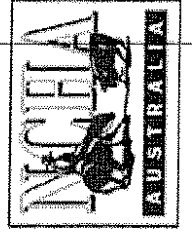
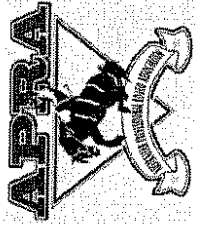
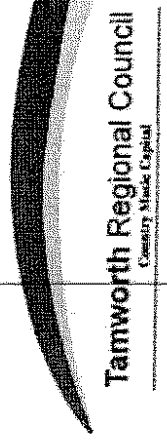
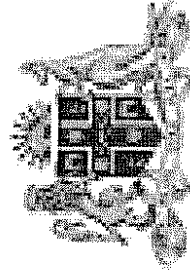
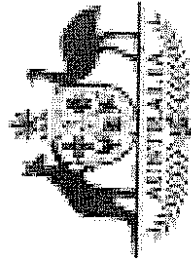


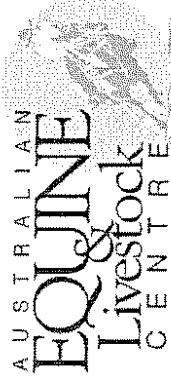
Australian Equine and Livestock Centre

Application for Australian Government Funding 2004

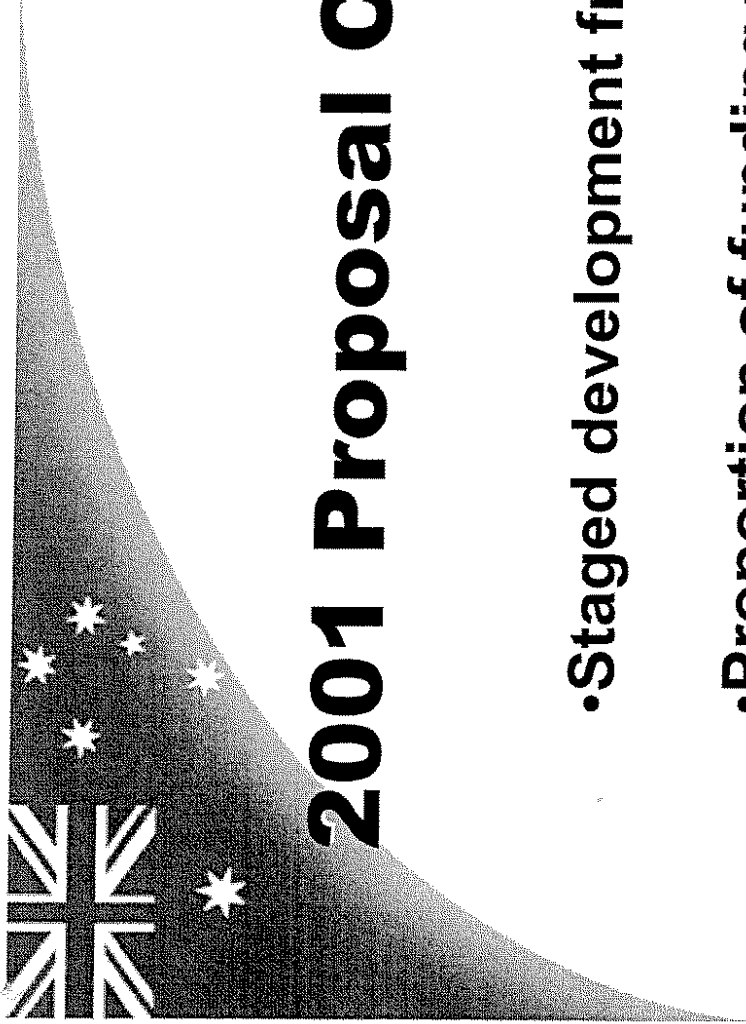




Background

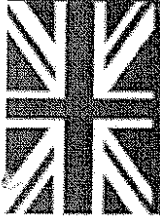


- **Over past decade large number of feasibility studies conducted**
- **Last major independent study – SKM 2001**
- **Same conclusions from each study:**
 - **Equine events major source of economic benefit to Tamworth Region - \$45m plus pa + jobs**
 - **Annual growth has been significant**
 - **Showground facilities do not meet present requirements**
- **NENWACC has identified equine and livestock development as a strategic growth prospect and objective**



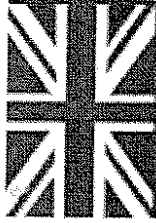
2001 Proposal Characteristics

- Staged development from \$13.7m through to \$24m
- Proportion of funding was debt
- Chudleigh reviewed – recommended that Federal Government not support funding that proposal



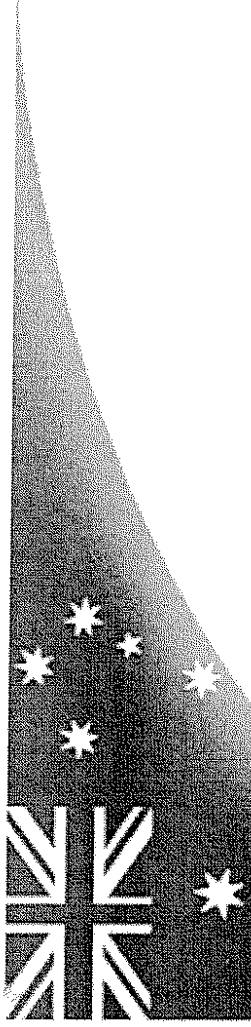
Chudleigh Report Findings

- “too high a risk”
 - Bplan > No debt – minimal risk
 - “not commercially viable”
 - Bplan > +ve cash and Net Profit over ten years
- “could be shortfall in funds to complete project”
 - Bplan > independently costed WT Partnership
- “servicing depends on 240 days of utilisation”
 - Bplan > 112 days YR1; 149 days YR2
- “no unconditional funding”
 - Bplan > all unconditional – MOUs signed



Chudleigh Report Findings

- “lack of funds from the equine industry”
 - Bplan > \$2m covered by MOUs
- “does not seem to justify scale of invest.”
 - Bplan > size required to drive revenues
- “no provision for depreciation, alterations or adds”
 - Bplan > Depn FY07 \$240k to FY11 \$270k
- “inadequate maintenance allowance”
 - Bplan > escalating to \$139k pa FY11



Chudleigh – Alternate Suggestions

- **Facilities and scale:**
 - **Upgrade current facilities at P&A Showground**
 - **Reconsider the scale of the project**
- **Strategic priorities:**
 - **Seek to retain current participants as prime target**
 - **Aim at affordable cost; will generate greater patronage**



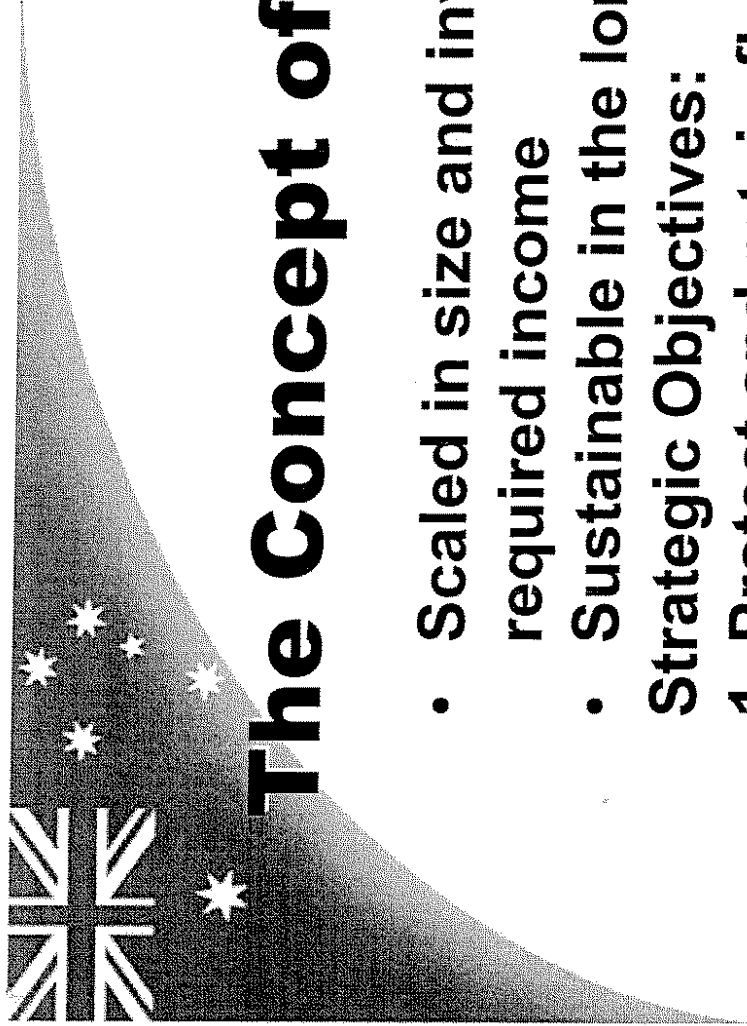
SKM 2003 Supplementary Report

Assessed Showground development prospects

Findings:

Site not believed viable alternative due to inadequacies of:

- size of showground for development
- present commitments to Harness Club
- inability to separate animals and public –risk / liability
- drainage and environmental issues
- traffic and parking (on and offsite)
- space to provide camping adjacent to stabling
- area to enlarge indoor arena – presently seating only 1,600
- upgraded large scale spectator seating and facilities
- product display areas
- lighting, signage
- number of safe, secure stables

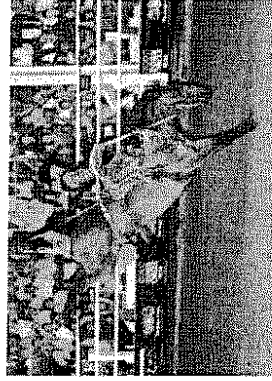


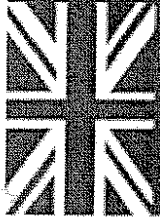
The Concept of this Proposal

- Scaled in size and investment to generate required income
- Sustainable in the long term

Strategic Objectives:

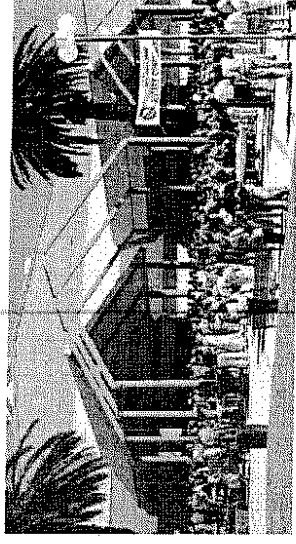
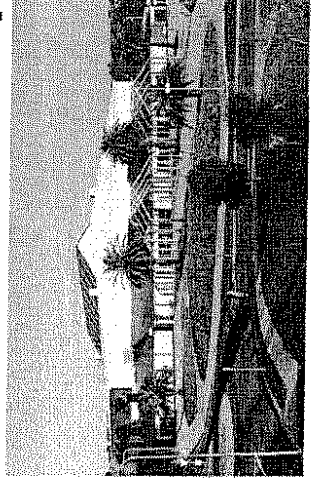
1. Protect and retain flagship events and related economic benefits including present jobs
2. Retain and grow regional investment in equine and livestock industries
 - New regional jobs
 - New structural growth

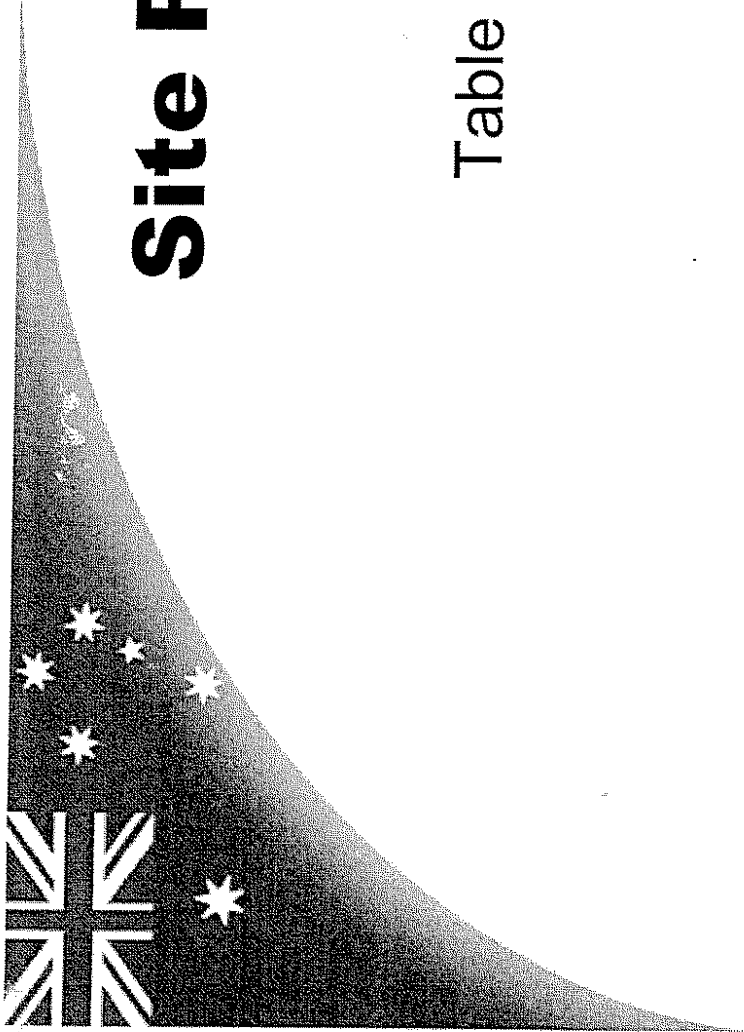




***New Facility Design and Growth**

- **Co-located with TREC at Longyard – creates event precinct (investment and operational efficiencies)**
- **Existing investment in precinct \$12m**
- **Situated on 55 acre site**
- **Highly visible and accessible on National Highway**
- **Designed from user specifications by specialist equine / livestock architect Timothy Court and Associates (2000 Olympics – Homebush site)**
- **Costed by independent Quantity Surveyor**

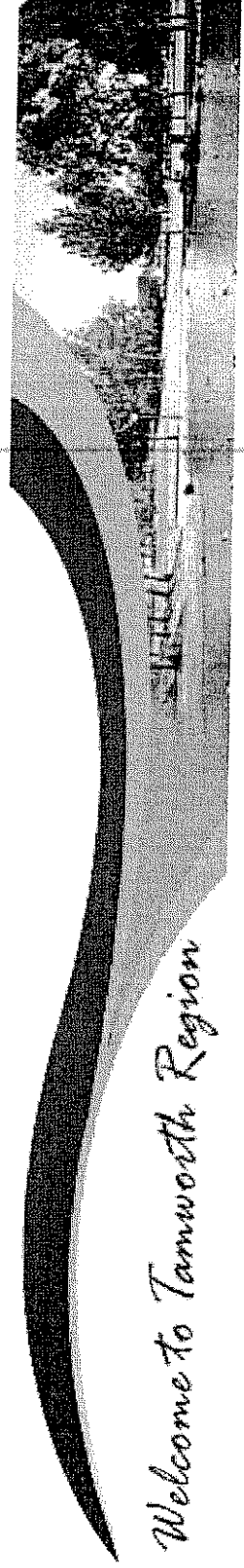


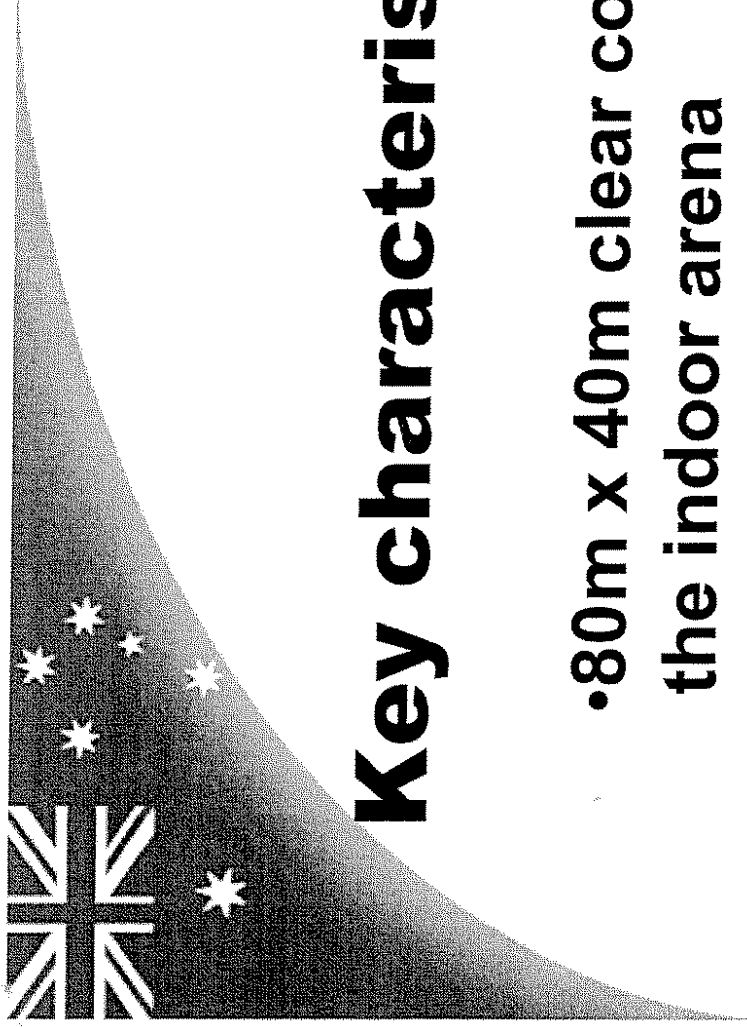


Site Plan



Table based Plans

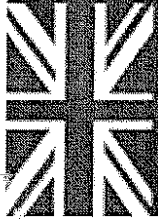




Key characteristics of design

- **80m x 40m clear competitor floor space in the indoor arena**
- **3,100 spectator seating expandable to 5,000**
- **500 international standard stables**
- **Adjacent parking and camping for 200 trailers/vehicles**





Investment and Funding Sources

FY05 Dollars

Capital development total -----> \$13.95m

Indoor arena and building

\$5.07m

Stable blocks

\$4.374m

Truck and trailer parking

\$1.16m

Car park

\$0.48m

All other

\$2.11m

Total External Project

\$13.19m

Land acquisition

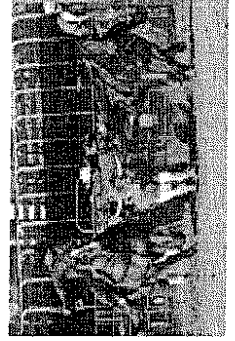
\$0.45m

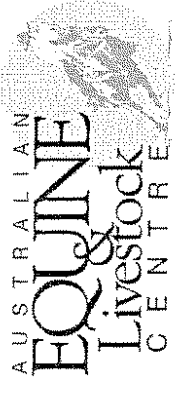
Engineering and design

\$0.31m

Total CAPEX

\$13.95m





Investment and Funding Sources

Source of Funding:

Unconditionally committed:

- NSW State
- Tamworth Regional Council
- Equine Industry
- Unconditional Total

Proposal for Federal Funding:

- Regional Partnership program

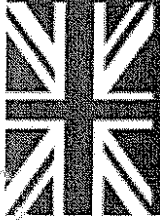
Total Funding

\$3.35m
 \$2.60m
\$2.00m
 \$7.95m

\$6.00m

\$13.95m

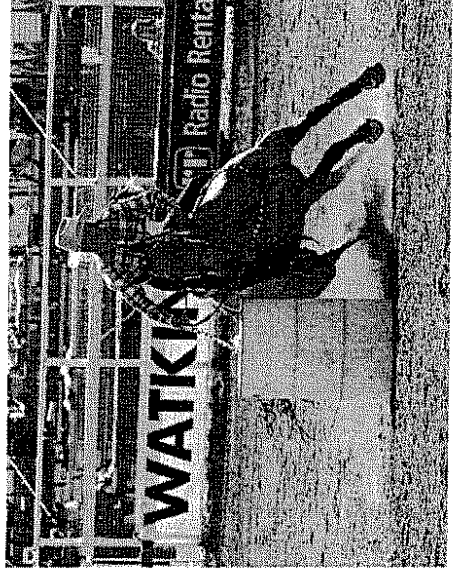


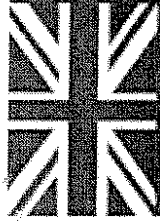


Debt and Servicing Risk

This proposal is based on:

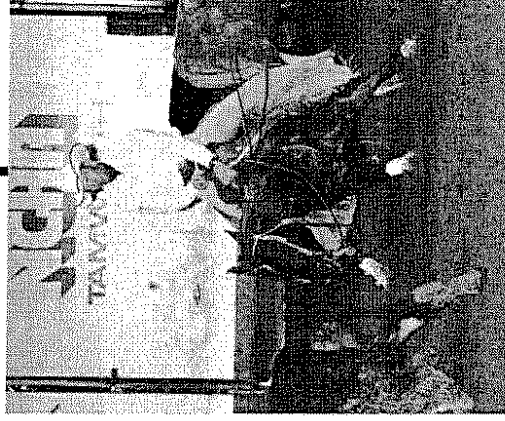
- no debt
- as a consequence there is **NO** risk in servicing debt related commitments





Cooperative Approach

- It is clear that no single user group has sufficient use or financial resource to build a facility to meet their needs
- However a cooperative approach will deliver the asset and it's benefits to the users and region
- Four largest Equine Groups have come together in joint approach





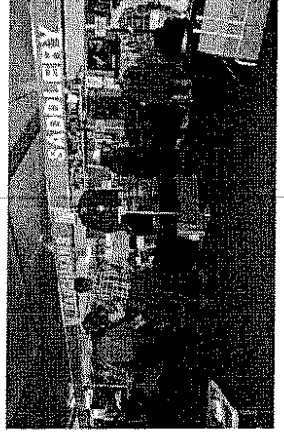
Market Target Assumptions

Present events and user groups:

- National Cutting Horse Association
- Australian Bushmans Campdraft and Rodeo Association
- Australian Quarter Horse Association

- The above associations have committed to transfer all events to the new facilities
- They represent 60+ % of gross revenue

- Australian Professional Rodeo Association have committed to return to Tamworth when the new facilities are commissioned

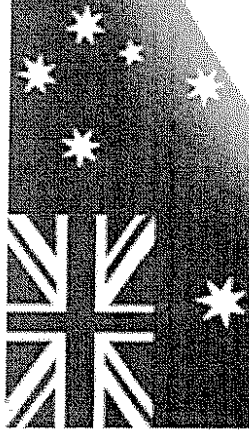




Other Assumptions

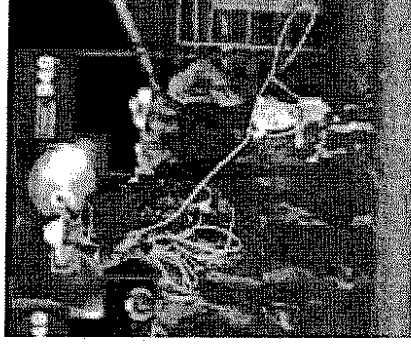
- Low utilisation of facility:
 - 112 days (Yr1) to 149 days (Yr2) per annum
 - this is lower than present showground utilisation
 - Scope for significant increase in activity and Net Profit
- Certain events will stay at the Showground:
 - Annual show
 - Harness racing
 - Other smaller events





Expenses

- Variable expense matched to activities
- Fixed expense (total excl depre \$360k-\$454k) includes:
 - Escalating repairs and maintenance over ten years (FY07 \$73k; FY08 \$104k; FY09 \$107k)
 - Depreciation at commercial rates (FY07 \$233k; FY08 \$237k)



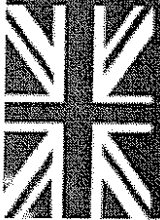


Financial Results

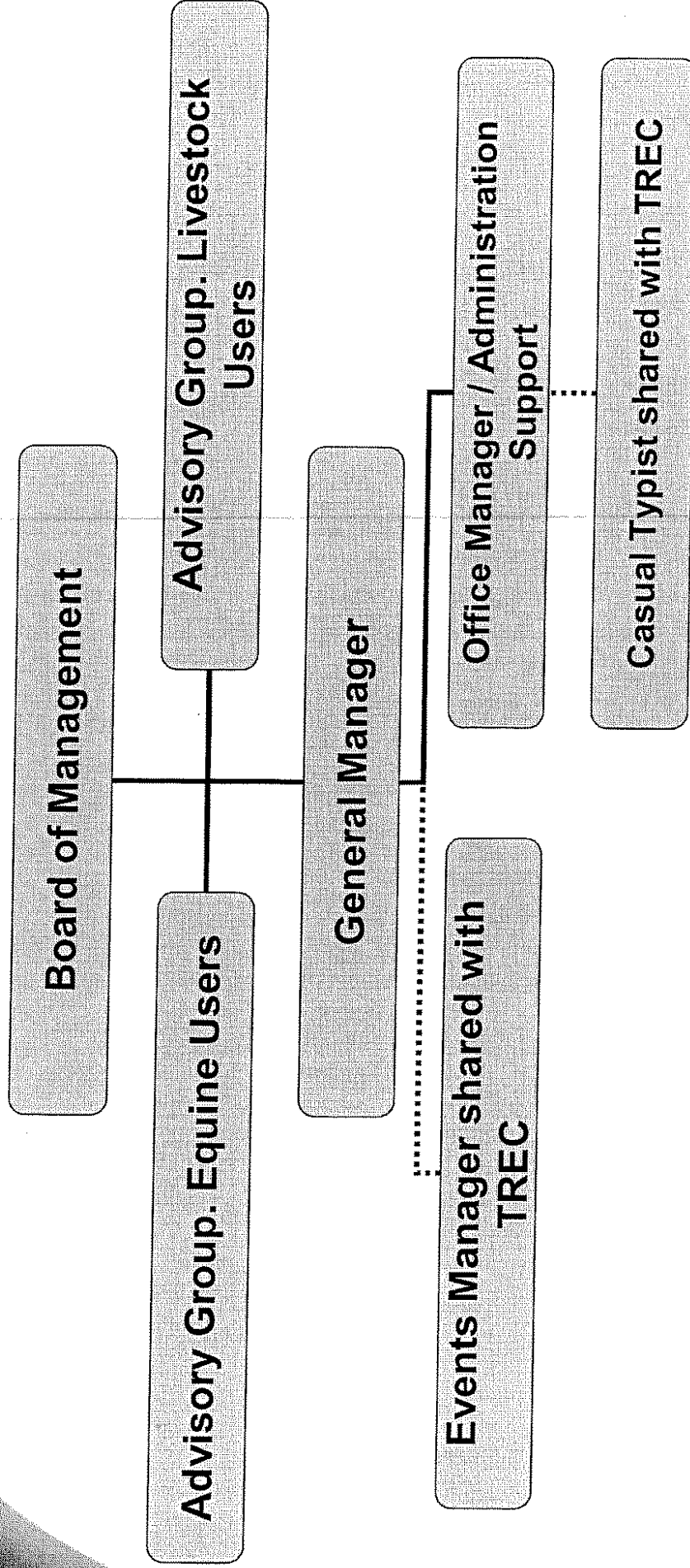
10 Year Projections

- **Positive cash flow each year from operations**
 - **FY06 \$8k; FY07 \$742k; FY08 \$356k**
- **Modest operational profits**
 - **FY06 \$47k; FY07 \$223k; FY08 \$219k**
- **Ten year cash flow analysis:**
 - **1.4% internal rate of return (based on investment of \$13.95m)**





Board and Management Structure





Board

Community and User Representation

Chair: Greg Maguire (Tourism Tamworth)

Tamworth Regional Council – James Treloar (Administrator)

Tamworth Development Corporation – Terry Keating (Chair)

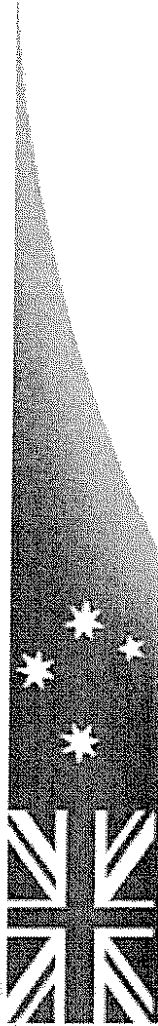
NCHA – Gail Ritchie (CEO)

AQHA – Hunter Jones (CEO)

ABCRA – Rosemary Harmer (CEO)

APRA – Scott Higginbotham (Chair)

Stock & Station Agents Assoc - Dick Cameron (Chair)

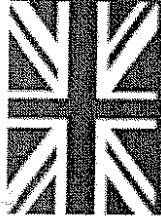


Comparative Analysis -SWOT

WEAKNESSES of Present Facilities

Showground site not believed viable alternative due to inadequacies of:

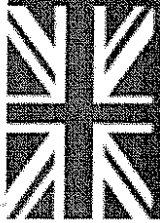
- size of showground for development
- present commitments to Harness Club
- inability to separate animals and public –risk / liability
- drainage and environmental issues
- traffic and parking (on and offsite)
- space to provide camping adjacent to stabling
- lack area to enlarge indoor arena
- upgraded large scale spectator seating and facilities
- product display areas
- lighting, signage
- number of safe, secure stables



Comparative Analysis -SWOT

THREATS to Regional Events and Industry

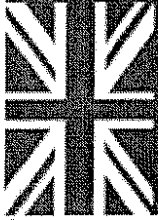
- due inadequate facility
 - event or events leave Tamworth
 - resultant loss in regional economic benefits
- job losses
- population reduction
- impact on property prices
- serious injury or loss at showground due to facilities:-
 - e.g. On site power use
 - public access to livestock areas;
 - lack of security



Comparative Analysis -SWOT

STRENGTHS of Region and This Proposal

- Financially positive with significant upside
- Land for future expansion
- Experienced and capable Board members
- Co-located with TREC and sporting facilities – existing investment \$12m
- Tamworth has a proven record as the pre-eminent equine events Centre of Australia
- Present regional economic value from equine activities - \$45m to \$55m pa
- New concept developed by international equine architect Timothy Court and Associates
- Independently costed by international Quantity Surveyor firm, WT Partnership
- Present equine events are at a national level and are Tourism flagship event status (e.g. Futurity - \$7m economic value as an single event).
- Tamworth has accommodation and tourism infrastructure to support major events of up to 50,000 visitors – e.g. Country Music Festival
- Tamworth is a recognised brand representing regional Australia; Country Music; equine activities (NCHA Futurity, National Campdraft, National Finals Rodeo and Breed National Shows).



Comparative Analysis -SWOT

STRENGTHS of this Proposal (Continued)

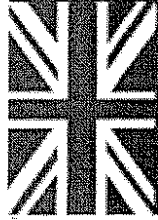
- Tamworth region has a range of related industry investments that support and drive the equine and livestock industries
- Majors markets for livestock and horse trading
- A high level of investment by city and local stakeholders in specialised properties, breeding and training facilities
- Surrounding areas have a high investment in livestock to support stud sales and cattle for events
- Beef cattle breed societies located within the region
- Tamworth is located equi-distant between QLD and VIC as well as being central to NSW market.



Comparative Analysis -SWOT

OPPORTUNITIES through this Proposal

- Secure existing events , jobs and investment in Tamworth
- To meet unsatisfied needs of customers and users
- To develop new markets through the availability of an international standard Centre – capable of multifunctional use, international media production, handling large numbers of spectators and competitors
- To produce regional economic, population and job growth
- Combined use of TREC and AELC will allow events of 10,000 spectators for large cultural, community and sporting event use
- Investment in a project of national importance
- Increase national and international recognition and trade in Australian livestock and horses
- Increase livestock, equine and event management education and skills transfer
- Utilise established Tamworth brand and marketing channels to maximize promotion of events and activities
- To establish a fully compliant event Centre to meet OHS, environmental, security, public risk requirements



Summary

Conservative Business Plan shows:

- Operational results and cash flow are positive
- However it will not support material debt

Risk is if no development → major users may move away

Alternatively an initial investment today by stakeholders in the order of \$14m in AELC will conservatively protect \$500m economic benefits to the Region over the next decade



Federal Government Funding

Ability to proceed is dependent on Federal

Govt support

Fed Govt will only provide funding if it is clearly demonstrated that:

- the stakeholders have a shared vision and are fully committed**
- the project is viable and sustainable**
- and regional benefits will be delivered**



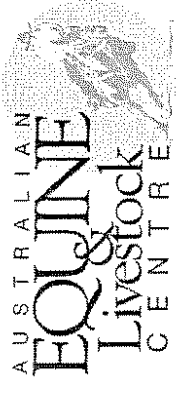
*** Achievements To Date**

- **TRC committed** ✓ **\$2.6m**
- **NSW State committed** ✓ **\$3.35m**
- **User Groups committed** ✓ **\$2.0m**
- **Land purchased** ✓
- **Business community support** ✓
- **Concept drawings developed** ✓
- **Quantity costings completed** ✓
- **Business plan completed** ✓



Next Steps

- **Formal application to Regional Partnerships lodged with NENW ACC – tomorrow Friday 13th August 2004**
- **DPM briefed on progress and will be provided with presentation if required**



**.....a unique regional investment
showcasing Australian national equine
and livestock events and products to
the world**