



City of Ryde

## BRUSH FARM HOUSE BUSINESS PLAN

CITY OF RYDE

FINAL REPORT

May 2009

This page is left intentionally blank

## CONTENTS

---

1. Executive Summary .....	1
2. Introduction .....	4
3. Context.....	5
4. Brush Farm House.....	12
5. The Brush Farm Concept .....	23
6. The Business Model.....	25
7. Products and Services .....	28
8. Financial Model & Assumptions .....	42
9. Operating Revenue .....	45
10. Operating Expenditure.....	57
11. Key Risk Issues .....	65
Appendix 1: Financial Model to Support the Business Plan .....	67
Appendix 2: Financial Model Scenario 2 .....	68
Appendix 3: financial Model Scenario 3 .....	70

## I. EXECUTIVE SUMMARY

---

### .1 BACKGROUND

The City of Ryde has recently completed the restoration and conservation of Brush Farm House - a significant project that has generated considerable community interest and which has preserved the property for years to come.

City of Ryde has determined that Brush Farm House will be used as a place for arts and events, a place for the community.

Root Projects Pty Ltd (RPA) was appointed to prepare this Business Plan to underpin the development of Brush Farm House over the next ten years.

### .2 CONTEXT

The community of Ryde is unique. The particular demographic characteristics, economic and cultural make-up of the population have informed the development of the Business Plan. In shaping a place for the community of Ryde, consideration was given to the creation of a place that is:

- Accessible, with minimal barriers excluding the monetarily, culturally or mobility disadvantaged;
- Flexible to the extent that facilities can be shared by those from different backgrounds; and
- Enjoyable and appealing for the entire community.

The policy context also informed the shaping of this Business Plan. Alignment of the proposed Business Plan for Brush Farm House with NSW State Government and the City of Ryde's own strategic directions will ensure that:

- The City's investment in Brush Farm House will deliver not only on its arts agenda, but on the broader social and economic agendas it has identified;
- There is a direct connection between investment in products and services at Brush Farm House and the outcomes expected by the community as identified in the City of Ryde's strategic plans; and
- The City of Ryde's contribution to the development of Sydney and the State will be enhanced through its investment in Brush Farm House.

### 1.3 BRUSH FARM HOUSE

Brush Farm was originally established by Gregory Blaxland who acquired land in approximately 1807. In 1819 he commenced construction of Brush Farm House, which was used as a residence until the 1890's.

Brush Farm was acquired by the State Government in 1904 and used for various purposes, including a boys reformatory and later a home for mothers and babies<sup>1</sup>. The City of Ryde purchased Brush Farm House from the NSW Department of Corrective Services in 1989

Brush Farm House is recognised as a rare item of State significance as part of an early colonial agricultural estate and connected to a number of important colonial personalities. It is a property of regional importance, restored by Council for the people of Ryde.

### 1.4 THE CONCEPT FOR BRUSH FARM HOUSE - CREATIVITY IN THE ARTS, FOOD AND WINE

Building on the cultural heritage and the entrepreneurship and enterprise of George Blaxland, the man who conceived and built it, Brush Farm will be a place where the creative spirit and small business aspirations of individuals and groups in the community is celebrated and supported.

Brush Farm will provide a vibrant **gallery** showing the creative output from a range of artists and entrepreneurs in the arts, food and wine.

Brush Farm will host niche **events** that tap into the creative heart of Ryde and showcase the efforts of arts makers and food and wine producers to a wider audience

Brush Farm will host **classes, seminars and meetings** that bring community members together to support and develop their creativity

Brush Farm will provide flexible, collaborative **workspace** for a small community of entrepreneurial individuals who are developing creative businesses in fields related to the arts, food and wine.

Brush Farm will provide a venue for **private functions** where visitors will appreciate the house, its garden setting and its creative studio atmosphere

Through the events and activities presented at Brush Farm House events, the arts will be embedded within the community of Ryde and the heritage values of the property will be appreciated by many.

---

<sup>1</sup> Brush Farm House History as published on <http://www.ryde.nsw.gov.au/ryde/history/bhouse.htm>

## **.5 THE BUSINESS MODEL**

The City of Ryde is committed to establishing Brush Farm House as a dynamic venue providing considerable opportunities for the community to engage with the property and the programs and services delivered from it.

To that end, the City of Ryde will in the short to medium term, take a hands-on approach to the development and delivery of products and services that are within the realm of its business capabilities.

For those products and services that commercial operators are best placed to deliver, the City will invite submissions from appropriate companies and individuals.

Partnerships with community organisations such as the Brush Farm House Historical Society and others will continue.

Revenue earned through the development and delivery of arts programs and events; licencing or long term rental of facilities at Brush Farm House; management of Brush Farm House as a venue for hire; and commission and other charges applied to hirers will partially off-set the costs of operating Brush Farm House. The balance of funds will come from ongoing Council investment.

## 2. INTRODUCTION

---

### 2.1 BACKGROUND

The City of Ryde has recently completed the restoration and conservation of Brush Farm House - a significant project that has generated considerable community interest and which has preserved the property for years to come.

City of Ryde has determined that Brush Farm House will be used as a place for arts and events, a place for the community.

Root Projects Pty Ltd (RPA) was appointed to prepare this Business Plan to underpin the development of Brush Farm House over the next ten years.

### 2.2 A PLAN FOR THE FUTURE

The Business Plan provides guidance to the City of Ryde as to the products and services it might offer in future from Brush Farm House and the means by which they can be delivered.

Options have been canvassed and in some instances, all options presented for consideration. Three financial scenarios have been developed, each reflecting a different direction and delivery model that the City of Ryde may choose to implement.

We recommend that these models be adjusted by The City of Ryde as and when choices are made to ensure the Business Plan remains aligned with the City of Ryde's plans.

### 2.3 PROCESS

The Business Plan has been developed in conjunction with the City of Ryde. In developing the Plan, the following were key elements of the process:

- Review of previous studies, planning documents, City of Ryde policies and the like to ensure consistency with City of Ryde's direction;
- Inclusive consultation process with current occupants, neighbours and City of Ryde staff;
- Analysis of information provided by the City of Ryde;
- Market research and consultation; and
- Iterative discussions with City of Ryde management.

### 2.4 CAVEATS AND ASSUMPTIONS

The information and conclusions drawn within this Business Plan are subject to a number of caveats and assumptions.

Specific financial details have been drawn from the information that was made available by City of Ryde.

The outcome arising from the implementation of the recommendations in this Business Plan is subject to the prevailing economic conditions at the time. Given that current circumstances are changing rapidly, we recommend that the City of Ryde use this Business Plan as a model that can be refined if changes that have business impacts occur.



## 3. CONTEXT

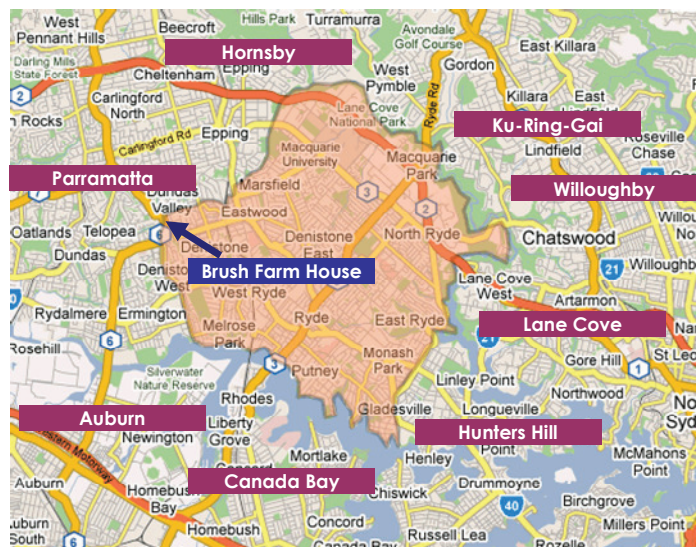
### 3.1 THE CITY AND ITS PEOPLE

#### 3.1.1 City of Ryde

Brush Farm House is situated in the City of Ryde, one of Sydney's inner northern suburbs. The Ryde Local Government Area (LGA) is bounded by Hornsby Shire and the Ku-ring-gai to the north, Willoughby City, the Lane Cove River and the Hunters Hill Municipality in the east, the Parramatta River in the south and Parramatta City in the west.

The City encompasses a total land area of approximately 40 square kilometres, including waterways and parklands.

The City of Ryde includes the suburbs of Chatswood West (part), Denistone, Denistone East, Denistone West, East Ryde, Eastwood (part), Gladesville (part), Macquarie Park, Marsfield, Meadowbank, Melrose Park (part), North Ryde, Putney, Ryde, Tennyson Point and West Ryde.



**The City of Ryde is predominantly a residential area, but also has substantial commercial, industrial and institutional areas.**

Major features of the City include:

- **Educational institutions:** Macquarie University, TAFE NSW Northern Sydney Institute (Ryde and Meadowbank Colleges)
- **Health facilities:** Macquarie Hospital, Ryde Hospital, Royal Rehabilitation Centre
- **Retail and commercial centres:** The City has eight distinct retail and commercial areas, each with their own feel and identity. Major centres include Macquarie Shopping Centre and Top Ryde (in construction)
- **Leisure centres:** North Ryde Golf Club, Ryde-Parramatta Golf Club, Ryde Aquatic Leisure Centre
- **Parks and reserves:** Field of Mars Reserve, Meadowbank Memorial Park, Macquarie Park Cemetery, the Parramatta River, parklands along the Lane Cove River and the Great North Walk and Lane Cove National Park



- **Macquarie Park:** home to major Australian and international organisations - the City has arguably the densest concentration of electronic and pharmaceutical research, manufacturing and distribution organisations in Australia.<sup>2</sup>

### 3.1.2 The People of Ryde

The City of Ryde has a population of 96,948. It is a diverse community with some 37.6% of residents born overseas.<sup>3</sup> The community is changing and this is none more evident from a comparison of census results from 1996 to 2006. The 2006 census revealed:

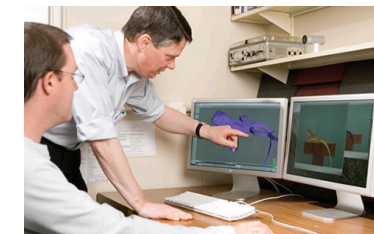
- A decrease in those born in Australia and the United Kingdom
- An increase in those from the Peoples Republic China, Republic of South Korea and India



#### *Comparison with Sydney and Australia*

In order to understand whether the population in the City of Ryde is representative of that of the broader Sydney area or across Australia, we have compared the census results. Key areas of difference are that the population of Ryde:

- Has a higher proportion of people who are of working age and older (69% compared with 66.5% across Australia)<sup>4</sup>
- Has a median individual income significantly higher than the Australian median income
- Has lower levels of unemployment when compared to Australia generally
- Comprise a higher than average percentage of professionals, clerical and administrative workers, are on par in terms of the percentage who are employed as managers and represent a lower than average number of labourers & machinery operators/drivers compared to Sydney and Australia.



Approximately 22% of the Ryde workforce are people who live in Ryde<sup>5</sup>.

#### *Future Demographic Changes*

Growth in population numbers has been forecast for Ryde such that by 2032 the total population will increase by 15.3% to 111,782<sup>6</sup>

---

<sup>2</sup> Ryde Business Forum, about Ryde, [http://www.rydebusiness.com.au/about/about\\_ryde.html](http://www.rydebusiness.com.au/about/about_ryde.html)

<sup>3</sup> ABS 2007, 2006 Census QuickStats : Ryde (C) (Local Government Area),

<sup>4</sup> ABS 2007, 2006 Census QuickStats : Ryde (C) (Local Government Area),

<sup>5</sup> 2008 City of Ryde, Economic development Strategy, Ryde

<sup>6</sup> NSW SLA Population Projections, 2001 to 2031, 2005 Release,

[http://www.planning.nsw.gov.au/programs/services/population\\_projections.asp#local](http://www.planning.nsw.gov.au/programs/services/population_projections.asp#local)

In the medium term (to 2022), growth is forecast to be 6.9% to a total population of 107,000<sup>7</sup>. The population mix is likely to change over this period with a forecast (as percentage of population) decline of youth population, a marginal increase in those of working age (particularly the older ages) and an increase in older persons<sup>8</sup>.

The implications of changes in the age profile of communities are well documented. Whilst the proportion of the population aged 65 years or older is expected to grow in Ryde, growth is not forecast at the same rate as for Sydney and NSW generally<sup>9</sup>. For Ryde, this change is predicted to occur at approximately 0.24 percentage points each year – lower than the rate predicted for Greater Sydney (0.28 percentage points year) and NSW generally (0.33 percentage points each year)<sup>10</sup>.

### **.1.3 Summary**

The City of Ryde has diverse geography, demography, economic and cultural makeup. Any City of Ryde facility that is to cater for broad need of the community should be:

- Accessible, with minimal barriers excluding the monetarily, culturally or mobility disadvantaged
- Flexible to the extent that facilities can be shared by those from different backgrounds
- Enjoyable and appealing for the entire community

## **.2 POLICY CONTEXT**

The alignment of this Business Plan with the relevant policy and planning frameworks within the City of Ryde and the NSW State Government is essential to its success.

Given that the primary focus for Brush Farm House identified by the City of Ryde is Arts and Culture, our review of policy directions has focused on these sectors within Government.

What follows is a summary of our analysis of key policy issues that might influence the outcome of this Study.

### **.2.1 State Government**

#### *State Plan*

The *NSW State Plan*<sup>11</sup> launched in November 2006 is the framework for the delivery of Government services in NSW over the next ten years. The State Plan reflects a commitment by

---

<sup>7</sup> ABS 2007, 2006 Census QuickStats : Ryde (C) (Local Government Area).

<sup>8</sup> 2004 Local Government Association of NSW and Shires Association of NSW, *Planning the Response to Ageing and Place, Ryde Profile*, Sydney

<sup>9</sup> 2004 Local Government Association of NSW and Shires Association of NSW, *Planning the Response to Ageing and Place, Ryde Profile*, Sydney

<sup>10</sup> 2004 Local Government Association of NSW and Shires Association of NSW, *Planning the Response to Ageing and Place, Ryde Profile*, Sydney

<sup>11</sup> 2006 New South Wales (NSW) Government, *A New Direction for NSW State Plan*, Sydney

NSW Government to adopt a strategic, whole of government planning approach with a long term view in order to make NSW a better place to live, work and do business. It provides targets for the NSW government agencies against which progress can be measured. The following goals and priorities relate the future development of BFH:

- R4: Increased participation and integration in community activities
- P4: More people participating in education and training throughout their life
- E8: More people using parks, sporting and recreational facilities and participating in the arts and cultural activity

### *Metropolitan Strategy*

The *Metropolitan Strategy*<sup>12</sup> is the NSW Government's broad framework to facilitate and manage growth and development in metropolitan Sydney. It outlines the Government's vision for Sydney and the strategies to achieve this vision.

The Strategy has five aims:

- Enhance liveability
- Strengthen economic competitiveness
- Ensure fairness
- Protect the environment
- Improve governance

The City of Ryde is located within the Inner North Subregion together with Hunters Hill, Willoughby, Lane Cove, North Sydney and Mosman Councils. The Department of Planning released the Inner North Draft Subregional Strategy in July 2007<sup>13</sup>. The vision for the Inner North highlights the following attributes:

- Strengthening the employment role of the global economic corridor from North Sydney to Macquarie Park
- Supporting the Subregion's knowledge assets such as Macquarie University
- Improving housing choice and creating liveable and sustainable communities
- Encouraging public transport use
- Protecting and promoting the Subregion's harbour and bush land setting

---

<sup>12</sup> 2006 New South Wales (NSW) Government, *City of Cities A Plan for Sydney's Future Metropolitan Strategy*, Sydney

<sup>13</sup> 2007 New South Wales (NSW) Government, *Inner North Draft Subregional Strategy*, Sydney

### *Heritage Council of NSW*

The Heritage Council is supported by the Heritage Branch, a division of the NSW Department of Planning, which is responsible for heritage management in NSW. The Heritage Council's current five-year strategic plan defines the following priorities<sup>14</sup>:

- To enhance the heritage of NSW through the effective operation of the Heritage Act by:
  - maintaining and enhancing support to local government and community organisations
  - raising the profile of heritage as vital to NSW's unique sense of identity, place and character
  - increasing capacity to deliver our services through sustainable self-funding initiatives

Future activities at Brush Farm House can support the Heritage Council through:

- Enhancing community interest in and commitment to heritage;
- Communicating the value of heritage conservation to the community; and
- Awareness of positive media coverage of heritage issues.

## **.2.2 City of Ryde**

A scan of all City of Ryde's policy and strategy documents has been undertaken and we present below our analysis of the key areas that will influence the outcome of the Brush Farm House Business Plan. The following documents have been analysed:

- City of Ryde Management Plan 2008 - 2012
- City of Ryde Arts Development Framework 2007-2012
- City of Ryde Economic Development Strategy 2008-2013

### *Management Plan*

The vision for Ryde is to be an innovative city, a leader in environmental, economic and social sustainability. The Management Plan<sup>15</sup> provides strategic direction for the City of Ryde and the allocation of resources to achieve this vision. The Plan is centred on four key areas: People (P), Assets (A), Environment (E) and Governance (G).

The following strategies to which Brush Farm House can contribute are:

- PS1: Provides opportunities to access information, engage in artistic pursuits and participate in performances and events
- PS4: Celebrates the city's people and places
- PS7: Provides community programs and facilities to improve the quality of life of City of Ryde residents

---

<sup>14</sup> 2005 Heritage Council, Strategic Plan 2005-2010

<sup>15</sup> 2008 City of Ryde, Management Plan 2008-2012, Ryde

- PS9: Enhances community well-being through the provision of leisure pursuits and recreational activities
- PS10: Enhances education and cultural opportunities that foster learning and improved access to information
- ES6: Conserve and interpret the character and the cultural heritage of the city to enhance the quality of life in the community

### *Arts Development Framework*

The Arts Development Framework<sup>16</sup> is the City of Ryde's first strategic arts plan. The City's vision for the arts is "through the arts create, connect, challenge, tell our stories and express and experience the richness and diversity of our cultural life". The key themes articulated in the strategic plan are:

- **Greater access to the arts** including the creation of new infrastructure for use by communities and artists, attracting arts service providers to the City and improving network and communication channels to create greater access to the arts.
- **Telling Ryde's stories** through performances and exhibitions by local artists and giving communities the opportunity to display the City's diversity and provide a sense of local identity.
- **Growing creative industries** by capitalising on synergies between information and communication technology clusters in Macquarie Park and the emerging digital design sector.
- **Partnerships for a vital City** will be achieved by identifying and pursuing opportunities to deliver arts-related projects with a variety of stakeholders from the public and private sectors.

The activities proposed for Brush Farm House are integral to the City of Ryde achieving its vision for arts and culture in the community.

### *Economic Development Strategy*

The City of Ryde Economic Development Strategy<sup>17</sup> provides the framework for economic growth in Ryde. It outlines a program and actions to achieve the City of Ryde's aspirations within three defined themes:

- **Marketing the City of Ryde:** support and create positive perceptions for the City.
- **Employment generation:** contribute to increased productivity and local opportunities by creating opportunities in new and existing business with a focus on multimedia and creative arts.

---

<sup>16</sup> 2007 City of Ryde, Canvas Arts Development Framework 2007-2012, Ryde

<sup>17</sup> 2008 City of Ryde, Economic Development Strategy 2008-2013, Ryde

- **Building partnerships:** to increase the quality and frequency of exchanges between the business community, City of Ryde, key stakeholders and State Government agencies.

### 3.2.3 Summary

The identified alignment of the proposed Business Plan for Brush Farm House with State Government and the City of Ryde's own strategic directions will ensure that:

- The City's investment in Brush Farm House will deliver not only on its arts agenda, but on the broader social and economic agendas it has identified.
- There is a direct connection between investment in products and services at Brush Farm House and the outcomes expected by the community as identified in the City of Ryde's strategic plans.
- The City of Ryde's contribution to the development of Sydney and the State will be enhanced through its investment in Brush Farm House.

## 4. BRUSH FARM HOUSE

---

### 4.1 OVERVIEW

Brush Farm House located off Lawson Street, Eastwood within the City of Ryde Local Government Area (LGA).

Brush Farm was originally established by Gregory Blaxland who acquired land in approximately 1807. In 1819 he commenced construction of Brush Farm House, which was used as a residence until the 1890's. Blaxland gained international recognition through his attempts at viticulture at the Brush Farm Estate. The area represents one where the earliest phases of European settlement and expansion of Australia occurred<sup>18</sup>.



Brush Farm House is recognised as a rare item of State significance as part of an early colonial agricultural estate and connected to a number of important colonial personalities. Brush Farm was acquired by the State Government in 1904 and used for various purposes, including a boys reformatory and later a home for mothers and babies<sup>19</sup>.



The City of Ryde purchased Brush Farm House from the NSW Department of Corrective Services in 1989.

Since that time, the City has made a significant investment in the restoration and conservation of the property which has been undertaken in stages. The final stage was the landscaping which was completed in October 2008.

### 4.2 PREVIOUS STUDIES AND PLANS

The development of this Business Plan for Brush Farm House has been undertaken with reference to the work previously undertaken by the City of Ryde and the community over many years. We note in particular the following key documents and present in the following section, key issues or directions arising from them which have informed this Business Plan:

- Brush Farm House Conservation Management Plan
- Brush Farm House Interpretative Plan
- Brush Farm House Business Case

---

<sup>18</sup> Brush Farm House History as published on <http://www.ryde.nsw.gov.au/ryde/history/bhouse.htm>

<sup>19</sup> Brush Farm House History as published on <http://www.ryde.nsw.gov.au/ryde/history/bhouse.htm>



- City of Ryde Development Consent Conditions for Brush Farm House
- Preliminary Draft Brush Farm Park Plan of Management

#### **4.2.1 Conservation Management Plan<sup>20</sup>**

The Conservation Management Plan (CMP) outlines the significance of Brush Farm House and provides guidance for the long term conservation of the building fabric and the retention of its cultural significance.

Guidance is provided as to the potential future uses for Brush Farm House that are in accordance with the values and intent articulated in the CPM. These future uses include:

- Use as a conference / functions centre which is a relatively low impact activity but which still provides reasonable public access to the property
- The continued use of the property by Brush Farm Historical Society
- Office accommodation although it was acknowledged that this may limit the extent to which the public may have access to the property
- Restaurant
- Residence, again public access is limited under this option.

A critical recommendation arising from the CMP is the need to maintain public access to Brush Farm House regardless of the future use. This was to some degree tempered by the need to control access such that the level of patronage in future does not cause harm to the property.

#### **4.2.2 Brush Farm Interpretive Plan<sup>21</sup>**

The Interpretive Plan is based on a set of 'best practice' guidelines produced by NSW Heritage Office and took into consideration that Brush Farm House would be used for multi-functional meeting, and historical venue and identified the following opportunities:

- Increasing awareness of the heritage significance;
- Identification of heritage significance;
- The use of interpretation to assist visitors in understanding the importance of the features of Brush Farm House, both internal and external;
- Increasing awareness of Brush Farm House as a recognised item of rare state significance;

The Interpretive Plan provided a number of recommendations for possible partnerships/events at Brush Farm House.

---

<sup>20</sup> 2001 DPWS Heritage Design Services, Brush Farm House Conservation Management Plan

<sup>21</sup> 2007 MUSEcape, Brush Farm House Interpretative plan Randwick NSW

#### 4.2.3 Brush Farm House Business Case<sup>22</sup>

The Business Case identified two uses for consideration for Brush Farm House including training/education; function/conference/restaurant/retail.

Training/ education was seen as having the lower risk and the most feasible. Its use for functions/conferences was the highest risk, and despite the level of risk, provided only an equivalent return to it be hired out as training facility.

#### 4.2.4 Development Consent Conditions<sup>23</sup>

The Development Consent Conditions placed conditions on the restoration of the property as well as its ongoing use.

Critical issues in relation to its ongoing use are:

- Noise regulations; and
- Occupancy numbers.

Under the Development Consent Conditions, the use of amplified sound is restricted to:

- Sunday – Thursday 9am-10.30pm and
- Friday and Saturday 9am-midnight,

If amplified sound is required out of these time, written approval of the City of Ryde must be obtained

Restrictions on the maximum number of people in the property apply to the total numbers (that is, patrons as well as staff). The occupancy numbers are:

Single story hall (east wing) (Forster Hall)	70
Basement	2
Ground floor main building	73
First floor	50
<b>Total</b>	<b>195</b>

#### 4.2.5 Preliminary Draft Brush Farm Park Plan of Management

The Preliminary Draft Plan of Management<sup>24</sup> identified that Brush Farm House was to be established as a cultural and heritage facility. The following programs or uses for Brush Farm House were identified in the Plan:

- Open House
- 

<sup>22</sup> 2005 City of Ryde, Brush Farm House Business Case, Ryde

<sup>23</sup> 2005 City of Ryde, Conditions of Consent for LDA 425/2005

<sup>24</sup> 2007 City of Ryde, Preliminary Draft Brush Farm Park Plan of Management, Ryde

- Meeting venue
- Gallery
- Workshop space
- Support for the local cultural development industry
- Community events
- Educational Programs

The key principle to note is that the City of Ryde will directly manage Brush Farm House.

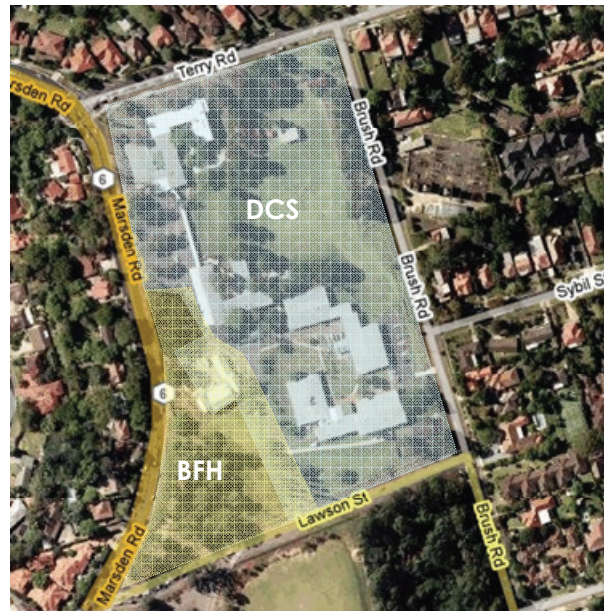
#### 4.2.6 Summary

Future uses for Brush Farm House should take into consideration the need to:

- Have the property accessible to the public
- Adhere to development consent conditions, specifically number of people inside the house
- Create an increased awareness of the historical significance

#### 4.3 BRUSH FARM HOUSE PRECINCT

The image below shows the location of Brush Farm House (BFH). It is one element of a broader precinct having adjoining boundaries with the Department of Corrective Services (DCS) training facility, Brush Farm Academy. Across Lawson Street are sporting facilities and Brush Farm Park.



The location of Brush Farm House within this precinct results in some important factors that must be taken into account when considering future plans. The key issues are:

- Both Brush Farm House and the DCS facility are accessed via a shared entrance off Lawson Street;
- Both facilities share the same internal access road from Lawson Street to their respective car parks;
- Whilst two car parking areas exist to the rear of Brush Farm House, they appear to be a single, shared space which can result in tension when capacity is exceeded. Overflow parking at the sports grounds may also be at capacity, particularly on Saturdays;
- Access for less mobile patrons within the precinct can be difficult due to the need to park some distance from the property and the terrain from the car park to the building;

- DCS signage currently dominates and the identity and function of Brush Farm House is not clear to all prospective visitors; and
- The extent of activity within the precinct can be high at times with the activities of one organisation conflicting with the activities of the other. This results in competition for car parking, traffic congestion due to the number of vehicles accessing the area and potential noise and other operational conflicts.

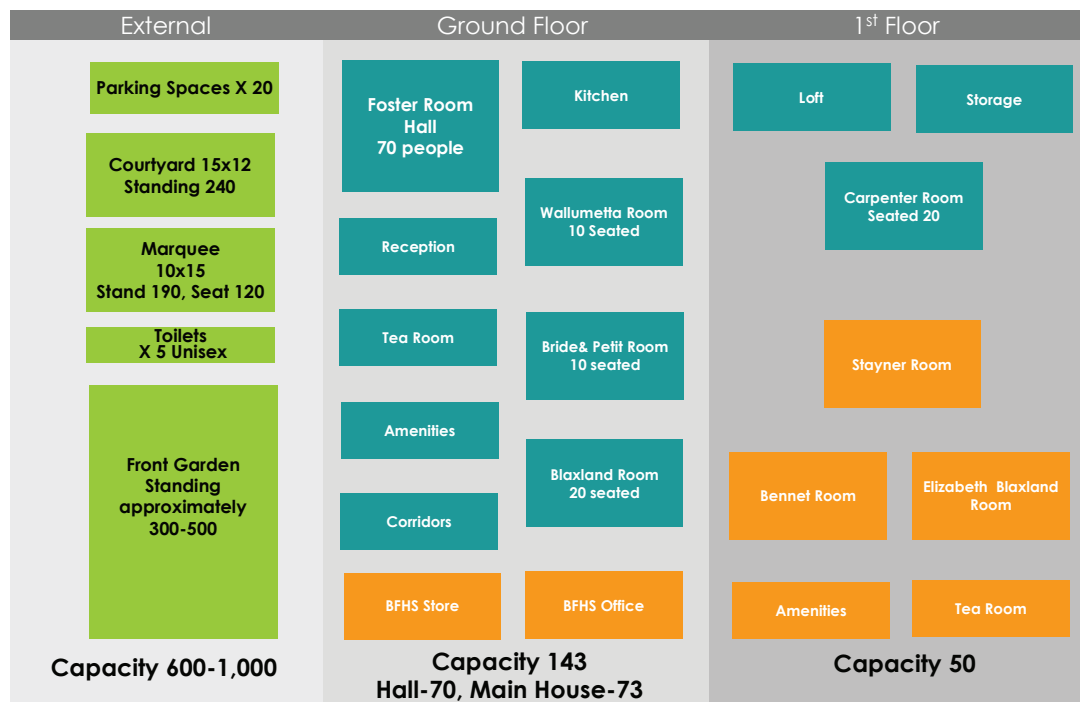
#### 4.4 BRUSH FARM HOUSE

The following conceptual diagram is intended to represent the key internal and external spaces at Brush Farm House and their capacity

The occupancy numbers have been informed by the size of the space and the proposed nature of its use or have been prescribed through the Development Consent conditions<sup>25</sup>.

It should be noted that the spaces shaded in orange in the diagram represent those areas currently under licence to Department of Corrective Services and Brush Farm Historical Society.

##### 4.4.1 Interrelationship Between Spaces



<sup>25</sup> Capacity of internal spaces referenced from Development Consent Conditions, Ryde City Council Brush Farm House Information Package. External spaces including the grounds, courtyard and marquee were averaged from the following benchmarks: Elite Marquees [www.elitemarquees.com.au](http://www.elitemarquees.com.au), Joondalup Marquees [www.joondalupmarquees.com.au](http://www.joondalupmarquees.com.au), Events Party Hire [www.eventspartyhire.com.au](http://www.eventspartyhire.com.au)

When considering the current and potential future uses of Brush Farm House, an important consideration is the interrelationship between spaces.

The proximity of one space to another, the use of connecting corridors and the shared facilities such as amenities, car parking, entrances and gathering spaces means that the activities proposed for one space must complement the activities in another.

Particular issues to take into account are:

- The levels of patronage for a particular activity or space and its relationship to the maximum capacity of the property;
- Noise that might be generated and the impact it will have on adjoining spaces;
- Compatibility of some activities and spaces eg. the consumption of food and drink in exhibition galleries poses some risk;
- Service requirements eg. catering;
- Access to amenities, car parking etc.

There will be circumstances where the use of one space prevents or constrains the potential use of another, therefore consideration must be given to the packaging of spaces for particular activities.

The following are collocated/linked spaces:

- Marquee, Courtyard, Toilets (and potentially Forster Room) (we note that the Marquee and toilets are proposed for development and as such, are subject to DA approval at the time of preparing this Business Plan)
- Forster Room, Courtyard
- Wallumetta Room, Bride & Petit Room, Gregory Blaxland Room, Reception, Tea Room, Amenities, Corridors
- Kitchen, Loft, Storage
- Carpenter Room, Reception
- Front Garden, Toilets

#### **4.4.2 Access**

Brush Farm House is a two storey heritage building and therefore does not provide equitable access to all patrons as would be expected in a contemporary building.

Where improvements to access were possible, these have been incorporated within the works to the rear of the property. The rear door for example, provides access via a ramp to the ground floor of the property.

Access to the upper level is restricted to those who can navigate relatively steep and narrow stairs. There are no future plans to change this situation and provide lift access between the levels. Any future proposed uses must be cognisant of this limitation.

#### **4.5 ROOM DESCRIPTIONS AND POTENTIAL USES**

What follows is a brief description of each of the spaces at Brush Farm House and a summary of their potential future uses:

#### 4.5.1 Forster Hall

**Features:**

- Rectangle tables (max six per table) or round tables (max 10 per table)
- Data projector, automatic drop down screen, DVD/VCR and speakers
- Small kitchenette with urn and bar fridge
- Electronic whiteboard; whiteboards/flip chart easels
- Dimmer lights
- Air conditioning
- Disabled access

**Suitable uses:** large meetings, seminars, workspaces, events and arts and cultural activities

#### 4.5.2 Wallumetta Room,

**Features:**

- False walls that are demountable and suitable for exhibitions
- 16.2 lineal m hanging space

**Suitable uses:** exhibitions and small events

#### 4.5.3 Bride & Petit Room

**Features:**

- Picture rails
- 16 lineal m hanging space

**Suitable uses:** exhibitions and small events

#### 4.5.4 Gregory Blaxland Room

**Features:**

- Picture rails
- 20.1 lineal m hanging space

**Suitable uses:** exhibitions and small events

#### 4.5.5 Tea Room

**Features:**

- Bar fridge and small microwave, instant hot water and filtered cold water

**Suitable uses:** for providing tea, coffee and reheating of food for small numbers of guests / staff

#### 4.5.6 Kitchen

**Features:**

- Commercial food warming oven
- Commercial dishwasher

- Cold storage facilities
- Food preparation space

**Suitable:** Re-heat and plating of food for functions and events, production of packaged food products and merchandise. Note that inclusions such as a grease trap etc, would be necessary to enable the kitchen to be used by some caterers for their food preparation and cooking activities.

#### 4.5.7 Loft & Storage

These spaces are accessed through the kitchen and internal stairs. The storage room is currently used as an office space and is access through the loft area.

**Suitable uses:** office space, storage

#### 4.5.8 Carpenter Room

**Features:**

- Mobile folding tables
- Data projector with automatic drop down screen, DVD/VCR and speakers.
- Electronic whiteboard
- Air conditioning
- No disabled access

**Suitable uses:** meetings, workshops, small events, workspaces

#### 4.5.9 Courtyard

**Features:**

- Open space with paved surface

**Suitable uses:** events

#### 4.5.10 Marquee (Proposed)

**Features:**

- Wooden floor
- 3 phase power

**Suitable uses:** functions, events, workshops, classes, meetings

#### 4.5.11 Toilets (Proposed)

**Features:**

- 5 unisex toilets including one for disabled persons

#### 4.5.12 Front Garden

**Features:**

- Carriageway
- Landscaped gardens



**Suitable uses:** functions, events

#### 4.6 CURRENT USE OF BRUSH FARM HOUSE

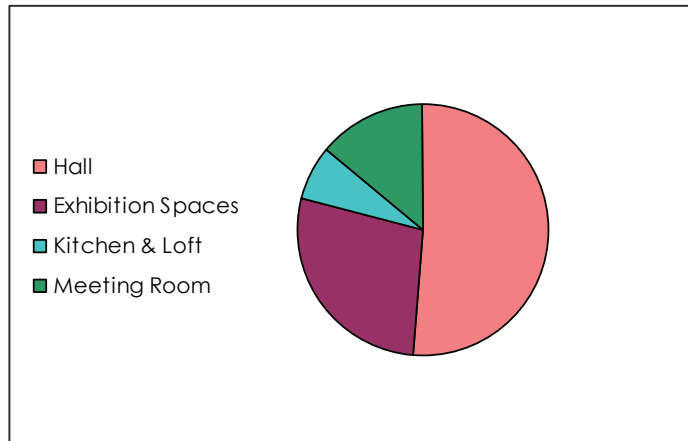
The diagram to the right represents the relative size of each of the spaces available at Brush Farm House. Note the Marquee is excluded as it is yet to be completed.

The current users of Brush Farm House are not for profit groups, educational institutions and individual artists. Their hire of the venue to date has been at community rates or free of charge.

The primary purpose for which spaces at Brush Farm House have been used to date is arts related - art classes and workshop (Macquarie Community College) and exhibitions.

The exhibition spaces are currently programmed until mid December 2008.

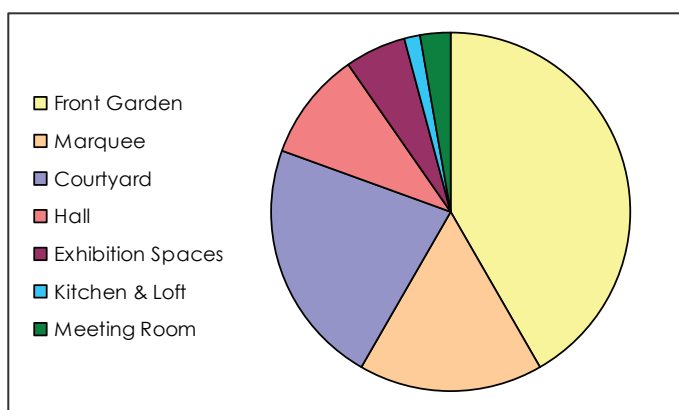
The Forster Hall is currently being used by Macquarie Community College who has the facility booked approximately 20% of the time.



##### 4.6.1 Future Spaces Available

The following diagram shows the relative size of spaces that will be available for hire on completion of the landscaping works and the construction of the Marquee in 2009.

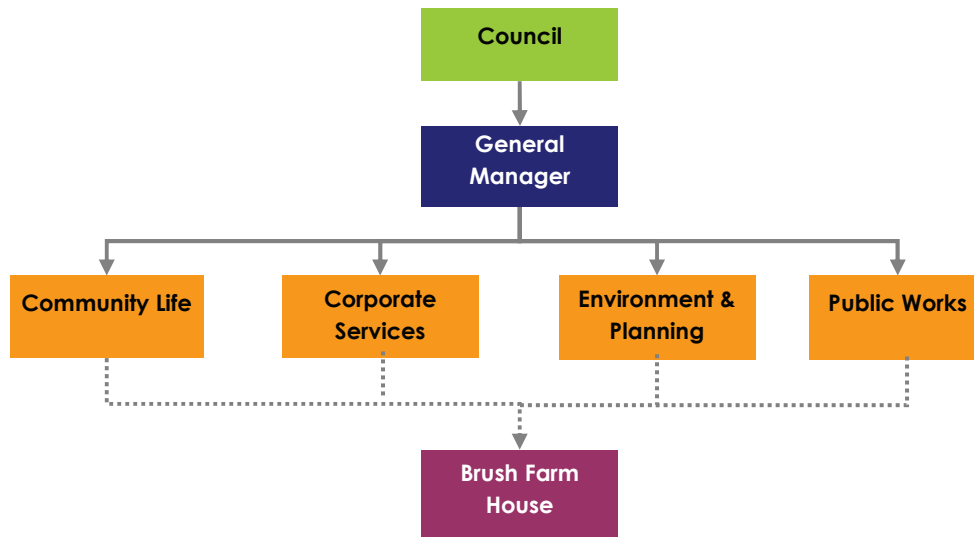
There is a dramatic increase in external spaces that are available for hire. As well, the Marquee will offer the single largest indoor space.



The extent to which spaces are currently booked reveals that much potential exists to increase the use of the property, either through programs, activities and events coordinated by the City of Ryde or through encouraging additional hiring of the facility by others.

#### 4.7 THE CITY OF RYDE'S ROLE

The diagram below shows the positioning of Brush Farm House within the City of Ryde's organisational structure.



The City of Ryde currently employs a distributed model of responsibility in relation to the management and operation of Brush Farm House. Responsibility for various aspects of its operation resides within specialist groups across the organisation, rather than in a single business unit.

We understand that it is the City of Ryde's preference to continue this model into the future.

Key areas of responsibility are presented in the following table:

	Function	Division/Department	Responsibility
Facility	asset management	Public Works	Manager, Building and Property
	maintenance & operations	Public Works	Manager, Facilities
	planning	Environment & Planning	Manager, Urban Planning
	heritage planning	Environment & Planning	Heritage Advisor
Programs	development	Community Life	Arts & Cultural Development Coordinator
	production	Community Life	Arts & Cultural Development

	Function	Division/Department	Responsibility
			Coordinator
	presentation	Community Life	Arts & Cultural Development Coordinator
	marketing & promotion	Community Life	Arts & Cultural Development Coordinator
Venue	bookings	Community Life	Manager - Community Facilities
	marketing & promotion	Community Life	Manager - Community Facilities
	Budget & resourcing	Corporate Services	

## 5. THE BRUSH FARM CONCEPT

---

### 5.1 BRUSH FARM: CREATIVITY IN THE ARTS, FOOD AND WINE

Building on the cultural heritage and the entrepreneurship and enterprise of Gregory Blaxland, the man who conceived and built it, Brush Farm will be a place where the creative spirit and small business aspirations of individuals and groups in the community is celebrated and supported.

Brush Farm will provide a vibrant **gallery** showing the creative output from a range of artists and entrepreneurs in the arts, food and wine.

Brush Farm will host niche **events** that tap into the creative heart of Ryde and showcase the efforts of arts makers and food and wine producers to a wider audience

Brush Farm will host **classes, seminars and meetings** that bring community members together to support and develop their creativity

Brush Farm will provide flexible, collaborative **workspace** for a small community of entrepreneurial individuals who are developing creative businesses in fields related to the arts, food and wine.

Brush Farm will provide a venue for **private functions** where visitors will appreciate the house, its garden setting and its creative studio atmosphere

Through the events and activities presented at Brush Farm House events, the arts will be embedded within the community of Ryde and the heritage values of the property will be appreciated by many.

### 5.2 WORKSPACE

The Carpenter Room has the potential to be an open studio hosting up to six individual workspaces. Workspaces could be rented on a month by month basis and can be exclusive or shared.

The Kitchen and Loft is a work and production space for small food production businesses on a time share basis.

Over time, the space currently occupied by the Department of Corrective Services may also be turned over to workspaces dedicated to arts and cultural activities, whether those of the City of Ryde or individuals engaged in start-up businesses. This of course could not occur until the end of the current licence period (in 2017) and is subject to the outcome of any negotiation of the renewal of the current arrangements.

### 5.3 GALLERY

The Wallumetta, Bride & Petit and Blaxland rooms and linking corridors form the core of the gallery space. From time to time external spaces will also be used as exhibition areas. The Gallery is the main free access area within the House.

#### **5.4 CLASSES, SEMINARS AND MEETINGS**

The Forster Hall room, the proposed Marquee and potentially the Carpenter Room are the main venues for classes, seminars and meetings. Programmed activities will focus on creative pursuits. Others may hire the facilities for their own use. The venues may be hired for morning, afternoon, evening or full day use.

#### **5.5 EVENTS AND FUNCTIONS**

The proposed Marquee, courtyard and gardens are the venue for events and private functions. These can be hired for a full day, morning, afternoon or evening.

Events may be developed by the City of Ryde to enhance its program of community celebration.

The balcony can be accessed occasionally for private functions.

#### **5.6 HISTORICAL CONNECTIONS**

The Brush Farm Historical Society will be accommodated within Brush Farm House and members will assist the City of Ryde in the interpretation and communication of the heritage values of the property at open days and other special events.

## 6. THE BUSINESS MODEL

---

### 6.1 IDENTIFYING & EVALUATING POTENTIAL PRODUCTS AND SERVICES

The identification and evaluation of products and services that can be delivered from Brush Farm House has taken into account a range of factors:

#### **Heritage**

- Alignment with heritage values: ensuring that activities respect the characteristics and values of Brush Farm House and surrounds and can be undertaken without causing harm or degradation to the heritage building fabric

#### **Delivering Benefits to the Community**

- Increasing the level of public engagement with the property and its history: balancing a desire for high public use with the need to preserve and conserve a sensitive heritage building and surrounds
- The City of Ryde's desire to contribute to arts development in the local community
- Optimising the potential contribution to economic growth in the Ryde community derived from arts related activities
- Capitalising on the investment made by the City and the community: the restoration of Brush Farm House has seen a significant investment to date. Future activities must build upon this investment and to the extent possible, provide financial, economic and community benefit

#### **Market & Audience**

- Supply and demand factors: the extent to which products and services are offered elsewhere in Ryde and the broader region and the demographic profile of the community which suggests the potential for demand to exist
- Positioning: the ability for products and services offered by Brush Farm House to create or find a niche not filled by others

#### **Risk**

- Degree of risk: to the building, to the surrounding precinct as well as financial risk that might be incurred by the City of Ryde
- The precinct: compatibility with existing activities and neighbourhood issues, optimising relationships with existing neighbours and ensuring shared infrastructure can cater for patrons

#### **Prior Agreements**

- The City of Ryde has in place arrangements with two organisations currently occupying facilities in Brush Farm House – Department of Corrective Services Brush Farm Training Academy and the Brush Farm Historical Society. New activities must not compromise the ability of these organisations to occupy the facility.

## 6.2 DELIVERY FRAMEWORK

When considering the products and services that might be developed for and delivered at Brush Farm House, various models were considered.

Options included:

- The City of Ryde: through existing resources across all divisions of the organisation and / or through the establishment of new resources located at Brush Farm House
- Private sector: through the licencing of facilities at Brush Farm House
- Private sector: through the engagement by the City of Ryde of individuals involved in service delivery
- Community sector: through partnerships with the City of Ryde

### 6.2.1 Preferred Approach

The City of Ryde is committed to establishing Brush Farm House as a dynamic venue providing considerable opportunities for the community to engage with the property and the programs and services delivered from it.

To that end, the City of Ryde has taken the view that in the short to medium term, it will take a hands-on approach to the development and delivery of products and services that are within the realm of its business capabilities.

For those products and services that commercial operators are best placed to deliver, the City will invite submissions from appropriate companies and individuals.

### 6.2.2 An Evolving Model

It is expected that Brush Farm House will evolve and in doing so, the City of Ryde's preferred approach to product and service delivery and development may also change. For example, as programming directions become established and embedded within the community, there may be opportunities for wider private sector involvement.

These opportunities will be considered as and when opportunities emerge and at appropriate times during strategic planning and budget cycles.

## 6.3 BUSINESS PRINCIPLES AND POLICY

The development of this Business Plan has been guided by the application of existing City of Ryde Policies. Where no policy position was available, existing practise and advice from officers was used to inform assumptions and recommendations.

## 6.4 COSTS AND REVENUES DERIVED FROM THE OPERATION OF BRUSH FARM HOUSE

This Business Plan and associated financial model has been developed to identify for the City of Ryde an estimate of the potential costs and revenues associated with the operation of Brush Farm House over a ten year period.

The costs and revenues presented in the subsequent sections of this report are therefore those associated with the ownership, management and occupation of the facility as well as the development and delivery of arts programs.



The forecasting of costs and revenues related to the delivery of services by others who might use Brush Farm House regularly or occasionally is outside the scope of this commission and is therefore excluded from the attached financial model.

## 7. PRODUCTS AND SERVICES

---

### 7.1 A FOCUS ON CREATIVITY

#### 7.1.1 Exhibitions

The restoration of Brush Farm House included the transformation of the Wallumetta, Bride & Petit and Blaxland rooms on the ground floor to become exhibition galleries.

Since July 2008, a varied program of exhibitions has been presented. In the period to December 2008, nine exhibitions were held. Visitors to the exhibitions total some 1300 people during this period.

With limited lead time and promotion, this result demonstrates the need for spaces such as these within Ryde.

#### *Competitive Environment*

A scan of Ryde and surrounds revealed four galleries that have the potential to compete or collaborate with the exhibition activities at Brush Farm House. The galleries are:

- Willandra House
- See Street Gallery
- Macquarie University
- Pymble Gallery

A snapshot of each gallery is presented below.



#### **Macquarie University**

- Located on campus at Macquarie University
- Focus on providing the campus and local community with a changing exhibition program
- Exhibiting contemporary art & sculpture
- Professional exhibition space
- Event program supporting exhibitions
- Open Mon-Fri 10-5



#### **Pymble Gallery**

- Pacific Highway, Pymble, in small street shopping strip
- Privately owned commercial gallery focused on exhibiting works for sale
- Works by contemporary Australian Artists
- Hosts solo exhibitions
- Open 7 days 10-6



#### **See Street Gallery**

- Located at Meadowbank College, TAFE NSW - Northern Sydney Institute
- Professional exhibition space
- Exhibition space for students and visiting artists
- Providing a link between students, public and industry
- Meets requirements of regional gallery
- Commission for sales from students 20%, non students 30%
- Open Mon-Fri 9-5 other times by arrangement



#### **Willandra House**

- Community gallery
- Property owned and managed by Council
- 2 tenants: Ryde Historical Society & Ryde Arts Society
- Classes & exhibitions primarily by members
- No charge for exhibition space, commission from sales 20% members non members 25%
- Director of gallery is voluntary position
- Gallery Open Mon-Thur 9-3 Sat-Sun 2-4

### *Future Program Opportunities*

The continuation of the exhibition program is desirable. It provides an opportunity for the City of Ryde to assist local artists and to encourage regular visitation to Brush Farm House at levels that are manageable in terms of the capacity and heritage values of the property.

The positioning of Brush Farm House as a small, affordable exhibition space caters for new and emerging artists who might not otherwise have an opportunity to exhibit their work. This positioning complements rather than competes with other galleries in the surrounding area, thus providing opportunities for future collaboration.

The exhibition program also has an opportunity to extend to the grounds of Brush Farm House. The programming of sculpture exhibitions and other media suited to outdoor displays can be linked to indoor exhibitions, art classes, art and design markets or the City of Ryde's events strategy. Each of these is discussed further below.

Exhibitors will have access to Brush Farm House for approximately a two week period, enabling approximately 26 exhibitions per year to be presented.

### *Management and Operations*

Creative leadership is vital for the success of an ongoing exhibition program. The City of Ryde will drive this through its arts and cultural strategic planning as well as through the establishment of a position based at Brush Farm House.

The Brush Farm House Arts Program Coordinator will be responsible for:

- the creation of an annual exhibition program
- liaison with local artists to encourage them to exhibit

- facilitating the installation and de-installation of exhibitions
- assisting exhibitors to market their exhibition
- promoting the City of Ryde's arts programs generally
- facilitating venue management and facility management service provision by relevant City of Ryde departments and contracted service providers

### *Service Delivery Model*

The exhibition galleries are currently provided at no cost to exhibitors. In return, exhibitors are required to provide supervisory staff to oversee the exhibition and to ensure visitors act appropriately within Brush Farm House and its surrounds. As well, exhibitors install and de-install their exhibitions with specialist assistance provided by the City of Ryde. At present, exhibitors do not pay a commission on their sales, nor do they pay for the specialist expertise made available to them.

It is proposed that this operating model will remain in future with some inclusions - the introduction of a commission payable on sales and the potential cost recovery for specialist services being the area of change. It is on this basis that the financial model to support this Business Plan has been developed.

### **7.1.2 Art Classes**

Classes and workshops are a means to inspire individuals of all ages to develop their skills in their chosen field of arts.

Classes can focus on beginners, skilled hobbyists, and emerging professionals.

They foster the exchange of ideas, the creation of social networks as well as the development of new skills. Participants can move beyond classes to pursuing arts as their profession as an individual artist or through the formation of small to medium enterprises.

### *Competitive Environment*

The Macquarie Community College currently hires Forster Hall at Brush Farm House from which visual arts workshops and classes are delivered. Forster Hall is used only for the duration of each class or workshop. The 2009 Term 1 program<sup>26</sup> includes:

- Water colour painting
  - Botanical illustration
  - Silver metal clay jewellery
  - Drawing and painting
- 

<sup>26</sup> Macquarie Community College Program as published at <http://www.macquarie.nsw.edu.au/index.php>

- Art therapy

### *Future Program Opportunities*

The City of Ryde has expressed a desire to expand the range and number of arts classes and workshops offered at Brush Farm House. The expanded program will cater for a wide audience from young children to adults of all ages.

The nature of the potential venues for classes and workshops at Brush Farm House inform their content – visual arts being the most appropriate sector, with some performance arts classes also possible. Classes that require specialist facilities and equipment (ie. wet areas, fume extraction, sprung floors etc.) are more suited in purpose built facilities available elsewhere.

### *Management and Operations*

The City of Ryde wishes to provide the creative leadership in this sector of the arts, expanding the program of classes and workshops beyond that which is currently available in the local area. The development and coordination of this program will form part of the responsibilities of the Brush Farm House Arts Program Coordinator.

### *Service Delivery Model*

By way of illustrating the means by which the City of Ryde could present a broader program, a number of examples of private sector art schools as well as those run by Councils were considered.

The opportunity to work with Macquarie Community College to expand its current program also exists.

### **Preferred Model**

The City of Ryde has expressed a preference to follow the Willoughby Park Centre model – that is, to manage the delivery of classes and workshops as a means of extending the current program offered by Macquarie Community College. Details of Willoughby Park Centre are presented below.

Council officers will accept bookings from participants, set fees and charges and collect payments. Specialist tutors will be engaged by the City of Ryde to deliver the programs.

This may be a short to medium term arrangement, an investment in the embedding of Brush Farm House as a centre for the arts in Ryde.

In the longer term, external service providers may be invited to assume responsibility for program development and service delivery.

It is on this basis that the financial model to support this Business Plan has been developed.

## Exemplar: Willoughby Park Centre, Sydney



A community centre run by Willoughby City Council offering a variety of art and recreational activities for adults and children.

Programs offered across 4 terms per year with half and one day activities and workshops during school holidays.

Programs are offered in:

- Adult creative art
- Adult fitness
- Children's art and craft
- Children's Performing Arts
- Children's Active courses

Willoughby Park Centre comprises:

- Hall with stage
- Art room / ceramic room designed for classes
- Community pre-school

The business model is one designed for community participation. Classes are run for different age groups at different times of day and evening. Some classes use neighbouring venues – Dougherty Community Centre and St John's Church Room / Church Hall. Community groups hire the venue to run their own programs – Judo Club, Taekwondo Club, Table Tennis Club, etc. Rooms are available for hire for limited range of activities on weekends. The net cost to Council is approximately \$200,000 per annum

<http://www.willoughby.nsw.gov.au/Willoughby-Park-Centre.html>



### 7.1.3 Markets - Arts, Food and Wine

In recent years, there has been a considerable growth in the number of markets throughout Sydney and across Australia. Some markets are specialist – art and design, organic food, wine, clothing (skirts and shirts). Others may be more generalist.

Markets are predominantly held outdoors and the gardens of Brush Farm House lend themselves to this activity. The marquee and Forster Hall could offer shelter when the weather is poor.

Leading US Placemakers, Project for Public Places (PPS) suggest that markets have the potential to become "the heart and soul of a place, a spot where people naturally interact, where social and economic activities thrive."

The research of PPS<sup>27</sup> indicates that markets result in:

- direct economic benefits through the creation of new jobs

---

<sup>27</sup> [www.ppps.org](http://www.ppps.org)

- profits for business owners (who, our own research reveals, are often small or emerging enterprises)
- enhancement of local parks or business districts
- a stimulus for nearby development

### *Competitive Environment*

A scan of the location of markets across Sydney indicates that there may be opportunities in Ryde not yet captured. There are no regular markets held within the Ryde area at present. Discussions with the operator<sup>28</sup> of some of Sydney's leading organic produce markets reinforce our research, suggesting a willingness from operators to find an appropriate venue for a market.

PPS<sup>29</sup> suggests that "demographic trends point toward the continued growth of public markets" and that one of the key reasons is the growing diversity in the population who "bring new products, energy, and dollars to the table".

Ryde with its diverse population appears to fit the profile of a place that could sustain a market.

While the grounds of Brush Farm House lend themselves to hosting a market, a key factor in its success however, will be the timing with other activities in the neighbourhood in order to minimise traffic congestion and competition for what is limited car parking. On Saturdays, the neighbourhood is active with sporting activities, resulting in considerable demand for car parking and traffic movement. Brush Farm Academy also hold open days and these are likely to be on Saturdays. There is still activity in the precinct on Sundays, albeit not at the same level – suggesting that a market held at Brush Farm House on a Sunday appears to be most suited in this regard.

### *Future Program Opportunities*

Thematically, Brush Farm House could pursue markets that focus on the arts in accordance with the current and proposed use of the property. From a historical context, markets with a focus on food and wine have synergies with the early uses of the property.

Our discussions with operators of food and produce markets suggest that weekly markets are ideal to ensure that they become part of the regular shopping habits of residents. Art and design markets may also operate weekly but many successful markets operate on a monthly basis.

Consideration must also be given to the impact on Brush Farm House and surrounds through the level of activity generated by a market. Therefore, demand must be moderated to minimise harm to the building fabric and grounds through over-use.

---

<sup>28</sup> [www.organicfoodmarkets.com.au](http://www.organicfoodmarkets.com.au)

<sup>29</sup> [www.pps.org](http://www.pps.org)



Given all the above factors, it is recommended that an Art and Design market be established at Brush Farm House. The market will be held on a monthly basis, on a Sunday.

The market will provide opportunities for connections to be made with the other arts and events – participants in classes and workshops may be encouraged to offer works for sale, exhibitors in the gallery may find new avenues for the sale of their works and the new enterprises supported by the City of Ryde in their network program may also participate.

Presented below are examples of successful markets that operate in similar environments.

## Exemplar: Rose Street Market, Melbourne

A market to showcase contemporary art to the wider community. Visitors can buy, source and commission works and meet artists and designers in person.



Rose Street Market was initiated by two individuals who had seen international examples of good art and design markets. They identified a gap in the Melbourne market place and had good connections with artists and designers who were creating interesting products. The market is held weekly and has been operating for 6 years.



The quality of the product is critical to success. Current marketing campaign "live local, buy local" has capitalised on recent consumer trends.



The market comprises 70 stall-holders – a waiting list exists for new stall-holders. The introduction of the café added to the "dwell" time, encouraging more sales.



The land on which the market operates is owned by the operators' family. The market needed time to develop. From year 2, the operators and stall-holders were profitable. The business now supports 2 full-time and 4 part-time staff.



## Exemplar: Abbotsford Convent Slow Food Farmers Market

A market for Victorian farmers to sell direct to their customers. Fresh produce sold by its grower, and manufacturers who grow their own ingredients.

The Slow Food Farmers Market is held monthly at Abbotsford Convent, Melbourne.

It is coordinated by and promoted alongside other community markets that are run on a not-for-profit basis.

The markets subscribe to slow food and fresh produce principles and are timed to ensure they in combination, become part of the regular shopping experience of Melbournians, albeit in a different location each week



<http://www.mfm.com.au/slowfood.htm>



### Management and Operations

The City of Ryde has expressed an interest in providing the creative leadership to oversee the establishment of a market. This will form part of the responsibilities of the Brush Farm House Arts Program Coordinator.

### Service Delivery Model

Private operators of markets exist within the Sydney region. These operators predominantly deliver produce markets.

Community organisations and groups of individuals also have become market operators – to raise funds for their organisation, to fill a niche that exists in their region or to create an avenue for the sale of their products.

In the establishment phase of the Art and Design Market at Brush Farm House, we understand that the City of Ryde wishes to take on the coordination role, working with potential stall holders to deliver an outcome that is economically rewarding for the City and stall holders. As well the City of Ryde wishes to ensure the market contributes to the creative programming and activation of Brush Farm House and the development of arts generally in Ryde.

The City of Ryde will promote the market, seek out stall holders and manage their bookings, set fees and charges and collect payments.

This may be a short to medium term arrangement, an investment in the embedding of Brush Farm House as a centre for the arts in Ryde.

In the longer term, external service providers may be invited by the City of Ryde to assume responsibility for the coordination of the market.

It is on this basis that the financial model to support this Business Plan has been developed.

#### 7.1.4 New Enterprises - Networks and Nurturing

The strength of Brush Farm House as a centre for creativity in arts, food and wine will be in the development of new enterprises. One means by which this will be achieved will be the establishment of a program of specialist networking events through which participants can:

- Learn new skills;
- Meet specialists who can provide advice and guidance;
- Connect with other individuals who are also trying to establish their own enterprise ; and
- Receive information about support and development programs to which they might not otherwise have been exposed.

##### **Making art and making a living Armidale, Inverell, Moree, Tamworth**

How can the New England North West's many talented artists make art and make a living? Arts North West, in partnership with the Northern Inland Regional Development Board, will be hosting a series of workshops across the region to address this question and offer advice as to how it might be achieved.

The free workshops, 'Making Art - Making a Living', were devised in response to requests from artists and galleries. They follow the successful 'Art as an Industry' symposiums that have focussed on the development of creative industries within the New England North West region.

The workshops will respond to issues identified by artists and galleries through the visual art survey and direct consultation - best practice, professional opportunities and promotion.

[www.mgnsnw.org.au](http://www.mgnsnw.org.au)

By way of example, a recent advertisement for a seminar for arts practitioners is presented above.

#### *Service Delivery Model*

The Programming Coordinator based at Brush Farm House will develop an annual program of events, workshops and seminars.

Relevant experts from other City of Ryde departments (eg. Economic Development and Community & Cultural Development) will be called upon to contribute to the delivery of the program. Guest speakers from the public and private sector will also be invited to participate in the program.

Some events will be informal gatherings, during the early evening. Others may take the form of a Masterclass and run for half or a full day. On-line forums will also provide avenues for discussion, information and support. (Living Creatively presented below is one such forum.)

Participants may be required to pay an entry charge, particularly for seminars and Masterclasses.

### Living Creatively..

the on-line community dedicated to creativity



buyhand



Ideas exchange for hobbyists and emerging professionals

- Blogs
- Library
- Newsletter

Trading opportunities for artists

Business tools and resources

[www.livingcreatively.com.au](http://www.livingcreatively.com.au)

#### 7.1.5 Co-Working Space

The concept of Co-Working Spaces is new to Australia. The model has been working successfully in Melbourne for approximately 12-18 months. A new venture will start in Sydney during 2009.

The use of facilities at Brush Farm House for this purpose aligns with its future direction as a centre for creativity in the arts, food and wine.

##### *Future Opportunities*

Shared workspaces at Brush Farm House will provide an opportunity for individuals involved in creative pursuits, and who are in transition from hobbyists or home based workers to commercial enterprises, to work in a professional workplace. By making available a desk in a shared facility, individuals can move incrementally toward commercial enterprises – an opportunity that might otherwise be denied them due to the barriers experienced by many new businesses when they attempt to secure commercial office facilities.

The Carpenter Room and potentially the Loft above the Kitchen (subject to the use of the Kitchen – see below) are spaces that could be converted to shared work spaces.

##### *Management and Operations*

The City of Ryde will take a co-ordination role, seeking and assessing applications from those interested in sharing a workspace. The evaluation of applicants is fundamental to long term success of the venue – ensuring that there are a mix of complementary skills will result in a dynamic, creative shared workplace that will enable each of the occupants to share ideas and learn from each other.

##### *Service Delivery Model*

The Open Hub example presented below provides a model for operation.

In this model, space can be secured full-time, part-time or on a casual basis. Access to shared office equipment (printer, fax, copier etc.) is provided. A basic level of office fitout – chairs, desks, etc. is also provided.

## Exemplar: OpenHub



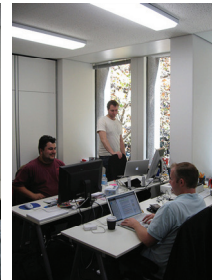
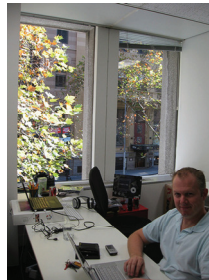
A workspace where creative professionals and business owners can come and work in the City of Melbourne at an affordable price



- Choice of
- casual
  - part time
  - full time
- Members provided:
- office chairs
  - desks
  - electricity
  - water
  - coffee

Members have free access to shared services:

- Internet access
- Phone, Printer,
- Fax and the
- WII console
- Meeting room



### 7.1.6 Food Production and Food Services

The Kitchen at Brush Farm House has been developed to a level that enables commercial use. For catering purposes, it is described as a re-heat and plating kitchen and we understand that additional fixtures and services would be required to enable its use for full food preparation and all forms of cooking.

As a commercial standard kitchen, it also provides opportunities for use by small enterprises involved in food production for re-sale.

#### *Future Opportunities*

The kitchen at Brush Farm House offers a number of possible future opportunities – some which are complementary, others are mutually exclusive. All will contribute to one or more aspects of the future arts and events programs.

In relation to the events and functions use of Brush Farm House, the kitchen may be used by commercial catering companies (on an exclusive or non-exclusive basis) to provide food and beverage services.

To support the future development of Brush Farm House as a centre for creativity and enterprise, the kitchen may be used by small enterprises involved in the manufacture of food products for sale elsewhere.

#### *Management and Operations*

Regardless of the preferred occupant or occupants of the kitchen, the City of Ryde will take a landlord role – either contracting with one or more parties for long term arrangements or accepting bookings for short-term hire.

#### *Service Delivery Model*



The development of commercial kitchens for use by small food manufacturing enterprises is relatively new.

As the example presented alongside indicates, Cooking Space is one such facility, newly established in Melbourne.



Should this be the City of Ryde's preferred model of operation, it could be achieved by offering the venue for hire by a number of organisations, or the negotiation of a long term licence with a single entrepreneurial business who are seeking access to a commercial kitchen on a regular basis.

#### **Cooking Space**

- A provider of quality kitchen facilities located in the Melbourne CBD
- Fully equipped facilities available for hire or lease
- Available on exclusive or non-exclusive basis.

[www.cookingspace.com.au](http://www.cookingspace.com.au)

In terms of its use as a catering facility providing food and beverage services to functions and events at Brush Farm House, two alternative approaches are available.

The first would result in a commercial catering company securing access to the facilities on an exclusive basis in order to drive the use of Brush Farm House facilities for functions and events. It could be assumed that the operator of this business would also seek to deliver products and services from the kitchen beyond the Brush Farm property. This option would naturally preclude the use of the kitchen by small enterprises involved in food production.

An alternative approach to supporting the use of the venue for functions and events also involves a commercial catering company. The difference being that their use of the kitchen would be on a non-exclusive basis, that is, they would use it only for the time required to cater for a particular function. Implementing this approach also leaves open the possibility for occasional hire by food production enterprises.

## **7.2 EVENTS AND FUNCTIONS**

Brush Farm House is an attractive property for the hosting of corporate, community and family events and celebrations such as meetings, small conferences, cocktail parties, weddings and the like.

The addition of the Marquee will significantly add to the venues available for this purpose. It will provide a large, undercover facility with capacity to accommodate between 120 and 190 people, depending on the nature of the function.

Forster Hall with a capacity of 70 people has already been successfully used for this purpose. Similarly, the intimate rooms within Brush Farm House have also been used as venues for smaller gatherings.

The Gardens provide another large venue capable of accommodating crowds that number in the hundreds at any one time.

### Competitive Environment

A detailed scan of the region surrounding Brush Farm House identified numerous venues that are used for similar purposes.

#### Wedding Venues

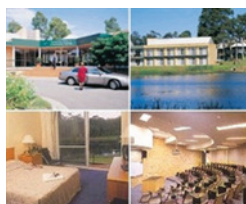
In terms of the potential for Brush Farm House to be used as a venue for weddings and similar events, we examined some key venues with which it would compete. The findings from this competitor analysis revealed that:

- The marketplace is competitive, in terms of the number of venues, the products and services offered and the prices at which they are offered;
- There appears to be room for more venues in the market as the long lead time for bookings in peak seasons indicate a level of unmet demand;
- The wedding market is specialist and highly oriented toward the packaging of services. There are venues in reasonable proximity to Brush Farm House which can offer the attributes of a heritage property, as well as the level of integrated service delivery desired by the market;
- Whilst revenue appears high, there are also high costs associated with marketing and promotion and service delivery.

#### Meetings and Conferences

A range of venues are available within Ryde for hire for meetings, conferences and other similar activities. They include commercial venues as well as others owned by the City of Ryde. A limited number and their attributes are presented below.

## Competitor Environment: Meeting & Function Spaces



**MGSM Executive Hotel and Conference Centre**

Commercial Function Centre  
Corporate conference environment  
15 rooms available  
Daily room hire \$130-\$700  
Additional charge for audio visual equipment  
Food and equipment package from \$57/head/day  
Residential package from \$290/head/day  
Parking available at the University



**Ryde-Eastwood Leagues Club**

Club/RSL/Hotel  
7 function rooms with capacity from 12-300 people  
Room hire \$65-\$375/ 5 hrs  
Audio visual equipment extra charge  
Food packages \$8.50-\$19  
Wedding packages \$60-\$115 / head  
Free Parking with capacity for 450 people



**Shepherd's Bay Community Centre**

Property owned and managed by Council  
2 meeting rooms, kitchen, amenities, outside courtyard  
Capacity 120  
Uses: meetings, community groups, parties. NO functions with alcohol  
Charges: \$8-55 / hr min 4 hrs, 5hrs Fri/Sat night  
Mon-Sat 8am-10pm, Sun 10am-10pm  
Street Parking

The findings from this competitor analysis revealed that:

- The marketplace is competitive, in terms of the range of venues available and the range of prices at which the venues can be obtained;
- The venues that offer an integrated package of food and beverage services as well as other support services for conferences and events (IT support, accommodation etc.) appear to dominate in the market; and
- There appears to be opportunity to enter the market if the venue is unique, offering a different environment to that which is currently available.

### **Summary – Weddings, Meetings & Conferences**

For Brush Farm House to compete with the major venues in the region in order to return to the City of Ryde a high level of revenue from this activity, significant investment in the fitout of the venues with furniture and equipment will be required. As well, a considerable investment in the level and nature of staff to service the venue will be essential. This includes event organisers as well as those involved in the set up and servicing of the venue. The integration of service providers who can deliver food and beverage services, IT&C and other ancillary services will be critical to success. An ongoing investment in marketing will be required to ensure the market has an awareness of the venue.

Success within such a competitive environment comes with a high degree of risk. It may not be perceived by the community as the core business of the City of Ryde. In fact it may be perceived as trying to compete with the private sector. The extensive use of Brush Farm House for private functions will also compromise the extent to which the property can be used by the general public.

### *Future Opportunities*

A balanced approach toward the use of Brush Farm house is therefore necessary – one which enables the use of the property for such purposes without compromising to a great extent, the intent to develop Brush Farm House as a centre for the arts and creative activities. The revenue generated from this source will be reduced, however other opportunities to generate revenue from arts programs will be created.

### *Service Delivery Model*

It is recommended therefore that Brush Farm House be offered for hire as a venue for corporate, community and private functions and events on a similar basis to the hire of other City of Ryde venues. That is, the City will provide the venue and a basic level of furniture and equipment but primarily, the event organiser will be responsible for the coordination of all services required to deliver their particular event.

Venues will be available for hire on an hourly or daily basis. Bookings will be coordinated by the City of Ryde's existing Venue Bookings service.

Regular bookings of the venues for the delivery of arts related programming will take precedence over their use for non-arts related activities. Long term planning and forward booking by the Brush Farm Program Coordinator will enable this prioritisation to work effectively, ensuring that when venues are available, their hire and the subsequent revenue that can be generated is optimised.

It is on this basis that the financial model to support this Business Plan has been developed.



## 8. FINANCIAL MODEL & ASSUMPTIONS

---

### 8.1 HOURS OF OPERATION

Brush Farm House will operate seven days per week and potentially 52 weeks per year.

Hours will vary for each of the activities or services delivered by the City of Ryde or by others who hire the venue regularly or occasionally.

Outdoor activities are likely to be seasonal in nature, generally during the period October – April.

The overall hours of operation are guided by the development consent conditions<sup>30</sup> which restrict the use of amplified sound to 9.00 am – 10.30 pm Sundays to Thursdays and 9.00 am – midnight Fridays and Saturdays.

### 8.2 FORECAST GROWTH OF COSTS AND REVENUES

The forecasting of future growth in costs and revenues is perhaps more complex at this present time than at any other time before. Inflationary and other external pressures impact on the movement of costs and revenues. The movement between various sectors in the economy can be quite different so it is important to use the indices that best represent the goods or services in question.

We understand that the City of Ryde total rate revenue is subject to a cap of 3.2% per annum as determined by the Minister for Local Government<sup>31</sup>. It follows then that increases in overall expenditure must be aligned with this revenue cap.

We note that forward projections in the City of Ryde Management Plan<sup>32</sup> make provision for total operating expenditure increases of:

4.59% (2009-10)

3.39% (2010-11)

3.57% (2011-12)

During the same period, the forecast for wages growth is 4.0%.<sup>33</sup>

---

<sup>30</sup> City of Ryde consent no. 425/2005 13 December 2005

<sup>31</sup> City of Ryde Management Plan 2008-2012

<sup>32</sup> City of Ryde Management Plan 2008-2012

<sup>33</sup> City of Ryde Management Plan 2008-2012

In determining the appropriate growth factors to apply to this Business Plan, we have also taken into account the Reserve Bank of Australia's (RBA) recent update on monetary policy in which future inflationary trends have been significantly revised downward<sup>34</sup>.

For example, the Consumer Price Index (CPI) has declined from 5% in the year ended September 30 2008 to 3.7% for the year ended December 31 2008. The RBA's future forecast for underlying inflation is for a decline to around 2% by mid 2011. CPI inflation is expected to decline more quickly in 2009 but then move in line with the measure of underlying inflation<sup>35</sup>. This is within the RBA's target band for inflation of 2-3%.

The pricing of utilities (electricity, water, gas) is subject to regulation. Recent indications suggest greater than CPI rises in these areas, particularly where consumers are not in a position to benefit from competition in the marketplace. In terms of electricity pricing, the 2007 IPART<sup>36</sup> decision in terms of regulated prices, forecast average increases of 7.3, 8.1 and 7.0% for the years 2007 to 2010. In terms of water, sewerage and storm water charges, IPART's Fact Sheet indicates that from 1 July 2008, commercial consumers can expect an average increase of 34% over financial years 2007/08 to 2011/12 – an average of 6.8% per annum.

On the basis of the most recent information available (ie. the RBA forecast), the following growth percentages have been applied:

- 3% for general costs and revenues for the period of the financial model
- 4.0% for wages growth
- 7.0% for electricity consumption
- 6.8% for water, sewerage and storm water charges

## **8.3 CAPITAL INVESTMENT IN BRUSH FARM HOUSE**

### **8.3.1 Capital Value Brush Farm House**

The City of Ryde has advised that the current (2008) value of Brush Farm House is \$5.78 million. This valuation reflects the substantial investment in the property's restoration.

### **8.3.2 Marquee**

We understand that it is the City of Ryde's intention to install a Marquee and toilets to the rear of Brush Farm House for the purposes of providing additional facilities to cater for a range of activities, functions and events. At the time of preparing this Business Plan, development consent had not yet been achieved.

---

<sup>34</sup> Reserve Bank of Australia Statement on Monetary Policy 6 February 2009 as published at [http://www.rba.gov.au/PublicationsAndResearch/StatementsOnMonetaryPolicy/Statements/statement\\_on\\_monetary\\_0209.pdf](http://www.rba.gov.au/PublicationsAndResearch/StatementsOnMonetaryPolicy/Statements/statement_on_monetary_0209.pdf)

<sup>35</sup> RBA Statement on Monetary Policy as above

<sup>36</sup> Independent Pricing and Review Tribunal NSW, 2007, Regulated Electricity Retail Tariffs and Charges for Small Customers 2007-2010

For the purposes of this Business Plan, we have assumed that development consent will be achieved and that the Marquee will be available for use from the commencement of financial year 2010-11.

The cost of these works has been advised by the City of Ryde as \$120,000.

### **8.3.3 Asset Provisions**

The value of Brush Farm House and the proposed expenditure on new facilities has formed the basis for the estimated expenditure in this Business Plan associated with:

- Provisions for annual repairs and maintenance; and
- Depreciation charges.

### **8.3.4 Compliance with Legislative and Other Requirements**

We have assumed that Brush Farm House is compliant with legislative and other requirements. In developing this Business Plan, occupancy limits as prescribed in the development consent have been taken into account. As no advice to the contrary has been provided by the City of Ryde, we have assumed that all proposed uses for Brush Farm House are in accordance with the City's obligations.

In terms of the development of the Marquee and toilets, we have assumed the City of Ryde's plans are compliant with Building Code of Australia and other relevant legislative requirements.

Subject to the acceptance of the recommended events and activities contained within this Business Plan, we recommend that the City of Ryde review its plans for the provision of new facilities to confirm their compliance in view of forecast use.

### **8.3.5 Capital Budget to Cover Costs**

It is assumed that the capital budget for the provision of the Marquee and toilets will cover all costs until such time as the facility is completed and operational. No provision has been made within this Business Plan for any costs associated with their development.

### **8.3.6 Balance Sheet Implications**

It is assumed that the new assets (Marquee and toilets) will be taken to the City of Ryde's balance sheet in financial year 2009-10, therefore maintenance and depreciation provisions will be required for the first time in financial year 2010-11.

### **8.3.7 Changes to Development Schedule**

Should the timeframe for development of the Marquee and toilets extend or compress, it is recommended that the financial model be amended to ensure it remains aligned with the development schedule.

### **8.3.8 Source of Funds**

We have assumed that as the City of Ryde has committed to investment in new facilities, the cost of capital associated with the development of the Marquee and toilets is excluded from this Business Plan.

## 9. OPERATING REVENUE

---

### 9.1 OVERVIEW

Operating Revenue is the revenue returned to the City of Ryde through the:

- Development and delivery of arts programs and events;
- Licencing or long term rental of facilities at Brush Farm House;
- Management of Brush Farm House as a venue for hire; and
- Commission and other charges applied to hirers.

Revenue generated by hirers through their use of Brush Farm House is not included.

#### 9.1.1 Three Scenarios

In developing these revenue forecasts, three scenarios have been modelled. The scenarios include:

- **Scenario 1:** Brush Farm House as a centre for creativity in arts, food and wine. This scenario presents the Concept as outlined in Section 4, the Business Model as outlined in Section 5 and the Products and Services as outlined in Section 6.
- **Scenario 2:** Using Scenario 1 as the base, greater emphasis has been placed on the generation of higher levels of revenue through the hire of the venue for meetings, events, conferences and weddings and lesser emphasis on the programming by the City of Ryde of arts activities and events.
- **Scenario 3:** Using Scenario 1 as the base, changes have been made to the delivery model to reflect a reduced level of control and involvement of the City of Ryde in the development and delivery of arts activities and events. These will be delivered but will be dependent upon the programming directions of commercial and community organisations who hire the facilities at Brush Farm House. This model reflects the current situation at Brush Farm House albeit with some growth in current activities.

This report focuses on Scenario 1 as the preferred model for implementation at Brush Farm House. It represents a balance between the social and economic outcomes for the City of Ryde and is aligned with the concept for Brush Farm House as articulated in an earlier section of this report.

Appended to this report are the financial models for all three Scenarios.

Where Scenarios 2 and 3 diverge from Scenario 1, the relevant details are also included in Appendix 2 (Scenario 2) and Appendix 3 (Scenario 3).

### 9.2 FACILITY LICENCES

#### 9.2.1 Intent

It is the City of Ryde's intention that in the short to medium term during the establishment of Brush Farm House as a centre for creativity in arts, food and wine, many of the products and services offered will be developed and delivered by their organisation.

As such, the opportunity to offer facility licences to enable commercial operators to provide these services on behalf of the City is limited.

The kitchen and associated store and loft may be an exception and this is discussed further below.

An option exists for the City of Ryde to transform the Carpenter Room and Loft (above the kitchen) into a Co-Working Space for entrepreneurial individuals in the creative industry sector who are transitioning from home to professional office accommodation. Whilst we understand that this option may not be pursued, we have included it as an alternative strategy to offering the venue for hire. Note that the exclusive licence of the kitchen is compromised by pursuing this Co-Working option.

### **9.2.2 City of Ryde Services**

For the purposes of this financial model, the costs associated with the use of Brush Farm House for the delivery of City of Ryde services and programs have not been included. It is assumed that an internal system of charging "rent" or "venue hire" for their own organisation's activities is not applicable.

### **9.2.3 Existing Obligations**

The City of Ryde has in place agreements with two organisations who are currently occupying facilities at Brush Farm House.

#### *Department of Corrective Services*

The Department of Corrective Services (DCS) has an agreement with the City of Ryde. The licence commenced in 2007 and is for a period of 10 years. Payments made by DCS in respect of their occupation of Brush Farm House have been accounted for in the financing of restoration works and are therefore not included as revenue in this Business Plan.

A total of 165 m<sup>2</sup> is occupied by DCS. This includes the areas known as the Stayner, Bennett and Elizabeth Blaxland rooms, a kitchen and toilet. All are on the first floor of Brush Farm House. Access to the verandah is controlled by DCS as it adjoins these rooms (prior permission is required for its use by others).

The rooms are used for training and administration purposes.

DCS is required to pay a proportionate share of outgoings as defined by the licence agreement. Currently this proportion represents 27%.

The long-term occupation of Brush Farm House by the DCS is a matter for negotiation with the City of Ryde, the outcome of which should not be pre-empted by this Business Plan.

We understand that the City has long term aspirations for Brush Farm House as a creative centre. Should space become available in future, the relocation of arts development staff from their administration facility to Brush Farm House may be desirable. Similarly, additional space may be applied to the establishment of a Co-Working space (refer below).

For the purposes of this financial model, we have not attributed new rental income from the facilities currently occupied by DCS should they become available in 2017.

### *Brush Farm Historical Society*

The Historical Society has a licence agreement with the City of Ryde covering the period 1 February 2008 – 31 January 2010 which provides for:

- Access to Brush Farm House between 7.00 am – 11.00 pm seven days per week
- Exclusive access to facilities (office and store) from which the research and archival activities of the Historical Society are conducted; and
- Access to Forster Hall for 11 meetings per year (during the evening, Monday – Friday).

The Historical Society is obliged to assist the City of Ryde by providing tours of Brush Farm House on open days held four times per annum and to assist in the training of volunteers.

The long-term occupation of Brush Farm House by the Historical Society is a matter for negotiation, the outcome of which should not be implied from this Business Plan.

For the purposes of the financial model, we have assumed that the current arrangements will remain in place for the next ten years. That is, rent is not attributed to this Business Plan for this component of the facility. This is a conservative position - should the rooms be used for other activities, it is possible that additional revenue may be generated as a result.

### **9.2.4 Kitchen & Associated Facilities**

We understand that it is the City of Ryde's intention to invite submissions from commercial catering companies and other interested parties who may operate their business from the kitchen at Brush Farm House.

It is recommended that occupiers of these facilities:

- Be a commercial catering company that has the potential to contribute to the use of Brush Farm House facilities for functions and events. The operator may seek to have access to the facilities on an exclusive or non-exclusive basis; and/or
- Be a small food manufacturing enterprise that is aligned with the spirit of Brush Farm House as a centre for creativity in art, food and wine. That is, an entrepreneurial business that may be in its infancy that is seeking access to a commercial kitchen on a regular exclusive or non-exclusive basis.

#### *Basis for Calculating Rent – Food Production Enterprise*

The market for hiring commercial kitchens to start-up food manufacturing enterprises is relatively new and as such, the potential revenue from this source is difficult to quantify.

An annual licence for exclusive occupancy may be the preferred model for the enterprise. Other models include hiring the facilities on an hourly, daily or other basis where exclusive access is granted only for the period of the hire.

Revenue from this activity is not included in the Business Plan however we recommend that the City invite responses from proponents in any expression of interest process undertaken.

#### *Basis for Calculating Rent – Commercial Catering Company*

For the purposes of developing this Business Plan, consultation with commercial catering organisations was been undertaken. Two licencing models were considered:

- **Non-exclusive:** the catering company would occupy the facilities as a "preferred caterer", paying an hourly or daily hire charge. Under this model, the catering company has an

expectation that the City of Ryde will invest in marketing the venue for functions and events and equip it for such purposes (or pay the catering company for it to provide these services and equipment);

- **Exclusive:** the catering company would occupy the facilities exclusively with the aim of generating substantial business from the hosting of functions, events and the like from Brush Farm House as well as other venues from which it might operate. Under this model, the catering company would seek to have primary and in many instances, exclusive access to Brush Farm House for the purposes of hosting functions and events. It could be expected that the commercial operator would invest in marketing the property and equipping it to meet the needs of their clients. Public access and the ability of the City of Ryde to deliver its arts and events program has the potential to be reduced, dependent on the negotiated terms and conditions regarding access to the facilities.

Based on advice received during consultation, an estimate of the potential rent from the exclusive occupation of the facilities has been included in the financial model. This level of revenue reflects an increased level of patronage at the property. .

Given that the use of Brush Farm House for events, weddings, conferences and the like is in its infancy, we have assumed that 50% of maximum rental is likely to be earned in the first year, 75% of maximum rental in the second and 100% by the third year of operation.

### *Market Testing*

The rent forecast is of course, subject to testing in the marketplace and will be informed by the prevailing conditions at the time as well as the conditions of access and use imposed by the City of Ryde.

We recommend that both options be pursued (catering as well as food production) in an expression of interest process and evaluate the proposals using criteria such as:

- Alignment with arts and events objectives and forecast utilisation of Brush Farm House;
- Financial return;
- Broader economic benefit that each might deliver to the community; and
- Risk for the City of Ryde.

### **9.2.5 Co-Working Space**

The concept of Co-Working Spaces is new to Australia. The model has been working successfully in Melbourne for approximately 12-18 months. A new venture will start in Sydney during 2009.

We have consulted with the company who initiated and is operating the facility in Melbourne. Their advice and experience has informed the financial projections presented below.

The Carpenter Room and Loft provide for approximately 6 workspaces. Occupants are charged per month for use of the workspaces. Exclusive occupancy is projected to cost \$600 per month. Part-time or shared occupancy, \$430 per month. The model assumes three full-time and five part-time occupants will use the facility over a five day week. Greater occupancy may be possible if seven day per week occupation is realised.

Given that this is a new concept which will require time to become established, the model assumes that 25% of optimum revenue is earned in the first year, 50% in the second with full revenue generated by the third year.

Should the Co-Working venture be realised, the following revenue is forecast over the ten year period of the model:

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
\$ 11,850	\$ 23,700	\$ 47,400	\$ 48,822	\$ 50,287	\$ 51,795	\$ 53,349	\$ 54,950	\$ 56,598	\$ 58,296

This is illustrative only, as we understand that the City of Ryde prefers at this time to use the facilities (Carpenter Room and Loft) for other purposes.

The financial model includes revenue from venue hire for the Carpenter Room and revenue in the form of a licence for the Kitchen and Loft. Should the Co-Working venture be pursued, we recommend that adjustments be made to the financial model to reflect the preferred use of the facilities.

### 9.3 VENUE HIRE REVENUE

Venue hire revenue is that which is derived from the use of Brush Farm House on a fee per use basis.

Facilities available for hire include:

- Marquee;
- Forster Hall;
- Carpenter Room;
- Blaxland, Wallumetta & Bride & Petit Rooms (when not in use for exhibitions); and
- Garden.

Hirers may include:

- Commercial or community organisations conducting conferences, meetings and events
- Commercial and community organisations operating classes, workshops and other "businesses"
- Personal and community celebrations such as weddings and events

#### 9.3.1 Price Scenarios

The City of Ryde will set the price for the use of Brush Farm House. In the development of this financial model, City of Ryde provided advice as to the average price to charge community users of Brush Farm House. Commercial fees have been estimated on the basis of benchmark prices for similar facilities (heritage properties or commercial venues of equivalent standards). We note that the Community fees are significantly lower than the benchmark prices however, we understand that it is the City's intention to price for its local market and to encourage use of the facility.

The pricing model provides for:

- Commercial rates applicable to commercial use;
- Discounted rates applicable to use by community or not for profit groups;



- No cost to approved users;
- Discounts to be available for regular users (as per the City of Ryde policy); and
- Hourly rates, minimum hire periods and premiums for weekends and evenings in accordance with Policy.

The following price assumptions have been made in relation to daily hire rates.

Venue	Commercial hire rate	Community Hire Rate (Mon – Fri/ 8am – 6pm)	Community Hire Rate (Mon – Fri/ 6pm – midnight) (Sat, Sun & public holidays)
Marquee	\$950	\$176	\$440
Forster Room	\$600	\$80	\$120
Carpenter Room	\$290	\$80	\$120
Blaxland Room	\$130	N/A	\$120
Wallumetta Room	\$130	N/A	\$120
Bride & Petit Room	\$130	N/A	\$120
Garden	\$700	\$220	\$440

### 9.3.2 Utilisation Scenario

The extent to which Brush Farm House is **hired by others** will of course be influenced by the extent to which the facilities are used by the City of Ryde in the delivery of arts related products and services and events (eg. classes, workshops, networking activities, markets, etc.).

A model has been developed to test the potential revenue from external hire. Note that this model does not include in the total number of uses, the extent to which the venues will be used by the City of Ryde for the delivery of arts related programs and events:.

This model, *Brush Farm House as a Centre for Creativity in Arts, Food and Wine* assumes that the dominant use of the facilities is for the delivery of arts and events programs as outlined earlier. This model does not exclude the casual or permanent hire of facilities, rather they are available for hire when not utilised for the delivery of programmed activities and events. Revenue from the delivery of programs and events is shown in the financial model as Program Revenue, reflecting the fees and charges applied to participants rather than revenue earned from hiring the venue to others.

Assumptions regarding the extent of hire include:

Venue	Annual Hires (Commercial)	Annual Hires (Community)
Marquee	5	5
Forster Room	5	5
Carpenter Room	0 if used as Co-Working Space 20 if available for hire	0 if used as Co-Working Space 20 if available for hire
Blaxland Room	0	0
Wallumetta Room	0	0
Bride & Petit Room	0	0
Garden	5	0

Revenue derived from the above model totals approximately \$22,000 in 2010-11 or approximately \$14,000 if the Carpenter Room and Loft is used as a Co-Working Space. Note that revenue from this use would still be earned, however in the model, it is shown as Licence revenue.

### 9.3.3 Balancing Programmed Use with Hire by Others

In operating Brush Farm House the City of Ryde will of course, balance the extent of use for programmed activities associated with arts and events with its need to recover some of the costs associated with operating the facility.

It is an attractive venue for hire and its use likely to increase over time. The financial model associated with this Business Plan assumes that arts and events programming will take precedence over casual hire but not to the extent that one eliminates the other.

## 9.4 PROGRAM REVENUE

Program revenue is that which is derived from the fees and charges paid by participants in activities and events organised by the City of Ryde at Brush Farm House and includes:

- Exhibitions
- Markets
- Networking Events
- Classes & Workshops

- Other Events and Festivals

Each of these is considered further below.

#### **9.4.1 Exhibition Revenue**

The current exhibition activities have been used as the basis for forecasting revenue from this source in future. As well, the pricing model has been compared with the activities of other galleries.

This Business Plan is based on a total of 26 exhibitions per annum being held at Brush Farm House. While the duration of each will vary according to the needs of each artist, on average one exhibition every two weeks can be expected.

The current practice of offering exhibition space free of charge is assumed to continue. This pricing policy provides emerging artists with a low cost opportunity to present their work to the public. As well, the requirement that exhibiting artists provide supervisory staff for the duration of their exhibition obviates the need for the City of Ryde to provide customer service staff in a low visitation environment.

##### *Commission on Sales*

Artists who sell their work from Brush Farm House will be obliged to pay the City of Ryde a commission on sales. The rate of commission has been forecast as 25%.

##### *Price Model*

The current median price of works (\$350) has been used as a basis for forecasting revenue from this source for the first three years of the financial model<sup>37</sup>. For years 4-6, the average price is assumed to be \$400, rising to \$450 in year 7 and beyond.

##### *Number of Works Sold*

The number of works sold will vary across exhibitions however the results from exhibitions held during 2008 reveal that three to five works on average have been sold. For the purposes of this financial model, it has been assumed that four works on average will be sold during exhibitions held in years 1-3, 5 works sold during exhibitions held in years 4-6 and 6 works sold per exhibition from year 7 and beyond.

##### *Revenue Forecast*

In year 1 (2010-11) commission from the sale of artwork has been forecast as \$9,100. This forecast is based on the assumptions and conditions outlined above. This is forecast to almost double over the ten year period of the model.

---

<sup>37</sup> Based on advice from Council regarding the results of exhibitions held during 2008

#### 9.4.2 Art & Design Market

A range of operating models for produce, design and other specialist markets have been examined and used as a basis of estimating the revenue that can be generated at Brush Farm House from this source.

The revenue forecast is based on an Art and Design market held monthly in the grounds of the property and utilising the Marquee and Forster Hall in poor weather. A total of 11 markets per year will be held. The Markets will be coordinated by the Program Coordinator, supported by casual staff.

##### *Stallholder Fees*

Stallholder fees vary from market to market but the majority are in the range of \$60 to \$100 per stall with discounts generally offered for regular attendance. Higher fees are often paid by stall holders who sell food for consumption at the market. For the purposes of this Business Plan, the rate of \$60 per site has been used.

##### *Number of Stalls*

The number of stall holders can vary according to the nature of the market and of course, the site. Smaller numbers are common at specialist markets. For the purposes of this model, it is assumed that the optimum number of stallholders is 70 per market.

Our research and consultation revealed that it can take from 12 to 18 months for a market to continually operate at the optimum number of stalls each week. In this model, we have assumed the optimum number of stallholders will be consistently achieved in year 3.

The model is based on the following average number of stallholders:

- Year 1: 25
- Year 2: 40
- Year 3: 70

##### *Revenue Forecast*

In Year 1, revenue from this source is forecast to be \$18,000, rising significantly to approximately \$50,000 by Year 3 and growing modestly thereafter.

##### *Other Revenue Implications*

The hosting of markets in the grounds and utilising Forster Hall and the Marquee is an activity that is in potential conflict with a model that seeks to optimise the hire of Brush Farm House. Hirers of the venue for an event such as a wedding, would not want the level of activity and patronage associated with a market. In many instances, it is likely that the same facilities would be required for both activities.

For the purposes of this Business Plan, we have included revenue from the hosting of markets and moderated the revenue from Venue Hire as a result.

#### 9.4.3 Networking Events

Across the annual calendar, the nature of networking events will vary. Some will be an informal gathering, others more of a "Masterclass". Some will be free of charge, others attract an entry fee. In order to estimate the revenue that might be generated from this source, some assumptions have been made.

### *Annual Calendar of Events*

It has been assumed that an annual calendar is likely to include a minimum of twelve events, held approximately once per month. The actual frequency may change year on year, linked to the availability of guest speakers.

### *Price and Attendance*

The price paid by attendees is a critical issue. The higher the price, the greater the barrier to entry for those who are transitioning their arts practice from a hobby to a business. For the purposes of this model, it has been assumed that the average price paid by participants is \$10 per event. This average price assumes some events each year are free of charge.

Attendance will be variable, depending on the nature of the event. It has been assumed that an average of 20 persons will attend each event.

### *Revenue Forecast*

The intention of these events is not to generate revenue; rather it is to encourage participation. Therefore, the forecast revenue in year 1 is approximately \$2,400.

## **9.4.4 Classes and Workshops**

The financial model assumptions reflect the City of Ryde's preferred position in terms of the delivery method for an expanded range of arts classes and workshops. That is, that the City will develop the program and with the assistance of specialist tutors, deliver the program. The revenue model is therefore based on rates of participation and fees charged to students.

Fundamental to the financial success of the program will be a commitment to only running classes that have sufficient attendees to break even. From time to time, this may mean the cancellation of some advertised classes.

### *Annual Program*

Classes targeting a broad audience are generally run in three timeslots on weekdays – morning, afternoon, evening. Two afternoon sessions may be possible if classes targeting school age children are run from 4 – 6 pm. Classes on a Saturday are also a regular occurrence for some communities.

The venues for classes will be Forster Hall and potentially the Marquee. It is likely that some programs will also make use of the outdoors – the courtyard and the grounds generally.

Given the availability of venues, it has been assumed that the optimum number of classes that can be conducted each week is 15.

Classes generally run during school terms, enabling 4 x 9 week courses – a total of 36 weeks per year.

### *Establishment Period*

Research indicates that it will take a number of years for a program such as this to operate at full capacity. A conservative approach has been taken in this regard, allowing growth over a four year period. The assumptions regarding growth are:

Year 1: 20% of optimum revenue

Year 2: 50% of optimum revenue

Year 3: 75% of optimum revenue

Year 4: 100% of optimum revenue

### *Price and Attendance*

Benchmarked against programs operated by Councils and the private sector, the tuition cost per class has been estimated as \$20 for adults and \$10 for students. For the purposes of the model, an average of \$15 has been used.

In terms of capacity for each class, 20 students is the upper limit. For cost effectiveness, 8 – 10 students is the lower limit. An average of 15 students per class has been assumed for the revenue model.

### *Revenue Forecast*

Based on the assumptions outlined above, the revenue forecast for year 1 is more than \$24,000. This is forecast to increase to \$121,000 by Year 4. Modest growth is forecast thereafter.

### *Other Revenue Implications*

The utilisation of Forster Hall and the Marquee for an extensive program of classes and workshop is likely to cause potential conflict with a model that seeks to optimise the hire of Brush Farm House for conferences, events, weddings and the like. We have assumed the dominance of the arts program and the financial model reflects this.

#### **9.4.5 Other Events and Festivals**

The City of Ryde currently develops and delivers a range of community festivals and celebrations. Whilst all are too large to be transferred to Brush Farm House, provision has been made for the establishment of smaller, niche events.

Current practice is to offer events free of charge to the community. This practice has informed our assumption that no revenue from this source will be generated.

Should an event be conceived where entry fees are envisaged, it has been assumed that a separate business case would be prepared at that time in order to confirm the particular expense and revenue assumptions.

#### **9.5 PROGRAM GRANTS & CONTRIBUTIONS**

The development and delivery of programs at Brush Farm House by the City of Ryde may align with funded programs offered by Government agencies and philanthropic trusts.

Government agencies fund a vast range of program related activities such as youth week programs, arts programs, community development activities and the like. We have assumed that while there may be access to a limited range of funding from these sources, the revenue will be matched by an equivalent level of expense incurred in the delivery of projects. The result is a neutral effect on the Business Plan. For that reason, no revenue or expense items have been forecast.

#### **9.6 REVENUE SUMMARY**

Presented below are the revenue forecasts for each of the ten years of the financial model.

<b>REVENUE</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Facility Leases & Licences	\$ 9,100	\$ 14,060	\$ 19,308	\$ 19,888	\$ 20,484
Venue Hire	\$ 21,723	\$ 22,374	\$ 23,046	\$ 23,737	\$ 24,449
Program Revenue	\$ 53,800	\$ 101,122	\$ 153,171	\$ 189,035	\$ 194,316
<b>TOTAL REVENUE</b>	<b>\$ 84,623</b>	<b>\$ 137,556</b>	<b>\$ 195,525</b>	<b>\$ 232,659</b>	<b>\$ 239,249</b>

<b>REVENUE</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Facility Leases & Licences	\$ 21,099	\$ 21,732	\$ 22,384	\$ 23,055	\$ 23,747
Venue Hire	\$ 25,183	\$ 25,938	\$ 26,716	\$ 27,518	\$ 28,343
Program Revenue	\$ 199,755	\$ 209,908	\$ 215,678	\$ 221,622	\$ 227,744
<b>TOTAL REVENUE</b>	<b>\$ 246,036</b>	<b>\$ 257,577</b>	<b>\$ 264,778</b>	<b>\$ 272,195</b>	<b>\$ 279,835</b>

## 10. OPERATING EXPENDITURE

---

### 10.1 OVERVIEW

The estimation of operating expenditure has been made using a combination of:

- Existing City of Ryde data
- Published benchmark rates applied to the area of the facility
- Advice or direction from the City of Ryde

The application of benchmark rates assumes that services will be outsourced. We understand that the City of Ryde may not wish to take this approach for all areas of service delivery. Where an alternative approach is implemented, it is assumed that this is provided at an equivalent or lower cost.

#### 10.1.1 Three Scenarios

In developing these expenditure forecasts, three scenarios have been modelled. The scenarios include:

- **Scenario 1:** Brush Farm House as a centre for creativity in arts, food and wine. This scenario presents the Concept as outlined in Section 4, the Business Model as outlined in Section 5 and the Products and Services as outlined in Section 6. In terms of expenditure, it assumes the City of Ryde will take a significant role in the development, coordination and delivery of arts programs and events. The creation of a position of "Program Coordinator" based at Brush Farm House is a key element of this model.
- **Scenario 2:** Using Scenario 1 as the base, greater emphasis has been placed on the generation of higher levels of revenue through the hire of the venue for meetings, events, conferences and weddings. This requires less emphasis by the City of Ryde on the development and delivery of programs. Their role is that of a venue manager.
- **Scenario 3:** Using Scenario 1 as the base, changes have been made to the delivery model to reflect a reduced level of control of the City of Ryde in the development and delivery of arts activities and events. These will be delivered but will be dependent upon the programming directions of commercial and community organisations who hire the facilities at Brush Farm House. Their role in influencing the nature of programming is assumed to be accomplished within existing resources in the cultural development team.

This report focuses on Scenario 1.

Appended to this report are the financial models for all three Scenarios.

Where Scenarios 2 and 3 diverge from Scenario 1, the relevant details are also included in Appendix 2 (Scenario 2) and Appendix 3 (Scenario 3).

### 10.2 EMPLOYEE RELATED EXPENDITURE

In order to provide the creative leadership essential to drive a program of arts activities and events at Brush Farm House as outlined in previous sections of this report, the existing resources of the City of Ryde will be supplemented by an additional staff member.



Employed by the City of Ryde, this position will sit within the Community Services unit of the Community Life division. We have assumed the position to be one of a Program Coordinator, bringing together a diverse range of individuals and groups to deliver a suite of events and activities.

On the advice of the City of Ryde, provision has been made for the position at level 3, Grade 10 within the 2008 salary scale.

We understand that there may be a preference to divert existing resources from within the organisation to ensure that the creation of this position does not increase the overall staffing numbers for the organisation. However for the purposes of this Business Plan, we have incorporated the full cost as identified above.

### **10.2.1 Support Staff**

In addition, provision has also been made for casual support staff assumed to be at mid-Grade 6 level. The level of casual support will grow as the program develops and includes:

Years 1-3:                      8 hours per week x 26 weekends per year  
                                     4 hours per week x 48 weeks per year  
                                     35 hours per week x 4 weeks per year (leave replacement)

Year 4 and beyond:    In addition to the above hours, 16 hours per week x 52 weeks per year

### **10.2.2 Oncosts and Allowances**

Provision has been made for a contingent sum for overtime, as well as an allowance of approximately \$10,000 for materials and equipment.

Oncosts have been applied at the rate of 20% of salary expenses.

## **10.3 PROGRAM EXPENDITURE**

### **10.3.1 Exhibition Program**

No direct allowance for expenditure associated with the exhibition program has been made. However, costs associated with the development and delivery of the program are encapsulated in other components of the financial model including:

- Employee costs: creative direction and program coordination
- Marketing: promotion costs associated with calling for exhibition proposals
- Property costs: gallery maintenance and operating costs

In addition, it has been assumed that where the City of Ryde provides specialist services to assist artists to curate, design or install their exhibition, the associated costs will be recovered from the exhibitor or delivered using existing resources at Brush Farm. The impact will therefore be neutral on the financial model and as a consequence, excluded at this time.

### **10.3.2 Art & Design Market**

No direct allowance for expenditure associated with the operation of the art and design market has been made. However, costs associated with its development and delivery are encapsulated in other components of the financial model including:

- Employee costs: creative direction and program coordination, casual operational staff

- Marketing: promotion costs associated with calling for stall-holder proposals
- Property costs: grounds maintenance and operating costs

The infrastructure (trestle tables, gazebos providing shade and shelter etc.) normally associated with markets are not normally provided by the host organisation. Provision of such equipment is generally the responsibility of stall holders. Where the City of Ryde can influence the quality of the market in terms of its appearance is in the prescription of design guidelines to ensure consistency in aesthetics and public safety. The Brush Farm Market is assumed to operate in this manner.

### **10.3.3 Networking Events**

The development of an annual program of events will draw on other components of the financial model for any costs associated with it. This will include, employee costs, marketing costs, seed funding for events and the costs associated with the facility operation and maintenance which are all provided separately.

### **10.3.4 Classes & Workshops**

The direct costs associated with the delivery of the program of art classes and workshops include payments to tutors and an allowance for materials and equipment.

The range of specialist tutors required generally means that they are engaged on a sessional basis, paid only for the classes that they teach. Based on our research, we understand the current hourly rate to be in the range of \$30 - \$40 per hour. The financial model assumes \$40. Classes generally operate for 2-3 hours per session. We have provided for 3 hours per session in the model.

The number of classes and their duration across the year are as per the revenue assumptions.

A materials and equipment allowance of \$20,000 has been provided. Although it has been assumed that the classes will operate at 20% of optimum level in year 1, the full allowance for materials and equipment for this year has been incorporated in recognition of the need for an initial investment in equipment. For years 2 and 3, the allowance has been scaled to reflect the operation at 50% and 75% of optimum levels respectively.

### **10.3.5 Other Events**

Provision has been made for seed funding of \$25,000 to enable the creation and hosting of a number of arts related events and community celebrations. This funding may be leveraged against grants from Government agencies.

## **10.4 MARKETING & PROMOTION**

The City of Ryde will take responsibility for marketing the activities at Brush Farm House. Whilst this may be achieved through the marketing activities of the organisation generally (ie. website, newsletters etc.), an allowance of \$25,000 for specific marketing activities has been included in the financial model.

The arts community generally is connected on-line and we have assumed that this strategy will be engaged for Brush Farm House.

## 10.5 START UP EXPENSES

Start-up expenses relate to items of expenditure that are required to commence the implementation of the range of programs and events envisaged for Brush Farm House and which are not provided for within the capital budget for the Marquee and toilets, or which are not currently in place.

As Brush Farm House is already operational, much of the normal type of expenditure that is required for a start-up operation has already been made (ie. venue booking systems, furniture for Forster Hall, etc.)

An allowance for additional expenditure of \$25,000 has been made in the first two years of the financial model. We have made this provision particularly to provide for additional marketing and program development and delivery expenses that may be required. The need for this expenditure will be dependent upon the extent to which existing City of Ryde resources are applied to these activities.

## 10.6 CORPORATE OVERHEADS

We understand that the City of Ryde applies Corporate Overhead charges across all its business activities at the rate of 12.5%. This percentage has been applied to the total expenditure forecast year on year.

## 10.7 CONTINGENCY

The development of this Business Plan is by its nature a forecast. Changes to the external environment will influence the City's ability to realise its aspirations in terms of revenue and expense forecasts. We consider it prudent therefore to provide an operating contingency to provide for circumstances that are not yet defined. A contingency of 5% of the annual operating costs has been provided year on year.

## 10.8 SUMMARY OF ACTIVITY RELATED EXPENDITURE

The extent of expenditure outlined above is dependent upon the level of activity associated with Brush Farm House. It will vary in accordance with:

- The delivery model implemented for each of the products and services;
- The extent to which the City of Ryde wishes to activate Brush Farm House – an increased number of arts programs and special events will require additional expenditure which may be offset by additional revenue; and
- The extent to which current resources are applied to the activities outlined above.

We present below, a five year summary of the impact of activity related costs compared with the forecast revenue aligned with the concept of Brush Farm House as a centre for creativity in arts, food and wine. This summary has taken account of the full staffing cost proposed in this Business Plan, although we understand that it is possible that some existing resources may be re-directed to avoid some of this cost.

<b>REVENUE</b>		<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Facility Leases & Licences		\$ 9,100	\$ 14,060	\$ 19,308	\$ 19,888	\$ 20,484
Venue Hire		\$ 21,723	\$ 22,374	\$ 23,046	\$ 23,737	\$ 24,449
Program Revenue		\$ 53,800	\$ 101,122	\$ 153,171	\$ 189,035	\$ 194,316
	<b>Total</b>	<b>\$ 84,623</b>	<b>\$ 137,556</b>	<b>\$ 195,525</b>	<b>\$ 232,659</b>	<b>\$ 239,249</b>
<b>EXPENDITURE</b>						
Activity Related Expenditure						
Employee Related Expenditure		\$ 108,641	\$ 112,986	\$ 117,506	\$ 145,524	\$ 151,345
Program Expenses		\$ 58,284	\$ 70,288	\$ 95,402	\$ 122,032	\$ 126,440
Marketing & Promotion		\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138
Start-Up Expenses		\$ 25,000	\$ 25,750	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ 216,925</b>	<b>\$ 234,775</b>	<b>\$ 239,431</b>	<b>\$ 294,874</b>	<b>\$ 305,922</b>
<b>Net Cost of Activities</b>		<b>-\$ 132,302</b>	<b>-\$ 97,219</b>	<b>-\$ 43,905</b>	<b>-\$ 62,215</b>	<b>-\$ 66,673</b>

Costs associated with property maintenance and operation, corporate overheads and depreciation charges are excluded from this summary as they will largely be incurred by the City of Ryde regardless of the level of activity. Contingency is also excluded.

For completeness, the property maintenance and operation and depreciation costs are presented in the next section of this report and are included in the financial models.

## 10.9 PROPERTY EXPENSES

The annual costs associated with the operation and maintenance of Brush Farm House are presented below.

Ultimately, responsibility for expenditure related to facility management and venue management activities will be distributed across the City of Ryde. However, for completeness in terms of identifying the costs associated with the property, we have included all costs within this financial model.

The forecast costs are based on information provided in relation to the current operating costs for Brush Farm House and where no information exists, the application of Property Council of Australia (PCA) 2008 benchmark rates. Whilst these benchmarks apply to the operation of commercial office facilities, the nature of activities proposed for Brush Farm house are comparable.

### 10.9.1 Council Rates

We have assumed based on current practice that Brush Farm House is exempt from the payment of rates to the City of Ryde.

### 10.9.2 Land Tax

We have assumed that as Brush Farm House is under the control of the City of Ryde, it is exempt from the payment of NSW Government Land Tax.

### 10.9.3 Water and Sewerage Rates

Water and sewerage rates have been determined by applying the PCA 2008 Benchmark rate to the area of the facility. Whilst the application of this rate results in forecast expenditure greater than currently budgeted, the installation of the Marquee and toilet facilities will result in a higher level of consumption than at present.

#### 10.9.4 Other Statutory Charges

The costs associated with other statutory charges for have been determined by applying the PCA 2008 Benchmark rates to the area of the facility.

#### 10.9.5 Information Technology & Communications

Provision has been made to increase the current allowance of \$1,000 for data and communications expenses to approximately \$6,000 in recognition of the increased level of activity associated with Brush Farm House. In future, City of Ryde staff will be permanently based at the property. This allowance also includes provision for permanent or temporary occupation of facilities as per the Co-Working model.

#### 10.9.6 Insurance

We have assumed that the current allowance for insurance will not increase as a result of the introduction of additional arts events and activities - Brush Farm House is currently used for these purposes at present and it is assumed that no additional insurance expense will be incurred.

#### 10.9.7 Air Conditioning

As a heritage property, Brush Farm House is not air conditioned throughout, nor is it anticipated that this will be installed in future.

The Carpenter Room is air conditioned and we anticipate the Marquee may need to have air conditioning installed to enable its use throughout summer.

Provision has been made therefore, for the annual maintenance expenses associated with the annual maintenance, inspection and testing of equipment that might be installed in these spaces.

The application of PCA 2008 benchmark rates has been applied. Note that the energy costs associated with the running of this plant and equipment are excluded from this allowance and are included in the utilities budget.

#### 10.9.8 Cleaning

The current cleaning costs for Brush Farm House are in the order of \$1,500 per annum. As the level of activity is forecast to significantly increase, there will be a need to increase the level of cleaning service as a result.

In order to estimate the future cost, the PCA 2008 Benchmark rates were applied to the total area of the facility (including the proposed Marquee). The application of these rates assumes the engagement of external contractors for service delivery. The costs associated with materials and consumables and waste and recycling collections are included in these rates. Using this model, costs would be in the order of \$11,000.

However, advice from the City of Ryde, suggests that cleaning costs in the order of \$25,000 are likely to be incurred. This allowance is more conservative than that derived from the application of the PCA rates and has therefore been included in the financial model.

#### 10.9.9 Electricity

The PCA 2008 benchmark rate for electricity has been applied to the area of Brush Farm House. This rate includes provision for costs associated with the running of plant and equipment,

common areas, lighting etc. The application of this rate reflects a substantial increase over the current budget provision of \$2,000, however the forecast increase in the extent of use of Brush Farm House justifies this additional provision.

#### **10.9.10 Security**

We understand that the provision of security services at Brush Farm House is a key issue for occupants of the facility. The current level of service is provided at a cost of \$17,000 and includes systems monitoring as well as a physical presence on site.

We have assumed these costs to increase by 100% given the forecast increase in the level of activity on site, particularly during the evenings and on weekends.

#### **10.9.11 Fire Services**

An allowance for costs associated with provision of fire services has been made. Through the application of the PCA 2008 Benchmark rate to the area of the facility, the allowance covers costs associated with the provision fire detection and suppression services, fire brigade monitoring fees, annual maintenance and inspection charges etc.

#### **10.9.12 Pest Control**

An allowance of approximately \$500 has been made for inspection services associated with pest control. This is significantly higher than would be made should the PCA 2008 Benchmark rate be applied however we are cognisant of the need for vigilance in this regard given the sensitive nature of the heritage fabric of the building.

#### **10.9.13 Grounds Maintenance**

The DCS has to date provided services at no charge to the City of Ryde to maintain the grounds. This primarily involved lawn mowing as well as care of the paved surfaces.

The landscape and surrounds of Brush Farm House have recently been upgraded but had not at the time of preparing this business case, the means by which the grounds would be maintained in future had not been determined.

We understand that the landscape has been designed to require only minimal maintenance and that the grassed areas are not intended to be "manicured" lawns.

An allowance has therefore been made within the financial model to provide a minimal level of landscaping services in future years. As the grounds are a combination of hard surfaces and robust grass areas, we have used the combined PCA benchmark rates for car parking maintenance and garden maintenance and applied those to the estimated area of the grounds requiring maintenance (5,000 m<sup>2</sup>).

It is recommended that when the most appropriate means for ongoing care and maintenance has been determined, the model be updated to reflect these decisions.

#### **10.9.14 Building Supervision**

No allowance been made for any additional staff costs associated with facility management and maintenance activities as the scale and nature of those activities has not changed from the present situation.

Provision for contracted services and materials associated with the provision of maintenance services has been made in the Programmed Building Maintenance budget line.

#### 10.9.15 Programmed Building Maintenance

Provision has been made for annual expenditure on activities associated with the general repair and maintenance of the facility. This includes provision for investment in new or replacement of existing minor assets.

Over the life of the property, an average expenditure of 2% per annum of the capital cost of the facility on repairs and maintenance is the benchmark set by other Councils and managers of heritage properties.

We understand that the City of Ryde has plans to develop a detailed asset management strategy for Brush Farm House. This level of detail will provide guidance as to the particular budget requirements each year. It is expected that some years will require considerable expenditure as major plant or building fabric items require replacement. Other years will see lesser levels of expenditure. Until such time as this asset management strategy is complete, we have included the provision of 2% per annum year on year in the financial model.

#### 10.10 DEPRECIATION & AMORTISATION

On the basis of advice from the City of Ryde and based on the application of standard rates for depreciation, provision has been made for depreciation charges as follows:

- Building: depreciated on a straight line basis at a rate of 2.5% per annum which assumes an expected life of 40 years
- Furniture Fittings & Equipment (FF&E): depreciated on a straight line basis at a rate of 10% per annum which assumes an expected life of 10 years
- Marquee: depreciated on a straight line basis at a rate of 5% per annum which assumes an expected life of 20 years (to be confirmed)

The capital value to which these rates are applied has been advised by the City of Ryde.

##### 10.10.1 FF&E

In calculating the value of depreciation associated with FF&E, we have assumed that to achieve the aspirations of this Business Plan, investment in additional furniture and equipment will be required in order to equip the Marquee with a basic level of furniture and to fitout the Carpenter Room and loft with furniture should the Co-Working option be taken up. The allowance for additional FF&E is \$40,000.

A depreciation charge associated with these assets has been included in the financial model. However, provision for depreciation charges for existing FF&E has not been incorporated within the financial model as no details are available as to the valuation for depreciation purposes.

#### 10.11 DETAILED FINANCIAL CALCULATIONS

Attached at Appendix 1 are the detailed financial calculations that support the Business Plan. Notes that accompany the spreadsheets are presented to illustrate the basis for calculations.

Appendices 2 and 3 present the financial models for the alternative scenarios as well as details of key areas of difference between the Business Plan.

## 11. KEY RISK ISSUES

---

### 11.1 FINANCIAL RISKS

In the activation of Brush Farm House, financial risks are normal. They relate to the investment required by the City of Ryde to plan and implement the concept as expressed in this Business Plan.

Presented below are a number of areas of financial risk identified throughout the development of the Business Plan.

#### 11.1.1 Start-Up Costs

**Risk:** One-off costs associated with the commencement of service delivery are not identified in financial planning

**Issue:** We define start-up costs as one-off costs associated with the implementation of the new program of activities as articulated in this Business Plan. They often fall between capital budgets which focus on the built form and operational budgets which focus on costs and revenues associated with day to day operations.

**Recommendation:** On endorsement of the agreed program and level of activity desired for Brush Farm House, a more detailed breakdown of the start-up budget is recommended. The financial model should also be reviewed and updated if necessary to ensure that significant cost items are captured.

#### 11.1.2 Financial Performance

**Risk:** The financial outcome is not as planned

**Issue:** Revenue forecasts may be overstated or expenses understated in this Business Plan, thus impacting on the City of Ryde's overall budget position.

**Recommendation:** A key component of the implementation of the Business Plan will be a monitoring and review mechanism. This will enable differences between actual and forecast positions to be factored into the financial model and corrective action put in place.

#### 11.1.3 External Factors Impact on Financial Viability

**Risk:** That external economic circumstances impact on the financial viability of the proposed business activities.

**Issue:** The City of Ryde is investing in new business activities at a time of uncertainty due to external economic events.

**Recommendation:** The recommendations contained in this Business Plan are scaleable and various service delivery options are available for each. Therefore the ability exists to implement new business activities in a staged manner, measuring the success of each before embarking on further investment. Should this implementation strategy be pursued, we recommend the continual alignment of this Business Plan with the service delivery model and extent of new business activities implemented.



## 11.2 COMMITMENT FROM CURRENT OCCUPANTS OF BRUSH FARM HOUSE

**Risk:** The current occupants of Brush Farm House have been central to the restoration of Brush Farm House and its establishment to date as a facility for the community. The proposed activities may be perceived to compromise the working environment that they currently enjoy.

**Issue:** As the implementation of the recommendations in this Business Plan progress, the support and co-operation of all occupants Brush Farm House is important to ensure the ongoing success as a creative working environment.

**Recommendation:** That the City of Ryde implement a communication and consultation program to maintain the involvement and commitment of current and future occupants of Brush Farm House during the implementation of new business activities.

## 11.3 COMMUNITY USE / PERCEPTION

### 11.3.1 Failure to Meet Expectations

**Risk:** That the proposed use of Brush Farm House does not meet expectations

**Issue:** The restoration of Brush Farm House has captured the interest of the community over a long period of time. There will be expectations regarding the nature of activities and the extent of public access to the property. Should the City of Ryde place too great an emphasis on the use of the property for private events, weddings, conferences and the like, the community may perceive their access to the property is diminished.

**Recommendation:** That the City of Ryde plans a program of events and promotional activities to optimise community awareness of their intention to develop Brush Farm House as a centre for creativity in the arts, food and wine and to promote the idea that Brush Farm House belongs to the community.

### 11.3.2 Exceeding Expectations

**Risk:** That community use exceeds expectations, thus placing the sensitive heritage fabric of the property at risk

**Issue:** Brush Farm House has limited capacity to accommodate large visitor numbers while maintaining a safe environment for the property and a welcoming and inviting place that feels comfortable for the users. If patronage levels are significantly higher than expected, this may compromise the experience of the community as well as having an impact on the building fabric and surrounds.

**Recommendation:** That the City of Ryde plan to monitor usage levels and develop strategies to address high demand levels should this occur. This might include strategies to modify service delivery, operating hours etc.

## **APPENDIX 1: FINANCIAL MODEL TO SUPPORT THE BUSINESS PLAN**

---

FINANCIAL MODEL ATTACHED

## APPENDIX 2: FINANCIAL MODEL SCENARIO 2

---

### FINANCIAL MODEL: SCENARIO 2

Attached are the detailed financial calculations and supporting notes that represent the costs and revenues associated with Scenario 2.

Presented below are key areas where Scenario 2 differs from the Business Plan presented in this report.

#### Venue Hire Revenue Utilisation Scenario

In this Scenario 2, the use of Brush Farm house as a venue for hire represents the dominant use of the facilities.

This model does not exclude the use of Brush Farm House as a venue for arts and events, rather it places emphasis on the use of the facility by others.

It assumes that a commercial caterer licencing the kitchen is marketing their business and Brush Farm House, driving its utilisation as a place for weddings, conferences and events. Access to Brush Farm House by the general public for exhibitions, classes and workshops etc. will be limited should this scenario be implemented.

***It should be noted that the assumptions regarding the extent of hire reflect the desired level of activity to generate a significant revenue stream, not necessarily that which is assured within a competitive market place.***

The assumptions are:

Venue	Annual Hires (Commercial)	Annual Hires (Community)
Marquee	40	0
Forster Room	176	0
Carpenter Room	160	0
Blaxland Room	40	0
Wallumetta Room	40	0
Bride & Petit Room	40	0
Garden	10	0

Revenue derived from the above model totals approximately \$340,000 in 2010-11.

### **Revenue Derived from Hosting Markets**

The revenue forecast associated with Scenario 2 excludes revenue derived from the hosting of a design market at Brush Farm House on the basis that this use will on many occasions, be in conflict with the use of the venue for weddings, conferences and events.

### **Revenue Derived from Classes and Workshops**

The dominant operating model in Scenario 2 assumes that hirers of Brush Farm House predominantly deliver the products and services. Therefore, the revenue forecast associated with this Scenario 2 excludes participation fees from Classes and Workshops but included are greater venue hire fees. This reflects a different service delivery model - the classes and workshops program would be delivered by a commercial or community operator, rather than the City of Ryde.

### **Marketing Expense**

For Scenario 2 greater emphasis is placed on earning revenue rather than participation. It follows therefore, that a larger investment in marketing and promotion activities would be anticipated. The allowance in this Scenario is \$100,000.

### **Additional FF&E Capital Investment**

To achieve greater venue hire revenues, the investment in additional furniture, fittings and equipment (FF&E) would be significantly more than forecast in the Business Plan.

We advise that the extent to which additional investment will be required is ultimately dependent upon licence negotiations with a commercial caterer.

A provisional allowance of \$100,000 has been made. This additional capital expenditure is included in the depreciation provisions.

## APPENDIX 3: FINANCIAL MODEL SCENARIO 3

### FINANCIAL MODEL: SCENARIO 3

Attached are the detailed financial calculations and supporting notes that represent the costs and revenues associated with Scenario 3.

Presented below are key areas where Scenario 3 differs from the Business Plan presented in this report.

#### Venue Hire Revenue Utilisation Scenario

In this Scenario 3, the use of Brush Farm House as a centre for arts and events is the dominant use of the facility. The difference between this Scenario and the Business Plan predominantly relates to the service delivery model.

This model places greater emphasis on hirers of the venue to deliver arts outcomes for the City of Ryde. Venue hire revenue is therefore greater than for the Business Plan but less than that for Scenario 2. Program revenue will be significantly reduced in this scenario when compared with the Business Plan.

Assumptions regarding the extent of hire include:

Venue	Annual Hires (Commercial)	Annual Hires (Community)
Marquee	10	0
Forster Room	10	216
Carpenter Room	0 if used as Co-Working Space 20 if available for hire	0 if used as Co-Working Space 20 if available for hire
Blaxland Room	0	0
Wallumetta Room	0	0
Bride & Petit Room	0	0
Garden	5	0

Revenue derived from the above model totals approximately \$35,000 in 2010-11 if the Carpenter Room and Loft is used as a Co-Working Space or \$42,000 if available for hire.

### **Revenue Derived from Hosting Markets**

In this Scenario, the City of Ryde resources at Brush Farm House are not increased beyond current levels. That means, there is not the capacity to drive the organisation of an activity such as a market on a regular basis. It could potentially occur but would be organised by a third party, likely to be a commercial market organiser. In this circumstance, our research indicates that organisers often seek access to facilities for little or no payment. The financial model for Scenario 3 therefore excludes revenue from this source

### **Revenue Derived from Classes and Workshops**

As identified above, the level of staffing at Brush Farm House is not sufficient to drive the organisation of an activity such as an arts program on a regular basis. It can occur but would be organised by a community or commercial organisation, as it is at present. The financial model for Scenario 3 therefore excludes revenue from participation fees but includes greater venue hire fees.