

The Luisini Winery
Lakeside Drive, Kingsley WA

Redevelopment Study and Recommendations

Prepared for

The National Trust of Australia (WA)

By

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1. Executive Summary

1.1 Introduction

Asset Research was commissioned by the National Trust to undertake a study of the possible uses for the Luisini Winery site. The project was to encompass:

- An investigation into the possible uses for the site
- A broad feasibility study of the proposed potential uses

The project was not intended to involve the development of a full business plan for the site. Rather it was to estimate the most effective options for the site from a perspective of financial return while operating under broad constraints.

The proposed use for the site that was worked toward involved the development of a model which would go as close as possible to cost/revenue neutrality. This would involve minimal disbursements by the Trust towards ongoing costs and maintenance of the site.

A variety of options are open to the Trust, which include:

- Full development of the site
- Opening as a museum only at limited times
- Doing nothing

Each of these options involves different costs to the Trust, however Asset has investigated the full development option as it is believed that this is more in line with the Trust's intentions to provide a facility which can be appreciated by the community in general. It should also be noted that the alternative options will involve expenditure for maintenance, upkeep and wages without the same opportunity to recoup funds from the operation of the site. Doing nothing is not a viable proposition as the site is on the State Heritage Register.

1.2 Proposed Site Usage

The results of the research indicate that a large majority of both local area residents and outside local area residents favour the "cultural/commercial model" as the proposed use for the Luisini Winery.

The "cultural/commercial model" provides the National Trust with the following benefits:

1. It will attract the highest number of visitors from both the local area and outside local area.
2. It will contribute to maintaining and enhancing the cultural significance of the winery.
3. It will generate the highest return on investment.
4. It will contribute most to the surrounding property values.

The following illustrates the recommended activity-mix for the proposed “cultural/commercial model”:



The proposed “cultural/commercial model” includes at its core a museum supplemented with a mix of commercial and educational activities.

A survey was conducted in an attempt to quantify the potential visitors to a revamped Luisini Winery site. The survey figures indicate the following levels of visitation per annum which could be expected for each business use. The figures below are based on those who advised that they would attend the site for these reasons. This assumes a complete awareness of the site and its facilities by those in the community as well as the fact that they will actually visit the site as they had advised. In order to ensure that these figures more accurately reflect reality, for the sake of the financial estimates provided later in this report, the figures will be proportionally reduced for each business use to provide a conservative estimate of the number of visitors to be expected.

Business Use	Source of Visitors	Annual Visits Expected
Museum	Local visitors	9,262
	Out of area	23,360
Eating & Drinking	Local visitors	32,195
	Out of area	14,332
Retail Shops	Local visitors	19,123
	Out of area	22,604
Outdoor Activities	Local visitors	10,383
	Out of area	27,127
Educational/Group meetings	Local visitors	3,740
	Out of area	27,881

Museum

At the core of the "cultural/commercial model" is a **museum** dedicated to the history of the site and how it relates to the area and the Italian community.

The museum will provide the vital element it requires to become an attractive destination for visitors living outside the local area.

The proposed museum is to include a number of exhibitions, commercial opportunities and activities attached to the historical aspects of the site. These activities will attract a diverse range of visitors including families and tour operators.

While the museum is an important drawcard for the site, it will not generate sufficient revenue to achieve cost neutrality. It will require additional facilities to attract higher and more consistent numbers of visitors. Additionally there will be sizeable expenses associated with its maintenance, collection development and management. These have not been factored in to the income projections but will need to be considered in line with overall site expenses.

In order to optimise visitor numbers and revenue, it is also proposed to offer eating & drinking facilities, retail shops, outdoor event facilities and educational/instructional/group meeting facilities. These will assist in bringing visitors through the door and guaranteeing further custom than would have been available if only a museum was being offered to the public.

Eating & Drinking Facilities

It is proposed that the winery offers visitors the following eating and drinking facilities:

- ♦ A middle-priced **Italian Restaurant** (incorporating 'al fresco' dining) to appeal to local area residents. An exclusive, high-priced restaurant whilst more attractive to respondents living outside the local area, is not expected to provide the numbers required to be financially viable. Average dollar sale would be higher, but the total number and frequency of visitors would be substantially lower. Overall, it is believed that the return would be greater with a middle-priced restaurant.

At the same time, it will be easier for the National Trust to find a tenant for a value-restaurant rather than an expensive one.

- A **Café** (incorporating 'al fresco' dining). The café and restaurant can be combined to save on space.

Retail Shops

It is proposed that the winery offers visitors the following retailing & wholesaling facilities:

- ♦ **Wine retailing and wholesaling.** To attract a sufficient number of people it would be necessary to provide the facility of providing cheaper wholesale wine of a good quality to people. Respondents believe that the area is already well supplied with bottle shops and that the facility would need to provide something different to succeed. Other wine and bottle sales would stem from the attraction of people to the lower priced facilities.
- ♦ **Gourmet/continental retail sales.** Lower numbers of respondents indicated that they would utilise this facility, however it is believed that this would be popular among tour groups.
- ♦ **Museum shop.** A shop will supply the tourist trade with goods to satisfy this requirement. The shop is expected to supply products associated with the region as well as exhibitions being conducted on the site. The shop will be attached to the museum and should be run by museum staff. All revenue will go towards the running of the site. While the shop may not ordinarily produce a profit, it is expected that economies of scale provided by the use of part-time museum staff as well as floor space will allow the shop to contribute towards the overall museum running expenses.

Outdoor Events Facilities

- Facilities such as a landscaped area for small gatherings in the region of a historic site where, for instance, small concerts could be held was an attraction to many people. They believed that this would draw many to the site and that such a feature would be beneficial to the number of visitors attending. It would also serve as a means of promoting the site and its activities to those outside and within the area, and has the benefit of linking the community with the environment of Lake Goollelal and Yellagonga Regional Park. This area and its use must be carefully designed and managed to ensure that its use will not adversely affect local residents.

Educational/Instructional/Group Meetings

- **Meeting Areas.** It is proposed to include two meeting areas where a variety of events can be held. It is likely that community groups, Italian groups, TAFE colleges, etc. could hold meetings, classes on a regular basis, satisfying requirements for such local meeting places. A nominal fee would generate revenue towards the upkeep of the overall facility as well as generating through traffic for the other outlets in the site.

1.3 Expected Returns

Rental returns and required floor spaces have been calculated based on a combination of current market values as well as visitor numbers from the results to the survey conducted by Asset Research. The survey was conducted to calculate demand for each proposed use of the site. It is estimated that the

Luisini site could generate the following overall returns per annum. Conservative business returns are based on 33% of the survey results, expected returns based on 50% and optimistic on 75% of survey results. Visitor numbers for the museum are based on 10% of the survey results for conservative estimates, 20% for expected estimates and 30% for optimistic estimates.

Asset believes that the conservative estimates are very conservative due to combined nature of facilities being offered at the site. Visitors attending the site for one reason are expected to attend other business opportunities being offered thereby increasing visitors for each site use. It is also believed that survey respondents who indicated that they would come will also bring a companion or companions, thereby increasing visitor numbers further.

Expected Annual Return for the National Trust

	Conservative	Expected	Optimistic
1. Museum:*	\$11,275	\$22,530	\$32,571
2. Restaurant/Café:	\$55,000	\$55,000	\$55,000
3. Retail shop:**	\$26,000	\$26,000	\$26,000
4. Educational/Group Meetings.***	\$10,000	\$15,000	\$20,000
5. Outdoor Activities:	\$5,000	\$7,500	\$10,000
Rental Return:	\$107,275	\$126,030	\$143,571

Notes:

* Includes the "museum shop".

** Includes the "retail and wholesale of wine" and the "retailing of gourmet /continental produce".

*** Includes "group meetings".

The returns detailed above are based on figures for business premises with the following floor areas:

Site use	Required floor area
Museum	Yet to be fully defined, however a minimum core area of 200m2 is expected to be required excluding storage space.
Restaurant/Café	500m2
Wine retailing and wholesaling	200m2
Italian produce sales	100m2
Museum shop	50 m2
Outdoor events	Landscaped area
Meeting areas	100 m2
Total floor space required	1,150m2

It is expected that capital expenditure for readying the site for the above uses will vary depending on the extent to which the National Trust will prepare the site for prospective tenants. The CGS Services (Aust) Pty Ltd Business Plan prepared for the City of Wanneroo in September 1998 has determined a value of \$1,420,000 required for restoration costs. This would include adherence to the Conservation Plan, capital costs and amphitheatre construction. At the end of this the Winery would still remain a shell, although with internal walls constructed for each proposed use.

Additional work would be required to fit out the premises for prospective tenants, although this would need to be in line with their specific requirements. Consequently we have been unable to estimate individual fitout costs.

Fitout costs may be in the vicinity of:

- | | |
|---------------------|---|
| • Restaurant/café | \$200K |
| • Wine/produce shop | \$120K |
| • Meeting rooms | \$30K |
| • Museum | Fitout unknown. Collection development and setup estimated at \$1,500 per square metre of exhibition space. |

Costs associated with the running and maintenance of the site will be formalised at a later date. These costs will be dependant on the final use for the site as well as the involvement of volunteers and other resources through the National Trust.

Costs for the initial setup and collection development of the museum should be factored into the initial capital expenditure for the site. Expenses for this will be approximately \$1,500 for each square metre of the proposed exhibition space.

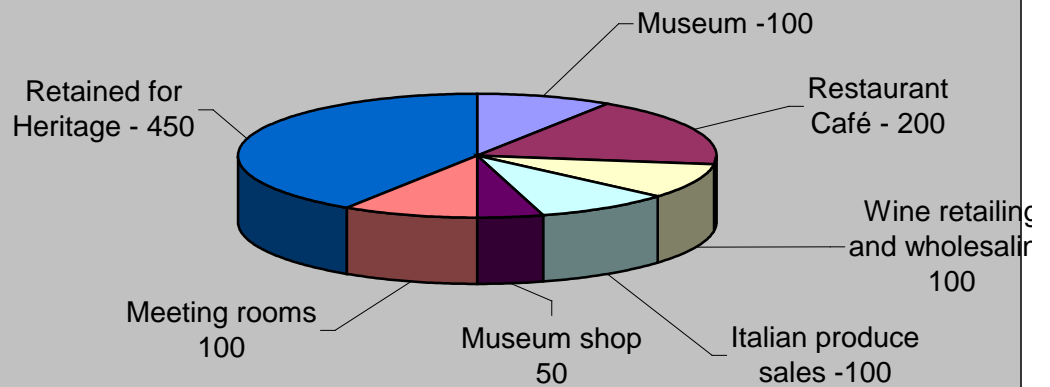
Graphs have been included which provide an indication of the additional space required for the proposed site uses over and above the space currently available in the site. These graphs should assist in conceptualising the broad set-out possibilities.

A series of pie graphs providing possible areas for each site use is provided to assist in conceptualising the broad set-out possibilities. The graphs are intended to be only indicative of possibilities and are not considered to be final in any way.

(refer graphs overleaf)

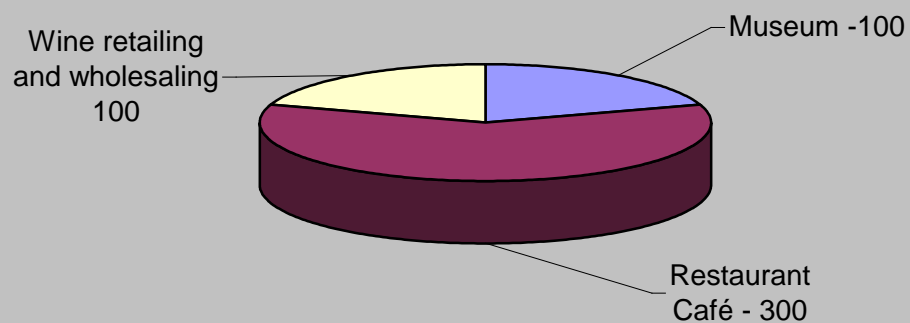
Allocation of existing floor space in square metres

This graph represents how the existing structure could be utilised in its present state.



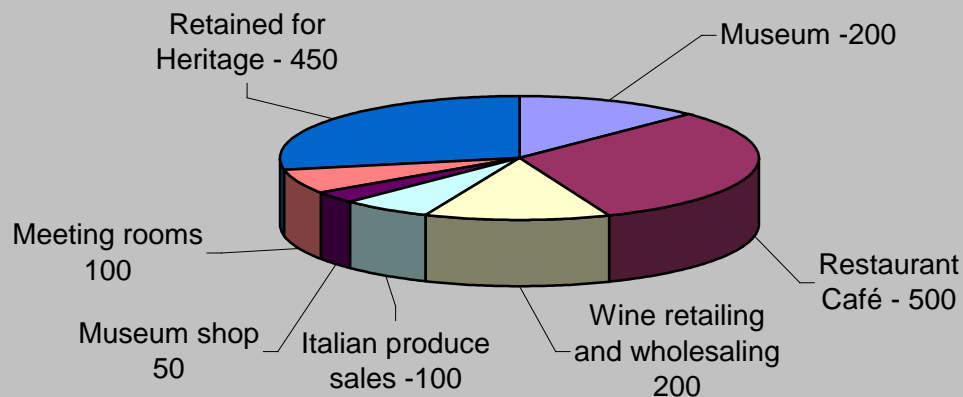
Allocation of additional floor space in square metres

This graph represents how additional structures would be utilised.



Allocation of total floor space in square metres

This graph represents how the new structure could be utilised after additions have been made.



Additional site uses were contemplated, however the returns were not sufficient to warrant inclusion. The potential uses listed above are not groundbreaking or surprising, however are recommended on the basis that they will generate the best returns for the site while satisfying user demand and needs.

In conducting the research stages of this project Asset spoke to business groups and representatives of industries whose operations are proposed for the site. The purpose of this was to estimate the attractiveness of the site from a leaseholders point of view. It should be noted that those people who were canvassed were representatives of the types of industries being considered and not individuals who could or would be specifically interested in the Luisini site.

We were advised that the attractiveness of the site to potential lessees would be affected by the expected traffic through the site. It would need to be demonstrated that the site would attract the requisite number of visitors to make business operation viable. This is especially difficult in this case as the site is new and has not been tested.

It would be necessary for the National Trust to provide short-term incentives to attract tenants. This would primarily be in relation to initial rent relief, assistance with fitout of the proposed shop(s) and a commitment to promoting the site heavily to attract visitors. A careful programme relating to all three of these would need to be developed to attract interest.

The promotional effort would need to involve advertising, liaising with the tourism industry to get the site on tourist bus routes, promotional events, function sales representation, etc.

1.4 Issues

The success of the proposed “cultural/commercial model” will depend on the number of visitors it attracts – first-time visitors as well as repeat-visitors.

However, the number of first-time visitors will depend on the level of awareness about the site among the target market and the attractiveness of the offering. Achieving high level of awareness is required to overcome the site’s physical isolation from major drive- and walk-through traffic.

The highest level of attractiveness for first-time visitors is achieved by offering the target market the right mix of activities – which we have identified in the “cultural/commercial model” described in Section 1.2.

To entice first-visitors to come back to the site on a regular basis will depend on the quality of the tenants and the number and quality of individual events organized throughout the year.

1.2 Summary of Recommendations

- ♦ **The recommended uses for the site as tabled in section 1.2 should be adopted as providing the best possible return to cover site maintenance, administration and some marketing costs. It is expected that revenue will increase as popularity of the site increases and increases in rent can be justified.**
- ♦ **A marketing plan needs to be developed to promote the winery to potential commercial tenants.**
- ♦ **An additional marketing plan needs to be developed to promote the winery to potential visitors. It is expected that some funds from the rental income will be put into promoting the site, and lessees will be asked to contribute proportional income to a fund to assist with this. Marketing of the site will be important to enable visitor targets to be achieved. The administration function within the site should incorporate marketing and promotional activities.**

2. Introduction

2.1 Project Background

2.1.1 Project Brief

Asset Research has been commissioned by the National Trust of Australia (WA) to undertake research into the possible commercial uses for the site known as the Luisini Winery in Kingsley, WA.

The project was not intended to involve the development of a full business plan for the site. Rather it was to estimate the most effective options for the site from a perspective of financial return while operating under broad constraints.

The proposed use for the site that was worked toward involved the development of a model which would go as close as possible to cost/revenue neutrality. This would involve minimal disbursements by the Trust towards ongoing costs and maintenance of the site.

Recommendations were developed relating to the best uses for the site – in terms of the commercial ventures most likely to succeed and provide a return for the National Trust.

2.1.2 Brief History of the Luisini Winery

Ezio Luisini, an Italian migrant who had settled in the Wanneroo area in 1924, established the Luisini Winery, located approximately 30 kms north of the Perth CBD, in 1929.

Ezio started the vineyard as a sideline to the operation of his wine cellar on William Street, in Perth. The winery eventually evolved into the largest privately owned winery in Western Australia.

Until his death in 1964, Ezio played an influential role within the Italian community. The winery was a well-known landmark for the Italian community and was often the first home for newly arrived migrants.

Upon Ezio's death, the winery and the William Street store was then taken over by his nephew, Ernie Mondello.

By the late 1980s the winery succumbed to the pressure of urban development in the Wanneroo area and closed in 1986.

The land where the vineyard once was redeveloped into suburban lots in 1988. All buildings associated with the winery were demolished in 1989 with the exception of

the main cellar, which contains the original 1929 section.

The National Trust is currently leasing the site from the Western Australian Planning Commission for a period of three years, while options for the use of the site are being evaluated.

The National Trust is now evaluating the most appropriate option to restore the winery. This is to safeguard for future generations to come the contribution the winery had to the local area and the Italian community. It provides an insight into the life of Ezio Luisini and his role as a patron to these migrants.

2.2 Project Objective

2.2.1 Overall Objectives

The objective of this project is to undertake a research into the possible commercial uses for the Luisini Winery.

The recommendations are to be developed relating to the best uses for the site – in terms of the commercial ventures most likely to succeed and provide an acceptable return for the National Trust.

2.2.2 Stage 1 Objectives

The objectives for stage 1 were as follows:

- ♦ To identify **constraints** which will impact on the usage and development of the proposed site.
- ♦ To identify individual **criteria** against which usage alternatives can be evaluated.
- ♦ To determine alternative uses for the Luisini Winery based on what stakeholders want or will accept.
- ♦ To develop a list of **potential uses** for the site that will not only fit within the identified constraints but also be acceptable and attractive to the community/populace (local and non-local).

2.2.3 Stage 2 Objectives

The objectives for stage 2 were as follows:

- ♦ To determine the **level of use** of the site by members of the local and broader community.
- ♦ To identify the **most requested types of uses** for the site, enabling Asset Research to accurately determine levels of turnover based on the type of facility put in place.

2.3 Project Methodology

The proposed methodology consisted of two separate stages.

2.3.1 Stage 1 Methodology

2.3.1.1 Desk Research

Internet and library searches were undertaken to identify developments, both Australia and worldwide, sharing similar characteristics to the Luisini project. Searches identified a number of projects relating to heritage issues around the world, however, none which shared the same combination of characteristics relating to the Luisini project. Consequently, the desk research in this area shed little light on potential uses for the site.

The desk research further included the review of a number of documents relating to the winery and surrounding areas, such as a 1997 Feasibility Study, a 1998 Business Plan, and the 1996 Conservation Plan. Relevant findings and conclusions have been included in this document.

2.3.1.2 Field Research

As part of stage 1, a selected number of stakeholder representatives were interviewed. These included members of the Luisini Winery working committee, members of the Joondalup City Council and other professionals in related areas (ie. town planners, business people, etc.) who would be able to provide insight into the potential uses for the site.

Stakeholders were asked for their feedback on a number of issues such as:

- To identify issues that may constrain the development of the winery.
- To suggest acceptable usage ideas for the site, and their related issues and problems.
- To identify criteria for judging ideas and proposed uses for the site.

In addition, 50 local residents were surveyed by phone – 12 of which were from the immediate Luisini Winery vicinity. Respondents were asked questions on a variety of issues such as: (refer to appendix 1 for a copy of Stage 1 Questionnaire)

- Were there any facilities, in either a commercial or community sense, which they felt were lacking in the area (or a combination of the two).
- What facilities they would like to see introduced into the area.
- What facilities they would actually support.
- Specifically in relation to the Luisini Winery site, what did they believe would be a positive use for the site.
- What limitations would they put on the use of the site.

2.3.2 Stage 2 Methodology

2.3.2.1 Survey

In stage 2, a total of 800 respondents were interviewed through the use of a telephone survey in early March 2001.

Respondents were broken up into the following broad groups:

- 400 respondents from within the immediate catchment area (ie. **Local Area Residents**).
- 400 respondents from within the metropolitan area but outside of the immediate catchment area (ie. **Outside Local Area Residents**).

Both local and outside local area residents were asked to indicate their **overall intention to visit the site** and to clarify their **requirements for each of the different business options**.

2.3.3 Survey Accuracy and Reliability

A crucial element of the effectiveness and reliability of any research is the ability to obtain a sufficiently large sample, both in numbers as well as in the overall proportion of respondents to non-respondents, to satisfy requirements to minimise sampling error and bias.

The research methodology used for this project conforms to recommendations made to State Parliament in the “Performance Examination - Listen and Learn - Using customer surveys to report performance in the Western Australian public sector” document dated June 1998.

Consequently, results quoted in this survey are considered to be satisfactory in terms of survey and reporting accuracy and reliability to meet required standards. Asset Research has followed guidelines throughout the duration of the project to ensure that Auditor General requirements are satisfied.

Asset Research adopted a research methodology, which achieved a 52.1% response rate from all people contacted to participate in the survey. As the response rate is greater than 50% this is considered satisfactory to minimise any bias resulting from a selective interviewing process.

A total of 800 responses to the survey were achieved. 400 of the responses were obtained from people within the immediate catchment area for the site (immediate and neighbouring suburbs to that in which the site is situated). 400 responses were also obtained from respondents in the Perth metropolitan area but excluding those in the immediate surrounds.

By obtaining a sample of 400 from each of these groups, Asset Research is able to provide statistics which:

- ♦ Provide a **sampling error of below +/- 5% at the 95% confidence level**. This is considered a satisfactory result by the Office of the Auditor General to ensure survey reliability and accuracy.
- ♦ **Minimise sampling bias** through the reasonable proportion of returned surveys.

3. Usage Constraints

3.1 Conclusions

- ♦ All works done on the building should aim to retain or enhance the winery's cultural significance.
- ♦ Modifications to the building's fabric and individual elements of the winery must be considered with regard to their assessed significance and the conservation principles and policies.
- ♦ Community consultation identified that the most serious concerns were expressed by the residents living in the immediate vicinity of the winery and included additional noise and traffic, and property values.
- ♦ From a marketing point of view, the site's most serious constraint is its physical isolation. As a result, the proposed usage for the site will have to ensure that the winery becomes a "destination" for residents living outside the local area.
- ♦ The effect the constraints will have on the final recommendations will depend on the nature of the issue identified and their ability to be mitigated by an appropriate solution.

3.2 Findings and Issues

The following is a review of the constraints identified in stage 1 which will impact on the usage and development of the proposed site.

3.2.1 National Trust Requirements

The National Trust will evaluate usage recommendations on its ability to:

- ♦ Operate on a cost-neutral basis (ie. covering maintenance and running expenditures).
- ♦ Maintain, or enhance, the cultural significance of the winery.
- ♦ Gain the approval of the wider community.

3.2.2 Conservation Policy and Guidelines

3.2.2.1 Historic Conservation

Generally, the preferred means of historic conservation is to continue using the particular sites for the functions for which they were originally designed. Where this is

not possible, conservation guidelines indicate that any form of sympathetic re-use is preferable to a structure remaining vacant and subsequently more susceptible to deterioration.

In the case of the winery, Palassis Architects concluded that “there is limited potential for the place to viably sustain it's original use due to the loss of the vineyards and the changes in winemaking equipment that have occurred which would require removal of much of the significant fabric to upgrade the place to modern standards”.

Consequently, to preserve the building from further deterioration and maintain or enhance its cultural significance a number of modifications will be required.

The degree to which individual elements and features of the winery can be restored, reconstructed, altered or eliminated will depend on their assessed and graded significance.

3.2.2.2 Assessment of Value

According to the Conversation Plan (prepared by Palassis Architects for the Western Australian Commission, p. 41-43, September 1996), the Luisini's Winery possesses a number of valuable features, which will need to be considered in the redevelopment plans.

Note that the following is merely a summary of the elements of the winery, which are considered to be of primary or secondary value. Reference should be made to the Conversation Plan (as prepared by Palassis Architects) if a fuller understanding of this issue is required.

- ♦ The winery's setting near Lake Goollelal is considered to be aesthetically valuable.
- ♦ The winery's building is considered to be both aesthetically valuable and representative of industrial buildings of the area.
- ♦ The winery's association with the agricultural development of the Wanneroo area from the early 1920s through to the 1960s is considered historically valuable.
- ♦ The winery is considered historically valuable for its association with Italian market gardening in the greater Perth Metropolitan area.
- ♦ The winery is considered historically valuable for its association with Ezio Luisini, who founded the vineyard and who was considered a patron of the Italian community in Western Australia.
- ♦ The winery is considered historically valuable for its former position as the largest privately owned winery in Western Australia.
- ♦ The winery is considered historically valuable for it contains one of only three stills that operated in Western Australian vineyards.

- ♦ The winery's long association with the manufacture and supply of wines is considered socially valuable.
- ♦ The winery is further considered socially valuable for of its association with Ezio Luisini, and as a place of first employment for many new Italian migrants.
- ♦ The winery is considered rare and scientifically valuable for it demonstrates a method of commercial wine making and distillation that is no longer practiced in Western Australia.
- ♦ The still equipment is also considered rare has it is the only one of its kind to survive in the Perth Metropolitan area.
- ♦ The surrounding areas have scientific value for their potential to contain archaeological deposits related to the newly arrived Italian migrants who worked there.

3.2.2.3 Assessment of Significance

The following table summarises the assessment undertaken by Palassis Architects of the significance of individual elements within the winery (refer the Conservation Plan prepared for the Western Australian Commission, p. 49-51, September 1996).

Each element was graded to indicate their degree of significance.

“Exceptional” Significance	<ul style="list-style-type: none"> - No elements of the Luisini Winery building fabric are currently considered to be of exceptional significance. - The still, boiler and associated fixtures and fitments are considered to be of exceptional significance and every effort must be made to retain this equipment in situ.
“Considerable” Significance	<ul style="list-style-type: none"> - The building, the main cellar area and the bond store, distillery and boiler room. - The contents inclusive of the industrial plant which remains in-situ, in particular the distillery (boiler, distillation plant and copper tanks). - The remaining brick tanks. - The concrete tanks are considered to have significance that fails midway between "considerable" and "some".
“Some” Significance	<ul style="list-style-type: none"> - The surviving evidence of the other (demolished) buildings of the winery.
“Little” Significance	<ul style="list-style-type: none"> - The cellar sales area and the 1970's office. - The Zincalume storeroom on the southwest side. - The bitumen surfaces to the west of the winery.

Reference should be made to the Conservation Plan (1996) if a greater understanding of the constraints resulting from a Statement of Significance is required.

3.2.3 Location Constraints

The Luisini Winery is situated within the Perth Metropolitan Area and is readily accessible by sealed roads. No difficulties are perceived for the supply of either goods or services to the site.

The main issue relating to its location is its isolation. Situated in a residential area with limited access, the winery does not benefit from passing traffic.

Most of the traffic is limited to people driving to and from their home located in the area adjacent to the winery. This represents approximately 95 households. Pedestrian traffic is almost negligible.

As no plan exists to open up the area to passing traffic, the winery will have to become a “destination”. In other words, people will come to the area specifically for the winery.

It is not impossible that, in the future, additional activities around Lake Goollelal may be developed which will certainly contribute to increase passing traffic, both pedestrian and car, albeit limited.

As the winery is located next to a residential subdivision and in close proximity to parkland, aspects such as traffic control for visitors to the place and car parking for staff and visitors will need to be addressed.

3.2.4 Community Concerns

The overall majority (65%) of local residents agree that the Luisini Winery site should be turned into something useful, especially for the community. 28% of them, whilst they agree that “something” should be done with the site, are not convinced that a restoration/development is appropriate. 7% either did not know or did not care.

Interestingly, over 50% of respondents recognised the heritage aspect of the site and indicated that any proposed development needed to retain this.

Not surprisingly, the greatest opposition to any type of development came from those living in the immediate area. Their concerns included:

- ♦ The impact of increased noise and vehicle traffic along Lakeway Drive.
- ♦ Increased use of area by itinerant youth.
- ♦ Litter problems.
- ♦ Safety concerns with unsecured car parking.
- ♦ Reduction of residential tranquility.

Understandably, local residents, especially those living in the immediate vicinity of the site, are mostly concerned with parking and vehicle traffic up Lakeway Drive and their impact on the value of their properties.

Residents are of the opinion that increased traffic and noise would diminish the quality of the area and as a result property values would be adversely affected. This, however, has been rejected by recent valuations, which have clearly indicated that a redeveloped winery would enhance the attractiveness of the area and increase property values in the immediate area as a result. This information was obtained from local real estate agents who indicated the added value from greater facilities in the area.

The few residents living on Lakeway Drive directly across from the winery also expressed their concern regarding the impact the redevelopment would have on their view of Lake Goollelal.

The next stage of the site redevelopment must take these issues into consideration. The brief to any architect undertaking the design of the development should incorporate the concerns of the local residents to ensure that any impact from the redevelopment is minimised.

3.2.5 Environmental Constraints

The winery's close proximity to Lake Goollelal raises a number of environmental issues, including:

- ♦ **Flooding** – Whilst there is no evidence of water infiltration, it has been suggested that the average level of Lake Goollelal is likely to increase by one metre over the next ten years, increasing the risk of flooding.
- ♦ **Waste disposal** - Due to the high water tables, a form of environmentally friendly waste disposal system must be adopted, as the area does not have access to deep sewage and drainage.
- ♦ **Insects** – The winery has a midges and mosquitoes problem which may cause some discomfort among certain visitors and hinder the number and type of events that can be organized outdoor.

3.2.6 Cultural Constraints

As the winery is considered to be an historic building all work done on the building should aim to retain or enhance its cultural significance.

While the proposed redevelopment of the winery will have to reflect its Italian heritage, this is not inconsistent with the site's Aboriginal history. The Aboriginal history of the area can also be encompassed in the permanent exhibition developed for the site.

3.2.7 Architectural Constraints

All proposed works to the place should be assessed against the 1996 Conservation Plan prepared by Palassis Architects.

A thorough assessment of the structure of the winery was conducted by Palassis Architects for the purpose of the Conservation Plan commissioned by the Western Australian Planning Commission, and therefore will not be repeated in this document.

For details on architectural constraints reference should be made to the Conservation Plan.

3.2.8 Marketing Issues

The following marketing issues were identified:

- ♦ Determine uses for the site, which will be saleable.
- ♦ Isolation of the site.
- ♦ Low population numbers in the direct vicinity of the winery
- ♦ Lack of pedestrian/through traffic.
- ♦ Local demography – family oriented facilities
- ♦ Financial returns will need to be sufficient to pay for promotion, etc.
- ♦ High value-low frequency vs. Low value-high frequency alternatives.
- ♦ Concepts must be financially viable and saleable to potential site operators.

3.3 Recommendations

Preliminary research indicates that there is some cause to believe that there is potential to undertake the development of the site with a view to a satisfactory financial result, and with minimal impact on local residents. The next stage of the site redevelopment must take residents concerns into consideration. The brief to any architect undertaking the design of the development should incorporate the concerns of the local residents to ensure that any impact from the redevelopment is minimised.

4. Usage Alternatives

4.1 Conclusions

- ♦ **Desk research uncovered no other site, nationally or internationally, comparable to the Luisini Winery.**
- ♦ **To enable accurate evaluation of potential uses for the site and projections of visitor number, three distinctive models were developed – these are “community centre”, a “function centre”, and a “commercial centre”.**

4.2 Findings and Issues

4.2.1 Facilities Gaps

A review of facilities available in the area, indicated that the following facilities were lacking or are required in the area:

- ♦ Child Care facilities (playgroups, community groups, etc.)
- ♦ Facilities for youth
- ♦ Meeting places
- ♦ Cafes
- ♦ Recreation facilities
- ♦ Places for community and cultural events
- ♦ Local shopping

4.2.2 Result of Desk Research

Some projects were found which shared individual characteristics with the Luisini project, however none were close to the overall project specifications.

This indicates that the potential development of the site needs to be considered in relation to its own unique characteristics and in line with good business sense.

4.2.3 Proposed Usage Alternatives

The following business models have been developed to enable respondents to get a feel for the types of options available. Certain of the site uses within each option are interchangeable and have been included for evaluation purposes.

The business models to be evaluated are:

1. A Community Centre
2. A Function Centre
3. A Commercial Centre

The following provides an understanding of the mix of activities proposed for each business model.

Activity	Community Centre	Function Centre	Commercial Centre
Museum	✓	✓	✓
Child Care Centre	✓		
Playgroup Facility	✓	✓	
Café	✓	✓	✓
Restaurant		✓	✓
Al Fresco Dining		✓	✓
Meeting Room	✓		
Studios for Rent	✓	✓	
Artists in Residence	✓	✓	
Wine Production			✓
Wine Bottling			✓
Bottle Shop			✓
Produce Retailing		✓	✓
Outdoor Events Area	✓	✓	✓
Italian Community Meeting Place	✓		✓

Of the three options, the commercial/cultural one has the greatest commercial feasibility, and would be the most attractive to site users as a potential 'destination'.

The other two may be more attractive to the community in general from a services point of view, but are less likely to generate an acceptable return.

5. Usage Evaluation and Recommendations

5.1 Conclusions

- Usage alternatives were identified in stage one of this project. Representatives from the immediate community surrounds as well as other potential visitors from all over the metropolitan area were contacted and asked questions relating to their intention to visit the site as well as their preferences for the type of facilities which should be included.
- The survey results have provided an indication of the number of visitors to be expected over the period of twelve months given the provision of specific facilities. The statistics obtained only give us an indication of the number of first time visitors to the site, as opposed to repeat business, for those outside of the immediate vicinity. Local residents were able to indicate with greater certainty the number of times they would be prepared to visit given the provision of specific facilities.
- The statistics also are unable to take referral visitors into consideration. Whilst it is impossible to predict the amount of referrals – it is important to remember that people are in general more vocal about when unsatisfied than when satisfied.
- The level of accuracy of the estimates of potential visitation numbers will also depend on a variety of factors. Awareness is one of the issues, which is crucial. In this case, it is not sufficient to simply “build it” – visitors will not come unless they know about the site and its facilities. Consequently, the results make an assumption of awareness of the site. It will be necessary for the site to be effectively promoted either by the Trust or the prospective site tenants.
- The site is unique in that it contains historic significance. This will greatly contribute to its attraction. Because of this, the winery has a higher chance of being successful as a “destination”. Unlike high-traffic commercial strips such as South Street in Fremantle, the Luisini Winery does not benefit from high traffic. Except for the locals, nobody actually drives by the winery. Without awareness of the site from other sources, especially for those coming from outside the area the numbers of visitors will not be large enough to provide a sufficient return for the site. However, by providing a site of historical significance this will provide a reason for visitors to attend.
- Projected visitor levels and turnover per site use have been calculated and included in section 5.2.4. This also incorporates floor space requirements for the proposed site uses.

5.2 Findings

Each of the two groups surveyed is relatively discrete in terms of overall results.

Local residents are interested in availability and convenience and would expect to be more regular users of the facilities provided.

Those outside of the immediate catchment area are looking for facilities, which are unique, or of special interest to attract them to the site as a “destination”.

Respondents were provided with a general description of the model proposed for the site and the types of facilities/services to be housed within. They were then asked on an individual facility basis whether they supported the use of the site for that purpose and whether they would actually visit the site as a result of that facility. Visitation was also prompted by the overall description of the site as being of historic interest and importance. Respondents were also asked the number of times they would expect to visit the site on an annual basis.

The first option proposed was more in line with a non-commercial community centre. Only small numbers of respondents (representing special interest groups – parents of young children, etc.) indicated that they would use the centre. Even this was on a relatively infrequent basis (ie. once a week).

5.2.1 Population Sizes

Overall population of the Perth Metropolitan area is: 1,364,200

Population of immediate catchment areas (source: ABS, 1996 Census Data):

Suburb:	Population:
Beldon	4,639
Craigie	6,235
Duncraig	16,120
Greenwood	10,716
Kingsley	14,244
Padbury	9,008
Woodvale	9,496
Total	70,458

These areas were considered to form the immediate catchment area for the site as these suburbs directly adjoined the one in which the site was situated. Additionally, they were also within the same City. Whilst there may have been more areas which could be classified as being in the immediate catchment area, conservatism in the estimation of figures ensures that the statistics derived would not be over-optimistic.

5.2.2 Local Area Residents

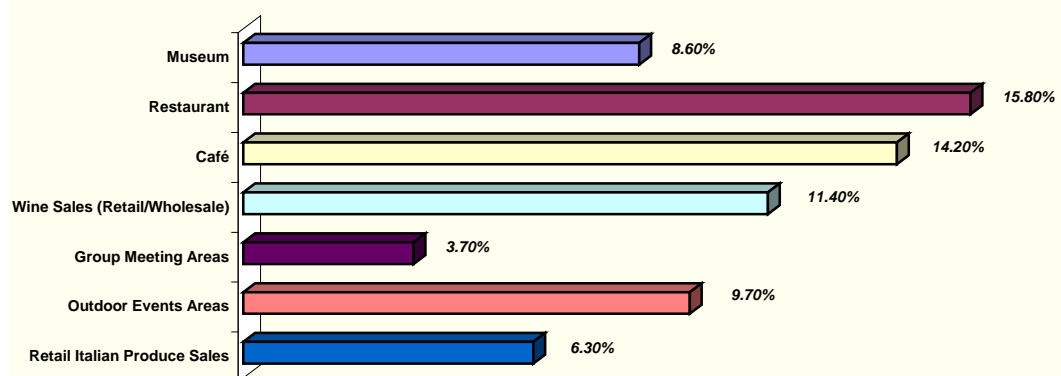
5.2.2.1 Overall Intention to Visit Site

29.7% of respondents advised that they would expect to visit the site based on the group of facilities advised.

When assessed on an individual basis, local residents indicated that the restaurant (15.80%) and café facilities (14.20%) were the most sought after, followed by wholesale wine sales (11.40%) and the outdoor events area (9.70%).

Results are shown in Graph 1 below:

Chart 1: Overall Intention to Visit Site (Local Area Residents)



Of those who expressed their intention of visiting the site the average number of visits per annum was **3.57**.

Based on overall population figures for the local area it is expected that this would result in 74,700 visitors on an annual basis. These figures are, however, based on knowledge of the site and its facilities by all people in the local area. Therefore these visiting figures could only be expected after a longer period of time and following the completion of a good promotional campaign. Initial visitations are expected to build to this level after between 1 – 2 years of operation.

A conservative estimate of 33% of these visitor levels has been projected for the first year of operations. Visitors for the first year of operation are estimated at 24,651.

5.2.2.2 Individual Requirements

Respondents living in the local area were asked to clarify their requirements for each of the different business options during the survey.

Details are as follows:

- **Museum** – respondents advised that they believed the museum should primarily cover the history of the site and how it relates to the local area. The primary point

of interest was the Italian heritage of the site followed by the Aboriginal history.

Respondents indicated that the site should also cover the broader history of the area without necessarily being mindful of ethnic issues.

To attract families it was also advised that the museum should ensure a variety of activities to interest children.

To attract tour groups it was also evident that the museum should have commercial opportunities and activities attached to the historical aspects of the site – such as physical demonstrations on a regular basis of a range of historic issues. These demonstrations could cover actual production of wines and related arts, or also activities related to the local Aboriginal population.

- **Restaurant (incorporating ‘al fresco’ dining)** – The majority of respondents believed that the restaurant should be Italian in theme, but also providing food for a broad range of tastes. More general fare should be offered in addition to Italian dishes. Restaurant should not be too fancy or pricey, in order to appeal to the local area populace.
- **Café (incorporating ‘al fresco’ dining)** – Respondents raised the possibility of two separate eating facilities, one more café oriented and the other a higher priced more formal restaurant.
- **Wine retailing and wholesaling** – To attract a sufficient number of people it would be necessary to provide the facility of providing cheaper wholesale wine of a good quality to people. Respondents believe that the area is already well supplied with bottle shops and that the facility would need to provide something different to succeed. Other wine and bottle sales would stem from the attraction of people to the lower priced facilities and the potential to bottle their own wine.
- **Italian produce retail sales** – lower numbers of respondents indicated that they would utilise this facility, however it is believed that this would be popular among tour groups.
- **External landscaping for small gatherings** – Respondents were questioned on the attraction of a landscaped area for gatherings. The concept of attending small concerts in the region of a historic site was an attraction to many people. They believed that this would draw many to the site and that such a feature would be beneficial. Residents advised that they did not want large crowds, but rather smaller gatherings which could be run in conjunction with other activities (ie. wine production, grappa production demonstrations, etc.) It must be noted that any development of this function must be in keeping with the context of the area and should not adversely affect residents. It should have the added benefit of linking the community with the environment of Lake Goollelal and Yellagonga Regional Park. Architects should only look at the possibility of a landscaped area for gatherings if it is keeping with the above considerations.

5.2.3 Outside Local Area Residents

5.2.3.1 Overall Intention to Visit Site

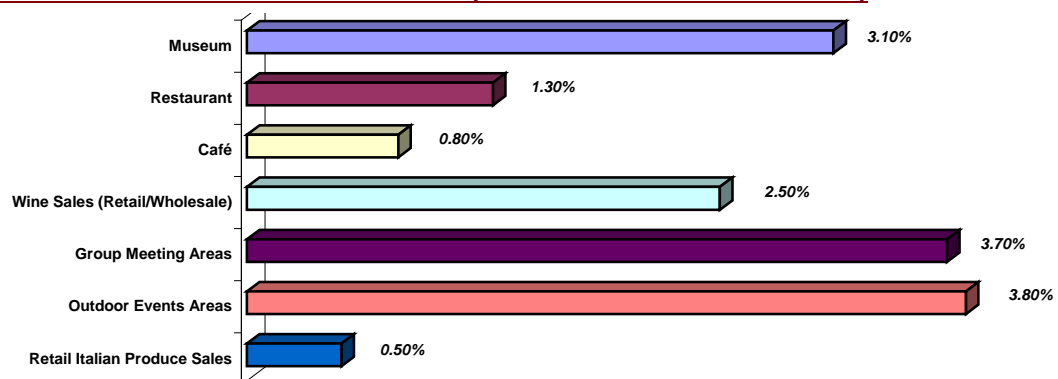
6.3% of respondents advised that they would expect to visit the site based on the group of facilities advised. Respondents advised that the site needs to either have many attractions to serve as a 'destination' to attract them there, or otherwise be very highly renowned for a particular facility (ie. museum or restaurant).

The further the respondent lived from the site the more this became evident. The proportion of visitors who were prepared to visit the site lowered dramatically based on distance.

When assessed on an individual basis, respondents indicated that the outdoor events and museum were the most sought after, followed by wholesale wine sales and the restaurant.

Results are shown in Graph 2 below:

Chart 2: Overall Intention to Visit Site (Outside Local Area Residents)



Of those who expressed their intention of visiting the site the average number of visits per annum was **1.36**. Those closer to the site expressed their intention of visiting on a more frequent basis.

Based on overall population figures for the Perth metropolitan area it is expected that this would result in 116,800 visitors on an annual basis. These figures are, however, based on knowledge of the site and its facilities by all people in the Perth area. Therefore these visiting figures could only be expected after a longer period of time and following the completion of a rigorous promotional campaign. Initial visitations are expected to build to this level after between 2 – 3 years of operation.

A conservative estimate of 33% of these visitor levels has been projected for the first year of operations. Visitors for the first year of operation are estimated at 38,500.

5.2.3.2 Individual Requirements

Respondents living outside of the local area were asked to clarify their requirements for each of the different business options during the survey.

Details are as follows:

- **Museum** – respondents advised that they believed the museum should primarily cover the history of the Italian community in WA and also the history of the site.

To attract families it was also advised that the museum should ensure a variety of activities to interest children. Also musical events and other outdoor activities should be provided.

To attract tour groups it was also evident that the museum should have commercial opportunities and activities attached to the historical aspects of the site – such as physical demonstrations on a regular basis of a range of historic issues. These demonstrations could cover actual production of wines and related arts, or also activities related to the local Aboriginal population.

Tour group representatives were approached to determine the attractiveness of the proposition. Many advised that a facility incorporating historical attraction, but as a functional source of eating facilities, goods or activities would be appealing to tour groups. It may be necessary to maintain tour guide facilities to provide a set tour for visiting groups, however the tour guides advised that they may be able to undertake this once familiar with the site and its history.

- **Restaurant (incorporating ‘al fresco’ dining)** – To attract them the majority of respondents indicated that the restaurant needed to be of a very high quality in nature. No specific theme of eating was required by respondents, however they did note that the facility should be in keeping with the origins of the site. The need for restaurant awards or something specific to differentiate it from other restaurants was needed. Many people mentioned the possibility of using the historic surrounds as an attraction. Visits to the restaurant could also be encouraged by regular on-site activities related to the history of the site (ie. grappa demonstrations, etc.)
- **Café (incorporating ‘al fresco’ dining)** – Respondents raised the possibility of two separate eating facilities, one more café oriented and the other a higher priced more formal restaurant.
- **Wine retailing and wholesaling** – To attract a sufficient number of people it would be necessary to provide the facility of providing cheaper wholesale wine of a good quality to people. Respondents advised that they already have bottle shops in their area, but the facility of being able to obtain special wines, see winemaking demonstrations and obtain bulk bottling of wine facilities would attract them to the area.

- **Italian produce retail sales** – Lower numbers of respondents indicated that they would utilise this facility, however it is believed that this would be popular among tour groups. It is expected that this function could be operated by the same person undertaking the wine retailing and wholesaling operations. This is expected to be incorporated into the wine retailing area.
- **External landscaping for small gatherings** – Respondents were questioned on the attraction of an external landscaped area for gatherings. The concept of attending small concerts in the region of a historic site was an attraction to many people. They believed that this would draw many to the site and that such a feature would be beneficial to the number of visitors attending. It would also serve as a means of promoting the site and its activities to those outside and within the area. It must be noted that any development of this function must be in keeping with the context of the area and should not adversely affect residents. It should have the added benefit of linking the community with the environment of Lake Goollelal and Yellagonga Regional Park. Architects should only look at the possibility of a landscaped area for gatherings if it is keeping with the above considerations.

5.2.4 Financial Benchmarks and Projections

With the exception of data for the proposed museum, benchmarking data was obtained for each of the proposed uses for the site to enable financial projections to be made as well as to provide an estimation of the required floor space needed for each of the business models to be financially viable.

The data was used in conjunction with the survey responses to provide an expected level of financial return for each potential site use.

The following report sections provide tables which represent the overall averages for each business use (source: FMRC Benchmark Studies 2000 data). The figures included in the tables have then been used in conjunction with the expected site usage levels to calculate business use turnover and subsequent expected rental levels for the National Trust.

The survey figures indicate levels of visitation per annum which could be expected for each business use. The results are tabulated on the following page:

Business Use	Source of Visitors	Annual Visits Expected
Museum	Local visitors	9,262
	Out of area	23,360
Restaurant/Café	Local visitors	32,195
	Out of area	14,332
Retail & Wholesale Wine Sales	Local visitors	12,325
	Out of area	18,837
Retail Gourmet/ Continental Sales	Local visitors	6,798
	Out of area	3,767
Outdoor Activities	Local visitors	10,383
	Out of area	27,127
Museum Shop	Local visitors	-
	Out of area	-
Educational/Group meetings	Local visitors	3,740
	Out of area	27,881

Not all of the above figures are readily quantifiable in terms of financial return.

The return on outdoor activities will depend on the activities on offer. Activities such as small concerts or wine tastings, etc. may not involve payment by the visitor to the trust but are expected to have flow on effects into other site businesses. Additionally, it may be possible to charge for some events however the size and frequency of these will vary depending on Council approval and a desire to not cause offence to local residents. Consequently a nominal sum of \$5,000 (at conservative levels) has been allocated for returns to the National Trust for the use of the site.

Respondents to the survey did not indicate their desire to visit the site for use of the museum shop. It is nevertheless expected that the shop will obtain fair turnover based on the number of visitors to the centre going there for other reasons. It is believed that the museum shop should be included within the general plans for the museum. It is not believed that there would be sufficient return for the shop to be viable for an external lessee. Consequently, returns for the museum shop have been added into the overall site returns.

It is not expected that the museum will generate a positive return, however given the potential number of visitors to the site for this purpose it is possible that the museum will contribute some revenue through a request for visitors to donate a gold coin upon entry to the museum. This would not be compulsory nor regulated in any way, but is expected to generate an annual return. Additionally the museum should be able to generate fee income through visitations from schools, tour groups and other educational groups.

Despite this return it is expected that the museum will generate significantly more costs than returns. The volume of these costs will be dependant on the overall size of the museum's floor space, the nature of the exhibits and the staff required to run it.

These costs have been factored into the overall expenses for the site. Costs relating to the collection will increase on an annual basis. Every year the collection will grow and get older contributing to added costs. Consequently it is expected that a small permanent exhibition will be kept in place with a larger number of temporary exhibitions brought in on a regular basis.

The meeting rooms will also be used to bring visitors to the site who are expected to frequent the other commercial ventures in the site. Nominal fees of \$50 per day for each of two rooms are able to be charged to potential users. Based on the rooms being used for only two days per week the expected level of return would be approximately \$10,000 per annum.

Based on these figures as well as rental returns calculated in the following sections it is estimated that the Luisini site could generate the following overall returns per annum:

Expected Annual Return for the National Trust

	Conservative	Expected	Optimistic
1. Museum:*	\$11,275	\$22,530	\$32,571
2. Restaurant/Café:	\$55,000	\$55,000	\$55,000
3. Retail shop:**	\$26,000	\$26,000	\$26,000
4. Educational/Group Meetings:***	\$10,000	\$15,000	\$20,000
5. Outdoor Activities:	\$5,000	\$7,500	\$10,000
Rental Return:	\$107,275	\$126,030	\$143,571

Notes:

* Includes the "museum shop".

** Includes the "retail and wholesale of wine" and the "retailing of gourmet /continental produce".

The returns detailed above are based on figures for business premises with the following floor areas:

Site use	Required floor area
Museum	Yet to be fully defined. A minimum core area of 200m2 is expected to be required, excluding storage space.
Restaurant/Café	500m2
Wine retailing and wholesaling	200m2
Italian produce sales	100m2
Souvenir shop	50 m2
Outdoor events	Amphitheatre and external landscaping
Educational/Group Meeting rooms	100 m2
Total floor space required	1,150m2

In conducting the research stages of this project Asset spoke to business groups and representatives of industries whose operations are proposed for the site. The purpose of this was to estimate the attractiveness of the site from a leaseholders point of view.

We were advised that the attractiveness of the site to potential lessees would be affected by the expected traffic through the site. It would need to be demonstrated that the site would attract the requisite number of visitors to make business operation viable. This is especially difficult in this case as the site is new and has not been tested.

It would be necessary for the National Trust to provide short term incentives to attract tenants. This would primarily be in relation to initial rent relief, assistance with fitout of the proposed shop(s) and a commitment to promoting the site heavily to attract visitors. A careful programme relating to all three of these would need to be developed to attract interest.

The promotional effort would need to involve advertising, liaising with the tourism industry to get the site on tourist bus routes, promotional events, function sales representation, etc.

5.2.4.1 Proposed Café/Restaurant

The FMRC figures indicate that on an average turnover for a proposed restaurant, rental returns of \$29,173 could be expected on an annual basis. The following table indicates the turnover and profitability breakups for an average restaurant.

Total Income	\$	442,013	
Less cost of goods sold	\$	178,706	40.43%
Gross Profit	\$	263,307	59.57%
<i>Less Overheads:</i>			
Advertising, prom, etc.	\$	6,763	1.53%
Accounting and legal fees	\$	3,580	0.81%
Other insurance	\$	4,111	0.93%
Interest, bank charges, etc.	\$	9,901	2.24%
Printing, postage, etc.	\$	2,917	0.66%
Rent of premises	\$	29,173	6.60%
Other occupancy costs	\$	19,935	4.51%
Other depreciation, lease & Computer costs	\$	12,332	2.79%
Repairs, maintenance, etc.	\$	11,492	2.60%
Staff on costs	\$	7,293	1.65%
Telephone & fax	\$	3,801	0.86%
Employees wages	\$	88,491	20.02%
Vehicle operating costs	\$	5,348	1.21%
All other expenses	\$	4,376	0.99%
Total Overheads	\$	209,514	47.40%
Net Profit	\$	53,793	12.17%
<i>Net profit per</i>			
...working owner	\$	29,977	
...owner work hour	\$	11	
<i>Total income per</i>			
...person	\$	77,255	
...\$ of wages	\$	3	
...seat	\$	5,917	
<i>Gross profit per</i>			
...person	\$	45,230	
...\$ of wages	\$	2	
...seat	\$	3,482	
<i>Non-personnel related overheads per</i>			
...person	\$	19,873	
...\$ of wages	\$	1	
...seat	\$	1,477	
<i>Personnel</i>			
- Working owners		2	
- Production staff		2	
- Any other staff		2	
- Total personnel		6	
<i>Hours worked per owner per year</i>		2,666	
<i>Owners equity</i>		44.72%	
<i>Asset turnover</i>		3	
<i>Seats per staff member</i>		29	
<i>Seat utilisation per session</i>		49.81%	
<i>Dining area per seat</i>		2.03m ²	

When the potential business for a restaurant on the Luisini site is examined on the basis of the survey results it becomes evident that there will be a variation on these figures.

Café/Restaurant

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	10,624	16,098	24,146
- Out of area:	4,730	7,166	10,749
Total visitors (p.a.):*	15,354	23,264	34,895
<u>Size:</u>			
Floor space required (sqm):	500	500	500
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$307,078	\$465,270	\$697,905
<u>Profit & Loss:</u>			
Total income:	\$307,078	\$465,270	\$697,905
Gross profit (59.6%):	\$183,018	\$277,300	\$415,951
- Rent:**	\$55,000	\$55,000	\$55,000
- Overheads (41%):	\$122,831	\$186,108	\$279,162
Net profit:	\$5,187	\$36,192	\$81,789
Total Return:	\$55,000	\$55,000	\$55,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$110 per sqm (traditionally \$145 per sqm).

Expected visits per annum to a combined restaurant/café based on the survey results would only be realized after a period of effective promotion of the site to the general public. Visitations have therefore been estimated on the basis of 33% of the survey results for the first annual period.

Total visitors to the restaurant/café (based on 46,527 for the total survey results) are estimated at 15,354 in the first annual period. Seat utilisation per session is estimated at 49.81% for the majority of restaurants requiring that the restaurant/café is able to handle annual visitors of 46,600 in the short term and 93,400 in the long term. This means that the restaurant/café can expect between 150 –250 visitors per day in the short to long term. These figures do also not take into consideration flow on business from others visiting the site for other purposes. The figures quoted are therefore expected to be conservative.

It is proposed that the Trust should err on the side of caution and construct a restaurant site with the capacity to handle larger volumes of customers. It would therefore be proposed to construct a 200 - 250 seat restaurant. This needs to be considered in the context of an estimated 500m2 for the restaurant floor space. This

space would also be required to accommodate the school and tour groups which are expected to be coming though during the day.

This would require a floor space of approximately 500 square metres, allowing 400 square metres for the dining area and administration and 100 square metres for the kitchens. The design of the restaurant/café needs to be in keeping with the location and should not adversely affect the views of existing residents in the neighbourhood. The dining area could also encompass an outdoor eating area provided by decking outside doors which could open up fully to obtain access to the decking area.

Based on the above figures, turnover for the restaurant is expected to be in the vicinity of \$307,078 for the first year of operation, and rising in years to follow (this is based on average revenue per visitor of \$20).

The above figures would be used to justify a rental of \$55,000 based on a very conservative rent per square metre.

5.2.4.2 Proposed Retail Liquor Sales

Total Income	\$	1,553,672	
Less cost of goods sold	\$	1,225,691	78.89%
Gross Profit	\$	327,980	21.11%
<i>Less Overheads:</i>			
Advertising, prom, etc.	\$	12,274	0.79%
Accounting and legal fees	\$	3,263	0.21%
Other insurance	\$	5,282	0.34%
Interest, bank charges, etc.	\$	22,683	1.46%
Printing, postage, etc.	\$	3,107	0.20%
Rent of premises	\$	45,211	2.91%
Other occupancy costs	\$	9,477	0.61%
Other depreciation, lease & Computer costs	\$	6,059	0.39%
Repairs, maintenance, etc.	\$	6,059	0.39%
Staff on costs	\$	4,661	0.30%
Telephone & fax	\$	3,573	0.23%
Employees wages	\$	73,644	4.74%
Vehicle operating costs	\$	4,816	0.31%
All other expenses	\$	6,214	0.40%
Total Overheads	\$	206,017	13.26%
Net Profit	\$	121,963	7.85%
<i>Net profit per</i>			
...working owner	\$	79,575	
...owner work hour	\$	35.21	
<i>Total income per</i>			
...person	\$	359,318	
...\$ of wages	\$	13.02	
...sq. metre of sales area	\$	4,681	
<i>Gross profit per</i>			
...person	\$	73,586	
...\$ of wages	\$	2.63	
... sq. metre of sales area	\$	1,027	
Non-personnel related overheads per			
...person	\$	28,494	
...\$ of wages	\$	1.02	
... sq. metre of sales area	\$	360	
<i>Personnel</i>			
- Working owners		1.38	
- All employees		2.87	
- Total personnel		4.24	
<i>Hours worked per owner per year</i>		2,326	
<i>Owners equity</i>			
		54.06%	
<i>Asset turnover</i>			
		\$3.52	
<i>Trading hours per week</i>			
		75	
<i>Sales area per staff member</i>			
		45	

When the potential business for a wine/liquor retailing and wholesaling business on the Luisini site is examined on the basis of the survey results it becomes evident that there will be a variation on these figures.

Retail Liquor Store

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	4,067	6,163	9,244
- Out of area:	6,216	9,419	14,128
Total visitors (p.a.):*	10,283	15,581	23,372
<u>Size:</u>			
Floor space required (sqm):	200	200	200
<u>Shop turnover:</u>			
- Average dollar spent:	30	30	30
- Sales:	\$308,503	\$467,430	\$701,145
<u>Profit & Loss:</u>			
Total income:	\$308,503	\$467,430	\$701,145
Gross profit (21.1%):	\$65,094	\$98,627	\$147,941
- Rent:**	\$18,000	\$18,000	\$18,000
- Overheads (10.35%):	\$31,930	\$48,379	\$72,568
Net profit:	\$15,164	\$32,248	\$57,373
Total Return:	\$18,000	\$18,000	\$18,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$90 per sqm (traditionally \$137 per sqm).

Expected visits per annum to a wine/liquor retailing and wholesaling business based on the survey results would only be realized after a period of effective promotion of the site to the general public. Visitations have therefore been estimated on the basis of 50% of the survey results for the first annual period.

Total visitors to the wine/liquor retailing and wholesaling business (based on 31,162 for the total survey results) are estimated at 10,283 in the first annual period. These figures do also not take into consideration flow on business from others visiting the site for other purposes. The figures quoted are therefore expected to be conservative.

The preceeding table estimates the general turnover based on dollar spends per visitor. The figures are expected to be conservative as a large proportion of business is expected to derive from the 'bottle your own wine' aspect of the business' operations.

As can be seen from the above results, this type of outlet requires a large turnover to achieve an appropriate level of profits as well as to justify an appropriate level of rental. It is expected that the outlet will generate significantly in excess of the \$30 per person return due to the wholesaling aspect of the business, and it is also expected that the 10,283 volume of first year visitors would be less than those attending the shop.

Despite this it may be necessary to offer incentives such as rent relief and some form of fitout to potential lessees of the site. This would be adjusted when visitors to the site increased. For the purposes of this estimate we have allowed a \$30 per person turnover.

We have estimated a floor space of approximately 200 square metres for the operation, with a reduced floor space 50 – 75 m² for retail wine sales and an increased space for wine bottling. It is also expected that some wine bottling activities could make use of the outdoors events area (not amphitheatre) to allow for extra capacity.

Based on the above figures, turnover for the restaurant is expected to be in the vicinity of \$308,504 for the first year of operation, and rising in years to follow.

The above figures would be used to justify a rental of \$18,000 based on conservative rental figures per square metre.

5.2.4.3. Proposed Museum Shop

Given that respondents to the survey did not indicate that they would visit the site on the basis of a souvenir shop there are no figures to indicate potential turnover for such a shop. Nevertheless, as there is expected to be a fair amount of through traffic in the Luisini site as a result of the restaurant/café, wine retailing, Italian produce, events meetings and tourist activities (incorporating the museum) it is believed that the returns and rental for an average souvenir shop could conservatively be estimated as follows:

Souvenir Shop

	Conservative	Expected	Optimistic
<u>Visitors:*</u>			
- Local area:	611	926	1,389
- Out of area:	1,542	2,336	3,504
Total visitors (p.a.):**	2,153	3,262	4,893
<u>Size:</u>			
Floor space required (sqm):	50	50	50
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$43,061	\$65,244	\$97,866
<u>Profit & Loss:</u>			
Total income:	\$43,061	\$65,244	\$97,866
Gross profit (51.88%):	\$22,340	\$33,848	\$50,772
- Rent:***	\$3,550	\$3,550	\$3,550
- Overheads:****	\$20,914	\$20,914	\$20,914
Net profit:	-\$2,123	\$9,384	\$26,308
Total Return:	-\$2,123	\$9,384	\$26,308

Notes:

* Assumption: 20% of visitors to the museum will purchase from the souvenir shop.

** Conservative (33%), Expected (50%), Optimistic (75%)

*** Assumption: rent of \$71 per sqm.

**** Includes wages for 1 F/T (@ \$25,000 p.a.) and 1 P/T (@ \$15 per hour, 10 hours a week, for 48 weeks p.a.).

It is considered that returns would not be sufficient for a lessee to actually commit to the site. Due to economies of scale it is believed that it would be cost effective for the museum shop to be run in conjunction with the museum and all returns from the shop to be used in the running of the site.

The following table details the actual expected returns for a standard souvenir shop based on average industry figures.

Total Income	\$	210,090	
Less cost of goods sold	\$	101,095	48.12%
Gross Profit	\$	108,994	51.88%
<i>Less Overheads:</i>			
Advertising, prom, etc.	\$	3,844	1.83%
Accounting and legal fees	\$	2,605	1.24%
Other insurance	\$	1,912	0.91%
Interest, bank charges, etc.	\$	7,668	3.65%
Printing, postage, etc.	\$	4,055	1.93%
Rent of premises	\$	10,757	5.12%
Other occupancy costs	\$	3,403	1.62%
Other depreciation, lease & Computer costs	\$	6,050	2.88%
Repairs, maintenance, etc.	\$	3,130	1.49%
Staff on costs	\$	1,281	0.61%
Telephone & fax	\$	1,995	0.95%
Employees wages	\$	12,458	5.93%
Vehicle operating costs	\$	5,063	2.41%
All other expenses	\$	5,630	2.68%
Total Overheads	\$	69,855	33.25%
Net Profit	\$	39,139	18.63%
<i>Net profit per</i>			
...working owner	\$	31,263	
...owner work hour	\$	14.52	
<i>Total income per</i>			
...person	\$	143,684	
...\$ of wages	\$	4.63	
<i>Gross profit per</i>			
...person	\$	67,700	
...\$ of wages	\$	2.21	
Non-personnel related overheads per			
...person	\$	35,608	
...\$ of wages	\$	1.18	
<i>Personnel</i>			
- Working owners		1.07	
- All employees		0.48	
- Total personnel		1.55	
<i>Hours worked per owner per year</i>		2,156	
<i>Owners equity</i>		45.80%	
<i>Asset turnover</i>		\$1.85	
<i>Trading hours per week</i>		45	
<i>Sales area per staff member</i>		104	

5.2.4.4 Proposed Gourmet/Continental Shop

Total Income	\$	422,422	
Less cost of goods sold	\$	251,256	59.48%
Gross Profit	\$	171,655	40.52%
<i>Less Overheads:</i>			
Advertising, prom, etc.	\$	8,026	1.90%
Accounting and legal fees	\$	1,690	0.40%
Other insurance	\$	1,605	0.38%
Interest, bank charges, etc.	\$	6,209	1.47%
Printing, postage, etc.	\$	1,816	0.43%
Rent of premises	\$	38,017	9.00%
Other occupancy costs	\$	8,237	1.95%
Other depreciation, lease & Computer costs	\$	8,997	2.13%
Repairs, maintenance, etc.	\$	2,281	0.54%
Staff on costs	\$	2,787	0.66%
Telephone & fax	\$	1,225	0.29%
Employees wages	\$	33,160	7.85%
Vehicle operating costs	\$	3,844	0.91%
All other expenses	\$	1,816	0.43%
Total Overheads	\$	119,672	28.33%
Net Profit	\$	51,493	12.19%
<i>Net profit per</i>			
...working owner	\$	24,960	
<i>Total income per</i>			
...person	\$	122,936	
...\$ of wages	\$	4.06	
<i>Gross profit per</i>			
...person	\$	45,457	
...\$ of wages	\$	1.55	
Non-personnel related overheads per			
...person	\$	23,388	
...\$ of wages	\$	0.78	
<i>Personnel</i>			
- Working owners		2.07	
- All employees		1.54	
- Total personnel		3.61	
<i>Hours worked per owner per year</i>		2,352	
<i>Asset turnover</i>		\$5.51	
<i>Trading hours per week</i>		61	
<i>Sales area per staff member</i>		32	

When the potential business for a retail Italian produce business on the Luisini site is examined on the basis of the survey results it becomes evident that there will be a variation on these figures.

Gourmet/Continental Shop

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	2,243	3,399	5,099
- Out of area:	1,243	1,884	2,825
Total visitors (p.a.):*	3,486	5,283	7,924
<u>Size:</u>			
Floor space required (sqm):	100	100	100
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$69,729	\$105,650	\$158,475
<u>Profit & Loss:</u>			
Total income:	\$69,729	\$105,650	\$158,475
Gross profit (21.1%):	\$14,712	\$22,292	\$33,438
- Rent:**	\$8,000	\$8,000	\$8,000
- Overheads (19.33%):	\$13,478	\$20,422	\$30,633
Net profit:	-\$6,765	-\$6,130	-\$5,194
Total Return:	\$8,000	\$8,000	\$8,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$80 per sqm.

Expected visits per annum to a retail Italian produce business based on the survey results would only be realized after a period of effective promotion of the site to the general public. Visitations have therefore been estimated on the basis of 50% of the survey results for the first annual period.

Total visitors to the wine/liquor retailing and wholesaling business (based on 10,565 for the total survey results) are estimated at 3,486 in the first annual period. These figures do also not take into consideration flow on business from others visiting the site for other purposes. The figures quoted are therefore expected to be conservative.

As can be seen from the above results, this type of outlet requires a large turnover to achieve an appropriate level of profits as well as to justify an appropriate level of rental. It is expected that the outlet will generate returns of approximately \$20 per person. It is also expected that the 3,486 volume of first year visitors would be less than those attending the shop. Despite this it may be appropriate for the food shop to be incorporated into the wine retailing area to achieve economies of scale and enhance the profitability of the venture.

Despite this it may be necessary to offer incentives such as rent relief and some form

of fitout to potential lessees of the site. This would be adjusted when visitors to the site increased. It is expected that this business will operate best as an adjunct to another business in the site where economies of scale can be achieved in its operation. It may be most appropriate to use as an adjunct to the restaurant, bottle shop or souvenir shop.

We have estimated a floor space of approximately 100 square metres for the operation

5.3 Recommendations

- ♦ The recommended uses for the site as tabled in section 1.2 should be adopted as providing the best return to cover site maintenance, administration and some marketing costs. It is expected that revenue will increase as popularity of the site increases and increases in rent can be justified.
- ♦ A marketing plan needs to be developed to promote the winery to potential commercial tenants.
- ♦ An additional marketing plan needs to be developed to promote the winery to potential visitors. It is expected that some funds from the rental income will be put into promoting the site, and lessees will be asked to contribute proportional income to a fund to assist with this. Marketing of the site will be important to enable visitor targets to be achieved. The administration function within the site should incorporate marketing and promotional activities.

Appendix 1:
Key Financial Indicators

Expected Annual Return for the National Trust

	Conservative	Expected	Optimistic
1. Museum:*	\$11,275	\$22,530	\$32,571
2. Restaurant/Café:	\$55,000	\$55,000	\$55,000
3. Retail shop:**	\$26,000	\$26,000	\$26,000
4. Educational/Group Meetings:***	\$10,000	\$15,000	\$20,000
5. Outdoor Activities:	\$5,000	\$7,500	\$10,000
Rental Return:	\$107,275	\$126,030	\$143,571

Notes:

* Includes the "museum shop".

** Includes the "retail and wholesale of wine" and the "retailing of gourmet /continental produce".

*** Includes "group meetings".

Total Rental Return

	Conservative	Expected	Optimistic
Museum:	\$4,500	\$9,000	\$13,500
Restaurant/Café:	\$55,000	\$55,000	\$55,000
Retail Liquor Store:	\$18,000	\$18,000	\$18,000
Specialty Food Shop:	\$8,000	\$8,000	\$8,000
Museum Shop:	\$6,775	\$13,530	\$19,071
Educational/Group Meetings:	\$10,000	\$15,000	\$20,000
Outdoor Activities:	\$5,000	\$7,500	\$10,000
Rental Return:	\$107,275	\$126,030	\$143,571

Museum

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	926	1,852	2,778
- Out of area:	2,336	4,672	7,008
Total visitors (p.a.):*	3,262	6,524	9,786
<u>Size:</u>			
Floor space required (sqm):	To be determined	T.B.D	T.B.D
<u>Income:</u>			
- Fees:**	\$3,000	\$6,000	\$9,000
- Donations:***	\$1,500	\$3,000	\$4,500
Total income:	\$4,500	\$9,000	\$13,500
<u>Profit & Loss:</u>			
Total income:	\$4,500	\$9,000	\$13,500
Gross profit (100%):	\$4,500	\$9,000	\$13,500
- Rent:****	\$0	\$0	\$0
- Expenses:*****	\$0	\$0	\$0
Net profit:	\$4,500	\$9,000	\$13,500
Total Return (6.6%):	\$4,500	\$9,000	\$13,500

Notes:

* Conservative (10%), Expected (20%), Optimistic (30%)

** Includes fees generated from tour groups and exhibitions.

*** Estimated that 50% of all visitors will donate \$1.

**** Assumption: no rent as it is owned and run by the National Trust.

***** Expenses are yet to be determined. The Trust may contribute resources or volunteers may assist in site administration and running.

Visitors who attend site for eating and drinking are also expected to attend museum. These figures have not been factored in to maintain conservatism of figures.

Museum Shop

	Conservative	Expected	Optimistic
<u>Visitors:*</u>			
- Local area:	185	370	436
- Out of area:	468	934	1,402
Total visitors (p.a.):**	653	1,304	1,838
<u>Size:</u>			
Floor space required (sqm):	50	50	50
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$13,060	\$26,080	\$36,760
<u>Profit & Loss:</u>			
Total income:	\$13,060	\$26,080	\$36,760
Gross profit (51.88%):	\$6,775	\$13,530	\$19,071
- Rent:***	\$0	\$0	\$0
- Overheads:****	\$0	\$0	\$0
Net profit:	-\$2,123	\$9,384	\$26,308
Total Return:	\$6,775	\$13,530	\$19,071

Notes:

* Assumption: 20% of visitors to the museum will purchase from the souvenir shop.

** Conservative (33%), Expected (50%), Optimistic (75%)

*** Nil rental as site will be managed by the Trust.

**** Does not include wages as these have been factored into museum expenses.

Café/Restaurant

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	10,624	16,098	24,146
- Out of area:	4,730	7,166	10,749
Total visitors (p.a.):*	15,354	23,264	34,895
<u>Size:</u>			
Floor space required (sqm):	500	500	500
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$307,078	\$465,270	\$697,905
<u>Profit & Loss:</u>			
Total income:	\$307,078	\$465,270	\$697,905
Gross profit (59.6%):	\$183,018	\$277,300	\$415,951
- Rent:**	\$55,000	\$55,000	\$55,000
- Overheads (41%):	\$122,831	\$186,108	\$279,162
Net profit:	\$5,187	\$36,192	\$81,789
Total Return:	\$55,000	\$55,000	\$55,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$110 per sqm (traditionally \$145 per sqm).

Retail Liquor Store

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	4,067	6,163	9,244
- Out of area:	6,216	9,419	14,128
Total visitors (p.a.):*	10,283	15,581	23,372
<u>Size:</u>			
Floor space required (sqm):	200	200	200
<u>Shop turnover:</u>			
- Average dollar spent:	30	30	30
- Sales:	\$308,503	\$467,430	\$701,145
<u>Profit & Loss:</u>			
Total income:	\$308,503	\$467,430	\$701,145
Gross profit (21.1%):	\$65,094	\$98,627	\$147,941
- Rent:**	\$18,000	\$18,000	\$18,000
- Overheads (10.35%):	\$31,930	\$48,379	\$72,568
Net profit:	\$15,164	\$32,248	\$57,373
Total Return:	\$18,000	\$18,000	\$18,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$90 per sqm (traditionally \$137 per sqm).

Gourmet/continental Shop

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	2,243	3,399	5,099
- Out of area:	1,243	1,884	2,825
Total visitors (p.a.):*	3,486	5,283	7,924
<u>Size:</u>			
Floor space required (sqm):	100	100	100
<u>Shop turnover:</u>			
- Average dollar spent:	20	20	20
- Sales:	\$69,729	\$105,650	\$158,475
<u>Profit & Loss:</u>			
Total income:	\$69,729	\$105,650	\$158,475
Gross profit (21.1%):	\$14,712	\$22,292	\$33,438
- Rent:**	\$8,000	\$8,000	\$8,000
- Overheads (19.33%):	\$13,478	\$20,422	\$30,633
Net profit:	-\$6,765	-\$6,130	-\$5,194
Total Return:	\$8,000	\$8,000	\$8,000

Notes:

* Conservative (33%), Expected (50%), Optimistic (75%)

** Assumption: rent of \$80 per sqm.

Instructional/Educational/Group Meetings

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	0	0	0
- Out of area:	0	0	0
Total visitors (p.a.):*	0	0	0
<u>Size:</u>			
Floor space required (sqm):	100	100	100
<u>Shop turnover:</u>			
- Average dollar spent:	0	0	0
- Sales:	\$0	\$0	\$0
<u>Profit & Loss:</u>			
Total income:	\$10,000	\$15,000	\$20,000
Gross profit (100%):	\$10,000	\$15,000	\$20,000
- Rent:**	\$0	\$0	\$0
- Overheads (0%):	\$0	\$0	\$0
Net profit:	\$10,000	\$15,000	\$20,000
Total Return:	\$10,000	\$15,000	\$20,000

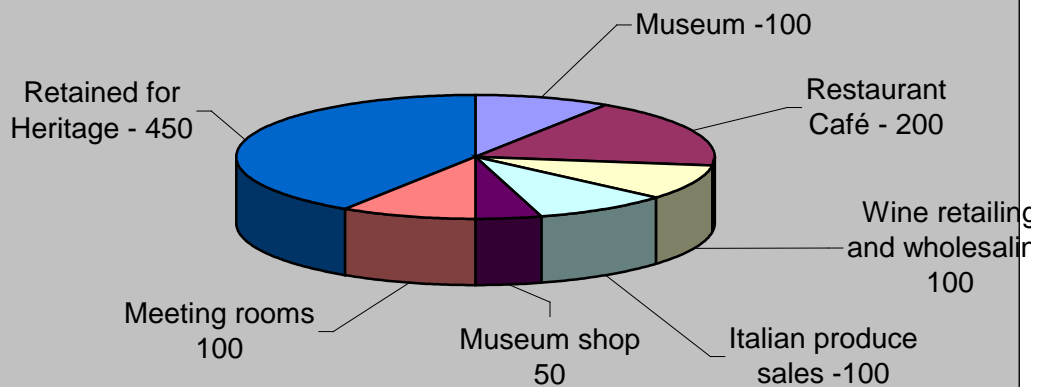
Outdoor Activities

	Conservative	Expected	Optimistic
<u>Visitors:</u>			
- Local area:	0	0	0
- Out of area:	0	0	0
Total visitors (p.a.):*	0	0	0
<u>Size:</u>			
Floor space required (sqm):	0	0	0
<u>Shop turnover:</u>			
- Average dollar spent:	0	0	0
- Sales:	\$0.00	\$0	\$0
<u>Profit & Loss:</u>			
Total income:	\$5,000	\$7,500	\$10,000
Gross profit (100%):	\$5,000	\$7,500	\$10,000
- Rent:**	\$0	\$0	\$0
- Overheads (.....%):	\$0	\$0	\$0
Net profit:	\$5,000	\$7,500	\$10,000
Total Return:	\$5,000	\$7,500	\$10,000

Appendix 2:
Floor Space Estimation

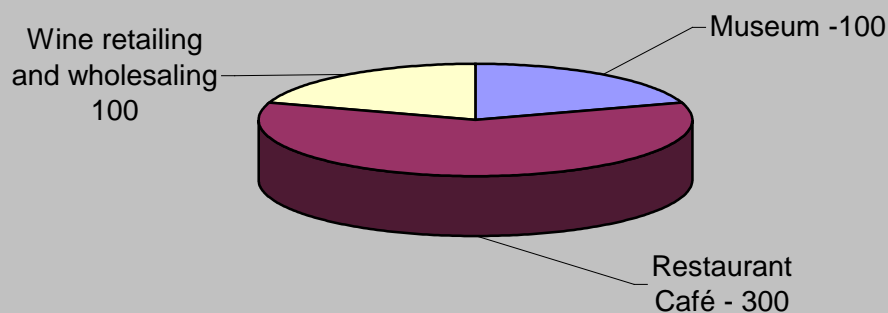
Allocation of existing floor space in square metres

This graph represents how the existing structure could be utilised in its present state.



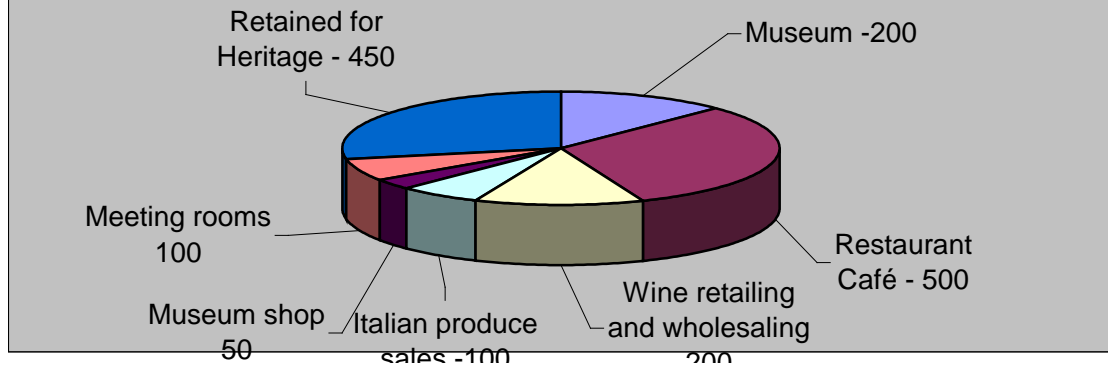
Allocation of additional floor space in square metres

This graph represents how additional structures would be utilised.



Allocation of total floor space in square metres

This graph represents how the new structure could be utilised after additions have been made.



Appendix 3:
Industry Financial Data

Appendix 4:
Survey Questionnaire
