveness in promoting regional visitation as a joint product. Additionally, they share some of the setup costs for training and marketing. The combination of these four projects, as proposed, yields significantly better net benefits compared to assessing the four small projects independently (although this analysis was not conducted).

Combining four smaller projects ensures a wider spread of regional benefits, a wider range of examples in different sectors of Aboriginal tourism business development and a wider base of mentors for other Aboriginal tourism businesses.

3.9.5 Key features of this assessment of community benefit

This report is written from the perspective of the NSW community as recommended by the NSW Government Guide to Cost-Benefit Analysis.⁵

In this cost-benefit analysis, the counterfactual, or base case is the “do-nothing” option or “no-policy change” scenario towards supporting Aboriginal tourism in New England North West NSW. Outcomes for the NSW community forecast from the proposed project investments are compared to those from this no-policy change scenario.

According to this proposal, the NSW State Government bears nearly all project costs, amounting to \$6.9 million, with only \$50,000 required from other sources.

Other key features of this Cost-Benefit Analysis are:

1. Evaluating the project over 20 financial years from grant allocation, beginning in 2023-24, with two years of investment and 18 years of operations. The NSW Government Guide to Cost-Benefit Analysis recommends that for major new capital expenditure above \$10 million or for assets offering longer-term

benefits, a practical asset life of 20-30 years be applied, and a terminal value be applied at the end of the analysis period. This project while below the spending threshold, offers long term benefits given that Aboriginal economic and social development progress has been so slow to date in Closing the Gap.

2. A key conservative assumption is that 50% of the incremental international and interstate visitor spend in the Aboriginal tourism businesses and brought to other businesses in NSW by the enhanced Aboriginal tourism attractions comes from other NSW businesses that lose revenue to the new competitors. A common mistake in cost benefit analysis for tourism attractions is to ignore the impact on competitor businesses within NSW.
3. It is also conservatively assumed in the base case of no policy change that the existing businesses continue without investment and that the recovery of inbound tourism leads their revenues to double from the depressed 2021/22 levels to around \$600,000 by 2025/26 and their profitability to go from a heavy loss to a small profit in that year. It is also assumed that their revenues and profits increase in line with inflation for the balance of the evaluation period.
4. Finally, it is also assumed conservatively that after the first five years of operation as forecast in detail in **Section 5.3**, the revenues of the businesses under this proposal grow more slowly than the compound annual growth rate of

⁵ NSW Government Guide to Cost-Benefit Analysis (TPP17-03), page iii.
<https://www.treasury.nsw.gov.au/sites/default/files/2017-03/TPP17->

03%20NSW%20Government%20Guide%20to%20Cost-Benefit%20Analysis%20-%20pdf_0.pdf .

25% in the first to the fifth year of operation and increase by 3% above the rate of inflation for the balance of the evaluation period.

5. The discounting of benefits and costs is done using a 3% real discount rate. However, a sensitivity test result is also provided using a less appropriate 7% real discount rate (as further explained in the next section).
6. According to the NSW Government Guide, revenues generated within the State that are expenses for other parties within the State (in this case intrastate tourism) should be considered transfers rather than costs or benefits. However, in tourism projects, this approach is not entirely appropriate. Many NSW residents interested in Aboriginal tourism will be compelled to spend their money in other States if NSW does not improve its current low ranking in providing Aboriginal tourism experiences. Currently, NSW ranks ahead of only Victoria and the ACT in the share of visitation to Aboriginal experiences.
7. Related to the previous point, this project should be ranked highly against other regional tourism projects due to the much higher share of international and interstate spending in total visitor spending attracted by the Aboriginal tourism businesses.
8. Only the direct or first-round effects of the proposal are included in the analysis. This means that indirect, second-round, and multiplier effects, such as the economic contribution of business owners and workers who purchase goods and services using their income from the operation, are not considered.

9. This cost benefit analysis includes evaluation of key risks by conducting sensitivity analysis on the two critical assumptions of the forecast increases in visitor spending and the real discount rate used to estimate community benefit.
10. This analysis recognises the complex challenges in valuing the option, altruistic, and non-use values associated with this proposal. To quote the NSW Government Guide to Cost-Benefit Analysis: "Option values arise when individuals value not only the expected use but also the potential use of a service. Altruistic values occur when individuals are willing to pay for someone else's use of a service, including future generations. Non-use values occur when people value a good, such as biodiversity, solely for its existence value, independently of any use value." (Page 11).

Given the difficulties in measurement, this cost-benefit analysis does not attempt to quantify option, altruistic, and non-use values. However, it acknowledges that they represent additional, unmeasured sources of benefits for the NSW community resulting from the project.

3.9.6 Choosing an appropriate discount rate

This cost-benefit analysis faces a complication due to its key benefits addressing multi-generational challenges, which require the use of a lower real discount rate compared to typical funding proposals to the NSW Government.

In a cost-benefit analysis, future costs and benefits are discounted to account for inflation and reflect a real discount rate. The choice of the real discount rate significantly affects the estimation of net community benefits.

Using a real discount rate acknowledges the fact that the community values \$1 today more than \$1 plus inflation in the future. The NSW Government Guide to Cost-Benefit Analysis (from 2017) recommends a real discount rate of 7% per annum for most proposals. For example, a \$1 net community benefit in the final year of the 20-year evaluation period, adjusted for inflation, is worth only 26 cents in 2022 dollars when applying this real discount rate.

However, the NSW Government's real discount rate is considerably higher than the current borrowing cost for 10-year Australian or NSW Government debt, which has a slightly positive or negative real rate, depending on inflation expectations over the next 10 years (with a pre-inflation interest rate for debt of around 4%). Additionally, it is much higher than the recommended rate of 0.2% by IPART for NSW local government infrastructure projects.⁶

When determining the appropriate real discount rate, NSW Treasury acknowledges that the public sector typically competes with the private sector for most investments. However, this proposal is an exception as the private sector cannot fund it. Furthermore, this project promises significant multi-generational social benefits, including improving Aboriginal economic self-determination, cultural pride, and enhancing non-Indigenous Australian understanding of Aboriginal culture.

⁶ IPART, August 2022, "As at the end of July 2022, the nominal local government discount rate is 3.1% and the real discount rate is 0.2%. We recommend councils apply the local government discount rate when calculating local infrastructure contributions using a net present value (NPV) approach."

⁷ KPMG, (2021), 'Selecting the right discount rate for infrastructure projects. Adjusting the discount rate for multi-generational infrastructure projects allows for a more balanced

assessment.' <https://home.kpmg/au/en/home/insights/2021/09/infrastructure-project-investment-discount-rate.html>

These benefits are considered pure public goods, non-rivalrous and non-excludable, making them vital long-term investments for the NSW community. KPMG, echoing the global debate on climate change policy, has recently argued that projects with multi-generational benefits should be evaluated using a lower real discount rate.⁷ For instance, the Stern Review of Climate Change policy, which dealt with a similar multi-generational issue with irreversible impacts, used a 1.4% real discount rate.⁸

This cost benefit analysis adopts a 3% real discount rate to value this project, which is the minimum recommended in the NSW Guidelines, despite the argument for a much lower rate given the multi-generational challenges of Aboriginal disadvantage. Additionally, this cost benefit analysis presents sensitivity testing results using the standard 7% real discount rate recommended by the NSW Government.

3.9.7 Costs of this project by type of cost

The total estimated costs of \$6.9 million were summarised in **Section 3.5**. More detail on the breakdown of these costs for the four businesses is provided in **Section 5.2**. This spending is allocated to the two years 2023/24 and 2024/25, with \$1M to be spent in 2023-24 and the balance of \$5.9M to be spent in 2024/25.

⁸ N. Stern (2006), 'The Economics of Climate Change', <https://www.lse.ac.uk/granthaminstitute/publication/the-economics-of-climate-change-the-stern-review/>

3.9.8 Benefits of this project

Eight benefits were identified from this proposal.

Direct Benefit 1 – Construction benefits and benefits to other NSW suppliers from this initiative

The majority of the costs for this proposal consist of construction costs, accounting for 73% of the total. Additionally, 18% of the costs are attributed to other purchased services, while 9% is allocated for imported vehicles.

The projected expenditure on construction, construction materials, and other purchased services is expected to amount to \$6.37M out of the total project budget of \$6.9M. It is assumed that 90% of the funds allocated for construction and other purchased services will be sourced from suppliers within NSW. The net present value of the benefit to these suppliers is estimated to be \$5.7M in 2022/23 dollars.

In 2019-20, approximately \$200B worth of construction work was carried out across Australia, employing 1.1M workers. Therefore, each job in the sector (not including full-time equivalent (FTE) jobs) was supported annually by roughly \$180,000 in spending. Based on the estimate of \$6.4M allocated for construction and other purchased services in NSW, it can be inferred that the project will create six one-year jobs within NSW in 2023-24 and an additional 26 jobs for one year in 2024-25, resulting in a total of 32 one-year jobs in the NSW construction and other service sectors (not FTEs).

Direct Benefit 2 - Direct incremental economic benefits from operating the upgraded businesses

This cost benefit analysis does not include the share of business revenues attributable to visitors from NSW, in accordance with the guidelines set by the NSW Government.

Total expected visitation to the four businesses for the first five years of operation is shown in **Table 3.9.2**.

The expected share of international, interstate and intrastate visitors for each of the four businesses is shown in **Table 3.9.3**, as is the share of total visitor spending by international, interstate and intrastate visitors.

It is anticipated that the average spend by international and interstate visitors will be higher than the average spend of interstate visitors which will be higher than the average spend of intrastate visitors to these businesses.

Table 3.9.2 Expected visitation to upgraded businesses in first four years of operation

| Visitors | Current Visitation | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|--------------------|---------------|---------------|---------------|---------------|---------------|
| Yinnar Ma Bush Tucker Tours | 70 | 799 | 845 | 1,257 | 1,834 | 2,129 |
| Armidale Aboriginal Cultural Centre | 28,000 | 31,474 | 34,995 | 39,039 | 42,956 | 46,731 |
| Kootingal Tamworth Horseriding Adventures | 983 | 2,137 | 2,289 | 2,443 | 2,600 | 2,761 |
| Artshack @ Willgabah | 675 | 2,076 | 2,286 | 2,501 | 2,684 | 2,867 |
| Total number of visitors | 29,728 | 36,485 | 40,417 | 45,240 | 50,074 | 54,487 |

Table 3.9.3 Expected share of visitation to upgraded businesses in first four years

| Share of Visitors | International (%) | Interstate (%) | Share of International or Interstate (%) | NSW Resident (%) |
|--|-------------------|----------------|--|------------------|
| Yinnar Ma Bush Tucker Tours | 55% | 10% | 65% | 35% |
| Armidale Aboriginal Cultural Centre | 45% | 10% | 55% | 45% |
| Kootingal Tamworth Horseriding Adventures | 20% | 10% | 30% | 70% |
| Artshack @ Willgabah | 50% | 10% | 60% | 40% |
| Share of visitors across the 4 businesses in Year 5 | 44% | 10% | 54% | 46% |
| Share of visitor spending expected in Year 5 and onward | 50% | 10% | 60% | 40% |

Aboriginal tourism in NSW is predominantly driven by international visitors, with four international tourists experiencing Aboriginal tourism for every domestic tourist in the pre-COVID period. As a conservative estimate, it is assumed that, starting from 2025-26 and continuing thereafter, 60% of the visitor spending at the four Aboriginal tourism businesses will come from international or interstate visitors. This assumption takes into account the broader appeal of activities like horse riding adventures to domestic tourists as well.

In **Section 5.4**, incremental revenues for the four businesses during their initial five years of operation were estimated. After considering the conservative assumptions that 60% of the revenues come from non-NSW residents and only 50% of that

amount is incremental to the NSW economy, the net present value of the incremental revenue for NSW from these businesses is projected to be \$6M in discounted 2022 dollars over the 20-year evaluation period.

When funding tourist attraction and accommodation businesses, the major impact on employment occurs in the years following the construction and opening of the new facilities. Typically, the number of short-term construction jobs is much smaller compared to the incremental ongoing employment effect within the completed facilities in the long term.

In **Section 3.8** direct jobs in the base case and with this proposal were identified. It was found that this proposal would lead to an increase of eight full-time equivalent positions and a total of 15 jobs (including full-time, part-time, and casual positions) in ongoing Aboriginal employment within the businesses each year. While the construction and other service spending aimed at enhancing the Aboriginal tourism businesses is expected to create 32 one-year jobs, the ongoing operation of these improved businesses is projected to generate an additional 270 one-year jobs over the 20-year evaluation period.

Direct Benefit 3 – Incremental visitor economy benefits for NSW beyond the Aboriginal tourism businesses

While the Artshack and Tamworth Kootingal Horse Riding Adventure will offer additional visitor accommodation, it is important to note that a majority of the incremental NSW international and interstate visitor spending attracted by the four Aboriginal tourism experiences will stay outside these properties.

According to this analysis, for every dollar spent by incremental international and interstate visitors at the four Aboriginal tourism businesses, a conservatively assumed \$3 is spent elsewhere in NSW as these visitors extend their stays and increase their spending in the state, driven by the rare Aboriginal visitor experiences offered. Similarly, it is assumed that 60% of the additional regional spending comes from international or interstate visitors, and only 50% of this spending is considered incremental for NSW, as the region gains market share at the expense of reduced spending in other parts of NSW.

In discounted 2022 dollars, the net present value of the incremental revenue for NSW generated outside these businesses is conservatively estimated to be \$17.9M over the 20-year evaluation period.

According to the NSW State Tourism Satellite Account for 2021/22, it is estimated that each \$215,000 of visitor spending creates one job (not full-time equivalent). As the incremental after-inflation spending in the region estimated as due to this business outside the four businesses is estimated at \$87M over the 20 years this implies an average of 20 new jobs in NSW each year due to the incremental spending due to but outside the enhanced businesses.

Direct Benefit 4 – Incremental consumer surplus benefits to NSW residents

In a cost-benefit analysis for visitor attractions, it is considered best practice to estimate the consumer surplus for local residents, in this case, NSW residents, as a direct benefit of the project. This involves comparing the willingness to pay to visit the facility, which is often higher, with the average price paid by conducting surveys among NSW residents. However, due to the cost constraints of conducting such a survey, a more restricted and conservative estimation approach was used for this

analysis. It is important to note that including this direct benefit does not violate the NSW Government guidelines against including intrastate visitor spending, as only the estimated excess benefit over willingness to pay is considered.

Considering the scarcity of high-quality presentation and interpretation of Aboriginal culture should result in substantial consumer surplus for the 40% of visitors from NSW. It is also anticipated that some of these visitors will be schoolchildren on excursions, at concessional prices, aimed at fostering a better understanding of Aboriginal culture, particularly through visits to the Armidale Aboriginal cultural centre. The NSW Education Department faces a significant challenge in educating children about Aboriginal culture, especially in regional areas.

Conservatively, it is assumed that the average willingness to pay of NSW residents exceeds the prices charged by 20%. This implies a net present value, in discounted 2022/23 dollars, of \$1.6M over the 20-year evaluation period.

Direct Benefit 5 – Incremental increased Aboriginal employment directly due to the proposal

Aboriginal people in New England North West NSW encounter significant challenges of high unemployment rates and economic disadvantage. This conclusion is reinforced by data from the August 2021 ABS Census data.

In the New England North West ABS region, 13% of respondents who participated in the 2021 Census identified as Aboriginal, while the majority, 87%, identified as non-Aboriginal. This higher proportion of Aboriginal population in the region compared to the overall NSW population underscores the importance of fostering

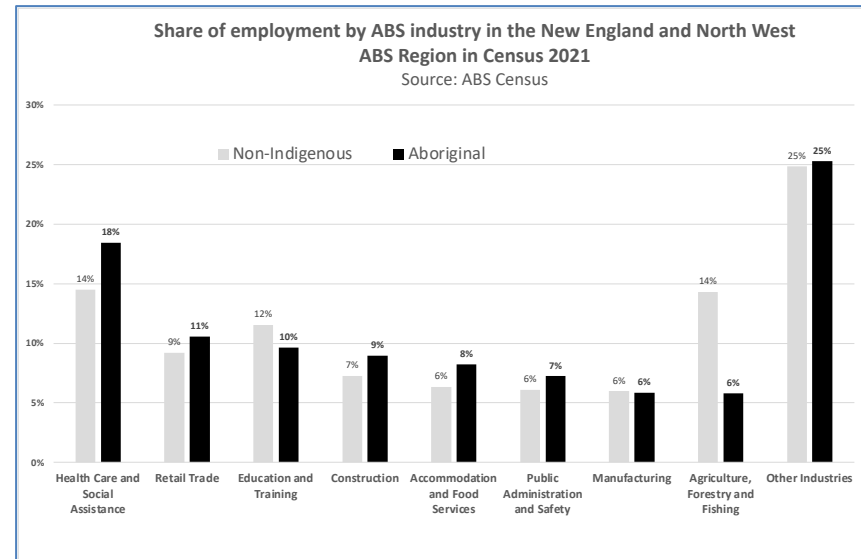
regional economic growth by promoting increased economic engagement among Aboriginal residents.

The unemployment rate among Aboriginal people in the New England North West ABS region was 13%, which is more than three times higher than the unemployment rate among regional non-Indigenous residents, which was 4.0%.

Moreover, the median personal weekly income of Aboriginal individuals in the New England North West ABS region was 27% lower than that of their non-Indigenous counterparts. This implies that the disparity in average weekly income is likely to be even more pronounced than the observed 27% difference in median incomes.

Despite the challenging economic circumstances, Aboriginal people in employment in the New England North West ABS region had a higher representation in key sectors such as accommodation and food services within the tourism industry, as well as construction. It is worth noting that this data, as displayed in **Figure 3.9.4**, was collected during August 2021, a period when the tourism industry was severely impacted by the effects of COVID-19 and experiencing the normal low season (winter) downturn.

Figure 3.9.4 ABS 1-digit industry of employment of Aboriginal and Non-Indigenous residents of the New England and North West ABS region in August 2021



These findings underscore the need for targeted initiatives, particularly within specific industries with stronger Aboriginal representation, to address the economic obstacles faced by Aboriginal individuals in the region. By creating opportunities for their economic empowerment and inclusion, it is possible to work towards reducing the disparities and fostering a more equitable and prosperous regional community.

It is expected that around two thirds of the new jobs in the four Aboriginal tourism businesses will go to previously unemployed Aboriginal people. Similarly, it is expected that around 10% of the increased regional employment in the visitor

economy due to spending attracted by but outside the four Aboriginal tourism businesses, including to other Aboriginal tourism businesses, will go to previously unemployed Aboriginal people. This implies an estimate of 221 one-year jobs (not FTEs) for Aboriginal people from this proposal.

Given the policy importance to the NSW Government of reducing unemployment across Aboriginal people in this region, a conservative valuation of \$5,000 for each of these one-year jobs is applied in this cost benefit analysis. This produces after discounting a net present value of this benefit of \$1M in 2022/23 dollars.

Direct Benefit 6 – Terminal value of funded investments in the four businesses

The \$4.2M value of the construction (visitor attraction and accommodation) funded by this proposal is assumed to depreciate in value at 3% per annum over the 20-year evaluation period. This produces after discounting a net present value of this benefit of \$1.3M in 2022/23 dollars.

Benefit 7 – Broader benefits from this proposal including by providing success stories/mentors and as a pilot test of a new approach to fostering Aboriginal self-determination

Valuing this particular benefit presents a greater challenge. To estimate its value, we need to answer the following question: if this project otherwise had a negative value to the NSW community, how much would this community be willing to pay to see this policy experiment proceed and be evaluated?

There is a growing recognition in public policy of the value of policy experiments. These policy experiments are most valuable when:

- they offer a more effective approach to addressing long-standing policy failures, such as in anti-smoking, countering domestic violence, or fostering Aboriginal economic self-determination;
- they provide a template that can be replicated in multiple areas across the state; and
- they are cost-effective compared to the problems they aim to solve.

By considering these aspects, we can better understand and assess the value of this policy experiment.

The valuation of this policy experiment is tied to three issues:

1. The urgent need to address three key objectives of Closing the Gap and especially increase Aboriginal youth employment ratios
2. The heavy financial commitment of the Commonwealth and NSW State Governments to Aboriginal policy to address disadvantage
3. Recognition that the tourism industry is with the construction sector the main industries which offer Aboriginals the opportunity to develop a large number of successful small businesses.

By considering these factors, the policy experiment can contribute to the overarching goal of Closing the Gap, provide economic opportunities for Aboriginal youth, and support the recovery and growth of the tourism industry. Unlike this proposal, few of the other small-scale policy experiments have positive cost benefits when only the direct impacts of the experiment are measured.

Relevance to 'Closing the Gap'

The seventh 'Closing the Gap' objective is "Aboriginal and Torres Strait Islander youth are engaged in employment or education." The associated target is that by 2031, the proportion of Aboriginal and Torres Strait Islander youth (15-24 years) who are in employment, education or training increases to 67% (from 58% in 2021).

By providing improved employment for young Aboriginal people, there should be progress on other related Closing the Gap objectives of reducing youth incarceration rates and encouraging school retention.

The largest industry of employment across the Australian economy for 15-24 year old Aboriginal people is the major tourism sector of 'Accommodation and Food Services'. This was despite this sector's employment in August 2021 being devastated by COVID impacts and at a within-year winter season low. This data from the ABS 2021 Census is shown in **Figure 3.9.5**.

The eighth Closing the Gap objective is "Strong economic participation and development of Aboriginal and Torres Strait Islander people and communities". The associated target is that by 2031, the proportion of Aboriginal and Torres Strait Islander people aged 25-64 who are employed increases to 62% (from 55.7% in 2021). The share of total employment of Aboriginal people across the Australian economy is shown in **Figure 3.9.6**.

Figure 3.9.5 15-24 year old ABS 1-digit industry of employment of Aboriginal and Non-Indigenous Australians in August 2021

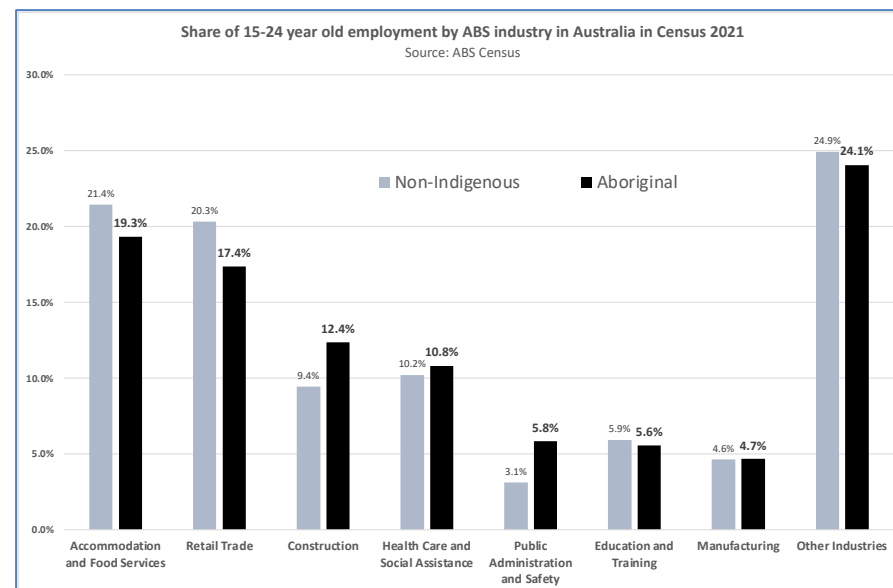
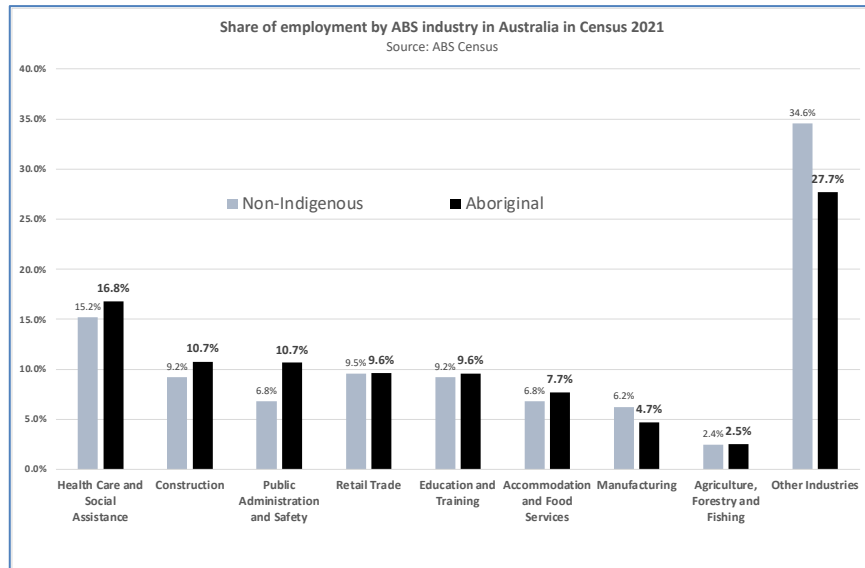


Figure 3.9.6 ABS 1-digit industry of employment of Aboriginal and Non-Indigenous Australians in August 2021



The 15th of the 17 Closing the Gap objectives is “Aboriginal and Torres Strait Islander people maintain a distinctive cultural, spiritual, physical and economic relationship with their land and waters.” Tourism along with the smaller sector for employment of Aboriginal people across Agriculture, Forestry and Fishing, are two

⁹ NSW Government (2022), “Comprehensive Indigenous Expenditure Report 2021-22” <https://www.treasury.nsw.gov.au/sites/default/files/2022-10/20221021-comprehensive-indigenous-expenditure-report.pdf>

key industries which allow Aboriginal people on Country employment. Looking at only the New England North West region, the Aboriginal employment share in the Agriculture, Forestry and Fishing industry is only around 40% of that of non-Indigenous Australians, as shown in **Figure 3.9.4**.

Budget commitments of the NSW and Commonwealth Government to addressing Aboriginal disadvantage

The NSW Government in 2020-21 spent \$5.48B on First Nations communities. This included \$4.5B in non-targeted expenditure in the following clusters: \$1.1M in Health; \$1.5B in Education and \$1.9B in Stronger Communities.⁹

The Commonwealth budget invested \$1.9B in initiatives for Aboriginal and Torres Strait Islander people and communities in the 2023 Federal Budget. Included in this Budget is funding to support economic opportunity through education, skills development and employment. One aspect was a commitment of \$97.7M for a three-year jobs program to replace the abolished community development program.

The Commonwealth Government has committed \$3.4M to increase First Nations employment in the Australian Public Sector to 5% by 2030. This policy experiment seeks to alternatively develop Aboriginal entrepreneurship. The Commonwealth Government is also delivering a range of strategies and publications in 2023 that will consider the opportunities and challenges faced by First Nations Australians.

These include the National Gender Equality Strategy, the Early Years Strategy, Measuring What Matters and the Employment White Paper.

In answer to the question posed of: if this project otherwise had a negative value to the NSW community how much would this community be willing to pay to see this policy experiment proceed and be evaluated?

- a conservative valuation of \$2.5M in discounted 2022/23 dollars is estimated, or less than 1/20th of 1% of NSW Government annual spending on supporting First Nation communities.

Benefit 8 – option, altruistic and non-use benefits

Measurement challenges meant that it proved impractical within the budget for this project to value these three sources of indirect benefits of this project. To measure these benefits would have required a willingness to survey of a representative sample of the NSW population.

Some NSW residents are expected to have a willingness to pay above the cost of visiting not just for their expected visitation to these businesses, but also their possible visitation (option value). Some NSW residents will be willing to pay to see someone else's use of these business visitor services, including use by future generations particularly as it fosters greater understanding of Aboriginal culture and their links to Country (altruistic value). Finally, many NSW residents value availability of Aboriginal tourism experiences and Aboriginal business success, simply for its existence value independently of any use value (altruistic value).

3.9.9 Sensitivity analysis

Two key sensitivity analysis tests are included in this cost-benefit analysis.

The first sensitivity test is to reduce by 40% compared to the core analysis:

- incremental revenues to the four businesses;
- incremental visitor spending to other NSW businesses due to the four businesses compared to the core analysis; and
- consumer surplus of NSW residents.

The second sensitivity test is to use the standard, though obviously inappropriate to this project, NSW government real discount rate of 7%.

The impact on the calculated net present value of \$29M in discounted 2022/23 dollars, shown in **Table 3.9.1** was:

1. A reduction in the calculated net present value to \$23.7M in 2022/23 dollars or by \$5.3M when the revenues to the four businesses, incremental visitor spending to other NSW businesses and NSW resident consumer surplus due to the four businesses are reduced by 40% compared to the analysis in the financial evaluation of this project.
2. A reduction in the calculated net present value to \$16.2M in 2022/23 dollars or by \$13.8M when using the real discount rate of 7% instead of the 3% used to value this proposal.

This proposal continues to have a strong net community benefit for the NSW community if the benefits associated with revenue for the business are cut by 40% or if a much higher and inappropriate real discount rate is applied.

3.9.10 Related social and cultural benefits

In addition to the proposed growth of Aboriginal tourism business, are a range of social benefits with a major share of these accruing to Aboriginal people. Reducing welfare dependency with direct employment of members of the Aboriginal community is a key social benefit, as valued in Direct benefit 5. It will help in a small way to close the local Aboriginal employment gap, but the benefit of Aboriginal employment on Country goes further than this.

Academic research at Curtin University concluded that connections to family and community, to the land, to culture and traditions, are all fundamental to how Aboriginal people feel about themselves, and their sense of a good life. Yet this study reported that all too often, the sorts of indicators of social and economic development used to inform policy-making, or to evaluate policy or community initiatives, fail to represent such values in any meaningful way. The problem here is not just the lack of consensus on how wellbeing for Indigenous communities should be thought of, but – more critically – that many of the indicators most commonly used to capture Indigenous peoples' wellbeing are drawn from Western concepts that fail to reflect the essential elements of a good life that resonate with Aboriginal people.¹⁰

This Project proposes to reinforce links to culture and land and generate Aboriginal employment in tourism businesses based on Country across the region. This should bring progress to a wider range of closing the gap targets for health and

education in the region which are influenced by perceptions of self-worth and respect. Progress in improving perceptions of self-worth is also expected to improve other key measures of Aboriginal disadvantage outside the formal Closing the Gap targets including imprisonment, domestic violence and suicide rates.

Consultation with local Aboriginal people for this project identified a strong desire to keep local culture alive, share the Storylines, learn how to use the local language and teach self-respect. Interpretation of local Aboriginal culture will help with this. This proposal offers an opportunity for Aboriginal storytelling that celebrates an adapting culture that has played a major role in its survival.

In addition to talking about Aboriginal culture pre-settlement, there is an opportunity to take on topics that have not been widely shared through public interpretation.

This proposal could cover aspects such as:

- integrating Aboriginal perspectives and stories not only within local Aboriginal content, but as Aboriginal perspectives on non-Aboriginal content;
- tell some of the darker stories associated with early pioneering and conflict and displacement of local Aboriginal people;
- explore the challenge of generating more employment for local Aboriginal people in the region;
- share how local Aboriginal people have learnt how to develop their own businesses and invest in their communities; and

¹⁰ Yap and Yu (2016) 'Community wellbeing from the ground up: a Yawuru example', Bankwest Curtin Economics Centre Research Report 3, 16 August

- share the post contact stories and culture of Aboriginal people in the New England North West. Where families lived and worked and how they have shared in the region's development

Few people know about this content. Sharing this content will enrich understanding of what local Aboriginal people have endured, overcome, and still face.

Finally, this proposal will create a set of Aboriginal tourism mentors that can inspire and guide the emerging Aboriginal tourism sector in the region and across NSW.

4. IMPLEMENTATION CASE

4.1 PROGRAM & MILESTONES

Subject to funding, the project is proposed to run for two years, from the first quarter of 2023 to the end of the end 2025. **Table 4.1.1** presents a summary of the implementation timetable for the integrated elements of the proposal.

This strategic intervention needs to integrate the development approval processes with construction, fitout, landscaping and development of individual operator product development. Marketing development has to wait for this work to be finished so that images and video footage can be collected to provide visual content.

Table 4.1.1 Proposed staging plan for integrated proposal elements

| Phase | Q4 2023 | Q1 2024 | Q 2 2024 | Q 3 2024 | Q 4 2024 | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 |
|--|---------|---------|----------|----------|----------|---------|---------|---------|---------|
| Funding procurement | | | | | | | | | |
| Funding agreements | | Jan | | | | | | | |
| Procure project manager and tourism expertise | | Feb | | | | | | | |
| Site survey, engineer assessment, architectural design | | | | | | | | | |
| Development approvals | | | | | | | | | |
| Adaptation – existing buildings | | March | | | | | | | |
| Construction – roads | | | | | | | | | |
| Construction – cabins (production and transport) | | | | | | | | | |
| Construction – cabin foundations and adjacent sheds | | | | | | | | | |
| Cabin installation | | | | | | | | | |
| Fitout and landscaping | | | | | | | | | |
| Marketing – regional brand or story thread for region's Aboriginal tourism | | | | | | | | | |
| Marketing – Phone app | | | | | | | | | |
| Marketing – photo & video shoots of completed products for four operators | | | | | | | | | |
| Marketing – regional website and booking engine | | | | | | | | | Oct |
| Marketing – four operator websites and booking engine | | | | | | | | | Oct |
| Marketing – operator social media platforms | | | | | | | | | Nov |
| Marketing – integrate regional platform with local & regional marketing | | | | | | | | | Nov |
| Capacity building – digital marketing booking for four operators | | | | | | | | | Nov |
| Marketing – Soft launch of 2 smaller scope proposals | | | | | | | June | | |
| Marketing –Launch for 2 major works and regional marketing platform | | | | | | | | | Dec |

4.2 GOVERNANCE

Project management

The aim of the chosen Proposal is to provide an integrated approach to addressing the problem. An integrated approach significantly increases the potential for the participating operators to achieve a consistent standard across product development and marketing, and the opportunity for an interpretive thread / brand to be created for the region. This integrated approach will be highly differentiated from other regions that have a solo approach and be highly attractive to the market.

To achieve the integrated approach, we strongly recommend that the NSW Aboriginal Land Council (NSWALC) become the overall project manager, overseeing the project on behalf of the funder(s) and specifically:

1. Operate as the Proposal sponsor, managing the relationship with the funder(s) (eg. progress reporting, sourcing progress payments)
2. Be the key decision maker, working with the four Aboriginal tourism operators (eg. setting up contracts for delivery and responsibilities of the operators)
3. Managing subcontractors (eg. developing Briefs, managing procurement and contracting, and managing delivery against agreed Brief)

The project management role has been costed in the Development Budget (**Section 3.5**) as a part time position of (on average) 1 – 2 days per week over two years. The cost would be funded through the Development Budget Project Management allocation.

This role has been introduced to the NSWALC, who are considering it and ways that it could be delivered, such as:

1. Transfer an existing employee into the role (and if their role needs to continue, recruit a temporary replacement for the duration of the project)
2. Contract a temporary employee with adequate project management experience
3. Contract a LALC with project management expertise (Glenn Innes could be considered as they are proposing their own development in line with this Proposal)
4. Contract a project management firm to provide the service.

The greater role that the NSWALC takes in project managing the delivery of this Proposal, the stronger they will be positioned for a second business case designed to grow emerging Aboriginal tourism businesses, including LALCs – their core stakeholder base.

The NSWALC would be supported by a Project Control Group, which would be the same parties and operating guidelines the PCG for the Aboriginal Tourism Audit and Aboriginal Tourism Business Case. Organisations within this PCG would be:

- Chair: NSWALC Councillor
- NSWALC Senior Management and project management representatives;
- DRNSW regional representative
- NATOC representative
- Destination Outback representative
- Local Aboriginal Land Council representatives

Specialist guidance

It is proposed to contract a special interest tourism consultant to provide guidance and quality assurance over subcontractors delivering products and services. This service could support interactions with the four Aboriginal tourism operators receiving investment and subcontractors. This service has also been costed into the Development Budget (**Section 3.5**).

Contracts with the four Aboriginal tourism operators

The project manager will need to establish contracts with the four Aboriginal tourism operators. These contracts will need to define the product and services being provided by the funding and the obligations of the operators in receiving this. Some of the obligations will need to include:

- being readily available to assist with fine tuning the design;
- being responsible for coordinating any consultation and approval process;
- being available for training and flexible to adjust product based on professional advice;
- committing to participate in the marketing platform; and
- committing to being a mentor for other Aboriginal tourism operators in the area, providing time and hosting visits to the site and experience for mentors.

Seeking economy of scale and consistent design where possible

Wherever possible, procurement should seek economy of scale and consistent design where possible through engaging the same firm to provide as similar product or service as possible for multiple recipients. This could apply to:

- products, such as accommodation cabin build, foundations, additional decks and internal fitout, websites and booking systems; and
- services, such as product development, interpretation and marketing training and photography.

4.3 LEGISLATIVE, REGULATORY ISSUES & APPROVALS

4.3.1 Land owner approvals

Armida Aboriginal Cultural Centre lease the property and building from Crown Lands NSW and will need approval from them as their landowners.

4.3.2 Development Approvals required to implement the project

The following approvals would be required to implement the project:

- for Tamworth and Kootingal Horse Riding Adventures: Development Approval for new cabins at, submitted through recently established agritourism clause, followed by a Construction Certificate and Occupancy Certificate;
- for ArtShack @ Wilgabah: Development Approval for new cabins, submitted through recently established agritourism clause (a Development Approval already exists for the rest of the work), followed by a Construction Certificate and Occupancy Certificate; and

- for the internal corridor at the Armidale Aboriginal Cultural Centre a Development Approval Construction Certificate and Occupancy Certificate is likely to be needed, depending on the scale and reversibility of the design.

Tamworth and Kootingal Horse Riding Adventures and ArtShack @ Wilgabah will need to quickly initiate planning work that proceeds a Development Approval application, including a site survey, geotechnical assessment, building plans, fire assessment and BASIX assessment (which can be organised through an architect). As many external funding programs expect pre-approval or allow up to six months within their funding period, proponents will need to activate the process as soon as possible.

Tamworth and Kootingal Horse Riding Adventures and ArtShack @ Wilgabah should seriously consider training and positioning themselves as Owner Builders. There is a shortage of builders in the region and most prefer straight new residential buildings to this unusual work. Being an Owner Builder allows the proponents to source an alternative to a builder, such as an experienced carpenter, and will also save a significant portion of the build cost.

4.4 PROPOSED MANAGEMENT ACTIVITIES

4.4.1 Risk management

Risk assessment process

Table 4.4.1 presents the risk rating summary used for this Business Case relating to the development and early operating periods. The risk assessment aligns with the principles of AS/NZS ISO 3100.

Table 4.4.1 Risk categorisation used for the Proposal

| Risk | Description |
|------------|---|
| Extreme | Risk requires immediate treatment; may need to consider halting ADAPT if risk cannot be mitigated |
| Severe | Risk should be treated to reduce it to a more acceptable level |
| Moderate | Risk has the capacity to cause some disruption; treat if possible |
| Mild | Rating of little concern but risk does need to be monitored |
| Negligible | Rating represents no concern - risk does not need to be monitored or reported, barring significant change |

Table 4.4.2 presents 10 top risks – other risks that received a Negligible rating were not presented. **Table 4.4.2** indicates that following the interplay of rating the likelihood and consequence, there were no Extreme risks, four Severe risks, four Moderate risks and two Low risks.

Risks with highest risk rating

The three Severe risks identified were:

- Sufficient funding – Inability to secure the majority of funding from one major source
- Funding rule limitations – The government funding rules do not support the Proposal context (eg. funder requires 25% or more co-contribution that cannot be matched by the funding recipient, or cannot fund projects that benefit private sector)

- Approval of accommodation – Inability to secure development approvals for accommodation proposals by Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah stops the proposal

There four Moderate risks identified were:

- Sourcing suitable vehicles – The required vehicles for Yinarr Ma Bush Tucker Tours and Armidale Cultural Centre cannot be sourced due to supply chain issues or model being cancelled
- Sourcing accommodation – The proposed cabins for Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah cannot be supplied and installed within the project period
- Cost escalations – Contractor and materials availability causes cost escalation that cannot be funded and requires scope reduction
- Operators delay – Operators do not do their part of the delivery in a timely manner and cause delays to completion

Risk mitigation

Table 4.4.3 presents potential mitigative measures to reduce the risk rating of each risk. It is recommended that on receipt of funding, the Project Manager could expand the risks and their mitigative measures into a more detailed Risk Management Plan.

Table 4.4.2 Top 10 risks facing the implementation of the Proposal (listed from highest to lowest)

| Risk type | Description of risk | Consequence | Likelihood | Risk rating |
|-------------------------------|---|-------------|------------|-------------|
| 1. Sufficient funding | Inability to secure the majority of funding from one major source | Major | Moderate | Severe |
| 2. Funding rule limitations | The government funding rules do not support the Proposal context (eg. funder requires 25% or more co-contribution that cannot be matched by the funding recipient, or cannot fund projects that benefit private sector) | Major | Moderate | Severe |
| 3. Approval of accommodation | Inability to secure development approvals for accommodation proposals by Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah stops the proposal | Major | Moderate | Severe |
| 4. Sourcing suitable vehicles | The required vehicles for Yinarr Ma Bush Tucker Tours and Armidale Cultural Centre cannot be sourced due to supply chain issues or model being cancelled | Moderate | Moderate | Moderate |
| 5. Sourcing accommodation | The proposed cabins for Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah cannot be supplied and installed within the project period | Moderate | Moderate | Moderate |
| 6. Cost escalations | Contractor and materials availability causes cost escalation that cannot be funded and requires scope reduction | Moderate | Moderate | Moderate |
| 7. Operators delay | Operators do not do their part of the delivery in a timely manner and cause delays to completion | Moderate | Moderate | Moderate |
| 8. Inadequate trainer | The project manager chooses trainer(s) that lack the practical skills to work with the four businesses | Moderate | Low | Low |
| 9. Operator(s) not a mentor | Operators don't make themselves available or are poor mentors for emerging Aboriginal tourism operators | Moderate | Low | Low |

Table 4.4.3 Mitigative measures to address top 10 risks facing the implementation of the Proposal (listed from highest to lowest)

| Risk type | Description of risk | Mitigation strategies |
|-------------------------------|---|---|
| 1. Sufficient funding | Inability to secure the majority of funding from one major source | <ul style="list-style-type: none"> To support this business case, prepare a prospectus for stakeholders, a supporting presentation and a video to provide a high-level visual pitch that motivates potential funding support Conduct frequent briefings and thoroughly support the information needs of potential funders Identify and cultivate a high-level respected champion of the proposal to act as the public face Communicate the proposal and its benefits with Upper Hunter stakeholders to gain their support |
| 2. Funding rule limitations | The government funding rules do not support the Proposal context (eg. funder requires 25% or more co-contribution that cannot be matched by the funding recipient, or cannot fund projects that benefit private sector) | <ul style="list-style-type: none"> As part of this Business Case, liaise with State funding provider representatives on the issue to determine the level of flexibility If no flexibility, present overall business case directly to a relevant NSW department and Treasury If no response to above, explore options for Commonwealth to fund |
| 3. Approval of accommodation | Inability to secure development approvals for accommodation proposals by Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah stops the proposal | <ul style="list-style-type: none"> As part of this Business Case, liaise with Tamworth Regional Council and Liverpool Plains Council to determine the approval process and indicative timeframe for execution, and confirm this is within the forecast timeline Engage suitable planning and approval expertise to assist design the proposal to mitigate issues Adjust the accommodation design and build to minimise additional approval processes |
| 4. Sourcing suitable vehicles | The required vehicles for Yinarr Ma Bush Tucker Tours and Armidale Cultural Centre cannot be sourced due to supply chain issues or model being cancelled | <ul style="list-style-type: none"> As part of this Business Case, undertake preliminary scoping of vehicle options to requested scope and get Yinarr Ma Bush Tucker Tours to choose preferences If a large enough 4WD is not available, evaluate the merits of operating one smaller versus two vehicles |
| 5. Sourcing accommodation | The proposed cabins for Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah cannot be supplied and installed within the project period | <ul style="list-style-type: none"> As part of this Business Case, undertake preliminary scoping of alternative options for cabins that reflect the desired scope and timeframe and get Tamworth and Kootingal Horse Riding Adventures and / or Artshack @ Wingabah to choose preferences If preferred cabin cannot be delivered and installed in time, choose an alternative that was already considered acceptable |
| 6. Cost escalations | Contractor and materials availability causes cost escalation that cannot be funded and requires scope reduction | <ul style="list-style-type: none"> Allocate substantial contingency and regional cost allowance in business case development budget Write into development contracts the requirement to choose materials and fittings that can be delivered in the project timeframe, and for products at risk, purchase in advance where possible |
| 7. Operators delay | Operators do not do their part of the delivery in a timely manner and cause delays to completion | <ul style="list-style-type: none"> Issue all operators with a contract that includes timely delivery |
| 8. Inadequate trainer | The project manager chooses trainer(s) that lack the practical skills to work with the four businesses | <ul style="list-style-type: none"> Use the recommendations of the Aboriginal Tourism Audit to select trainers In the Brief for service, request trainers to demonstrate practical experience with in-situ delivery of pragmatic content and ideally, with Aboriginal tourism stakeholders / operators |
| 9. Operator(s) not a mentor | Operators don't make themselves available or are poor mentors for emerging Aboriginal tourism operators | <ul style="list-style-type: none"> Write into development contracts the requirement to operate as a mentor and provide site hosting to view and understand the operation Make inclusion in the regional marketing platform contingent on being a mentor |

5. ATTACHMENTS

5.1 PROFILES OF ABORIGINAL TOURISM OPERATORS PROPOSED FOR INVESTMENT

5.1.1 Yinarr Ma Bush Tucker Tours

Background

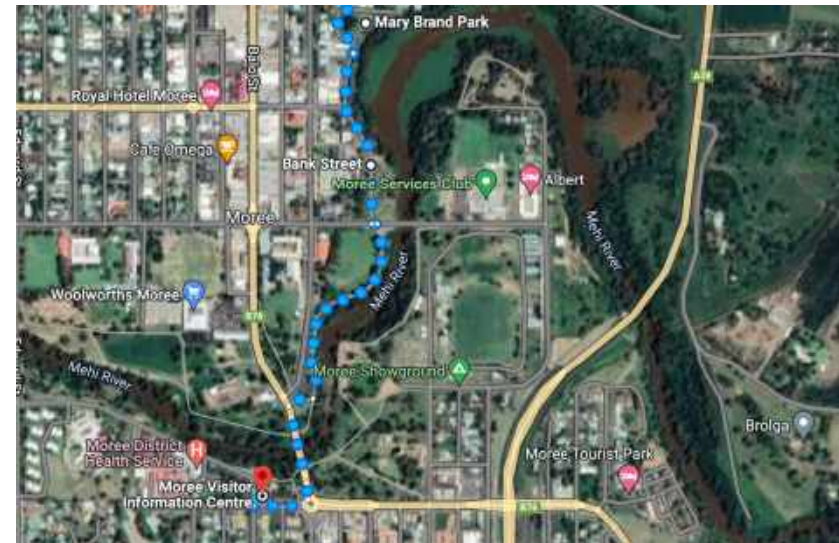
Yinarr Ma Bush Tucker Tours is a young, small but growing Aboriginal tourism business based in Moree. The business leverages off visitors coming to Moree for artesian thermal springs, looking for meaningful and healthy experiences. The part time sole trader business run by Kerrie Saunders is ready to ramp up to the next level.

Product observations

The product is an exploration of local native bushtucker with an emphasis on grains. The walking tour starts at the Moree Visitor Information Centre. Kerrie walks the group along the edge of the Mehi River to the Moree Botanic Gardens.

At the Botanic Gardens (Mary Brand Park), Kerrie sets up a variety of grains to talk more specifically to bushtucker. Kerrie collects these grains from the surrounding area of Moree (approximately 45km away), prepares them for cooking and uses them to make various foods that are offered to customers. Towards the end of the session Kerrie offers some produce cooked using some of the bushtucker.

The tour route of Yinarr Ma Bush Tucker Tours



Owner operator Kerrie Saunders guiding with customers



Native seeds and cakes made from them



The interpretation covers themes of traditional bushtucker collection, preparation and cooking, and the healthy attributes of the unprocessed produce in comparison with mass produced contemporary equivalents. To this end, the tour attracts customers with interests in Aboriginal cultural, food and healthy living.

While the natural environment, plants and grains are used extensively as props, there is no other props used that might help explain more, such as maps of plant distribution, and photos of the plants growing naturally and photos of other dishes made by the foods not on display on the day.

The interpretation is driven by goals of raising awareness, acceptance and appreciation. The main message communicated is that Aboriginal food is healthy and central to Aboriginal culture.

Tours are offered between 9 – 12pm three days a week (Thursday to Saturday). A typical group size is six to eight customers but in peak periods this can increase to 12 – 15. In the past year the tour has attracted approximately 1,250 customers.

Kerrie has developed partnerships with the Moree Shire Council and the Friends of the Botanic Gardens, to utilise the local areas in exchange for her assistance in land management. There is no buildings or infrastructure directly used by the business, though a picnic table in the gardens is used to display the bushtucker.

Kerrie uses her own small private vehicle to drive out of Moree and collect grains. The vehicle is not ideal on some of the corrugated roads and is reaching the end of its life.

The customer flow is relatively consistent.

Marketing

Branding features a logo, which has colourful surrounds but a complex image in the centre that is hard to see when reduced. There is no tagline or lead image depicting the essence of the experience. Marketing is largely driven by presentation on the Destination NSW website (<https://www.visitnsw.com/things-to-do/tours/vinarr-ma-bush-tucker-tours>), Moree Visitor Information Centre, word of mouth and repeat customers.

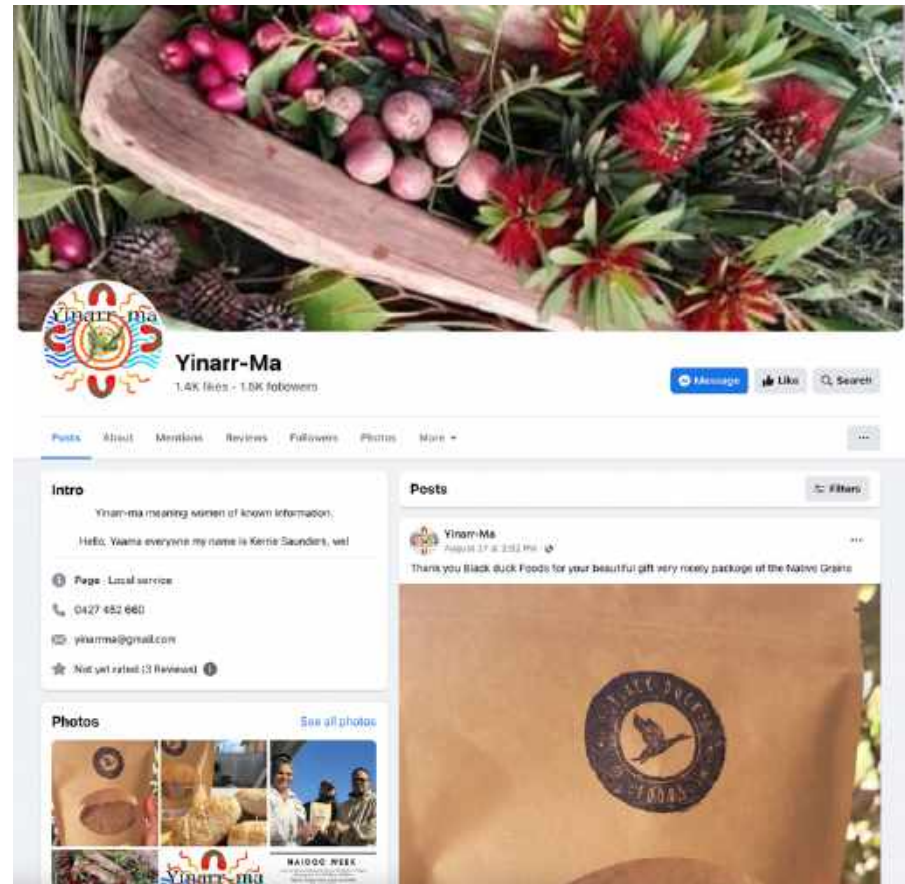
The business has a Facebook site with approximately 15,600 followers and 1,400 Likes. There are semi-regular posts.

There is no business website or booking system website. The product is not listed on the regional tourism website, nor the ATDW. There are no obvious active marketing partnerships.

Business logo



Facebook home page



Recent Facebook posts



The business

The business started in 2020 and has been operating for two years. The goal of the business is to introduce people to Aboriginal bushtucker and raise awareness of its cultural and health values.

Since commencement, business turnover has doubled from \$6,000 in Year 1 to \$11,000 in Year 2. There is an increasing proportion of repeat visitation (20-30%).

The business has 1PT employee (Kerrie) working three days a week, and the other days at the local university. There are family members that can join the tour when needed, such as for larger groups. Kerrie would like to train one person to cook, set up the grains and pack up, so there is no interruption to the experience as the group finishes the walk in the botanic gardens. If the business grows, Kerrie could reduce her time working with the university to become more available in the business.

The recovery from COVID and has been quite good, partly as a result of good growth in visitation to the Moree artesian attraction.

Approximately 20-30% of customers come to Moree particularly to do the bushtucker tour. There are very few (if any) customers undertaking any other Aboriginal tourism experience in the region.

What customers really like about the product is learning the interconnectivity between bushtucker and Aboriginal culture and good health, and that you can survive in the Australian bush if you have bushtucker skills. At the conclusion of the tour, customers ask for more of the experience (another tour or extension of the existing one).

Training

The key skills that the business already has that makes it possible to deliver the product are:

- deep knowledge of bushtucker collection, preparation and cooking;
- solid knowledge of local Aboriginal culture; and
- ability to generate ideas and tour product from imagination, trial and error.

Kerrie has a Business Cert 2 and 3. She doesn't believe that she needs much more training, though if she had her time again might have undertaken the Cert 3 in Cultural Tourism.

Product gap

Kerrie really needs a more robust and larger vehicle to collect bushtucker, such as a 4WD that can be driven on rough and sometimes dusty or muddy roads.

Kerrie believes there is an opportunity to provide an extended version of the tour based on a 4WD vehicle, where she takes customers with her to collect the grains in situ. Ideally, this would be the same vehicle she uses herself to collect seed.

There is also an opportunity to offer basket weaving and / or didgeridoo playing at the end of the tour, for an extra charge.

5.1.2 Armidale & Regional Aboriginal Cultural Centre

Background

The Armidale & Regional Aboriginal Cultural Centre & Keeping Place (ACCKP) is situated in Armidale, alongside the New England Regional Art Museum. The Centre was built in 1988 and opened in 1989, with a second art gallery opened in 2019. The Centre is Not for Profit, operated by an all-Aboriginal Board of Custodians and management team.

The Centre's mission is to develop, promote and preserve Aboriginal arts, culture and heritage by engaging with community and with our primary objective to provide a place of cultural awareness and a cross-cultural learning facility preserving culture history and advancing cultural excellence.

The Centre has significant grounds to its south and east



Product observations

The centre provides:

- two first class Art Galleries specialising in Aboriginal works of art and display of some Aboriginal artefacts (not interpreted with labels / signs)
- a family history centre;
- conference and learning facilities;
- a gift shop specialising in Aboriginal merchandise;
- meeting room / workshop space for training and activities such as making art;
- a café (after COVID is limited to serving morning and afternoon tea only);
- an outdoor undercover function and events pavilion for music and dance performances, larger talks and gatherings; and
- a bushtucker self-guiding trail.

The Centre runs a wide range of Aboriginal cultural activities and workshops including holiday programs for primary school students, art classes on Aboriginal Arts and crafts, Family History Search and organises services for functions and events including Welcome to Country, didgeridoo and dance performances.

One highly differentiated activity is the provision of Aboriginal games.

In addition to being a cultural attraction, the Centre is a meeting place for local community groups and related service providers.

The centre is opened six days a week between 9am to 4pm Mondays to Fridays and 10am to 2pm on Saturdays (excluding public holidays).

Some of the key interpretive messages being communicated are:

- historic use of artefacts can help demonstrate how Aboriginal people undertook the constant tasks of hunting, food collection, storage and transport;
- there is a cultural base that helped Aboriginal people to survive;
- Aboriginal art is continuously evolving and comes from many perspectives; and
- Aboriginal culture is alive and evolving.

Marketing



The leading visual aspect of the brand is a logo. The logo is used on marketing collateral, some merchandise and stationery. It is complex and difficult to see when presented in typical small format. The supporting element of the brand is the tagline 'Cultural Knowledge'.

The product is listed on the Destination NSW website, Destination North website and Tamworth Visitor Information Centre website. The product is not profiled on the ATDW.

The business has its own website <https://www.acckp.com.au>. The home page features a video. The website tabs: Us, Exhibitions, Services, Café, Shop, Get in Touch

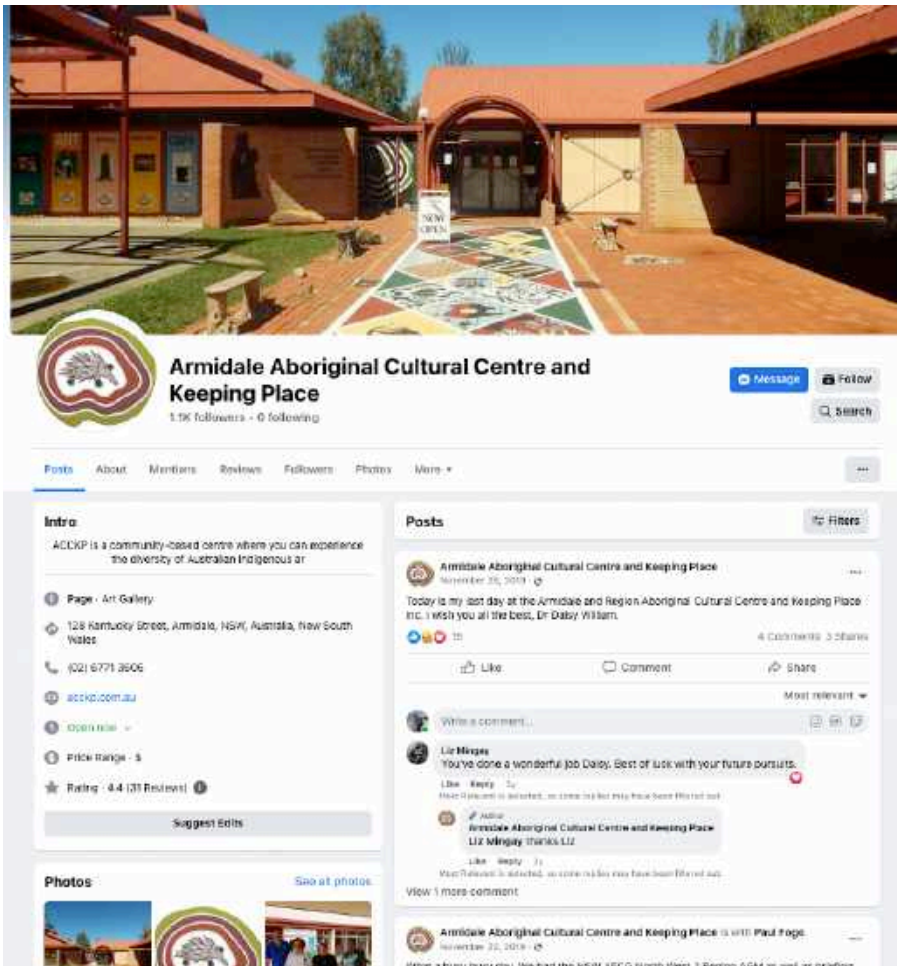
The website invites followers onto Facebook and Twitter sites. There are broken links on all footer headings.

Website exhibitions promotion



The Facebook site has a significant 1,100 followers. Posts are not particularly frequent.

Facebook homepage



There is opportunity to start doing industry familiarisations to increase awareness and referrals.

The attraction is listed on TripAdvisor at #10 of 39 things to do in Armidale, a little lower than expected. At the time of this audit, there were only 29 reviews rating it at 4.5 stars (13 excellent, 12 very good, 3 average, 1 poor). Interestingly, most of the reviews were focussed on the interpretive experience with Rose than the exhibits. The last review was April 2021.

Google Reviews generated 4.6 stars from 61 reviews.

The business

The attraction is based on the one site that is Crown land. The Commonwealth generously charge no lease fee and pay public liability, building and contents insurance. The Keeping Place displays and stores approximately 10,000 objects under continuously air-conditioned space. The art collection includes paintings, fabric and sculptures.

The business is made up of the cultural centre building (approximately 1,500m²), a car park for 10 cars and a coach (approximately 550m²). The grounds and building are in good condition, though the workshop space and amenities need refurbishment. There is minimal risk of fire or flood.

The business employs 2FTE's (Director / CEO and a Project Officer), as well as two part time and two casual staff. There are also two part time volunteers.

The business attracted approximately 13-18,000 customers per annum pre COVID. Since COVID business has increased, attracting approximately 23,000 visitors per annum between 2020 – 2022. Approximately 10% of visitors come to Armidale especially to visit the Centre (mostly schools and groups). Very few visitors have

undertaken another Aboriginal tourism experience in the region, while approximately 10-20% have undertaken one in NSW, and 30-40% have undertaken one in NT, WA or Qld.

The business turnover per annum is approximately \$100,000 and is forecast to grow to \$200,000 by 2023. The school holidays are the peak period, earning \$1,000 to \$1,400 per day. Recovery post COVID has been slow – the business is was only earning half the pre COVID turnover at the time of this audit.

Customers leaving the Centre and providing feedback in the visitor's book are most satisfied by guide's knowledge about local Aboriginal culture and heritage, gaining a sense of pride in Aboriginal history and feeling more part of this.

Training

There is a real need to train staff and volunteers in interpretation to guide visitors around the exhibits to a standard closer to that of Rose. This needs some structuring of the content into themes and messages, so participants are not overwhelmed and can deliver some consistent bottom line messaging.

There is also a need to undertake training in marketing to apply the brand more consistently, create more partnerships, expand the range and diversity of distribution channels and introduce more visitor monitoring than the visitor book.

Finally, there is a need to train a replacement volunteer to do the bookkeeping and support the longstanding volunteer (David).

The ideal approach would be to bring expertise to the attraction and work up skills using the specific needs of the centre.

Product gap

The Armidale local area has a gap in offering visitors the opportunity to see local Aboriginal heritage in situ, supported by face to face interpretation. There are a range of local Aboriginal sites that could support this, but no guided tours to these sites. Examples of these sites include:

- a wetland still in similar condition to their state when used by local Aboriginal people pre-Colonisation;
- stone carvings of former Aboriginal dome houses;
- a rock art site;
- a fish trap site;
- grinding stone sites; and
- scar tree sites.

These sites are located on public (Crown) land and access by the Centre has been successfully pre-negotiated. Some sites are not well known or visited, but nonetheless already provide access via a short walk.

5.1.3 Tamworth and Kootingal Horse Riding Adventures (Swamp Oak Station)

Background

Tamworth and Kootingal Horse Riding Adventures is a large 567 hectares property located 27km (25 minutes' drive time) north-east of Tamworth on Swamp Oak Station. The property is accessed via a crossing over Mulla Creek, which was flooded at the time of the audit, temporarily closing the operation. The property landscape comprises of rolling hills with views and patches of remnant woodland. The Mulla Mulla Creek passes through the property into the Cockburn River. The owners regard the land as reasonably healthy, though weed management is a constant challenge, and the previous drought laid much of the landscape bare and the 19m bores dried up.

Nearby to the property was an Aboriginal mission, though there is minimal evidence of this or earlier Aboriginal occupation.

Most of the property is used for cattle grazing, but this is insufficient for deriving an adequate income for the owners, so they have developed horse riding on the property. Almost all of the day use horse riding customers have asked for accommodation on the site, and this forms the essence of a proposal for further investment.

Both owners have Aboriginal lineage and extensive bush and horse-riding skills and experience – Jason is a past saddle bronc riding champion and Christine has won many barrel racing and cowgirl titles.

The landscape is largely cleared for pasture, though there are some wooded patches on the steeper slopes and gullies



Product observations

Of the 567 hectares property, approximately 1.6 hectares is used for the concentrated tourism activity area, comprising car parking, arena, farm animal petting area and resident home. The horse-riding trails exist through a further 324 hectares. There is approximately 40 hectares that are too remote (no access) and too steep to use for grazing or horse riding.

Supporting infrastructure and services include an all-weather road linking Mulla Creek Road with the property (capable of servicing coaches), parking for 10 to 15 cars, mains power, a horse riding arena, a petting shed and an owner's residence. The residence has its own roof water tanks and sewer. Equipment includes a 4WD, tractor, can-am buggy seating five and horse-riding equipment. There are 18

horses of which eight are regularly ridden by customers and guides. The petting area features ponies, sheep, goats, alpaca and chickens.

The property is subject to occasional floods a few days per annum – preventing access and stopping riding activity. Occasional years of drought (few days per annum) do not stop the operation – some customers come particularly to see what impacts the droughts cause. Natural risks include fire, flood, wind and evacuation potential.

The main tourism products operate 364 days a year, subject to safe weather conditions and comprise four components:

1. Two hour guided horse trail ride
2. Guided Station Tour via the can-am
3. Pony rides
4. Petting the farm animals

The two hour guided horse rides start with an induction and training in the horse arena. The guided ride uses different trails in summer to winter for safety and comfort. The guide interprets the customers interests and adjusts interpretation to match interests. The main topics interpreted are Aboriginal occupation and bushtucker, pastoral use, gold mining, squatters, bushrangers. Quite a lot of the content is specific and exclusive to the property. There is no set script – content varies according to rider interest.

The guided station tour allows access to a larger portion and steeper sections of the property and has a stronger emphasis on interpretation.

The 15-minute pony rides are actually short intensively supported horse rides for young children aged between 4 to 12 years of age.

The farm animal petting is overseen by a guide.

Interpretation is largely verbal. There are minimal props used (maps, pictures and objects).

In order to grow the business in lower demand periods (mid-week during school terms), Christine has developed a Youth Agriculture and Equine Development Program, which is a holistic approach to Indigenous youth development through outdoor education and connection to country. The program is designed to empower young people through a combination of increased self-awareness and self-determination, teamwork and equine leadership. Some of the local Aboriginal participants would like to work in the industry and are keen to turn up any day of the year (even Christmas Day). The externally funded Program runs for approximately nine weeks with five participants at a time.

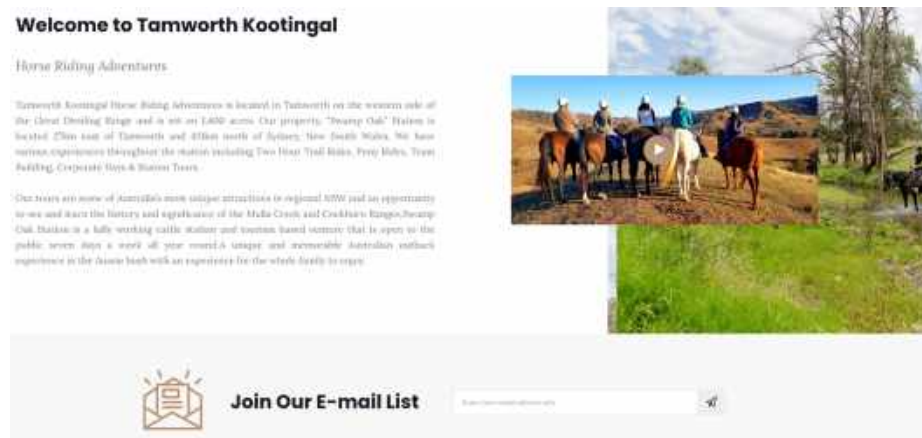
Marketing

The only brand aspect to the product is a logo of a horse, which is used on collateral. There is no signage or entry branding, no uniform and no branded merchandise.

The product is listed on the ATDW, Destination NSW website, Destination Outback website and Tamworth Visitor Information Centre website.

A folded A4 brochure is distributed at the Tamworth VIC and a range of local accommodation and attraction operators, who refer business. The brochure provides more of the logistical information on the products and misses the opportunity to present the point of difference that the product represents.

Website homepage



The business has its own website (<https://www.tkhra.com.au>). The website tabs are: Home, About, Gallery, Tours, Education, Location, Reviews, Contact Us. The website has a modern look with good quality photos depicting the experience, customers and a little of the guides, as well as some video set to music. The website invites followers onto Facebook, Instagram and TripAdvisor.

The business also operates a Facebook site, which has 905 followers and 8,881 likes. Posts appear to be only semi-regular due to the original Facebook page being lost (it had over 5,000 likes).

None of the marketing acknowledges Aboriginal ownership or Aboriginal interpretation.

There is opportunity for more industry familiarisations to increase awareness and referrals.

TripAdvisor listed lists the tourism business #1 out of 7 Outdoor Activities in Tamworth. There are only 39 reviews (37 excellent and two very good), and the latest review was February 2022.

Facebook homepage



The business

The business was established for financial reasons – to support the family as the grazing business is insufficient. The business commenced in 2015 and has continuously traded with the exception of the COVID-19 lockdown period.

The business employs two FTE – the Directors of the company Jason and Christine. There is some need for casual labour during school holidays, but no additional staff have been reliably scheduled since the business started. As mentioned previously, Jason and Christine have Aboriginal lineage.

The business attracts approximately 3,276 customers per annum (pre COVID), made up of:

- 10 two hour horse rides of four persons per ride;
- two Station tours per week of four persons / tour;
- 10 pony rides per week of approximately 1-2 persons per ride; and
- petting area.

The business turnover per annum pre COVID was approximately \$106,000 and was growing at approximately \$20,000 / annum. The school holidays are the peak period, earning \$1,000 to \$1,400 per day. Recovery post COVID has been slow – the business was only earning half the pre COVID turnover at the time of this audit.

Most customers are already in Tamworth – about 20% (650) come to the local area especially for the product. Very few of the customers have done other Aboriginal tourism experiences in the region.

While customers come for horse riding, what they really like about the product is the combination of the hosts hospitality and storytelling, and the relaxed environment.

Training

Jason and Christine have no formal training to support the business management or administration. Their most relevant experience is in bushcraft, horse-riding and farm management. They have picked up during business development knowledge of local droving, trapping, safe riding practice and the ability to read customer needs and wants. The business has not had an incident in seven years of operation.

Christine would like to develop further skills in marketing and book-keeping, as well as additional skills in interpretation and storytelling. Preferred training mechanisms are online (to fit into spare time in the business), followed by face to face (particularly for interpretation).

Product and business constraints

The first gap in the business is marketing, starting with a clearer brand that captures the underlying point of difference of what is offered. This then needs to be captured in revised marketing copy, imagery and video, and transferred to digital and print collateral.

The second gap is overnight accommodation on site. Almost all visitors ask for this, so that after a ride they can relax on the property, and then have another ride the next day. Accommodation could also attract customers from further afield, as well as more groups and even some corporate customers. The business would likely benefit from association with the Tamworth Country Music Festival providing a themed experience that may be attractive to tourists visiting the region.

There is also a need for a booking system to allow customers browsing the website and Facebook sites to immediately convert interest to a booking, and to reduce the

interruptions on the hosts while they are conducting horse-riding or trying to relax in the evening.

5.1.4 Art Shack @ Wilgabah

Background

The Art Shack @ Wilgabah is located near the township of Wallabadah, 55km SW of Tamworth. The business has evolved from an agritourism and art workshop business to one more focussed on residential art workshops (staying overnight(s) on site). The business has the experience but its accommodation needs expanding and upgrading to keep up with market expectations.

The business could do most of the upgrades themselves, but it will not be to a standard or timeframe that will optimise the business.

Product observations

Art Shack @ Wilgabah offers training in:

- weaving;
- painting (oils, water colours and pastel);
- drawing;
- paper making from plants (eg. reeds);
- making dyes;
- sculpture; and
- photography.

Art workshops (Left: Tania teaching)



Programs are offered as full day to multiple days and up to nine days. Some programs are run by Tania and some are run by an art tutor for specialised courses.

Multi-day programs include accommodation and meals, provided on site. The main building (Art Shack) features a good-sized art studio and adjacent commercial kitchen and dining / recreation /socialisation area. The art studio also functions as a gallery, with some teaching artists donating their work and on display. The dining area has a laundry at one end, and while eclectic, is unfinished and cluttered.

The Art Shack @ Wilgabah is partnering with other cultural business such as Uraah Healing and 2Rivers (both operate from in Tamworth). The business also runs cultural weekends and a Women's Healing Day.

The accommodation on offer comes via three buildings that each present varying levels of space and comfort:

1. One building offers three double rooms to a good standard and reasonable space, each providing an ensuite. One room offers an extra two singles (family suite) and this building is the most frequently booked
2. A second building is a 'donga' that is being adapted from four single to two family rooms, but still has a very functional rather than designed and attractive look. This building has been slightly improved with a veranda, but not positioned to capture views or provide privacy
3. A third building is also a 'donga' that provides a set of single rooms. This building has a veranda floor but no veranda roof, and like the other donga doesn't capture views.

The property with building cluster



The main building (Left Dining, Right: Studio)



The two donga-based accommodation buildings



The interpretation is driven by two themes:

1. Interactions between Aboriginal and non-Aboriginal people
2. Australian history and future directions it might / should take

These themes include the following regular interpretive messages:

- Aboriginal history shows great technology and dedication in daily life;

- only take what you need; and
- be respectful.

The interpretation techniques typically used are: structured commentary / workshops; unstructured discussions; teaching techniques; expert advice; and use of props.

In addition to the art classes, there is a growing market wanting to stay at the property because of its relaxed atmosphere and rustic charm, though these guests need a little more bedroom space and comfort than the guests spending most of the time in the studio attending an art workshop.

The property is a 267ha farm with a fenced off rocky outcrop that features a wide range of Aboriginal grinding sites and some early settlement rock splitting sites. The property also has a creek and good views of hills. These ingredients trigger opportunities for bushwalking and birdwatching.

Marketing

The business reports it is targeting people that want to engage and learn about culture. However, a review of the marketing collateral doesn't show this in the imagery.

The brand values of the Art Shack @ Wilgabah appear to be about being creative and quirky. Branding features a logo that of the main building and an old Australian ute parked outside (see **Figure 10.1.18**). This logo depicts more of an agritourism business than an Aboriginal tourism business, indicative of the early product focus but now perhaps needing an Aboriginal artistic element to match the current focus.

The current brand



Marketing of workshops is quite focussed, with individual campaigns for most of them (see **Figure 10.1.19**).

Promotions for workshops



Digital marketing is based on a website and a Facebook page. The website tabs are Home, Accommodation, Services, Art Gallery and Café, Events and

Workshops, Contact, and Cart. The website is not finished, with several menu areas having no content. The website has a modern look, with videos and high-quality photos. However, text on the Home Page is hard to read as the contrast isn't strong enough with the photo background (see **Figure 10.1.20**). The website would benefit from a Homepage image of Tania interacting with art students and generally more pictures of customers guests enjoying the services and property.

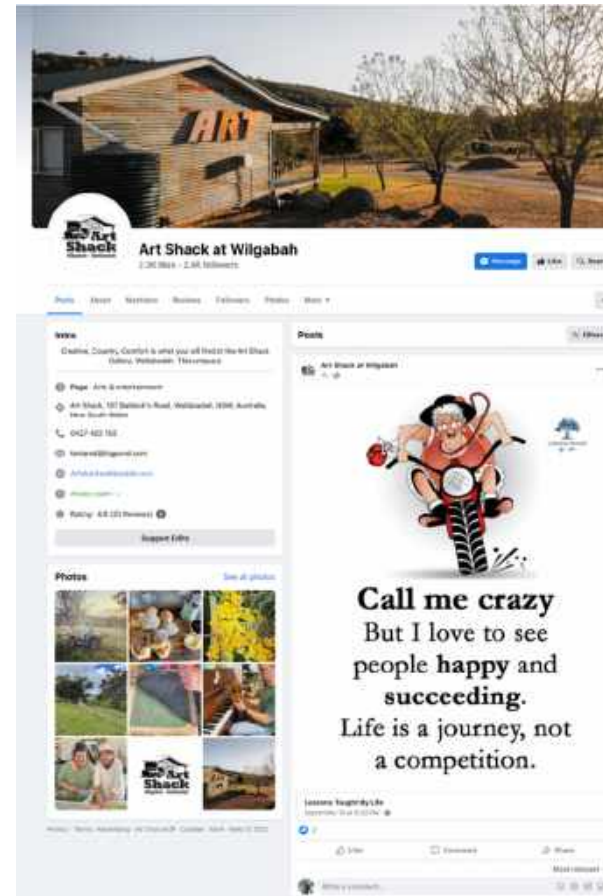
There is no online booking system for accommodation.

Website Home page with hard to read text over photo



The Facebook site has 2,300 Likes and 2,400 Followers (see **Figure 10.1.21**). There is evidence of regular posts. Most posts are relevant to the business. There is also an Instagram site.

Facebook home page



The property is listed on Air B n B and this site generates significant business and some of the only customer data, such as occupancy and length of stay. There is some partnering with local marketing, such as listing a calendar of events on the Liverpool Plains Inc (local tourism site). There is a profile on the Destination NSW website, but none on the ATDW.

The business has a five-star rating on Trip Advisor, but only five reviews, so getting guests to post would be valuable. There is no profile or rating on Google reviews.

The business

Art Shack @ Wilgabah was formed in 2012, as a family partnership between Tania and Rodney Hartigan (and is registered as R & TF Hartigan). The business is structured as a privately owned profit orientated format. The original business plan proposed a more diverse range of products that included agritourism, cultural tours, a nursery and nature based soft adventure activities. The business started as an art workshop training venue, and then in recognition of a lack of suitable local accommodation, a studio, dining and kitchen area and accommodation were constructed in stages.

There are no competitors in the local environment, and apart from the Cultural and Art Centre in Armidale, almost none in the region.

The business employs Tania as 1FTE and Rodney as 0.5PT (Rodney also runs the farm). When busy the business employs one casual two days a week. Tania and the casual identify as local Aboriginal.

The four elements of the mission of the business are to

1. Share cultural knowledge to build bridges and advance reconciliation, including links to early settlers and first contact

2. Live on country / off country
3. Conserve half the property for native vegetation / wildlife
4. Create a business that can be passed onto the two children to work on then own (both interested, one has musical and the other digital art expertise)

Supporting the studio / kitchen dining building and accommodation buildings, is a historic home that the business owners live in, swimming pool, two all-wheel drive vehicles; two sewer systems, mains power (but with a shared transformer with neighbour close to capacity), 9KW solar system; rainwater tanks and spring pumping capability.

There is a low to moderate fire risk that is reduced through building materials and fire response equipment. Drought periods have still experienced sufficient water to operate, using a natural spring as a top up.

The business attracts approximately 700 customers per annum. Average length of stay is 1.9 nights generating approximately 228 room nights. Approximately 45-55% of guests come to the local area specifically to stay at the Art Shack @ Wilgabah. Customers most like about the product the cultural stories, learning new cultural skills and the clear starry night skies. Customers have generally not done any other Aboriginal tourism experiences in the region but want to.

Business turnover for a full financial year is approximately \$68,000, of which \$30,000 is direct booked, \$20,000 is booked through Air B n B and the remaining \$18,000 is direct booked workshops and sales.

The recovery from COVID and has been very good, attributed to increasing market awareness and partnerships with local businesses, a temporary preference for

domestic over international holidays, and a shortage of local accommodation providing atmosphere.

Approximately 65% of customers to the local area particularly to visit utilise the the Art Shack @ Wilgabah. There are very few (if any) customers undertaking any other Aboriginal tourism experience in the region.

Training

The key skills that the business already has that makes it possible to deliver the product are:

- accomplished First Nations art production and teaching;
- food and beverage production; and
- construction and maintenance for buildings and services.

The Tania has extensive supporting qualifications including: Bachelor of Education; Graduate Diploma in Special Needs Education; Diploma of Communications and Information Technology; Cert III in Production Horticulture – Bush Food; and Cert III Food Handling. Tania also has informal art training with various recognised artists and is currently receiving training as a curator.

The training still needed for the business is in time management, digital marketing and cultural knowledge – Women's business. The preferred training method for these areas is hands on, and training that integrates actual projects needing to be done would be greatly appreciated. The business can fund training costs but the impact on the business is significant and funds for at least a casual replacement would be required.

Product gap

The accommodation is no longer fit for purpose. The rooms are too small and lack design and character befitting the focus on art. The accommodation generally lacks views and space to relax under cover.

The main dining area is not lined, shares space with the laundry and is cluttered. This building needs to be finished to provide a higher standard and less cluttered appearance.

The business needs a more finished and aligned website that includes its own reservation system to process bookings and generate useful business data.

There is no formal walking route or interpretation of the cultural landscape for independent visitors to discover and learn from.

5.2 DETAILED COST ESTIMATIONS

5.2.1 Cost estimate to invest in selected Aboriginal tourism operator's assets

Table 5.2.1 Development costs for Yinarr Ma Bush Tucker Tours

| Development costs | Cost estimate |
|---|------------------|
| All-wheel drive 2.0L TD1410 Diesel Volkswagen Crafter Minibus plus and lift kit | \$126,161 |
| 12 months registration and insurance for vehicle | \$2,400 |
| Vehicle logos on doors | \$4,000 |
| Portable microphone headset and speaker | \$200 |
| Roadside layover (gravel parking for tour vehicle) | \$20,000 |
| Photographer / videographer / drone specialist | \$10,000 |
| Branded website | \$5,000 |
| Tourism consultant content development and management of digital marketing consultant | \$5,000 |
| Base cost estimate | \$172,761 |
| Contingency | \$25,914 |
| Nominal cost | \$198,675 |

Table 5.2.2 Development costs for Armidale Aboriginal Cultural Centre

| Development costs | Cost estimate |
|--|--------------------|
| Interpretive content research and story compilation | \$20,000 |
| Tour script and structure development | \$30,000 |
| All-wheel drive 2.0L TD1410 Diesel Volkswagen Crafter Minibus and lift kit | \$126,161 |
| 12 months registration and insurance for vehicle | \$2,400 |
| Vehicle logos on doors | \$4,000 |
| Portable microphone headset and speaker | \$200 |
| Architect fees for building plans | \$80,000 |
| Interpretation specialist for research, content adaptation to stories, tour and workshop structure, recruit and train guides via pilot testing new product with capacity building in interpretation, product development and guiding | \$50,000 |
| Video production firm for video and app production | \$100,000 |
| Video production firm for audio visual production and fitout (projectors, screens, blackout material) | \$600,000 |
| Gallery corridor construction | \$200,000 |
| Workshop room refurbishment for use as arts room (IT and equipment) | \$50,000 |
| Photographer / videographer / drone specialist | \$10,000 |
| Branded website | \$5,000 |
| Marketing specialist for digital upgrade and training | \$10,000 |
| Tourism consultant content development and management of digital marketing consultant | \$5,000 |
| Base cost estimate | \$1,292,761 |
| Contingency | \$193,914 |
| Nominal cost | \$1,486,675 |

Table 5.2.3 Development costs for Tamworth and Kootingal Horse Riding Adventures

| Development costs | Cost estimate |
|---|---------------|
| Site survey (levels and contours) bush fire assessment and geotech soil test | \$8,000 |
| DA approvals (environmental assessment, urban planner, engineer, architect, lodgement cost) | \$23,000 |
| Owner builder costs (course, construction insurance, permits, construction certificates, gov't lodgement costs) | \$2,500 |
| Construct 1.3km gravel road sufficient to transfer cabins into place and then provide ongoing guest access | \$100,000 |
| Excavation and building footings | \$20,000 |
| Install 55 solar powered bollard lights from cam storage shed to upper cabin | \$7,000 |
| Construct 4 sheds and fire fighting system to also house 1 cam each | \$80,000 |
| Supply, transport two x one bedroom cabins @ \$105,000 | \$210,000 |
| Supply, transport two x two bedroom cabins @ \$150,000 | \$300,000 |
| Construct four cabins as supplied | \$955,984 |
| Supply, transport and install four waterless composting toilet units | \$20,000 |
| Supply, transport and install four aerated wastewater treatment biocycle plants | \$80,000 |
| Supply, transport and install four off-grid solar systems and batteries | \$112,000 |
| Fitout for two one bedroom cabins kitchenette and bathroom | \$32,000 |
| Fitout for two family cabins, kitchenette and bathroom | \$42,000 |
| Gas fire and gas tanks for each cabin | \$10,000 |
| 4 *2 seater and 1*4 seater cam vehicle | \$140,000 |
| Landscaping around cabins and fenced pasture plot | \$20,000 |
| Photographer / videographer / drone specialist | \$15,000 |
| Branded website | \$5,000 |

| | |
|---|--------------------|
| Tourism consultant content development and management of digital marketing consultant | \$10,000 |
| Base cost estimate | \$2,192,484 |
| Contingency | \$328,873 |
| Nominal cost | \$2,521,357 |

Table 5.2.4 Development costs for Artshack @ Wilgabah

| Development costs | Cost estimate |
|---|---------------|
| Site survey (levels and contours) bush fire assessment and geotech soil test | \$8,000 |
| DA approvals (environmental assessment, urban planner, engineer, architect) | \$23,000 |
| Owner builder costs (course, construction insurance, permits, construction certificates, gov't lodgement costs) | \$2,500 |
| Install 3 phase transformer and new pole, connect to mains line, dining room and house | \$60,000 |
| Dining room building A and Donga building B – line the walls and ceiling, install insulation | \$20,000 |
| Dining room building A and Studio B – epoxy treat floors (150m ²) | \$8,000 |
| Dining room A – install an internal wall and sliding door to segment the laundry, install two ceiling fans, install on site panorama window | \$40,000 |
| Studio A – replace fluorescent lighting to track lighting | \$10,000 |
| Donga B – Extend the building footprint to accommodate two bedrooms and two bathrooms on the western side, designing one room and bathroom for wheelchair access. Install two skylights over bedrooms. Construct a roofed veranda on the eastern side | \$144,000 |
| Donga B – Fitout two bedrooms and bathrooms (one for disability access standard bathroom) | \$20,000 |
| Green donga C – Install coolroom type roof over existing roof (Trimdeck) over existing (69m ²) with 300mm air cavity between two rooves and install insulation in between | \$30,000 |
| Green donga C – construct footings, hardwood frame and hardwood roofed veranda deck on northern side (48m ²) | \$15,000 |
| Construct 1.3km gravel road sufficient to transfer cabins into place and then provide ongoing guest access | \$100,000 |
| Excavation and building footings | \$20,000 |
| Install 55 solar powered bollard lights from cam storage shed to upper cabin | \$7,000 |

| | |
|---|--------------------|
| Install 4 sheds and fire fighting system to also house 1 cam each | \$80,000 |
| Supply, transport three x single bedroom cabins @ \$105,000 | \$315,000 |
| Supply, transport one x two bedroom all ability cabin | \$150,000 |
| Construct four cabins as supplied | \$955,984 |
| Supply, transport and install four waterless composting toilet units | \$20,000 |
| Supply, transport and install four aerated wastewater treatment biocycle plants | \$80,000 |
| Supply, transport and install four off-grid solar systems and batteries | \$112,000 |
| Fitout for three double bedroom cabins kitchenette and bathroom | \$48,000 |
| Fitout for one family all ability access cabin, kitchenette and bathroom | \$21,000 |
| Gas fire and gas tanks for four cabins | \$10,000 |
| 4 *2 seater and 1*4 seater cam vehicle | \$140,000 |
| Landscaping around cabins | \$20,000 |
| Sculptural interpretive trail construction for all weather use | \$40,000 |
| Sculptural interpretive trail interpretation signs | \$20,000 |
| Photographer / videographer / drone specialist | \$15,000 |
| Branded website | \$5,000 |
| Tourism consultant content development and management of digital marketing consultant | \$5,000 |
| Base cost estimate | \$2,544,484 |
| Contingency | \$381,673 |
| Nominal cost | \$2,926,157 |

5.2.2 Marketing platform

Table 5.2.5 Development costs for Needs-based capacity building program on interpretation, product development and guiding

| Development costs | Cost estimate |
|--|-----------------|
| A regional brand or story thread for Aboriginal tourism in the region | \$20,000 |
| A regional marketing tool for Aboriginal tourism - app development | \$5,000 |
| Regional website with booking engine | \$4,000 |
| Tourism consultant content development and management of digital marketing consultant | \$5,000 |
| A regional marketing tool for Aboriginal tourism - incorporate content into regional & local websites and visitor centres | \$8,000 |
| Produce promotional DL flier for regional Aboriginal tourism product (graphics and 10,000 print run) | \$6,000 |
| Capacity building in digital marketing, booking system and social media for invested operators (1 day / operator + 2 days travel plus travel expenses) | \$8,450 |
| Base cost estimate | \$56,450 |
| Contingency | \$8,468 |
| Nominal cost | \$64,918 |

5.2.3 Project management

Table 5.2.6 Development costs for project management

| Development costs | Cost estimate |
|---|------------------|
| NSWALC overall project management (lump sum with Yr mths 1-3 and Yr 2 Mths 1-3 and 10 - 12) | \$175,000 |
| Specialist tourism advice (lump sum with Yr mths 1-3 and Yr 2 Mths 1-3 and 10 - 12) | \$75,000 |
| Base cost estimate | \$250,000 |
| Contingency | \$25,000 |
| Nominal cost | \$275,000 |

5.3 FORECAST VISITATION FROM PROPOSAL

5.3.1 Assumptions for visitation

- Peak days per year have been calculated at 93
- Shoulder days have been calculated at 105
- Off peak days have been calculated at 165

Yinarr-Ma Bush Tucker Tours

| Guided Tour assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|------------------------------------|------|------|-------|-------|-------|
| Max tour capacity | 11 | 11 | 11 | 11 | 11 |
| No peak days / annum | 93 | 93 | 93 | 93 | 93 |
| No Shoulder days / annum | 105 | 105 | 105 | 105 | 105 |
| No Off Peak days / annum | 165 | 165 | 165 | 165 | 165 |
| Average no tours on Peak days | 1 | 1 | 1.5 | 1.5 | 1.5 |
| Average no tours on Shoulder days | 0.4 | 0.5 | 0.5 | 0.75 | 0.75 |
| Average no tours on Off Peak days | 0 | 0 | 0 | 0.3 | 0.5 |
| Total tours / annum | 135 | 146 | 192 | 268 | 301 |
| Occupancy on Peak days | 60% | 60% | 65% | 70% | 75% |
| Occupancy on Shoulder days | 40% | 40% | 45% | 50% | 50% |
| Occupancy on Off Peak days | 20% | 30% | 40% | 40% | 40% |
| Peak period customers | 614 | 614 | 997 | 1074 | 1151 |
| Shoulder period customers | 185 | 231 | 260 | 433 | 433 |
| Off Peak customers | 0 | 0 | 0 | 327 | 545 |
| Total drive tour customers / annum | 799 | 845 | 1,257 | 1,834 | 2,129 |

Armidale Aboriginal Cultural Centre & Keeping Place

Visitation numbers for Armidale Aboriginal Cultural Centre & Keeping Place were calculated using the following assumptions:

- Visitors to centre with no charge has been calculated with a 9% increase per annum on base case of current visitors 28,000
- Capture rate of total visitors to Artefact Immersion experience has been calculated at 60%

| Guided Tour Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|--------------------------------|-------|-------|-------|-------|-------|
| Maximum tour capacity | 11 | 11 | 11 | 11 | 11 |
| No peak days / annum | 93 | 93 | 93 | 93 | 93 |
| No Shoulder days / annum | 105 | 105 | 105 | 105 | 105 |
| No Off Peak days / annum | 165 | 165 | 165 | 165 | 165 |
| Average no Peak day tours | 1 | 1.5 | 2 | 2.5 | 3 |
| Average no Shoulder day tours | 0.5 | 1 | 1.5 | 2 | 2.5 |
| Average no Off Peak day tours | 0 | 0.5 | 0.5 | 1 | 1 |
| Occupancy on Peak days | 50% | 55% | 60% | 65% | 70% |
| Occupancy on Shoulder days | 30% | 35% | 40% | 40% | 40% |
| Occupancy on Off Peak days | 30% | 30% | 30% | 30% | 30% |
| Peak period customers | 512 | 844 | 1228 | 1662 | 2148 |
| Shoulder period customers | 173 | 404 | 693 | 924 | 1,155 |
| Off Peak customers | 512 | 844 | 1,228 | 1,662 | 2,148 |
| Total average no tours / annum | 146 | 327 | 426 | 608 | 707 |
| Total tour customers / annum | 1,196 | 2,092 | 3,148 | 4,292 | 5,452 |
| Workshop Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Max no customers / workshop | 20 | 20 | 20 | 20 | 20 |

| | | | | | |
|---------------------------------------|-----|-------|-------|-------|-------|
| No peak days / annum | 93 | 93 | 93 | 93 | 93 |
| No Shoulder days / annum | 105 | 105 | 105 | 105 | 105 |
| No Off Peak days / annum | 165 | 165 | 165 | 165 | 165 |
| Average no workshops on Peak days | 1 | 1 | 1.5 | 1.5 | 2 |
| Average no workshops on Shoulder days | 0 | 0.5 | 0.5 | 0.75 | 1 |
| Average no workshops on Off Peak days | 0 | 0 | 0 | 0.25 | 0.5 |
| Occupancy on Peak days | 50% | 60% | 65% | 70% | 75% |
| Occupancy on Shoulder days | 40% | 40% | 45% | 50% | 55% |
| Occupancy on Off Peak days | 10% | 10% | 20% | 25% | 30% |
| Peak period customers | 930 | 1,116 | 1,814 | 1,953 | 2,790 |
| Shoulder period customers | 0 | 420 | 473 | 788 | 1,155 |
| Off Peak customers | 0 | 0 | 0 | 309 | 990 |
| Total no workshops / annum | 93 | 146 | 192 | 260 | 374 |
| Total workshop customers / annum | 930 | 1,536 | 2,286 | 3,050 | 4,935 |

Tamworth Kootingal Horse Riding Adventures

Visitation numbers for Tamworth Kootingal Horse Riding Adventures were calculated using the following assumptions:

Number of additional guests horse riding has been calculated by using a capture rate of 50% of total overnight guests with an annual increase of 5% to 70% in Year Five

| Double Cabin Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---------------------------------|------|------|------|------|------|
| Number of Double cabins | 2 | 2 | 2 | 2 | 2 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 200 | 208 | 216 | 225 | 234 |
| Average occupancy | 55% | 60% | 65% | 70% | 75% |
| Total room nights | 402 | 438 | 475 | 511 | 548 |
| Average length of stay (nights) | 2 | 2 | 2 | 2 | 2 |
| Total customers | 402 | 438 | 475 | 511 | 548 |
| Room density | 2 | 2 | 2 | 2 | 2 |
| Family Cabin Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Number of Family Cabins | 2 | 2 | 2 | 2 | 2 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 250 | 260 | 270 | 281 | 292 |
| Average occupancy | 55% | 60% | 65% | 70% | 75% |
| Total room nights | 402 | 438 | 475 | 511 | 548 |
| Average length of stay | 2 | 2 | 2 | 2 | 2 |
| Total customers | 703 | 767 | 830 | 894 | 958 |
| Room density | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |

Artshack @ Wilgabah

Visitation numbers for Artshack @ Wilgabah were calculated using the following assumptions:

Number of additional guests doing workshops has been calculated by using a capture rate of 30% of total number of overnight guests in cabins and donga accommodation

| Double Cabin Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---------------------------------|------|------|------|------|------|
| Number of Double cabins | 3 | 3 | 3 | 3 | 3 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 250 | 255 | 260 | 270 | 275 |
| Average occupancy | 55% | 60% | 65% | 70% | 75% |
| Total room nights | 602 | 657 | 712 | 767 | 821 |
| Average length of stay (nights) | 2 | 2 | 2 | 2 | 2 |
| Room density | 2 | 2 | 2 | 2 | 2 |
| Total customers | 602 | 657 | 712 | 767 | 821 |
| Family room cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Number of Family Cabins | 1 | 1 | 1 | 1 | 1 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 350 | 355 | 360 | 365 | 370 |
| Average occupancy | 35% | 45% | 55% | 60% | 65% |
| Total room nights | 128 | 164 | 201 | 219 | 237 |
| Average length of stay | 2 | 2 | 2 | 2 | 2 |
| Room density | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Total guests | 224 | 287 | 351 | 383 | 415 |

| Donga room assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---------------------------------|------|------|------|------|------|
| Number of Donga rooms | 2 | 2 | 2 | 2 | 2 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 275 | 286 | 297 | 309 | 322 |
| Average occupancy | 50% | 55% | 60% | 65% | 70% |
| Total room nights | 365 | 402 | 438 | 475 | 511 |
| Average length of stay (nights) | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Room density | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Total guests | 730 | 803 | 876 | 949 | 1022 |

5.3.2 Assumptions for revenue

Yinarr-Ma Bush Tucker Tours

Revenue for Yinarr-Ma Bush Tucker Tours was calculated using the following assumptions:

- Drive tour price per customer is \$120 in Year 1 with an annual increase of 4%.

Armidale Aboriginal Cultural Centre & Keeping Place

Revenue for Armidale Aboriginal Cultural Centre & Keeping Place was calculated using the following assumptions:

- Artefact immersion admission price has been calculated at \$7 per customer with an increase of 4% per annum
- Guided tour price has been calculated at \$75 per person with an increase of 4% per annum
- Room hire has been calculated to increase by 5% per annum on base case
- Artwork sales has been calculated to increase by 12% per annum on base case
- Retail sales has been calculated to increase by 12% per annum on base case
- Donations, membership fees and sundry increase has been calculated to increase by 3% per annum on base case
- Revenue excludes any grants
- Tour price has been calculated to increase at 4% per annum

| Workshop Assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|----------------------------|------|------|------|------|------|
| Workshop price / customer | 75 | 77 | 80 | 82 | 84 |
| Workshop duration (hrs) | 2 | 2 | 2 | 2 | 2 |
| Facilitator time (hrs) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Facilitator rate / hr (\$) | 40 | 40 | 40 | 42 | 42 |

Workshop price per customer will increase by 4% per annum

Tamworth Kootingal Horse Riding Adventure

Revenue for Tamworth Kootingal Horse Riding Adventure was calculated using the following assumptions:

- Current horse-riding revenue has been calculated to increase by 4% per annum on base case
- Additional horse riding revenue has been calculated to increase by 4% per annum on base case
- Average price per room has been calculated to increase by 4% per annum
- Average price per customer ride has been calculated to increase by 4% per annum

| Double cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|-------------------------------------|------|------|------|------|------|
| Number of Double cabins | 2 | 2 | 2 | 2 | 2 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 200 | 208 | 216 | 225 | 234 |
| Average occupancy | 55% | 60% | 65% | 70% | 75% |
| Total room nights | 201 | 219 | 237 | 256 | 274 |
| Average length of stay (nights) | 2 | 2 | 2 | 2 | 2 |
| Total customers (room density of 2) | 201 | 219 | 237 | 256 | 274 |
| Family cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Number of Family Cabins | 2 | 2 | 2 | 2 | 2 |
| Potential room nights | 365 | 365 | 365 | 365 | 365 |
| Average price / night | 250 | 260 | 270 | 281 | 292 |
| Average occupancy | 55% | 60% | 65% | 70% | 75% |
| Total room nights | 201 | 219 | 237 | 256 | 274 |
| Average length of stay | 2 | 2 | 2 | 2 | 2 |

Artshack @ Wilgabah

Revenue for Artshack @ Wilgabah was calculated using the following assumptions:

- Current workshop revenue to increase by 4% per annum on base case
- Revenue from current accommodation has been calculated to increase by 4% per annum
- Capture rate of overnight guests in cabins & dongas doing workshops has been calculated at 30% per annum
- Price per customer for workshop has been calculated at \$156 in Year One increasing by 4% per annum

- Cost of double cabin per night has been calculated at \$250 per night increasing by \$5 per annum
- Cost of family cabin per night has been calculated at \$350 per night increasing by \$5 per annum
- Cost of donga family rooms per night has been calculated at \$275 per night increasing by 4% per annum

5.3.3 Assumptions for expenses

Yinarr-Ma Bush Tucker Tours

Expenses for Yinarr-Ma Bush Tucker Tours were calculated using the following assumptions:

- Guide time per tour is four hours (three hour tour + one hour food preparation, and clean up)
- Guide rate is \$40 per hour in Year One with an increase of 5% per annum
- Direct cost for fuel per tour has been calculated at \$20
- Direct cost for food ingredients and energy has been calculated at \$40 per tour with an increase of 4% per annum
- Direct cost vehicle (rego, insurance) has been calculated to increase 4% per annum
- Credit card fees have been calculated at 3% of revenue
- Marketing has been calculated to increase by 5% per annum
- Vehicle depreciation has been calculated at 10% per annum
- Indirect costs (public liability insurance and workers compensation, vehicle maintenance and repairs, sundry) have been calculated to increase by 4% per annum.

Armidale Aboriginal Cultural Centre & Keeping Place

Expenses for Armidale Aboriginal Cultural Centre & Keeping Place were calculated using the following assumptions:

- Room hire costs have been calculated to increase by 10% per annum
- Artwork sales direct costs have been calculated to increase by 12% per annum
- Retail sales direct costs have been calculated to increase by 12% per annum
- Direct cost for maintenance / refresh of artefact immersion experience has been calculated at \$10,000 in Year One and increased \$5,000 per annum to Year Four, Year Five has been calculated at \$60,000
- Guide paid for three hours per tour
- Guide rate per hour has been calculated at \$40 with an increase of 4% per annum
- Direct cost for vehicle experiences has been calculated at to increase by 4% per annum
- Direct cost for fuel per tour has been calculated at \$20
- Direct cost for maintenance / refresh has been costed at 10,000 for Year One increasing by \$5,000 for next three years, then \$60,000 for Year Five
- Vehicle depreciation has been calculated at 10% per annum
- Workshop facilitator time has been calculated at 2.5 hours
- Workshop facilitator rate per hour has been calculated at \$40 with an increase of 4% per annum
- Materials for workshop has been calculated at \$200 per workshop
- Marketing, operating staff, director and staff on costs have been increased by 5% per annum
- Other indirect costs (building and property maintenance, security, fire and safety, professional services (accounting and audit), waste and cleaning,

utilities (water, energy, rates, phone), office expenses, sundry) have been calculated to increase by 5% per annum.

- Credit card fees have been calculated at 3% of revenue
- Vehicle depreciation has been calculated at 10% per annum
- FF&E reserve for purchase of second tour vehicle of 30% of GOP

Tamworth Kootingal Horse Riding Adventure

Expenses for Tamworth Kootingal Horse Riding Adventure were calculated using the following assumptions:

- Current horse riding costs have been calculated to increase by 4% per annum
- Additional horse-riding costs have been calculated to increase by 4% per annum, starting at \$28 per person for Year One
- Credit card fees have been calculated at 3% of revenue
- The following indirect costs have been calculated to increase by 4% per annum:
 - Marketing, waste water management, energy, cabin maintenance & repairs, additional Public Liability and workers compensation insurance, accounting fees, sundry
- Depreciation of cabins has been calculated at 10% from \$1.5M development cost
- Linen washed and dried on site by staff

| Double cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|----------------------------|------|------|------|------|------|
| Total room changes / annum | 201 | 219 | 237 | 256 | 274 |
| Cleaning cost / stay | 35 | 36.4 | 38 | 39 | 41 |
| Linen cost / stay | 15 | 16 | 16 | 17 | 18 |
| Family cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Total room changes / annum | 201 | 219 | 237 | 256 | 274 |
| Cleaning cost / stay | 50 | 52 | 54 | 56 | 58 |
| Linen cost / stay | 20 | 21 | 22 | 22 | 23 |

Artshack @ Wilgabah

Expenses for Artshack @ Wilgabah were calculated using the following assumptions:

- Current art workshops costs have been calculated to increase by 4% per annum from base case
- Additional art workshop costs have been calculated at \$47 per workshop increasing by 4% per annum
- Credit card fees have been calculated at 3% of revenue
- The following indirect costs have been calculated to increase by 4% per annum:
 - Marketing, waste water management, energy, cabin maintenance & repairs, tourism business insurance (building, contents PL), accounting fees, sundry

- Depreciation of cabins has been calculated at 10% from \$1.4M development cost
- Linen would be transferred to Tamworth laundromat and washed / dried by owners (3-4 sets of linen / bed stored on site)

| Double cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|----------------------------|------|------|------|------|------|
| Total room changes / annum | 301 | 329 | 356 | 383 | 411 |
| Cleaning cost / stay | 35 | 36.4 | 38 | 39 | 41 |
| Linen cost / stay | 20 | 21 | 22 | 22 | 23 |
| Family cabin assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Total room changes / annum | 64 | 82 | 100 | 110 | 119 |
| Cleaning cost / stay | 50 | 52 | 54 | 56 | 58 |
| Linen cost / stay | 30 | 31 | 32 | 34 | 35 |
| Donga room assumptions | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Total room changes / annum | 243 | 268 | 292 | 316 | 341 |
| Cleaning cost / stay | 20 | 20.8 | 22 | 22 | 23 |
| Linen cost / stay | 20 | 21 | 22 | 22 | 23 |

5.4 FORECAST PROFIT & LOSS AND FUNDING CONTRIBUTION FOR INDIVIDUAL BUSINESSES

Yinarr-Ma Bush Tucker Tours Profit and Loss

The very modest investment of less than \$200,000 into the business immediately allows it to start paying the lead guide / owner some \$21,600 in income, and pay for critical services like marketing, insurances and accounting. In Year 1 revenue lifts from \$11,000 to \$95,000, a small EBITDA is generated, which gets converted to break even after paying for taxes and depreciation.

The real impact of the investment happens in the third year onwards, when revenue starts growing. **By Year 5, as an owner operator, Kerrie has shifted from \$11,000 revenue and no income, to direct personal income of \$59,000 and a potential net profit after taxes and depreciation of \$121,000.** The business is sustainable and has potential to employ one or two more Aboriginal staff.

| Revenue | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---|---------------|-----------------|------------------|------------------|------------------|------------------|
| Walking tour | 11,000 | 0 | 0 | 0 | 0 | 0 |
| Guided Drive Tour | 0 | \$95,832 | \$104,417 | \$160,064 | \$240,484 | \$287,477 |
| Total revenue | 11,000 | \$95,832 | \$104,417 | \$160,064 | \$240,484 | \$287,477 |
| Direct costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Walking tour | 11,000 | 0 | 0 | 0 | 0 | 0 |
| Guided Drive Tour credit card fees (0.03%) | 0 | \$2,875 | \$3,133 | \$4,802 | \$7,215 | \$8,624 |
| Direct cost - guide (time*no tours*rate/tour) | | \$21,600 | \$24,444 | \$34,560 | \$50,337 | \$58,947 |
| Direct cost vehicle (rego, insurance) | | \$5,000 | \$5,200 | \$5,408 | \$5,624 | \$5,849 |
| Direct cost vehicle (fuel @\$20/tour) | | \$2,700 | \$2,910 | \$3,840 | \$5,355 | \$6,015 |
| Food ingredients & energy (\$40 / tour) | | \$5,400 | \$5,616 | \$5,841 | \$6,074 | \$6,317 |
| Total direct costs | 11,000 | \$37,575 | \$41,303 | \$54,451 | \$74,605 | \$85,753 |

| Gross Operating Profit | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---|----------------|-----------------|-----------------|------------------|------------------|------------------|
| Walking tour | 0 | 0 | 0 | 0 | 0 | 0 |
| Guided Drive Tour | | \$58,257 | \$63,115 | \$105,614 | \$165,879 | \$201,725 |
| Total GoP | 0 | \$58,257 | \$63,115 | \$105,614 | \$165,879 | \$201,725 |
| Indirect costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Marketing | | \$20,000 | \$21,000 | \$22,050 | \$23,153 | \$24,310 |
| Public Liability Ins & Workers Comp | | \$5,000 | \$5,200 | \$5,408 | \$5,624 | \$5,849 |
| Accounting fees | | \$1,200 | \$2,000 | \$2,500 | \$3,000 | \$3,500 |
| Vehicle maintenance & repairs | | \$5,000 | \$5,200 | \$5,408 | \$5,624 | \$5,849 |
| Sundry | | \$3,000 | \$3,120 | \$3,245 | \$3,375 | \$3,510 |
| Total Indirect Costs | 0 | \$34,200 | \$36,520 | \$38,611 | \$40,776 | \$43,018 |
| EBITDA | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | 0 | \$24,057 | \$26,595 | \$67,003 | \$125,103 | \$158,706 |
| GST payable | 1,100 | \$9,583 | \$10,442 | \$16,006 | \$24,048 | \$28,748 |
| Depreciation on vehicle cost of \$130,000 | | \$13,000 | \$11,700 | \$10,530 | \$9,477 | \$8,529 |
| Net profit | (1,100) | \$1,474 | \$4,453 | \$40,467 | \$91,578 | \$121,429 |

Armidale Aboriginal Cultural Centre Profit and Loss

The base case shows that without an investment, this business is losing big money and runs the risk of becoming insolvent. There is insufficient commercially generated revenue to support the payroll and no capital to invest to get out of this situation.

The investment of \$1.3M immediately begins to reduce the deficit by approximately \$80,000 per annum. By Year 3, the business is close to break even, and by Year 4 is making its first Net Profit of \$110,000, growing to \$232,000 the following year. **By Year 5 the Not for Profit organisation has switched from a loss of \$262,000 to a profit of \$232,000.**

But this forecast is conservative and an even better outcome is very possible. The second table shows that if the business was able to run at a loss over Year One to Three by taking out an FF&E reserve of 12% of Gross Operating Profit for Year One to Three, then it would have enough income to purchase a second vehicle. This would add more revenue through additional guided tours from Year Four onwards. This would see the business run at a decreasing loss but would provide greater profit from Year Four onwards. Further, FF&E reserves from Years Four and Five could replace first vehicle and / or further refresh the Cultural Centre. **This strategy would result in Year 5 Net Profit of \$418,000, with more results like this to come in the following years.**

| Armidale Aboriginal Cultural Centre and Keeping Place P&L | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|
| Revenue | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Room hire | \$9,823 | \$10,314 | \$10,830 | \$11,371 | \$11,940 | \$12,537 |
| Artwork sales | \$43,808 | \$49,065 | \$54,953 | \$61,547 | \$68,933 | \$77,205 |
| Retail sales | \$40,564 | \$45,432 | \$50,883 | \$56,989 | \$63,828 | \$71,488 |
| Artefact immersion entry fees | \$0 | \$146,496 | \$166,068 | \$188,255 | \$213,405 | \$241,916 |
| Guided tours | \$1,687 | \$76,296 | \$143,801 | \$240,427 | \$308,843 | \$341,580 |
| Workshops | \$30,273 | \$69,750 | \$118,656 | \$181,891 | \$249,951 | \$416,579 |
| Donations, membership fees & sundry income | \$15,094 | \$15,547 | \$16,013 | \$16,494 | \$16,988 | \$17,498 |
| Total revenue | \$141,249 | \$412,900 | \$561,204 | \$756,974 | \$933,888 | \$1,178,803 |
| Direct costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Room hire | \$982 | \$1,031 | \$1,083 | \$1,137 | \$1,194 | \$1,254 |
| Artwork sales | \$33,294 | \$37,289 | \$41,764 | \$46,776 | \$52,389 | \$58,675 |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Retail sales | \$24,490 | \$27,429 | \$30,720 | \$34,407 | \$38,535 | \$43,160 |
| Artefact immersion entry fees | \$0 | \$14,395 | \$19,982 | \$25,648 | \$31,402 | \$67,257 |
| Guided tours | \$1,293 | \$27,659 | \$56,864 | \$76,432 | \$101,835 | \$106,072 |
| Workshops | \$7,081 | \$29,993 | \$38,036 | \$46,341 | \$57,611 | \$77,951 |
| Donations, membership fees & sundry income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total direct costs | \$67,140 | \$137,796 | \$188,449 | \$230,741 | \$282,967 | \$354,369 |
| Gross Operating Profit | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Room hire | \$8,841 | \$9,283 | \$9,747 | \$10,234 | \$10,746 | \$11,283 |
| Artwork sales | \$10,514 | \$11,776 | \$13,189 | \$14,771 | \$16,544 | \$18,529 |
| Retail sales | \$16,074 | \$18,003 | \$20,163 | \$22,583 | \$25,293 | \$28,328 |
| Artefact immersion entry fees | \$0 | \$132,101 | \$146,086 | \$162,607 | \$182,003 | \$174,659 |
| Guided tours | \$394 | \$48,637 | \$86,937 | \$163,995 | \$207,007 | \$235,508 |
| Workshops | \$23,192 | \$39,758 | \$80,620 | \$135,550 | \$192,340 | \$338,628 |
| Donations, membership fees & sundry income | \$15,094 | \$15,547 | \$16,013 | \$16,494 | \$16,988 | \$17,498 |
| Total GoP | \$74,109 | \$275,104 | \$372,755 | \$526,234 | \$650,921 | \$824,434 |
| Indirect costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Credit card fees (0.03%) | \$3,785 | \$11,921 | \$16,356 | \$22,214 | \$27,507 | \$34,839 |
| Marketing | \$6,141 | \$30,000 | \$31,500 | \$33,075 | \$34,729 | \$36,465 |
| Operating staff | \$127,400 | \$133,770 | \$140,459 | \$147,481 | \$154,855 | \$162,598 |
| Director and staff on costs | \$121,986 | \$128,085 | \$134,490 | \$141,214 | \$148,275 | \$155,688 |
| Building & property maintenance | \$13,189 | \$13,717 | \$14,265 | \$14,836 | \$15,429 | \$16,046 |
| Security, fire & safety | \$3,491 | \$3,631 | \$3,776 | \$3,927 | \$4,084 | \$4,247 |
| Professional services (accounting & audit) | \$13,282 | \$13,813 | \$14,366 | \$14,940 | \$15,538 | \$16,160 |
| Waste & cleaning | \$2,300 | \$2,392 | \$2,488 | \$2,587 | \$2,691 | \$2,798 |
| Utilities (water, energy, rates, phone) | \$17,928 | \$18,645 | \$19,391 | \$20,167 | \$20,973 | \$21,812 |

| | | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Office expenses | \$4,547 | \$4,729 | \$4,918 | \$5,115 | \$5,319 | \$5,532 |
| Sundry | \$8,234 | \$8,563 | \$8,906 | \$9,262 | \$9,633 | \$10,018 |
| Total Indirect Costs | \$322,283 | \$369,266 | \$390,913 | \$414,819 | \$439,033 | \$466,205 |
| EBITDA | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | -\$248,174 | -\$94,162 | -\$18,158 | \$111,415 | \$211,888 | \$358,229 |
| GST payable | \$14,125 | \$41,290 | \$56,120 | \$75,697 | \$93,389 | \$117,880 |
| Depreciation on vehicle cost of \$130,000 | | \$13,000 | \$11,700 | \$10,530 | \$9,477 | \$8,529 |
| Net profit | -\$262,299 | -\$148,452 | -\$85,978 | \$25,187 | \$109,022 | \$231,819 |

The result of saving EBITDA and investing in a second tour vehicle

| | | | | | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Indirect costs including FF&E reserve | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| FF&E reserve for second tour vehicle | \$0 | \$33,012 | \$44,800 | \$61,433 | \$114,223 | \$147,232 |
| Total Indirect Costs | \$322,283 | \$402,278 | \$435,714 | \$475,761 | \$562,727 | \$626,468 |
| EBITDA | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | (248,174) | (127,174) | (62,376) | 36,182 | 389,133 | 600,462 |
| GST payable | \$14,125 | \$41,290 | \$56,120 | \$74,063 | \$124,956 | \$161,319 |
| Depreciation on vehicle cost of \$130,000 | | \$13,000 | \$11,700 | \$10,530 | \$22,477 | \$20,229 |
| Net profit | -\$262,299 | -\$181,464 | -\$130,197 | -\$48,411 | \$241,700 | \$418,914 |

Tamworth and Kootingal Horse Riding Adventures Profit and Loss

The Base Case reveals that this business is stuck. The horse-riding business breaks even but generates no profit to reinvest, grow and employ more local Aboriginal people.

The proposed investment of \$2M to introduce on site accommodation immediately changes this. EBITDA rises from a base case of \$5,000 to \$204,948 in Year 1. Even after paying tax and significant depreciation, there is a small Net Profit of \$20,598, which grows each year by about \$50,000. By Year 5 EBITDA is a staggering \$379,000 and Net Profit \$224,000. **The investment would change Christine and Jason's lives, changing the business from break even to almost \$0.25M in Net Profit in just five years, and this will continue.**

| Revenue | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Current horse riding revenue | \$73,749 | \$76,699 | \$79,767 | \$82,958 | \$86,276 | \$89,727 |
| Additional horse riding revenue | | \$86,122 | \$107,480 | \$132,103 | \$160,285 | \$192,341 |
| Double cabins | | \$80,300 | \$91,104 | \$102,644 | \$114,961 | \$128,100 |
| Family cabins | | \$100,375 | \$113,880 | \$128,305 | \$143,701 | \$160,124 |
| Total revenue | \$73,749 | \$343,496 | \$392,231 | \$446,009 | \$505,223 | \$570,292 |
| Direct costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Current horse riding costs | \$52,000 | \$54,080 | \$56,243 | \$58,493 | \$60,833 | \$63,266 |
| Additional horse riding | | \$15,458 | \$19,291 | \$23,711 | \$28,769 | \$34,523 |
| Double cabins | | \$12,447 | \$12,755 | \$14,370 | \$16,095 | \$17,934 |
| Family cabins | | \$17,064 | \$19,360 | \$21,812 | \$24,429 | \$27,221 |
| Total direct costs | \$52,000 | \$99,048 | \$107,649 | \$118,386 | \$130,125 | \$142,944 |
| Gross Operating Profit | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Current horse riding | \$21,749 | \$22,619 | \$23,524 | \$24,465 | \$25,443 | \$26,461 |
| Horse riding revenue | \$0 | \$70,664 | \$88,189 | \$108,392 | \$131,515 | \$157,819 |
| Double cabins | | \$67,854 | \$78,349 | \$88,274 | \$98,867 | \$110,166 |
| Family cabins | | \$83,311 | \$94,520 | \$106,493 | \$119,272 | \$132,903 |
| Total GoP | \$21,749 | \$244,448 | \$284,582 | \$327,623 | \$375,097 | \$427,348 |

| Indirect costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Marketing | \$1,800 | \$20,000 | \$20,800 | \$21,632 | \$22,497 | \$23,397 |
| Waste water management | \$700 | \$2,000 | \$2,080 | \$2,163 | \$2,250 | \$2,340 |
| Energy | \$2,400 | \$4,000 | \$4,160 | \$4,326 | \$4,499 | \$4,679 |
| Cabin maintenance & repairs | | \$3,000 | \$5,000 | \$5,200 | \$5,408 | \$5,624 |
| Additional Public Liability Ins & Workers Comp | \$5,700 | \$3,000 | \$3,120 | \$3,245 | \$3,375 | \$3,510 |
| Bookkeeping / Accounting fees | \$3,500 | \$4,000 | \$4,160 | \$4,326 | \$4,499 | \$4,679 |
| Sundry | \$3,000 | \$3,500 | \$3,640 | \$3,786 | \$3,937 | \$4,095 |
| Total Indirect Costs | \$17,100 | \$39,500 | \$42,960 | \$44,678 | \$46,466 | \$48,324 |
| EBITDA | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | \$4,649 | \$204,948 | \$241,622 | \$282,945 | \$328,632 | \$379,024 |
| GST payable | \$7,375 | \$34,350 | \$39,223 | \$44,601 | \$50,522 | \$57,029 |
| Depreciation on cabins (\$1.5M) | | \$150,000 | \$135,000 | \$121,500 | \$109,350 | \$98,415 |
| Net profit | -\$2,726 | \$20,598 | \$67,399 | \$116,844 | \$168,760 | \$223,580 |

ArtShack @ Wilgabah

This business is the only one of the proponents to make a small Net Profit. However, at \$34,000. this is too small to drive any significant capital investment that could lead to real growth.

The investment of \$2.3M into accommodation upgrades and new cabins makes a huge impact on the business. The sheer number of quality rooms generates a much high average nightly rate, which lifts accommodation revenue from a base case of \$55,000 to \$670,000 by Year 5. The profitability of accommodation over more labour intensive businesses like tours and workshops is very obvious and very immediate. In Year 1 EBITDA increases from the base case of \$42,000 to \$312,000 and even after tax and depreciation, the Year 1 business Net Profit is lifted from \$34,000 to \$127,000. Of equal importance is that the improved quality and additional number of rooms lift the workshop revenue by \$124,000, which directly employs Tanya to share Aboriginal art and craft with many more customers, and employ more in cultural tourism.

| Revenue | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|-------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Current art workshop revenue | \$25,000 | \$26,000 | \$27,040 | \$28,122 | \$29,246 | \$30,416 |
| Additional art workshop revenue | | \$72,812 | \$85,051 | \$98,153 | \$110,486 | \$123,648 |
| Existing accommodation (1F, 4D, 3S) | \$55,000 | \$57,200 | \$59,488 | \$61,868 | \$64,342 | \$66,916 |
| Donga family accommodation (2F) | | \$100,375 | \$114,829 | \$130,279 | \$146,781 | \$164,394 |
| Double cabins (3D) | | \$150,563 | \$167,535 | \$185,055 | \$206,955 | \$225,844 |
| Family cabin (1F) | | \$44,713 | \$58,309 | \$72,270 | \$79,935 | \$87,783 |
| Total revenue | \$80,000 | \$451,662 | \$512,252 | \$575,746 | \$637,745 | \$699,001 |
| Direct costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Current art workshop costs | \$8,500 | \$8,840 | \$9,194 | \$9,561 | \$9,944 | \$10,342 |
| Additional art workshops | | \$21,844 | \$25,515 | \$29,446 | \$33,146 | \$37,094 |
| Existing accommodation (1F, 4D, 3S) | \$10,370 | \$10,785 | \$11,216 | \$11,665 | \$12,131 | \$12,617 |
| Donga family accommodation (2F) | | \$12,745 | \$14,580 | \$16,541 | \$18,637 | \$20,873 |
| Double cabins (3D) | | \$21,079 | \$21,303 | \$23,946 | \$26,815 | \$29,808 |
| Family cabin (1F) | | \$6,451 | \$8,582 | \$10,853 | \$12,252 | \$13,735 |
| Total direct costs | \$18,870 | \$81,743 | \$90,390 | \$102,013 | \$112,925 | \$124,469 |

| Gross Operating Profit | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|
| Current art workshop revenue | \$16,500 | \$17,160 | \$17,846 | \$18,560 | \$19,303 | \$20,075 |
| Additional art workshops | | \$50,968 | \$59,536 | \$68,707 | \$77,340 | \$86,554 |
| Existing accommodation (1F, 4D, 3S) | \$44,630 | \$46,415 | \$48,272 | \$50,203 | \$52,211 | \$54,299 |
| Donga family accommodation (2F) | | \$87,630 | \$100,249 | \$113,737 | \$128,144 | \$143,521 |
| Double cabins (3D) | | \$129,484 | \$146,232 | \$161,109 | \$180,140 | \$196,036 |
| Family cabin (1F) | | \$38,261 | \$49,727 | \$61,417 | \$67,683 | \$74,047 |
| Total GoP | \$61,130 | \$369,919 | \$421,862 | \$473,733 | \$524,821 | \$574,532 |
| Indirect costs | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Marketing | \$1,600 | \$30,000 | \$31,200 | \$32,448 | \$33,746 | \$35,096 |
| Waste water management | \$340 | \$2,000 | \$2,080 | \$2,163 | \$2,250 | \$2,340 |
| Energy | \$6,048 | \$8,000 | \$8,320 | \$8,653 | \$8,999 | \$9,359 |
| Cabin maintenance & repairs | \$2,000 | \$4,000 | \$4,160 | \$4,326 | \$4,499 | \$4,679 |
| Business insurance (building, contents, PL) | \$4,000 | \$6,000 | \$6,240 | \$6,490 | \$6,749 | \$7,019 |
| Accounting fees | \$2,010 | \$2,500 | \$2,600 | \$2,704 | \$2,812 | \$2,925 |
| Sundry | \$3,500 | \$5,000 | \$5,200 | \$5,408 | \$5,624 | \$5,849 |
| Total Indirect Costs | \$19,498 | \$57,500 | \$59,800 | \$62,192 | \$64,680 | \$67,267 |
| EBITDA | Base case | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 |
| Earnings Before Interest, Taxation, Depreciation and Amortisation | \$41,632 | \$312,419 | \$362,062 | \$411,541 | \$460,141 | \$507,265 |
| GST payable | \$8,000 | \$45,166 | \$51,225 | \$57,575 | \$63,775 | \$69,900 |
| Depreciation on cabins (\$1.5M) | | \$140,000 | \$126,000 | \$113,400 | \$102,060 | \$91,854 |
| Net profit | \$33,632 | \$127,253 | \$184,837 | \$240,566 | \$294,306 | \$345,511 |