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Cape Leeuwin / Cape Naturaliste Lighthouse Precincts

Prospective Future Use Pre-Feasibility Study



**DEPARTMENT OF CONSERVATION
AND LAND MANAGEMENT**

August 2001

Argenta
MANAGEMENT
GROUP

Development and Project Management

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Appendices

- A** BCA Works
Leeuwin & Naturaliste Lighthouses
- B** Leeuwin – Sensitivity Ratios / Tour Rates
Naturaliste – Sensitivity Rates / Tour Rates

Special Note: There are statistics, tourism visitation levels and projections, which are described within this report. Argenta has obtained this information from a variety of tourism industry sources, interviews and anecdotal statements. Whilst the information is assumed to be authentic, it has not been within the scope of this work to ascertain the validity of these sources. This information has been used to provide possible projections of future commercial capability.

Accordingly Argenta advise that any party which may wish to pursue any opportunity of the types described within this report, are not to rely upon the information presented and are to make their own enquiries. This information is only presented in order to provide an indication of the commercial parameters, which may surround an opportunity and whether a project/venture may or may not have a viable basis, subject to further detailed investigations and commercial evaluation.

EXECUTIVE SUMMARY

Evaluation of tourism opportunities at the Leeuwin and Naturaliste Lighthouses is not an analysis based solely on objectivity. Both the Cape Leeuwin Lighthouse Precinct and the Naturaliste Precincts have deep environmental, educational and heritage values. They are both located on prominent and beautiful natural features of the Western Australian coastline and possess a rich history. This cultural history of two operational Australian icons is very important for interpretive and educational experiences and enjoyment.

However in order for the public to be able to appreciate and enjoy these features there is a financial cost and commercial services to be provided. Finding a balance between the economic cost of presenting these features to the public and benefits to our current and future generations is the challenge.

The two lighthouses, whilst similar in function, are located in quite different surroundings with very different levels of interest and complementary opportunities. The Leeuwin Lighthouse is also quite physically larger than the Naturaliste facility. This is a significant visual aspect to a feature, which is being promoted as a point of interest.

The Leeuwin Lighthouse enjoys a dramatic raw natural setting with stimulating views and several adjacent tourist features. It is located within close proximity to the Augusta townsite (7kms) and the ocean's edge. It is a key feature on the South West Tourist Circuit and is part of the normal route for the Tourist coaches, although this relationship has recently changed.

The Naturaliste facility is much removed from townships and is not close to any other natural or man made attractions. It involves a significant walk for a tourist to reach the edges of the Cape viewpoints and even then is still a significant walking distance from the waters edge. It is not part of the Tourist Circuit, generally through lack of overall appeal.

With the relatively recent change in the requirements for Guided/supervised Tours and restricted numbers (refer AMSA requirements, sections 1.0 and 3.0), the Tour coaches now cannot allow their passengers to undertake the tours. The controlled tours now exceed the timeframe permitted by the coach operators. Accordingly, the AMSAR requirements need to be revised to allow more people per tour in order to allow coach tour passengers adequate time to complete the tours in the allotted stopover. This is particularly significant for the Leeuwin facility.

This report suggests that an average number of 15 - 16 people per tour are required to maintain financial viability. In order to achieve this average level, the tours need to be able to accommodate up to a maximum of at least 20 people to allow for "peak" periods. For example, it is essential that when tourist coaches arrive, that any tours must be able to be concluded in the allotted time for this destination. This also includes group tourists, such as schools.

When the coach tour operators ceased allowing their passengers to undertake the lighthouse tours, the number of tours dropped 30% annually. This has a critical adverse impact on potential viability.

It is evident from the visitation data that comparatively, the Leeuwin lighthouse is the more popular destination for tourists. Its proximity to central townships and more attractive setting ensures that maximum visitations occur.

Common factors in the evaluation of both sites include:

- ❖ The accommodation opportunities are limited. The upgrade cost for the existing facilities would not be commercially supported by the returns available from tourists. This may be an aspect that changes after an operator has settled in to a respective site and can assess opportunities.
- ❖ Both sites could benefit from the construction of a tourist and interpretive centre, possibly with adjoining food and beverage facilities.
- ❖ Potential operators for both facilities will need the flexibility to increase tour numbers up to a limit of 20 person per tour.
- ❖ It is possible that the BCA upgrade requirements can be financially absorbed by a future operator.
- ❖ It is unlikely that an operator could bear the capital cost of providing a comprehensive tourist and interpretive centre. If a substantial facility is required, then a capital cost contribution from CALM would be required. It may be possible to stage any development to give an operator time to get established.
- ❖ Improvements in infrastructure, such as walk trails, would provide more attraction for tourists.
- ❖ Both sites have experienced falls in tour numbers after the requirement to regulate tours was introduced, by around 30% pa.
- ❖ For either site to be commercially viable, tour numbers need to be increased, tour prices need to increase and they need to attract the coach tour market.
- ❖ There may be a more effective way to manage the security of the sites, other than with the provision of an on-site caretaker.

The recommendations for the respective facilities are:

1. Leeuwin Lighthouse Precinct

- ❖ Seek a tour operator to provide a proposal to establish a new information and interpretive tourist centre on the site, with adjoining food and beverage facilities. This proposal may be staged. The operator to undertake the remedial works required upgrading the facility to suit BCA requirements. The operator to also consider other ancillary infrastructure works such as improvements to walk trails etc.
- ❖ Seek deregulation of the tour number and supervisory constraints in return for electronic surveillance and external management systems.
- ❖ Seek an undertaking from an operator to sequentially address the upgrade of the existing houses on site in order to provide necessary maintenance and accommodation opportunities.
- ❖ Consideration of a contribution towards the capital cost of providing the new facilities on site, by CALM.

2. Naturaliste Lighthouse Precinct

- ❖ Seek an operator to either upgrade the existing facilities, or to provide a new visitor centre. It is likely that this will, at best, be a low-key facility. The operator to undertake the remedial works required upgrading the lighthouse to suit BCA requirements. The operator to also consider other ancillary infrastructure works such as improvements to walk trails etc.
- ❖ Seek deregulation of the tour number and supervisory constraints in return for electronic surveillance and external management systems.
- ❖ Seek an undertaking from an operator to sequentially address the upgrade the existing houses on site in order to provide necessary maintenance and accommodation opportunities.
- ❖ Establish a successful model for the Leeuwin facility (medium term) and test if it has application to this site.

For each site, the effect on feasibility by variation to the tour fees, was tested. This was simply undertaken by adding \$1.00 to the average base rate already being charged by the operator. It was apparent that there was already a difference of \$3.00 to \$4.00 between the Leeuwin and Naturaliste sites, respectively. The higher rate of tourist demand for the Leeuwin precinct suggests that the basic fee at this facility may already be able to sustain an increase (to the rate being levied at Naturaliste). In any case, the evidence also suggests that the Leeuwin "attraction" may have a greater capacity than Naturaliste, to sustain an increase in tour fee rates.

It is recognised that when increasing the tour numbers, safety and security cannot be compromised for the operational facilities. Any tour initiatives should not adversely affect the maintenance or operation of the facility. Therefore, operators of the tours should (in consultation with CALM and AMSA), establish reasonable management procedures that will ensure the integrity of the facility and yet be flexible enough to suit all circumstances that may arise. For example, a group of school children will need different management requirements to the same number of "retiree" tourists. For the former, management practices may include a minimum number of adults in supervision, (ie one adult per five students), in addition to the tour guide. In contrast, a mature aged couple may be able to undertake a self guided tour if there is electronic, automatically triggered interpretive media in the facility.

Accordingly, a Management Procedures Plan (MPP) should be implemented in conjunction with increases in tour numbers. This MPP may be reviewed periodically to assess suitability and suggest improvements.

A MPP may also consider and recommend a maintenance program for the facility and include relevant Notice requirements so that AMSA may coordinate their activities with a minimum of inconvenience.

For either site, a prospective operator will seek to secure a long term Lease to provide them with the security of tenure to justify investment expenditure.

In conclusion, it is more likely that a commercial operation of substance will be successful at the Leeuwin site, than at the Naturaliste. In both cases, it is unlikely

that a viable scenario can be presented to support any substantial upgrading of the existing facilities, in either the short or medium term.

Accordingly, in the short term, it would be a priority to pursue a satisfactory arrangement for Leeuwin and to provide for a low-key interim solution at Naturaliste. As and when the Leeuwin model is successful, the lessons learned may be applied to Naturaliste.

1.0 BACKGROUND

The State Government purchased these lighthouses and associated components from the Australian Maritime Safety Authority ("AMSA") in 1999 as part of a package of some 45 lighthouses.

These two lighthouse towers are fully operational and are leased back to AMSA whom is responsible for the functional use (including maintenance) of the lighthouses, but has provided a licence to the nominated State Agency, the Department of Conservation and Land Management ("CALM") to carry out tourism tours.

The agreement with AMSA nominated a Range of Conditions, with which CALM must abide; some of which impact upon the viable commercial use of the precincts. CALM intends to seek alternate arrangements with AMSA.

Both lighthouse precincts are enclaves managed by CALM, within the Leeuwin - Naturaliste National Park and are currently operating on a caretaker basis by the Augusta - Margaret River Tourism Association (Leeuwin) and the Busselton Tourism Association (Naturaliste) respectively. They operate tours and limited merchandise/visitor centres at each site.

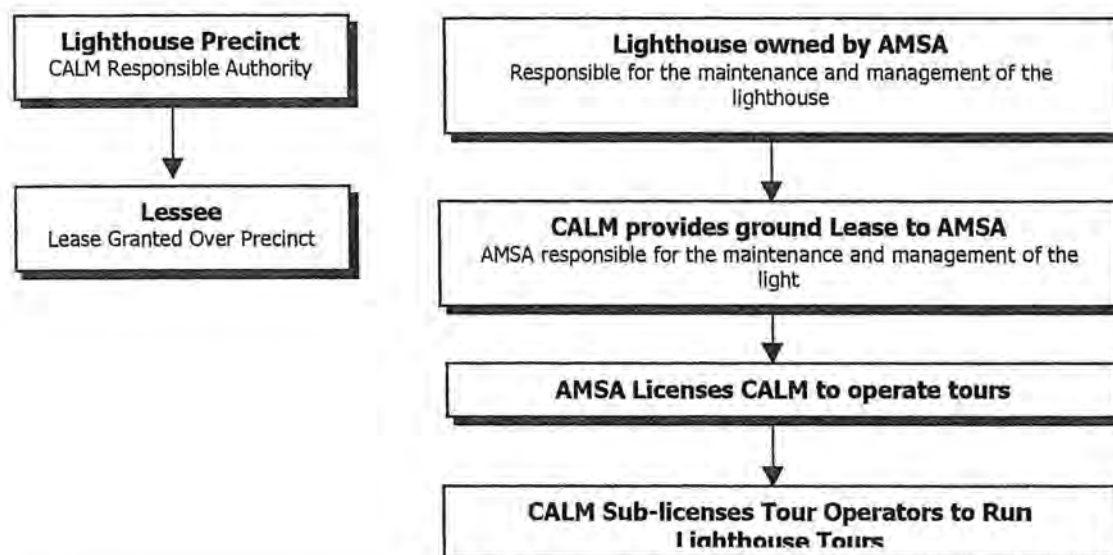
1.1 Objectives

CALM wishes to gain an understanding of the highest and best use for each lighthouse site and particularly the likely opportunities for viable commercial use.

On the basis of that advice, CALM may seek public submissions for the future use of each site or may implement its own management structures.

It is understood that CALM has limited capacity to provide funding for any capital works to either contribute substantially to upgrade the existing infrastructure refurbishment and/or new facilities.

1.2 Lighthouse Precinct Management Structure



2.0 TOURIST VISITATIONS & APPEAL

2.1 Tourism Activity In the Leeuwin Naturaliste Region

The WA Tourism Commission estimate that in 1999-2000, the South West Region experienced approximately 1.57 million visitors, generating a direct income of in excess of \$500 million per year. The majority of these visitors were domestic (from Perth tourism region).

It is difficult to estimate the number of visitors to just the Leeuwin/Naturaliste Region as these figures are not available. However, records of Tourist Bureaus in the South West show that the Leeuwin/Naturaliste Region experiences approximately 38% of the total number of visitors to the South West Regions Tourist Bureaus. This totalled approximately 393,519 visitors in 1999-2000.

The Busselton Shire and Augusta Margaret River Shire comprise the Leeuwin/Naturaliste Region. The Busselton Shire experiences - 11% and Augusta Margaret River - 27% of the total number of visitors to the Southwest Regions Tourist Bureaus. Whilst this is only indicative of the total visitation to the area it is representative of the number of visitors seeking a broader tourism experience. The Margaret River and Busselton Tourist Bureaus have seen an increase in their visitation by 16% since 1997/98, although this increase is largely represented in the 97/98 – 98/99 period.

Room occupancy average for both Shires is around 50%, seasonal variations. November to January represents the peak season. WA Tourism Commission figures show that occupancy trends in both Shires has declined over the 98 – 99 calendar period by approximately 5%. Despite this, arrivals above increased by 19.3% and guest nights increased by 30.5% within the Augusta Margaret River region as did the average room rate and annual takings (increasing by 30%).

For Busselton the figures are similar with arrivals increasing by 19.1% and guest nights increasing by 21.1%. The average room rate and annual takings also increased by 11.6% and 38.9% respectively.

Clearly there has been and is a significant expansion of the tourist accommodation market in the Leeuwin/Naturaliste Region. Declining occupancy rates and expanding guest arrivals may suggest the market is presently well accommodated.

2.2 Market Demand for the Lighthouse Experience

Both sites offer a lighthouse experience for tourism and thus represent competition to each other. Whilst their particular microenvironments and settings are quite different, they both offer similar experiences.

The unique geographic locations form natural sources of attraction. With appropriate presentation and marketing, each lighthouse could establish its own identity and reputation due to the additional activities that could be conducted in its immediate environment.

Therefore, a primary focus to increase the levels of interest and tourist visitations to each facility is to enhance the individual natural characteristics and activities that can be experienced at each location, in addition to the lighthouse experience.

3.0 AMSA REQUIREMENTS

As part of the issuing of a Licence to operate the Lighthouses as a tourist facility AMSA have imposed a number of conditions upon CALM. It is anticipated that CALM will pass on these requirements as conditions of the sub license agreement to the operators of the Lighthouses. The Conditions currently are:

- ❖ Undertake improvements to the Lighthouses to bring them into compliance with the Building Code of Australia and to ensure compliance with the Disability Discrimination Act.
- ❖ Compliance with performance criteria for conducting of tours of the light houses as follows:
 - No more than 10 visitors are allowed inside the Lighthouse at any time.
 - Extra visitors are to remain outside of the Lighthouse until permitted to enter
 - Visitors are to remain as one group for the duration of the inspection.
 - The supervisor must always be the first person into operational areas and last person out.
 - Visitors are to assemble at the ground floor area. Then under direction they may proceed to the landing area below the equipment room landing under direct supervision.
 - No visitors are to be allowed access to the lantern room or the balcony of the lantern room unless prior permission has been given by AMSA.
 - Movement to the equipment room balcony is to be controlled by the supervisor who must remain with the group for the duration of the visit.
 - Upon completion of the inspection of the equipment area the group must re-assemble at the landing below and only proceed down to the ground floor area when directed.
 - Under no circumstances is the lighthouse entrance door to remain open and unsupervised whilst a group is inside.
 - Supervisors are to ensure that equipment is not isolated or placed in an inoperative condition.
 - Lighthouse entrance door is to remain locked between visits.

3.1 BCA Compliance Upgrades

Upgrading of the Lighthouse to enable compliance with the BCA will require approval of AMSA and the Heritage Council of WA.

The scope of building works required to enable compliance is outlined in a report prepared for CALM by Kent Lyon Architects. The scope of the building works is outlined in Appendix A for each Lighthouse. In summary the costs of the required upgrading is identified as:

Cape Leeuwin Lighthouse	- \$17,309.60 (incl. GST)
Cape Naturaliste Lighthouse	- \$12,615.68 (incl. GST)

3.2 Performance Criteria

CALM is concerned that the performance criteria required by AMSA may not be appropriate for the long term management and function of the properties. It is also of concern that the performance criteria inhibit the practical and viable operation of the sites.

CALM has requested that AMSA reconsider aspects of the performance criteria in order to reduce the level of supervision on guided or supervised tours. A number of suggestions have been made to AMSA to ensure adequate surveillance without the need to increase staff levels. These matters are presently under discussion.

Resolution of this matter is critical to the current and future viability of each facility. For example, strict compliance with the stated performance criteria for the Leeuwin Lighthouse has reduced tour numbers this quarter (2001) by approximately 30% (Margaret River Tourism Association).

4.0 CAPE LEEUWIN LIGHTHOUSE PRECINCT

4.1 Site Attributes

- ❖ Geographically the most south-west point of Australia
- ❖ The only point of Australia where the Southern Ocean and the Indian Ocean meet
- ❖ A site where you can observe both sunrise and sunset over water
- ❖ A wind-blown climatic landform with the tower being a compelling element
- ❖ Access to the water
- ❖ Climatic (dangerous waters edge) ocean edge risk forms
- ❖ Located in the Leeuwin Naturaliste National Park.
- ❖ Located in a region, which offers a range of other man made and natural attractions, such as the Caves, Hamelin Bay, Contos Field, Augusta, and Karri Forrests (these are part of a tourist circuit).
- ❖ Has a range of other attractions within the Lighthouse precinct such as the water wheel.
- ❖ Shallow water near by
- ❖ Heritage built environment
- ❖ Significant and unique building forms
- ❖ Site able to cope with large volume of visitors, cars and coaches
- ❖ Very exposed climatic location with small periods throughout the year of calm weather
- ❖ 7kms from Augusta town, and approximately a 30-40 minute drive from Margaret River.

4.2 Facilities

The site facilities consist of:

- ❖ Lighthouse tower, having significant presence
- ❖ 3 substantial residential buildings and associated garage and out building, of high quality architectural form, but requiring upgrade of wet areas and substantial upgrading of infrastructure

- ❖ 4 framed asbestos out buildings, one of which is currently used as a visitor centre
- ❖ Site fenced off
- ❖ Large car park
- ❖ Water and power supply, phone line

4.3 Market Demand - Leeuwin Lighthouse

The Leeuwin Light house is located on Cape Leeuwin within the Leeuwin Naturaliste National Park. Department of Conservation and Land Management figures for the Cape Leeuwin access road, indicate visitor numbers of 125,000 pa over the past 2-3 years.

The latest statistics available for the 2000/01 year indicated visitor numbers to the Leeuwin Precinct of approximately 157,000, which represents a significant increase over the previous years. More accurate counting methods have been employed to monitor visitor numbers through the access roads. This increase is not factored into the comments to follow, however it is a significant indication of the growing interest in tourism in the region.

Visitor numbers to the Leeuwin lighthouse are documented by the WA Tourism Commission and the Margaret River Tourism Association as being:

Type	97/98	98/99	99/00	Annual % increase
Adults	n/a	34,088	40,105	8.5 %
Children	n/a	7,482	8,802	8.5 %
Total	37,208	41,570	48,907	8.5 %

It is not appropriate to assess the demand for the "lighthouse" experience based on the historical number of visitors who have paid to go through the facilities.

For example, Australian Pinnacle Tours conduct a 4 day tour of the southwest and only stop at Cape Leeuwin in this part of the region. Tour numbers can be as high as 60 per coach. In recent times the coach has stopped but the tourists do not pay to go up the lighthouse because the AMSA restrictions make it impracticable to do the tour in the time allotted for the stop.

It is also apparent from the CALM data on visitor numbers for sites within the Leeuwin Naturaliste National Park that the Leeuwin site attracts significantly more visitors than is represented by the Tourism Commission figures (which represent only those that have paid to visit the lighthouse). It is clear that the wild nature of the site and its other attractions such as the waterwheel are a reason to visit the Cape.

It is also important to acknowledge that the uncertainty of the short-term nature of the tenure to the Margaret River Tourism Association has restricted its ability to expend capital to improve facilities at the lighthouse. Expenditure on new facilities particularly those things, which contribute to the experience, such as an interpretive centre, would undoubtedly capture more of the visitor market, which clearly exists at the site, although this is difficult to quantify.

4.3.1 External Market Influences

Augusta Townsite does not represent a significant part of the overall visitation numbers for the Leeuwin Naturaliste Region as represented by the visitors to the Tourist Bureaus, representing 6.2% (16,297 visitors), of those that visited the Margaret River and Augusta Tourist Bureaus. This may be because the Augusta Bureau is relatively new or that Augusta tends to be bypassed because it is off the South Coast Tourist Circuit. It may also be because visitors have previously sought information in Margaret River and have established their desired destination before leaving Margaret River.

In any event CALM visitor numbers to the Leeuwin area show that there is significantly greater visitation, which is not reflected in the Tourist Bureau figures.

Given the above it is probable that many visitors arrive in Augusta specifically to visit the Leeuwin Site as part of a local South Margaret River Tourist Circuit. ("Caves and Cape experience"). As a consequence there is every reason to expect that these visitors would be attracted to food and beverage facilities at the Leeuwin site as opposed to seeking to obtain them back in the Augusta Town. This view is supported by Australian Pinnacle Tours (who make no other stop in this part of the region) and consider that a café and visitor centre would be well utilised.

Growth in visitor numbers to the Lighthouse from 1998/99 – 1999/00 by 17.6%, reflects a generally expanding market in the Leeuwin Naturaliste Region.

Other attractions within the Augusta locality also contribute to the attraction of the Cape Leeuwin region. Some of these attractions include:

- ❖ Local wineries
- ❖ Hamelin Bay
- ❖ Molloy Island
- ❖ Alexander Bridge
- ❖ Berry farm
- ❖ Karridale Townsite
- ❖ Boranup Karri Forest.
- ❖ Caves
- ❖ Contos Field

Proposals for an Aquaculture business and tourist facility as well as a resort hotel within Augusta may provide future interest to the area's significance as a tourism destination.

4.3.1.1 Augusta Urban Growth

The Leeuwin Naturaliste Region Plan and the Shire of Augusta Margaret River Rural Strategy make provision for significant urban expansion of Augusta Townsite. Growth of the Augusta Town is difficult to estimate, as current projections are not available.

The 1999 – 2000 ABS statistics for the Shire of Augusta Margaret River (provided by the Shire of Augusta Margaret River) show a population of 9800 persons with a

growth rate of 5.43% per annum. Augusta has a population of approximately 1700 persons and is experiencing population growth of 3.4% per annum.

Infrastructure proposals being considered such as linking the Augusta Town Site with the South Coast Hwy system are likely to substantially improve the importance of Augusta as a destination and commercial centre. These activities will contribute to continued growth of the tourism market at Cape Leeuwin.

4.4 Possible Applications To Service Market Demand

❖ Lighthouse tourist experience

The lighthouse will continue to be an active point of interest and provides a basis for marketing of the other natural and geographical elements of the Cape (Leeuwin). These other elements include:

- Dramatic ruggedness of cape
- meeting of the Southern and Indian Oceans
- water wheel
- Wetlands and wilderness bush land of the Leeuwin Naturaliste Park
- Bird Watching
- Whale watching

❖ Visitor Centre

The number of visitors to the Cape Leeuwin Site (125,000 as per CALM records) supports the opportunity for a significant visitor's centre, incorporating:

- ❖ Entry fee collection and site tours
- ❖ Merchandising
- ❖ Interpretative centre
- ❖ Food and beverage
- ❖ Management of accommodation and bookings

The control of all visitors from one central location enables a greater opportunity for point of sale purchases and for the marketing of other tourist and commercial activities such as food, beverages and souvenirs.

The main consideration is one of scale and capital cost. The ability of a business to pay a return on capital investment, the infrastructure and operational overheads will ultimately drive the potential of the visitors' centre. The siting of the visitor centre is also of paramount importance as follows:

- ❖ It should be able to capture and capitalise on the interest of all visitors entering or approaching the site, even if they choose not to visit the lighthouse itself.
- ❖ The Leeuwin site is often subjected to high winds and in winter periods extreme wind, rain and cold. This causes the duration of each visit to be limited.

The design and layout of the facility should provide a secure, warm and sheltered environment from which to experience the Cape and its beauty.

- ❖ The existing houses and buildings are neither ideally located nor is the building configuration conducive to efficient visitor management.
- ❖ It should be noted that any expanded business on the Cape would have to compete with like facilities in Augusta (even though few exist at present). There is an 'Eco Discovery Centre' proposed as a visitor / interpretation / tourist information centre, with new accommodation facilities.
- ❖ It is difficult to justify the occupation of one (of three) house on the Cape by the lighthouse caretaker. Management and surveillance by electronic security and other means may be more appropriate. A visitor centre may offer the opportunity to co-ordinate management across a range of activities.

The degraded infrastructure servicing the houses and the high maintenance cost of the large development site is a serious concern and consideration. The severity of the location, wind and ocean noise, make the location uncomfortable for most visitors and would currently restrict the length of their stay.

An expanded café and visitor centre would appear to have significant market appeal and provides a practical advantageous manner in which to appreciate the locality.

❖ **Interpretive Centre**

Linked to the lighthouse experience is an opportunity to develop a significant interpretive centre for the Cape Leeuwin region. This interpretive centre would logically form part of a visitor's centre as discussed above. This interpretive centre should focus on the lighthouse as a point of interest and also seek to develop an appreciation of the Cape and its environment, history and sociology.

Opportunities exist to make this a significant centre. The following are ideas for incorporation into such a center:

- Lighthouse history
- Functional explanation of the working of the Lighthouse
- Historical importance of Cape Leeuwin and Augusta in the early settlement of the region (first landing point on the cape)
- History of Augusta/Karridale/Hamelins Bay. The Golden years of the Timber Industry
- Flinders Jetty /Timber Industry
- Industries of Augusta (Mining, Wineries, Fisheries, Farming/Group Settlement)
- Other Tourism Opportunities
- The Leeuwin Naturaliste National Park (Geology, Flora, Fauna points of interest on the Leeuwin Cape)
- Shipwrecks of the Augusta Coast (including Hamelin Bay)
- Marine environment of the Southern Ocean and Cape Coastline.

❖ **Accommodation**

Because of the requirements under the Heritage of Western Australia Act development of tourism accommodation within the precinct is restricted to that which

presently exists. The existing houses on site are also protected under the Heritage of Western Australia Act and this would restrict the nature of the restoration of the accommodation.

Accommodation on site may therefore be more suited for the itinerant/backpacker market. It is unlikely to appeal to the coach market, as an accommodation stopover because:

- There are insufficient and below standard facilities on site.
- There are no nearby attractions or facilities to provide extra interest (eg Town, restaurants, shops etc.)
- The site is not centrally located in a regional context (eg Margaret River).

Discussions with Australian Pinnacle Tours who run a 4 day tour of the south west, stop only in Margaret River as it is a central strategic location relative to the length of the Tour. This Tour operator only stops at Cape Leeuwin for 20 minutes. Upgrading the standard of accommodation is unlikely to be attractive as a stopover point for the formal tour operation market.

❖ **Improved Walk Trails at Leeuwin**

Improved, planned walk trails and providing controlled access to the wetland areas and important sites associated with the lighthouse such as Quarry Beach, Leeuwin Spring and the Waterwheel would enhance the Cape Leeuwin experience.

All walks should be within a reasonable proximity to the interpretive/visitor centre and should start and end at the centre. The walks could be designed to have a historical nature (capitalising on Quarry Beach and the lighthouse quarry, the water wheel and Leeuwin Spring) as well as eco based (wetlands interpretive information).

4.5 Development Plan

4.5.1 The Lighthouse Tower

Ensure building maintenance is retained at a high standard by AMSA and supplementary funding by the State.

The issue of control of people entering the lighthouse needs to be addressed because this is the core to the visitation of the site.

A methodology will need to be established and agreed to by AMSA, enabling higher volumes of visitors through the tower, particularly in peak times.

However it should be recognized that some commercial advantage can be gained by managing the visitors, and this can create a longer stay and higher levels of expenditure (on merchandising, food and beverage) and opportunities to visit other interests.

The development of points of interest at the base of the lighthouse and outside the lighthouse would assist in staggering the movement of visitors through the Lighthouse station.

The limitations on numbers of people entering the tower is created by the physical size of the stairway for safety and egress management reasons. Thus the size of the landing as a holding area for a group of people is a relevant consideration.

A visitor access management plan needs to be prepared and agreed to, and should include management of security on a 24-hour basis.

The essence of after hour's security should be electronic, negating the need for an on-site residential caretaker.

4.5.2 New Visitor Centre

Three options exist for the new visitor centre:

1. Utilise one or more of the existing outbuildings perhaps with some alterations/additions.
 - ❖ Asbestos clad buildings, small, inefficient size, on-site location, little ambience
 - ❖ Not a desirable option
 - ❖ These building probably best used for storage, and perhaps at a later date for specialised individual type duplexes.
2. Utilise one or two of the houses with a connecting element:
 - ❖ These buildings are solid with a strong architectural form, have a presence and ambience and have views eastwards.
 - ❖ Would require some alterations to achieve efficient layout, particularly if food and beverage is to be incorporated.
 - ❖ These buildings would require some maintenance whether they were used or not, but if functionally used, each would require significant upgrade / renewal of wet areas, and services (eg lighting and power, water effluent and stormwater).
 - ❖ Whilst this is not a long term option the most northern house could be a short term option, but not preferred because:
 - not best location
 - limits opportunity for use of other houses
 - limits commercial opportunity
 - High upgrade cost
3. New Premises
 - ❖ It is likely the most efficient and cost effective way of providing high quality visitor services and the highest commercial opportunity for the long term, is to design and build a purpose built facility in the best location to capture highest visitation.
 - ❖ In terms of capital cost, it requires highest capital input up-front, but assumes and provides isolated provision of services from existing infrastructure. This allows for the option of delaying (in a project staging sense) any significant refurbishment of houses or upgrade of existing infrastructure.

- ❖ The location of the visitor centre on CALM Concept Plan 2 would be appropriate, providing a suitable acoustic and visual barrier between the car park and the nearest house. (refer to figure 1)
- ❖ This building can have the highest impact value adding to the site thus its procurement that should be a priority consideration.

4.5.3 Accommodation

A typical opportunity would be to utilise the three houses for Rottneest Style, self-contained accommodation with a maximum bed load per dwelling.

This is a future option because the return achievable would be insufficient to compensate for the necessary upgrade of the premises (the required fit out and the on-going cleaning and maintenance).

Utilising the accommodation is a secondary opportunity and may have limited appeal, but should be an opportunity available to a future operator.

The options of Accommodation – Low Cost Basic

- ❖ Basic accommodation, self-catering
- ❖ Large numbers of beds
- ❖ Low customer expectations of accommodation
- ❖ Low cost

The options of Accommodation – Heritage Fitout

- ❖ Selling the experience
- ❖ Quality heritage fitout
- ❖ Need to substantially upgrade premises and grounds

The interface between the accommodation clientele and the public (ie generally the daily visitors to the site) would need careful management to ensure no potential conflicts and particularly no degradation of visitor experience of the main attractions.

It is likely that this option will be too costly to bring on-stream. There may be a market for that 'remote, high expense, experience', but perhaps it is better provided in a more substantial lodge in some other location by a specialist operator.

The safety aspect of night movement without appropriate lighting would also need consideration.

4.5.4 General Infrastructure

There would need to be a rationalisation and definition of the pathways to the coastal edge areas, with some viewing platforms with safety rails, signage etc.

A site safety management plan should be prepared to control the public use of the site. This management plan may be prepared by CALM, but the responsibility for its implementation may be more suitably passed onto a manager / operator at the site.

CALM may need to assist if appropriate Public Liability Insurance cannot be obtained by an operator.

4.6 Financial Considerations

4.6.1 Capital Expenditure – New Visitor Centre

Item	Description	Area & unit price	Cost
Visitor Centre			
Shop & Bookings office *		50m ² @ \$750m ²	
Café, Kitchen & Toilet *		200m ² @\$1200m ²	
Interpretive Centre		100m ² @ \$750m ²	
Operator F & B Fitout Provision		\$150,000	
Contingence		\$50,000	
Total			\$550,000
Carpark	100 cars and 6 Coach		\$300,000
Site interactive Signage paths, Sealing, Shelters			\$250,000
BCA Upgrading	Lighthouse		\$17,310
Total Cost			\$1,117,310

* Costs include installation of security system.

4.6.2 Management of Existing Site Dwellings

The dwelling units on site are in quite good condition, despite their age and exposed coastal location. The roof cladding is asbestos and would need to be replaced. The internal fitout is old, outdated and in need of renovation, more from a maintenance and aesthetic purpose, rather than any functional deficiencies.

It is unlikely that the dwellings would have any immediate attraction for high quality tourism accommodation. The location is exposed to severe weather conditions, is not suitable for young family groups (due to safety concerns) and is sufficiently removed from local amenities and commercial attractions / precincts. Accordingly, it would be inappropriate to propose to renovate the dwellings to provide a high standard of accommodation, as the high cost of this work would not provide efficient commercial return.

The accommodation may have some attraction for itinerant tourists and the backpacker market, but this is not likely to be either substantive or reliable, for the reasons previously discussed.

Accordingly, the most appropriate use of the dwellings may be to seek involvement from community interests. For example, the Augusta Historical Society is currently seeking premises for a substantial art collection and have expressed an interest in occupying 1-2 of the dwellings. Uses such as these could form a mutually beneficial resource for both the community and an operator of Lighthouse Tours. Community Groups could become responsible for the up-keep and maintenance of the dwellings, in return for one of the premises. Security and surveillance of the site would be

enhanced and the extra facilities and attractions would provide greater interest to tourists.

For these reasons, the potential costs of upgrading these dwellings has not been included in Table 4.6.1.

4.6.3 Income – Principal Operator

The 1999/2000 income and expenditure figures for the Leeuwin Lighthouse show paid visitor numbers to be 48,000 persons. We has been advised by the current operator of the Lighthouse tours that the first quarter of this year 2001 has shown a 30% decline in tour numbers as a consequence of the restriction to 10 persons per guided tour (refer Section 4.3). Assuming this decline in tours continues, we have assumed tour numbers for 2001 to be in the order of 33,600 persons.

Based on the current operators income figures for 1999/00 and the previous year admissions it reflects a rate of \$2.94 (say \$3.00) per paid tour. Income from Souvenirs for 1999/00 reflects a rate of \$1.15 per paid tour, an increase from the previous year. Income figures are based on these rates.

It is also assumed that Food and Beverage will capture any growth in merchandising resulting from improved facilities.

It is questionable that a tour operator would be interested in operating the food and beverage facility, particularly given the seasonality of the Lighthouse as a destination. It may be more appealing as an owner operated business, which is independent from the Lighthouse tours. Given this, it is assumed that the cafe would be sub-let by the tour operator of the Lighthouse.

Item	Rate per person	2000/2001	
		No. Visitor	Rate
Souvenirs - Gross Surplus			\$55,000
Lighthouse Tours	\$3.00	33,600	\$100,800
Café Lease	\$175/m ²	200m ²	\$35,000
Total			\$190,800

4.6.4 Operating Expenditure

The following figures have been extrapolated from the expenditure figures provided by the current operator for 1999/00.

Rent on the premises to CALM is assumed to reflect a rate of 10% of the gross income. This has been applied to the expenditure figures outlined in 4.6.2.

Item	2000/2001
	Expenditure
Advertising	\$2000
Cleaning	\$1500
Depreciation	\$1000
Insurance	\$1000
Printing	\$1500
Stationery	\$500
Rent @ 10% of Gross Income	\$19,080
Repairs	\$2500
Telephone	\$2000
Superannuation	\$10,000
Sundry Expenses	\$1000
Signs	\$500
Wages	
<i>Manager Sales/ guide</i>	<i>\$35,000</i>
<i>Sales person/ Guide Part time</i>	<i>\$22,000</i>
<i>1 Guide part time</i>	<i>\$22,000</i>
Total Expenditure	\$121,580

4.6.5 Feasibility Of Operator Developing Concept Plan

2000/2001	
Item	Total
Operating Income	\$190,800
Operating Expenditure	\$121,580
Operating Surplus/Loss	\$69,220
Capital Cost Of Upgrades	\$1,117,310
Cost of Capital at 8%/annum	\$89,384
Total Annual Profit/Loss	(\$34,680)

On a static basis excluding the cost of capital it can be seen that based on the estimated 2000/01 figures it is not viable for an operator.

This is obviously sensitive to income derived from Lighthouse Tours, which are in turn sensitive to the type of management required by AMSA during the Tours and the price of the tour charged. A sensitivity analysis of visitor numbers and cost/ tour and the impact on income is contained in Table 1 (Appendix B).

4.7 Possible Financial Variance - Feasibility

Prior to the restriction of tour numbers, the Leeuwin facility demonstrated a capacity to accommodate an average of 15 persons per tour. Accordingly, in order to achieve an average of 15-16 people per tour, the operator will need to manage a range of

groups from a minimum of 5 people up to around 20 people, in order to achieve viability.

It is often common for groups of people to descend on the facility and require tours. Prompt "turn around" times for larger groups must be able to be accommodated or significant frustration can occur. In quieter times, the groups will naturally become smaller.

Tourist coaches generally require to turn their visit around in 30-40 minutes. Therefore it is vitally important to be able to service their tour requirements in the allotted time. A typical "coach-load" can be serviced through splitting the tourists up into 3 groups of 15-20 people each. This tour level is consistent with the 99/00 levels, prior to the restrictions.

The consideration of raising the level of tour numbers may not be sufficient to provide for financial growth. Without growth, the operator will not be able to provide for improvements to the facility. The other obvious way to increase viability is to raise tour prices.

Considering the previous average price per unguided tour of approximately \$3, it would seem reasonable to be able to lift revenue by raising the cost per tour by a nominal sum.

Based on these assumptions, income from admissions to the Leeuwin lighthouse may be in the order of \$190,000 if tours are able to operate at an average of 15 (maximum of 20) persons per tour and admission rates are raised to \$4.00.

4.7.1 Variance Assumptions

The following assumptions describe practical, achievable variances to the commercial structure in order to suggest a feasible scenario:

- ❖ Raise tour fees from \$3.00 each to \$4.00
- ❖ Increase the tour numbers to an average of 15 people per tour and assume that this can satisfy the tourist coach requirements.
- ❖ That tour numbers again increase to at least 1999/2000 levels of 48,000 pa.

4.7.2 Tour Operator Income

Item	Rate per person	2000/2001	
		No. Visitors	Income
Souvenirs - Gross Surplus			\$55,000
Lighthouse Tours	\$4.00	49,275	\$197,100
Café Lease	\$175/m ²	200m ²	\$35,000
Total			\$287,100

Note:

These visitor numbers derived from Table 1- Leeuwin (At Appendix B)

4.8 Summary - Annual

Item	Total
Operating Income	\$287,100
Operating Expenditure	\$131,210
Operating Surplus	\$155,890
Capital Cost Of Upgrades	\$1,117,310
Cost of Capital at 8%/annum	\$89,384
Total Annual Profit/Loss	\$66,506

It is evident from the above table that the Operators financial position improves given the assumptions discussed above, however a margin on development cost of approximately 6% is unlikely to attract any operators.

Despite the above it is our view that the development concept incorporating a visitor center, café and interpretive center would be well utilised and provide a valuable tourist asset. However without the contribution of funds from CALM it is unlikely to be viable for an operator to construct.

The operation of tours of the Lighthouse is potentially a profitable business if the issue of the number per tour can be resolved. It will be necessary to enable coach tours (say max. 40-60 persons) to be able to undertake the tour in 20 – 30 minutes.

CALM may consider the development of infrastructure items such as the car park, walktrails and signage in order to reduce the capital expenditure by the operator. On this basis the operator could conceivably achieve an income of \$127,119 pa (see below). This represents a margin on development cost of 22% and represents a repayment period of approximately 5 years.

Item	Total
1. Operating Income	\$287,100
2. Operating Expenditure	\$131,210
3. Operating Surplus	\$155,890
<i>Capital Cost Of Visitor Centre and BCA Upgrades</i>	<i>\$567,310</i>
4. Cost of Capital at 8%/annum	\$45,385
5. Total Annual Profit/Loss	\$110,505

If CALM were to consider a contribution towards capital infrastructure, then it would also be reasonable for any lease agreement to include provisions for substantial reviews at appropriate intervals.

5.0 CAPE NATURALISTE LIGHTHOUSE PRECINCT

The Naturaliste Lighthouse is half the height of the Leeuwin Lighthouse, is less inspiring and is spatially and geographically isolated from the coastal edge. It does not provide a Cape experience except to those who have the capacity to do an extended walk of 3-6kms.

It does however provide a lighthouse experience in the Busselton / Dunsborough area for visitors, generally day-trippers in private cars, may be visiting other coastal attractions in the near vicinity. Accordingly, the lighthouse experience is important.

5.1 Site Attributes

- ❖ Panoramic views of the Naturaliste Cape area from points other than the lighthouse.
- ❖ Lighthouse is on an elevated location.
- ❖ Is sheltered and less exposed than the Leeuwin facility.
- ❖ Is located in an attractive bush environment.
- ❖ The lighthouse is easily accessible and easy to tour
- ❖ The site is readily accessible to the town of Dunsborough and is located along the main tourist routes in the northern and most populated part of the Cape.
- ❖ Easily accessible to the large number of hotel/resorts located along Geographe Bay
- ❖ The site forms part of a number of interesting destinations within Cape Naturaliste.
- ❖ The lighthouse is unique as it retains most of its elements from its earliest period (1903).
- ❖ A Heritage built environment.
- ❖ Easily accessible walk trails linking with the regional walk trail network.
- ❖ Lighthouse facilities are well positioned to enable control of visitors to the locality.
- ❖ Adequate and established parking facilities.
- ❖ Located 13km from Dunsborough, 21km from Yallingup and 45km from Busselton.
- ❖ It is the Trail Head for the popular Cape to Cape Walking Trail.

5.2 Facilities

- ❖ 3 x existing limestone and asbestos houses. One is presently used to accommodate a caretaker.
- ❖ Each home is fenced with asbestos sheeting or picket fencing.
- ❖ Two existing parking facilities one closest to the accommodation includes facilities for bus parking.
- ❖ Asbestos out buildings and garage.
- ❖ Lighthouse, commanding views of the Cape Area.
- ❖ Accommodation precinct linked by road access to lighthouse.
- ❖ Network of walk tracks to Cape and possible whale watching areas.

5.3 Market Demand

It is difficult to assess the market demand of the Lighthouse experience at Cape Naturaliste because little tenure has existed over the site and consequently little has been done to progressively improve and market the opportunity.

The Cape Naturaliste Lighthouse experience is considered inferior to the Leeuwin Lighthouse experience. This is reflected in the fact that the main tourist company coach tours do not visit the site and that the visitor numbers overall are significantly less than Leeuwin. The main tour companies will not stop at the Cape Naturaliste Lighthouse and it is not part of the South Coast tourist circuit. The Lighthouse is visited by some smaller day tour operators run locally, however this is infrequent, unplanned and unreliable.

The principle reason for this lack of attraction to the coach market is that the Lighthouse is far less dramatic in appearance, very much smaller and considerably set back from the coastline. This lack of direct access to the water has a big impact on the site attraction as a tourist destination. In addition to this the Leeuwin Lighthouse fits better into the 4-day tour schedule of the South Coast tourist circuit.

The Department of Conservation and Land Management have provided figures for visitors to the Cape Naturaliste site. These figures show a total of 97,000 persons per annum for 1999/00.

(The latest statistics available for the 2000/01 year indicated visitor numbers to the Cape Naturaliste Precinct of approximately 141,000, which represents a significant increase over the previous years. More accurate counting methods have been employed to monitor visitor numbers through the access roads. This increase is not factored into the comments to follow, however it is a significant indication of the growing interest in tourism in the region.)

The Busselton and Dunsborough Tourist Bureaus show a combined total of 205,604 persons through the Bureau, an increase of about 3% on the previous year.

The Cape Naturaliste Tourism Association has recorded a total of 16662 persons in the year 2000 who paid for the lighthouse experience. Like the Leeuwin Lighthouse it is apparent that a significant number of visitors to the Cape chose not to visit the lighthouse but chose to experience the other natural attractions of Cape Naturaliste.

Unlike the Leeuwin Lighthouse a visit to the Naturaliste site does not easily lead to other experiences as well. This lack of attractions at Cape Naturaliste would suggest that it would be more difficult to attract visitors, unless they are specifically interested in the Lighthouse precinct.

Figures from the Western Australian Tourism Commission show the following figures for two tourism attractions in the Dunsborough Region (Ngilgi Cave at Yallingup and The Lighthouse).

Attraction	2000/01	1999/2000	1998/99	1997/98
Ngilgi Cave, Yallingup	-	44,833	51,115	46,569
Cape Naturaliste Lighthouse	16,662	23,792	30,451	27,014

An explanation for the declining numbers for the Lighthouse may be both the lack of tenure available to the operator and the management restrictions placed on the tours of the lighthouse. Both these factors restrict the operators ability to improve the facilities and restrict the attractiveness of the lighthouse to visitors.

The Busselton Region has experienced significant growth in accommodation in 1999 takings (38.9%) as well as guest arrivals, with an increase of 19.1% for the 1999 year. The declining interest in the lighthouse is contrary to the trend in accommodation and guest arrivals to the district. However it would appear that a similar trend in visitors to the Ngilgi Cave has also been experienced.

The considerable number of visitors to the caves and the Cape suggests an opportunity to significantly grow the Lighthouse visitation numbers.

It also needs to be noted that unlike the Leeuwin Lighthouse, which is only 7km from Augusta, the Naturaliste facility is significantly removed from any central 'origin' locations, being 45km from Busselton, 13km from Dunsborough and 21km from Yallingup.

5.3.1 External Market Influences

The Dunsborough and Geographe Bay area is the core tourist and holiday destination in this region. It includes a considerable number of other features and destinations to attract tourists. The ability of the Naturaliste Lighthouse to compete and capture a larger part of the tourist dollar is therefore more difficult. It would need to compete with the balance of the tourism market in respect to quality, interest and professionalism.

The development proposals for land at nearby Bunkers Bay may provide a local demand for food and beverage facilities if provided in a professional manner, but this is not in the near future.

Dunsborough and Busselton have considerable urban growth rates. The increase in residential occupation in the two towns may provide a source for a consequential increase in the utilisation of tourist facilities at the Lighthouse.

5.4 Possible Uses To Meet Market Demand

This site is not likely to attract the high volume of the coach tourist market unless there is road access to the Cape itself and to the whole lookout facilities. However it is unlikely that the tour operators would opt to use the facilities even with this access.

The lighthouse and associated residential hamlet could provide opportunities for:

5.4.1 Lighthouse Experiences

- ❖ The lighthouse will continue to be an active point of interest and provides a focus for marketing of the other natural and geographical elements of the Cape Naturaliste. These other elements include:
 - Expansive views of the Cape and coastline
 - Wilderness bush land, walktrails and bird watching
 - Whale watching
- ❖ The lighthouse experience with associated museum and display for self-drive family visitors, many of who probably holiday nearby in the Busselton region.
- ❖ This market sector may walk to the whole lookout, but probably not the other more extensive walks.
- ❖ This market sector may purchase convenience snack foods (cool drinks, ice-creams, chocolate etc.), but probably not a great propensity for tea / coffee / café because there is insufficient attractions to maintain their interest for extended periods. There is also limitations in vistas and views from a potential café.
- ❖ There is no opportunity to conveniently get to or appreciate the water's edge.
- ❖ It is difficult to perceive that building a new visitor / café / interpretation centre would significantly change those market patterns to the point of making such an operation viable.
- ❖ There also seems to be limited opportunity to expand the area of interest to create a suite of attractions unless vehicle access to the Cape itself is constructed.

5.4.2 Visitor/Interpretive Centre

Two opportunities exist for the development of a visitor/interpretive centre:

- ❖ Lighthouse ridge – scenic views
- ❖ Lighthouse village approach

5.4.2.1 Lighthouse ridge

An option exists to design and build a new visitor interpretation centre on top of the ridge and create a loop walk to the lighthouse and an accommodation village or artist village (ie could be starting accommodation for the Cape to Cape walk trail). The advantage of locating the visitor centre on the ridge is:

- ❖ Visual connection to the lighthouse and the village and to the ocean in 270° direction.

- ❖ Closer relationship to the walk tracks.
- ❖ May provide an opportunity to create a food and beverage outlet with Cape and coastal ambience views.

Apart from the ridge views location, this option may not sufficiently add to the suite of attractions necessary to sustain the new facility. Additionally the Cape views are distant and do not encapsulate the coastline. Given this it would compete in the market with many spectacular coastal locations and probably not be seen as adding to the Leeuwin Naturaliste Region experience. It would however be worth investigating the elevation and view potential from such a ridge location and unless it is absolutely spectacular, it should not be considered.

This option also isolates itself from the heritage values of the lighthouse, which are in effect one of the core experiences. To achieve views of the coastline without maintaining continuity with the historic site may be detrimental to the Lighthouse experience.

5.4.2.2 Lighthouse Village

Retaining the village approach to the lighthouse is the preferred option. The existing precinct has been established based on a small hamlet and provides the opportunity to develop a small inviting heritage village that offers a number of facilities. These facilities could include

- ❖ Visitor Centre
- ❖ Tourist Information
- ❖ Entry Fee Collection management of visitation and walktrails
- ❖ Merchandising
- ❖ Food and Beverage/Small Cafe
- ❖ Lighthouse and marine interpretation centre.
- ❖ Museum including artefacts from Lighthouse and Local Dunsborough history.
- ❖ Introduction to walktrails – in particular Cape to Cape walktrail.
- ❖ Bushland Interpretation, plant identification garden, fauna interpretation displays.
- ❖ Cape to Cape walktrail promotion and interpretation.
- ❖ Artist Studios/Art and Craft display
- ❖ Accommodation

There could be upgrading of the landscape, fencing etc. to create that village ambience.

The articulated historical village approach to the various elements of the precinct would be an attraction in its own right. Its geographical location, sheltered from the harsh climatic elements may encourage visitors to stay if more facilities/attractions existed.

The walk trails could also be more user-friendly, with seats and viewing places. The walk trails and the important natural elements of the walk should be easily identifiable and sign posted. Specific routes could be constructed to enable easy access to the coastline if this is sought.

5.4.3 Accommodation

The sites location within the core tourist area for the Leeuwin Naturaliste Region and being close to a number of popular surfing beaches and wineries suggests that the precinct and the existing houses would well service the accommodation market.

Accommodation figures for the Region support an expanding market although the small decline in room occupancy suggests the market is appropriately accommodated at present.

Additionally the site's remote, quiet location near the coast opens an opportunity for simple, comfortable accommodation to suit bush walkers, and backpacker's etc (ie those groups who are prepared to walk 10km a day to see the remote locations and stay for two nights or so).

Those people are likely to be comfortable in small groups etc. The accommodation would need the 3 houses to be available and fitted out in a heritage manner. An additional accommodation facility is an opportunity at the lighthouse and furthers the appeal of the articulated village approach. Accommodation (be it on a low-key basis) would also provide support to the other facilities of the village.

In order to capitalise on the opportunity for accommodation, the existing caretaker for AMSA could be removed and appropriate electronic systems installed. This option needs to be carefully considered due to the increased security risk because of the relative remoteness.

5.5 Development Plan

The Department of Conservation and Land Management produced in March 2001 a Concept Plan for discussion. The purpose of this plan was to prepare a Master Development Plan for the Precinct to provide a framework for redevelopment and management. The two options considered by the plan included utilising one of the existing houses as the visitor center and secondly, building a purpose built center outside of the precinct.

5.5.1 Lighthouse Tower

The development plan prepared by CALM proposes the improvement of the access to the Lighthouse station. New signage, landscaping would occur. A focus on the new visitor centre is also proposed. Walktrails are intended to be rationalised under the concept plan to encourage a link back to the visitor centre and to prevent indiscriminate access to the lighthouse station without passing through the visitor centre. This provides for improved management.

The Lighthouse station should be the focal point of a new village.

Agreement with AMSA over the methodology for enabling a higher volume of visitors and increase flexibility in the way the tours are conducted is necessary for the lighthouse to work effectively as a tourist destination.

The limitations on numbers of people entering the tower is created by the physical size of the stairway for safety and egress management reasons. The development of points of interest at the base of the lighthouse and outside the lighthouse would assist in staggering the movement of visitors through the Lighthouse station.

An agreed visitor access management plan needs to be prepared and agreed to, and should include management of security on a 24-hour basis.

5.5.2 New Visitor/Interpretation Center

The current proposals for the construction of a new visitor center suggest two options:

- ❖ **Option One** - Utilise the existing buildings
- ❖ **Option Two** - Construction of a new facility

However re development of the precinct should retain the articulated village character of the Precinct. Development should not seek to separate the visitor center from the lighthouse and its village but should be integral to it.

The heritage nature of the precinct prevents the substantive alteration of the existing houses. Because of the way the houses are laid out they do not offer an effective building from which to operate a visitor centre and interpretive facility. The most efficient and cost effective way of providing a professional visitors center is to design and purpose build the facility.

The proposal to utilise the houses for accommodation would be the preferred option. Any use of the existing houses for management and visitation should only be temporary. A purpose built building which offers larger functional spaces would better suit an interpretive and display/merchandising based visitor center. This option is however the highest capital intensive option, although it would allow the deferment or staging of upgrades to the existing houses as well as removal of the asbestos contained within them.

The visitors center should be accompanied by upgrading of the landscape, fencing etc. to create a village ambience. The preferred option is the construction of a new facility.

5.5.3 Accommodation

An opportunity exists to utilise the three houses for, self-contained accommodation with maximum bed load per dwelling. The site location offers:

- ❖ a sheltered position, quite remote location,
- ❖ close to all major tourist attractions,
- ❖ close to coast,
- ❖ close to two major tourist centres (Yallingup and Dunsborough).

This may well be a future opportunity because the return achievable would be unlikely to pay for the necessary upgrade of the premises, the required fit out and on-going cleaning and maintenance.

The accommodation may have some attraction for itinerant tourists and the backpacker market, but this is not likely to be either substantive or reliable.

An appropriate use of the dwellings may be to seek involvement from community interests. For example, the CNTA may be able to source craft, Heritage and community groups which may conduct displays or activities from the buildings. Uses such as these could form a mutually beneficial resource for both the community and an operator of Lighthouse Tours. Community Groups could become responsible for the up-keep and maintenance of the dwellings, in return for use of a premises. Security and surveillance of the site would be enhanced and the extra facilities and attractions would provide greater interest to tourists.

Opportunities to expand the accommodation facilities outside of the Precinct should also be explored. The bushland setting and the sites geographical location make it an attractive holiday destination if developed properly. This is evidenced by similar development activities at Bunkers Bay. Although not on the coast, accommodation at the Lighthouse could offer a cheaper alternative in close proximity to many surfing spots and popular swimming beaches.

The options of Accommodation – Low Cost Basic

- ❖ Basic accommodation, self-catering
- ❖ Large numbers of beds
- ❖ Low customer expectations of accommodation
- ❖ Low cost

The options of Accommodation – Heritage Fitout

- ❖ Selling the experience
- ❖ Quality heritage fitout
- ❖ Need to substantially upgrade premises and grounds

The interface between the accommodation clientele and the public (ie generally the daily visitors to the site) would need careful management to ensure no conflict and particularly no degradation of visitor experience of the main attractions. Incorporation into a village would possibly expand the atmosphere of the village and add to the experience for all visitors.

It is likely that it would be too costly to bring on-stream the heritage fit out option.

The safety aspect and risk management are matters which would need to be thought through if extended stay accommodation is proposed.

5.5.4 Road Access to the Cape

A loop roadway around the perimeter of the Cape with appropriate car parking and picnic facilities, with a single entrance road, would add to the attraction of the Cape. The ability to capture a fee at that entrance point may change the economics of higher level of commercial activity for a visitor / interpretation centre.

But given that Leeuwin provides for such close access to the water's edge, perhaps having Naturaliste as a pedestrian access only to the Cape provides a significant point of difference. However the magnificence of Cape Naturaliste will remain inaccessible to most people if road access is not provided.

5.5.5 General Facilities

There would need to be a rationalisation and definition of the pathways to the coastal edge areas, with some viewing platforms for whale watching, signage etc.

The general upgrade of the Walktrails is necessary to improve the experience of the lighthouse. In association with this the proper marketing of the walktrails and their points of interest are also necessary to ensure their use.

5.6 Financial Considerations

5.6.1 Capital Expenditure – New Visitor Centre

These figures have been derived from anecdotal information and the figures provided by Cape Naturaliste Tourist Association (CNTA). They should be considered estimates only and not actual costs.

Item	Area & Unit Price	Cost
Visitor Centre		
Shop & Bookings office *	50m ² @ \$750m ²	
Café, Kitchen & Toilet *	200m ² @ \$1200m ²	
Interpretive Centre	100m ² @ \$750m ²	
Operator F & B Fit out Provision	\$150,000	
Contingence	\$50,000	
Total		\$550,000
Carpark minor upgrade	\$25,000	\$25,000
Landscaping, Lighting and general upgrades	\$75,000	\$75,000
Upgrade of houses for accommodation		\$225,000
Site interactive Signage paths, Sealing, Shelters		\$150,000
BCA Upgrading – Lighthouse		\$12,615.68
Total Cost		\$1,025,000

* Costs include installation of a security fence.

5.6.2 Income – Principal Owner

00/01 figures provided by the CNTA for the Naturaliste Lighthouse recorded paid visitor numbers to be 16,662 persons. A review of the WA Tourism Commission figures also show that this is a decline in tour numbers of 30% on the previous years figures (23,792 persons). This is consistent with the trend at the Leeuwin lighthouse. It is likely this decline results from an inability of the operator to expend funds to improve the facility as a consequence of the lack of tenure and as also a consequence of the restriction to 10 persons per guided tour.

Due to the evidence of an existing decline in visitors resulting from the changed management practices, we have assumed tour numbers for 2000/2001 will be similar to 1999/2000 (ie 16,600 persons).

The Naturaliste Lighthouse received an income from admissions in 1999/00 of \$97,241 based on 23,792 visitors (the highest previous visitor numbers). This results in an average entry fee per person of \$4.09. Gross surplus's from Souvenirs for 1999/00 reflected a rate (margin) of \$0.65 per visitor.

Note: that in the 1999/2000 year, the Naturaliste Lighthouse tours still recorded an Operational loss.

It is unlikely that a tour operator would be able to make the food and beverage facility work appropriately under management, particularly given the seasonal nature of tourism in the region. It would most likely work best as an owner operated business, which would operate separately from the Lighthouse tours.

Given this it is assumed that the cafe would be sub let by the tour operator of the Lighthouse.

Item	Rate per person	2000/2001	
		No. Visitors	Income
Souvenirs - Gross Surplus			\$10,800
Lighthouse Tours	\$4.00	16,662	\$66,650
Accommodation	\$85/night	50% occupancy x 3 houses = 550 guest nights	\$46,750
Café Lease	\$100/m ²	200m ²	\$20,000
Total			\$144,200.00

5.6.3 Operating Expenditure

The following figures have been extrapolated from the expenditure figures provided by the current operator for 1999/00.

Rent on the premises to CALM is assumed to reflect a rate of 10% of the gross revenue. This has been extrapolated from the expenditure figures outlined above.

Item	2000/2001
	Expenditure
Advertising	\$2500
Cleaning	\$10,000
Depreciation	\$5,000
Insurance	\$5,000
Printing /Stationery	\$3,000
Electricity	\$5,000
Rent @ 10% of Gross Income	\$14,400
Repairs	\$10,000
Telephone	\$1,500
Sundry Expenses	\$2,500
Signs	\$500
Wages/Superannuation	\$91,400
Staff training and amenities	\$2,500
Accounting and Audit	\$1000
Total Expenditure	\$154,300.00

5.6.4 Feasibility Of Operator Developing Concept Plan

2000/01	
Item	Total
Operating Income	\$144,200
Operating Expenditure	\$154,300
Operating Loss	(\$10,100)
Capital Cost Of Upgrades	\$1,025,000
Cost of Capital at 8%/annum	\$82,000
Total Annual Profit/Loss	(\$92,100)

On a static basis including the cost of capital it can be seen that based on the extrapolated 01/02 figures it is not viable for an operator to redevelop the site. Indeed it is also likely the operation of the tour is not viable in itself.

This financial outcome is obviously directly sensitive to income derived from Lighthouse Tours, which is in turn dependant on the type of management required by AMSA during the Tours and the price of the tour charged. A sensitivity analysis matrix of visitor numbers and cost/ tour and the impact that it has on income is contained in Table 1 – Naturaliste; at Appendix B.

It is our view that with changes in management practices and improvements to facilities it is reasonable to assume that the income derived from admissions can at least lift to a similar level as 98/99 – 99/00 figures.

5.7 Possible Financial Variances – Feasibility

Based on the information provided in the income and expenditure report and the WATC figures for the lighthouse in 99/00, the visitor numbers for the Naturaliste facility recorded an *average* of 10.5 visitors per tour (assuming 6 tours per day average), yet an operating loss was still recorded. In order to break even in that year the tours would have needed to average 12 persons per tour.

A "break-even" situation is not attractive for a commercial operation. Given that the previous tourist "high" was 2-3 years ago and that costs have risen, tour levels in excess of an average of 12 persons are required to maintain viability.

An operator will require to at least plan for an average tour level of 15 –16 per tour to provide for a margin of 25-30% on costs. This would allow only a marginal potential for growth and stability. Ideally this number should be higher.

It is significant to note that the tour numbers are "average" totals. Accordingly, in order to achieve an average of 15-16 people per tour, the operator will need to manage a range of groups from a minimum of 5 people up to around 20 people, in order to achieve viability.

It is often common for groups of people to descend on the facility and require tours. Prompt "turn around" times for larger groups must be able to be accommodated or significant frustration can occur. In quieter times, the groups will naturally be smaller.

The consideration of raising the level of tour numbers may not be sufficient to provide for financial growth. Without growth, the operator will not be able to provide for improvements to the facility. The other obvious way to increase viability is to raise tour prices.

Considering the previous average price per unguided tour of approximately \$4, it would seem reasonable to be able to lift revenue by raising the cost per tour by a nominal sum.

Based on these assumptions income from admissions to the Lighthouse could increase considerably if tours are able to operate in a less regulated fashion and admission rates are increased to say \$5.

Item	Rate per person	2000/2001	
		No. Visitors	Income
Souvenirs - Gross Surplus	\$0.65	26,280	\$17,082
Lighthouse Tours	\$5.00	26,280	\$131,400
Accommodation	\$85/night	50% occupancy x 3 houses = 550 guest nights	\$46,750
Café Lease	\$100/m ²	200m ²	\$20,000
Total			\$215,232.00

Item	Total
Operating Income	\$215,232
Operating Expenditure	\$162,900
Operating Surplus	\$52,322
Capital Cost Of Upgrades	\$1,025,000
Cost of Capital at 8%/annum	\$82,000
Total Annual Profit/Loss	(\$29,668)

It is evident from the above table that the Operators financial position improves given the assumptions discussed above, however an operating loss remains due to the exposure to significant capital investment.

Despite the above it is likely that a development concept incorporating:

- ❖ a visitor center;
- ❖ café; and
- ❖ interpretive center

- would be well utilised and provide a valuable tourist asset. The centre would provide a focus for the Cape and attract visitors to the site in its own right. However it is clear that without the contribution of funds from CALM it is unlikely to be viable for an operator to construct.

5.8 Summary

The operation of tours at the Naturaliste Lighthouse is at present a less than marginal business opportunity. If the number of visitors per tour can be increased, this may improve the position but alone, does not establish a basis for significant capital expenditure. However, the challenge is that in order to substantially increase visitor numbers and therefore the income of the tour operator, it will also be necessary to increase the awareness and profile of the facility. The principal way this can be achieved is through a significant improvement to the existing infrastructure and facilities.

Assuming that redevelopment is not likely to be undertaken by a sole operator due to the high commercial risk factor, CALM may consider:

- ❖ The development of infrastructure items such as the car park, walktrails and signage and AMSA requirements.
- ❖ The establishment of the first stage of the visitor center which would include a shop and interpretive areas.
(Note the reference to a 'First Stage Visitors Centre' refers to a new purpose build modest facility which if successful, may be expanded / extended by subsequent stages).
- ❖ Restoration of the houses and establishment of a café should be viewed as later development stages, which would commence once improvements in income, have been achieved. These items may become the later responsibility of the operator.

On this basis and assuming the management of tours can be resolved appropriately, we consider the following projections may provide a scenario which is satisfactory to the Operator, CALM and the Community.

Capital Expenditure

Item	Area and Unit Price	Cost
Shop & Bookings office	50m ² @ \$790m ²	\$37,500
Interpretive Centre including toilets	150m ² @ \$1,200m ²	\$180,000
Carpark minor upgrade	\$5,000	\$5,000
Landscaping, Lighting, signage improvements to walk trails	\$100,000	\$100,000
BCA Upgrading		\$12,615.68
Total Cost		\$335,115.68

Operating Income

Item	Rate per person	2000/2001	
		No. Visitors	Income
Souvenirs - Gross Surplus	\$0.65	26,280	\$17,082
Lighthouse Tours	\$5.00	26,280	\$131,400
Total			\$152,400

Note:

Projected operating income does not include revenue derived from accommodation. Capital expenditure to improve the existing residues sufficient for quality tourist accommodation, has not been included. It is concluded in this report that sufficient revenue would not be generated from these dwellings that would justify the high expense of the necessary improvements. This can be interpreted from the projections in previous Sections 5.6 and 5.7.

Operating Expenditure

Item	2000/2001
	Expenditure
Advertising	\$5000
Cleaning	\$1500
Depreciation	\$500
Insurance	\$3500
Printing /Stationery	\$2,500
Electricity	\$3,000
Rent @ 10% of Gross Income	\$15,000
Repairs	\$2,500
Telephone	\$1,000
Sundry Expenses	\$500
Wages/Superannuation	\$75,000
Staff training and amenities	\$2,500
Accounting and Audit	\$500
Total Expenditure	\$113,000.00

Profit/Loss Scenario

Item	Total
1. Operating Income	\$152,400
2. Operating Expenditure	\$113,000
3. Operating Surplus	\$39,400
<i>Capital Cost Of Visitor Centre and BCA Upgrades</i>	\$335,115
4. Cost of Capital at 8%/annum	\$26,800
5. Total Annual Profit/Loss	\$12,600

If CALM funded the capital works and was repaid the cost of capital, plus rent it would receive \$41,800. This is a reasonable return, but does not address repayment of the capital costs to CALM. Under this scenario CALM would achieve significant improvement in the facility while being compensated for its investment. Importantly it reduces the risk to the Operator by lowering his exposure within the business.

If funding is not available, then on the basis of resolving the two management issues, it may be possible to require the operator to undertake the work required to meet the BCA requirements.

It is likely that other capital works may need to be funded from sources other than the operator.

5.9 Possible Financial Variances – Feasibility

The current operation has demonstrated a capacity to accommodate an average of 12 persons per tour (assuming 6 tours per day average) based on the information provided in the income and expenditure report and the WATC figures for the lighthouse. Furthermore given a price of \$4 for the unguided tour there would seem to be room for growth in income simply from increasing the cost of the tour by a nominal sum.

Based on these assumptions income from admissions to the Lighthouse could increase considerably if tours are able to operate in a less regulated fashion and admission rates are increased to \$5.

Item	Rate per person	2000/2001	
		No. Visitors	Income
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Café Lease	\$100/m ²	200m ²	\$20,000
Total			\$215,232.00

Item	Total
Operating Income	\$215,232
Operating Expenditure	\$162,900
Operating Surplus	\$52,322
Capital Cost Of Upgrades	\$1,025,000
Cost of Capital at 8%/annum	\$82,000
Total Annual Profit/Loss	(\$29,668)

It is evident from the above table that the Operators financial position improves given the assumptions discussed above, however an operating loss remains due to the exposure to significant capital investment.

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- ❖ café; and
- ❖ interpretive center

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Operating Expenditure

Item	2000/2001
	Expenditure
Advertising	\$5000
Cleaning	\$1500
Depreciation	\$500
Insurance	\$3500
Printing /Stationery	\$2,500
Electricity	\$3,000
Rent @ 10% of Gross Income	\$15,000
Repairs	\$2,500
Telephone	\$1,000
Sundry Expenses	\$500
Wages/Superannuation	\$75,000
Staff training and amenities	\$2,500
Accounting and Audit	\$500
Total Expenditure	\$113,000.00

Profit/Loss Scenario

Item	Total
1. Operating Income	\$152,400
2. Operating Expenditure	\$113,000
3. Operating Surplus	\$39,400
<i>Capital Cost Of Visitor Centre and BCA Upgrades</i>	\$335,115
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If funding is not available, then on the basis of resolving the two management issues, it may be possible to require the operator to undertake the work required to meet the BCA requirements.

It is likely that other capital works may need to be funded from sources other than the operator.

APPENDIX A

BCA Works Leeuwin & Naturaliste Lighthouses

APPENDIX B

**Leeuwin
Naturaliste**

**Sensitivity Ratios/Tour Rates
Sensitivity Ratios/Tour Rates**

Table 1 - Naturaliste
Sensitivity Testing Of Persons/ Tour And Impact On Income

Persons/Tour	Av. No. Tours/day	Persons/Day	Persons/Annum	Av. Cost/Tour	Daily Tour Income	Annual Tour Income
7	6	42	15330	\$4.00	\$168	\$61,320
8	6	48	17520	\$4.00	\$192	\$70,080
9	6	54	19710	\$4.00	\$216	\$78,840
10	6	60	21900	\$4.00	\$240	\$87,600
11	6	66	24090	\$4.00	\$264	\$96,360
12	6	72	26280	\$4.00	\$288	\$105,120
13	6	78	28470	\$4.00	\$312	\$113,880
14	6	84	30660	\$4.00	\$336	\$122,640
15	6	90	32850	\$4.00	\$360	\$131,400

 Approximate Level Of Operation 99/00

Sensitivity Testing Av. Cost/ Tour

Persons/Tour	Av. No. Tours/day	Persons/day	Persons/Annum	Av. Cost/Tour	Daily Tour Income	Annual Tour Income
11	6	66	24090	\$3.50	\$231	\$84,315
11	6	66	24090	\$4.00	\$264	\$96,360
11	6	66	24090	\$4.50	\$297	\$108,405
11	6	66	24090	\$5.00	\$330	\$120,450
11	6	66	24090	\$5.50	\$363	\$132,495
11	6	66	24090	\$6.00	\$396	\$144,540
11	6	66	24090	\$6.50	\$429	\$156,585
11	6	66	24090	\$7.00	\$462	\$168,630
11	6	66	24090	\$7.50	\$495	\$180,675

 Approximate Level Of Operation 99/00

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Sensitivity Testing Of Persons/ Tour And Impact On Income

Persons/Tour	Av. No. Tours/day	Persons/Day	Persons/Annum	Av. Cost/Tour	Daily Tour Income	Annual Tour Income
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15	6	90	32850	\$4.00	\$360	\$131,400

Approximate Level Of Operation 99/00

Sensitivity Testing Av. Cost/ Tour

Persons/Tour	Av. No. Tours/day	Persons/day	Persons/Annum	Av. Cost/Tour	Daily Tour Income	Annual Tour Income
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Approximate Level Of Operation 99/00