

NSW Regional Cultural Fund

Regional Cultural Centre in the Old Bega Hospital

BUSINESS CASE

Project with an estimated total cost above \$250,000

APPLICANT:

Old Bega Hospital (R.180050) Reserve Land Manager

VERSION: 4.1

DATE: 22 October 2018

KEY PROPOSAL DETAILS

PROJECT INFORMATION	
Project name	Regional Cultural Centre in the Old Bega Hospital
Lead proponent (e.g. Council)	Old Bega Hospital (R.180050) Reserve Land Manager
Lead proponent ABN	68 124 323 984
Proposal partners	
LEAD CONTACT	
Name	
Position	Board member
Phone	
Email	
Fax	
Address	
PROJECT SCOPE	
Proposal summary for publication <i>Please provide 150 words or less</i>	Restore a community cultural centre for the far south coast of NSW in the heritage listed Old Bega Hospital (1888 - 1956)
PROJECT LOCATION	
Proposal address	3 Corkhill Place, BEGA NSW 2550
Local government area	Bega Valley
NSW electorate	Bega
Federal electorate	Eden Monaro
SUPPORTING INFORMATION	
Attachments <i>Please list out all supporting information provided</i>	<ol style="list-style-type: none"> 1. Australian Institute of Architects <i>Register of Significant Architecture in New South Wales</i>: http://www.architecture.com.au/docs/default-source/nsw-notable-buildings/aiaregister2015.pdf?sfvrsn=0 2. Barilaro, the Hon John, MP, Deputy Premier, letter dated November 2016 re extending the NSW offer of assistance: Barilaro20161104.pdf (uploaded with application) 3. <i>Beasley, Kaylie, 2012: Old Bega Hospital Conservation Management Plan</i>: http://www.obh.org.au/Reserve%20Trust/BeasleyPoM.pdf 4. <i>Bega District News</i>, report on the 2004 fire: https://www.begadistrictnews.com.au/story/1044271/old-begahospitaldamagedby-blaze/

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1 EXECUTIVE SUMMARY

The restored Old Bega Hospital cultural precinct will provide a distinctive cultural experience for the arts, screen, culture and heritage in the Bega Valley and beyond. It will meet the cultural community's need for a secure, permanent home. It will be a hub and a base from which the creative community can develop its talents, show its products, engage the wider community, and launch creative initiatives.

The proposal will enhance cultural vitality. It will establish community cultural infrastructure that complements traditional offerings in the region. It will generate jobs in the cultural sector.

As a community precinct, it will promote increased participation in creative and cultural activities. It will provide access to arts and cultural projects, increase participation by diverse audiences in cultural events in the regional community, including participation by young people and Aboriginal and Torres Strait Islander communities.

The Old Bega Hospital is much loved by the community. It is a delightful heritage precinct on the outskirts of Bega town. The main building was the heart of the Bega Community and Cultural Centre from 1988 until the windy night of 2 May 2004 when it was razed by fire.

The proposal will restore the heart of the Centre. The Regional Cultural Centre at the Old Bega Hospital will again be a place where we celebrate our past, nurture our community and dream about our future.

The infrastructure work proposed is restoration and conservation of the heritage listed Old Bega Hospital main building. There are two options. Full restoration will provide finished spaces for exhibitions, a gallery, rehearsals, functions, a cafe, a community kitchen, studios, workshops, 'wet' activities and meetings. As an alternative, a 'bare bones' restoration will restore the building to a 'blank slate' in which the creative community can exercise its talents to adapt the building to its evolving vision and needs. Both options are fully costed, financially viable, have architect designs ready for submission of a development application, and can be started within 12 months. The site is Crown land.

The main building has been sorely missed since the fire. The community has raised \$50,000 towards its restoration. Community groups have continued to use the outbuildings, and the Centre has been able to continue to operate on a reduced footing. While other initiatives provide partial solutions, the Old Bega Hospital restoration will provide a permanent regional home for the creative community, with rents geared to the community's capacity to pay and with room for considerable future expansion on the 1.6ha site.

2 CASE FOR CHANGE

2.1 BACKGROUND

The project is to reinstate the Old Bega Hospital community centre as a regional hub for creative community engagement, and to restore the heritage listed Old Bega Hospital main building from its current fire ravaged condition site to again be a living heritage asset.

The proposal will provide either a fully finished product or alternatively just the bones from which the creative community can build and evolve its own vision for culture and the arts in the south east. Each option has its merits. The project will conserve the strong cultural and aesthetic values of the site, generate engagement, employment and income, and be a springboard for creative talent. It will be a place where we can contemplate our past, nurture our community and dream about our future.

The Old Bega Hospital started life as a community-built and funded hospital from 1888 following an outbreak of smallpox. After 68 years in operation it was superseded by a new district hospital in 1956 and fell into disuse and disrepair. A major community effort in 1988, part of the Australian bicentenary celebrations, converted the shell into a very successful community centre, with over 40 participating user groups. In 2004 a fire gutted the main building and with it the heart of the centre. The outbuildings survived and have continued in community use on a smaller scale, housing the Bega Valley Weavers, the Bega Valley Potters, EdgeFM community radio, and others, as well as casual users. The Men's Shed group has a lease over part of the 1.6 ha grounds and runs a Men's Shed. Beekeepers also use the grounds. A Raise the Roof Spring Fair is held annually by the Friends of the Old Bega Hospital. It attracts hundreds of locals and visitors, demonstrates strong community support for the centre and the building, and raises funds. However, the heart of the precinct, the main building, remains a shell, fenced off to the public, gradually deteriorating, producing no income and few benefits.

The objectives of the proposal are to:

- Restore the heart of the Old Bega Hospital precinct as a home for the creative communities on the far south coast.
- Conserve the community and architectural values for which the Old Bega Hospital is heritage listed.
- Provide community benefits and social returns from the Old Bega Hospital.

The planned outcomes are:

- The creative community of the south coast will have a distinctive home, providing synergies between users, engagement with the wider community, and a launching pad for creative activities.
- The much loved Old Bega Hospital will be restored to be a living heart for its community in perpetuity.



The Old Bega Hospital as it is today. It sits in a 1.6 ha Crown land site on the outskirts of Bega.

2.2 RATIONALE FOR INVESTMENT

The key issues to be addressed by the proposal are:

- The bulk of the cultural services provided by the Old Bega Hospital community centre ceased following the 2004 fire and need to be restored. The precinct was a centre for arts and community activities, with over 40 user groups, including Aboriginal and youth groups, and strong engagement with the wider community. Since the fire only the surviving outbuildings have been able to serve that purpose, which they have done though not with the former scale and effectiveness.
- Though it has strong and talented arts practitioners, the far south coast lacks a focus and a home for its active creative community. The proposal will provide a home and a focus for active community groups, programs and enterprises. It will complement higher level traditional cultural infrastructure in the region - including the 4 Winds Festival at Bermagui, the Twyford Theatre in Merimbula, and the Regional Gallery in Bega - and the range of private and commercial facilities, ranging from jewellery workshops to recording studios and art galleries.
- The TAFE in Bega has ceased to provide art classes and similar community focussed activities. There is no community space in the region for 'wet' arts activities, where people can do hands on arts activities on a reasonable scale. The restored building will provide spaces for community arts activities.
- The Old Bega Hospital is heritage listed under the Bega Valley Local Environment Plan and listed by the Australian Institute of Architects in its [Register of Significant Architecture in New South Wales](#) (item 4702252). It is the largest surviving building of its age in the area. It is owned by Crown Lands and was reserved from sale by Crown Lands in 1990 for 'preservation of historic sites and buildings and for community purposes.' At the time of the fire it was not commercially insured, and formal Treasury arrangements for self insurance did not exist. Crown Lands has not repaired the building. Under current arrangements, while the outbuildings still have community functions, the main building is on its way to becoming a heritage listed pile of rubble, and is providing no return to the community other than its mere existence. Even in its derelict state it is an attractive building. It has

22 rooms. Restoring its function as a community cultural centre will conserve and present its heritage values and make it once more the premium community asset it deserves to be.

- Lack of a permanent community cultural precinct with room for expansion. The Old Bega Hospital is on a 1.6ha site and the surrounding land is largely undeveloped and zoned light industrial. It has scope for future greenfields development as a substantial cultural activities precinct. The other community based precinct in Bega, the [FunHouse](#), is reaching capacity for resident activities and has no expansion potential. The FunHouse is on a commercial lease and raises funds by crowdsourcing to help pay the rent. The cooperative owned [Spiral Gallery](#) is similarly constrained. The Old Bega Hospital proposal will provide a permanent home with rents geared to community capacity to pay and considerable room for future expansion.

Old Bega Hospital has cultural heritage significance at a State level because it was the first public hospital in Bega and provided healthcare for residents of Bega and surrounding districts for 68 years. Socially Old Bega Hospital is significant because many community members share a personal connection with the hospital. Community members may have been born there, visited people there, worked there or been involved in hospital fundraising efforts. The repurposing of Old Bega Hospital into a community centre has maintained community involvement with the site and ensured that community members continue to share a personal connection with the hospital. The association of Old Bega Hospital with Sir Robert Lucas Tooth, a notable figure in NSW's history, also contributes to its significance. Old Bega Hospital is the only extant hospital from the late 19th century located in the far south coast region (BeasleyPoM.pdf).

2.3 STRATEGIC ALIGNMENT

The proposal is strongly aligned with NSW government, regional and council strategies, plans and priorities.

We will increase opportunities for people to take part in and shape arts and culture. We will enable new arts experiences outside of the traditional spaces of galleries and theatres, as well as new ways of engaging with arts and culture to enhance enjoyment and learning opportunities ([NSW arts and cultural policy framework](#) 2015, page 11).

The proposal will provide cultural infrastructure to enable the people of the far south coast to access the arts, will contribute to urban renewal, and will help to build the State's national and international reputation, supporting robust local and visitor economies. The centre will be a platform for creation and presentation for artists and cultural workers. It will renew our cultural infrastructure ([NSW arts and cultural policy framework](#) 2015, page 10).

The proposal will enable artists and creative practitioners to have new opportunities to grow their practice, connect with their peers and build sustainable careers ([NSW arts and cultural policy framework](#) 2015, page 11).

The proposal values the powerful and positive impact that arts and cultural participation can have on young people and others who are potentially disengaged. The Centre will work to broaden creative learning, and arts and cultural career opportunities. It will empower young people to contribute to our plans and priorities ([NSW arts and cultural policy framework](#) 2015, page 11).

The centre will support the key action for regional NSW, 'collaborating with local governments in Regional NSW, with a focus on opportunities for creative hubs and cultural precincts ([NSW arts and cultural policy framework](#) 2015, page 16) and 'we will explore and maximise opportunities for creative hubs and cultural precincts across the State' (page 48).

The [South-East and Tablelands Regional Plan 2017](#) defines (at page 71) strategic centres that provide a full range of higher-order services. Bega is the designated strategic centre in the far south east. It services a broad area beyond the local surrounding settlements to offer important business, health, education and administrative services (page 59). 'Planning will encourage infrastructure delivery and target the needs of communities. It will also encourage more efficient allocation of resources and investment to improve the

livability and sustainability of the region' (page 59). This proposal will strengthen Bega as a strategic centre for community arts and culture, improve its livability, and address the needs of its community.

The project has an offer of grant of \$500,000 from the NSW Regional Development Fund. The grant was subject to conditions, including the recipient finding the remainder of the funds required to complete the project at an indicative cost of \$2.24m, and that the funds were to be used solely to put a roof on the building (NSWOfferOfAssistance20150221.pdf). The funding agreement (Funding Deed Trade & Investment 20150715.pdf) was extended to October 2017 (Barilaro20161104.pdf). The Reserve Trust wrote to Minister Barilaro in September 2017 (Barilaro20170906signed.pdf) to seek a further extension and relaxation of the conditions. To date (16 August 2018) the Trust has not received a reply, so currently the funding deed has formally expired, and renewal and the conditions are under consideration.

Crown Lands is the owner of the site. The Old Bega Hospital buildings and site were reserved from sale on 30 March 1990 'for preservation of historic sites and buildings and for community purposes' (Gazette No 44 at page 2763).

Crown Lands commissioned a report from Public Works Advisory on the feasibility of restoring and reusing the building as part of a community and cultural centre on the site. The report, dated August 2017 (PWA Old Bega Hospital Inspection Report_Final (3).pdf) was positive about the proposal and confirmed its feasibility. Crown Lands emphasised at the time that provision of a copy of the report to the Trust was 'not representative of any Departmental preference for any of the options put forward.'

The Office of Environment and Heritage NSW Heritage Database records re the Old Bega Hospital: 'Historically significant for its initial construction in the late 19th century and subsequent development over many decades. Aesthetically significant for its architectural design, proportions and rich details. Socially significant for the long role it played in the community's health when operating as a hospital and for its role as a focus for community activities over many decades. The main building suffered extensive fire damage in about 2005, however many of its important values have survived.'

The Office of Environment and Heritage granted the project \$100,000 (maximum available) Heritage Activation Grant from the Heritage Near Me program, to assist with architecture so that a development application could be lodged.

The Member for Bega, the Hon Andrew Constance MP, has long supported restoration of the building. He called for funding in a private members statement in Parliament on 10 November 2005 ([Hansard](#)). He was instrumental in getting the \$500,000 offer of grant under the Regional Development Fund, saying '*We are very serious about getting this done, getting this fixed. This is the first step from the government following the years of hard work you've all done*' ([report](#)).

Bega Valley Shire Council heritage listed the building in its 2013 Local Environment Plan (Item I009).

Council recognises that through creativity we can foster and build a sense of community, promote mental health and wellbeing, and embrace the opportunities for economic and cultural development (*BVSC Community Strategic Plan 2013-2030*, p37). Under direction L2, the Plan provides:

Outcome	BVSC Role	Partner
• L2.6 - Community actively participates in events, festivals and creative community activities	Advocator	Community groups, South East Arts
• L2.7 - Cultural services and facilities provided	Facilitator	Community groups, South East Arts
• L2.8 - Cultural industries supported and developed	Facilitator	Community groups, South East Arts.

This proposal from the community will assist achievement of those outcomes.

At its meeting on 10 June 2015 Council resolved 'That Council include the Old Bega Hospital in its strategic plans, with Council shown as a facilitator and not a funding body' (Council to Hendy 20150817 rev.pdf).

2.4 EXPECTED OUTCOMES

Outcomes

The expected outcomes arising from the proposal include:

1. The main building of the historic Old Bega Hospital will be restored from a fire ravaged structure to again be the heart of a dynamic regional community cultural centre on the NSW south coast.
2. The creative community of the south coast will have a secure, permanent, distinctive, heritage listed home, providing synergies between users, a launching pad for creative activities and exposure and sales for their products, with both long term, dedicated, rented and leased facilities, and spaces for temporary uses and hires. Rents will be geared to community capacity to pay.
3. As a community cultural centre, the Old Bega Hospital will underpin and complement specialised 'traditional' cultural facilities including the Four Winds Festival, the Twyford Theatre and the Regional Gallery.
4. It will provide social and cultural engagement within the community, be a place where all can meet and find welcome. The precinct will facilitate acceptance and cooperation within and among the diverse groups and individuals in the community resulting in an increase in the region's social capital.
5. It will provide formal and informal employment.
6. It will engage tourists from outside the community, expose them to the wealth of local talent and bring income to the region.
7. The cafe and gardens will be designed as all abilities facilities able to provide training for people with disabilities and/or other disadvantaged groups.
8. The community will be exposed to and will develop new skills and abilities from educational activities.
9. The proposal will develop new interest in the arts, craft and culture.
10. The many smaller groups and activities will use the spaces for their bigger events e.g. public meetings and annual exhibitions. The centre will cater for overflow activities and events from other community cultural spaces.
11. In the long term, the centre will attract greenfields development on and neighbouring the site as a substantial cultural activities precinct.
12. The outdoor spaces will be used for outdoor activities – festivals, fairs, markets, community functions, large scale sculptures and other exhibits (with ample parking).
13. The restored building will provide spaces for larger scale community arts activities.
14. Cultural residencies – for existing or new individuals, groups and programs, regional, national, international, to give practitioners extended opportunities to develop and share skills and enthusiasm.
15. A full restoration will provide fully functional spaces from day one.
16. A 'bare bones' stage 1 alternative will provide a blank canvas which the community can bring to bear its full creative and entrepreneurial skills.
17. The Old Bega Hospital's heritage values will be conserved and presented. It will once more be the premium heritage asset it deserves to be.

18. As much as necessary will be done to care for the place and to make it usable, but otherwise it will be changed as little as possible so that its cultural significance is retained.

19. A place where we celebrate our past, nurture our community and dream about our future.

Beneficiaries

Beneficiaries are all those who have a stake in the project and want to see it come to fruition, plus those who will be involved once the centre is operational again. Beneficiaries include both volunteers and paid workers. Benefits include both monetary and non-monetary benefits.

1. Cultural community practitioners.

Practitioners who will benefit from sales of goods and services into the centre, and from synergies of working with each other, mentoring, sharing and developing skills and experiences, in some cases launching creative careers. They will include practitioners of 2D and 3D visual arts, music, poetry, drama and dance, martial arts, screen based arts, 2D and 3D printing, jewellery making, weaving, quilting and other crafts, artists in residence, pre-commercial stage startups. Their suppliers, e.g. of materials, will benefit indirectly.

2. Culture consumers.

Consumers at the centre who purchase (for money or otherwise) goods and services from practitioners including participants in activities, purchasers of arts and crafts, locals and visitors to Bega. Benefits will include participation, skill development, education, inclusion, material goods, wellbeing from supporting and appreciating the arts.

3. Managers, administrators, maintainers.

Managers, administrators and maintenance workers involved in day to day operation of the centre, including centre managers, committee members, tradespeople, cleaners, gardeners. Suppliers of financial services, booking services, energy, water, waste disposal, materials and goods. Benefits will include employment in support of worthwhile activities.

4. Ancillary service providers.

Owners, operators and employees of the cafe and other ancillary commercial activities at the centre, and their suppliers of goods and services. Benefits will include employment, skill development, education and training, and may be directed for the particular benefit of socially or economically vulnerable groups.

5. Builders.

All involved in the actual building work during the construction phase: tradespeople, supervisors, project managers, inspectors, building materials suppliers. Benefits will include employment, wages and profits, satisfaction from material participation in a worthwhile project.

6. Designers.

All involved in getting the project to deliverable stage: architects, the Trust, Council, grant applicants and assessors and administrators, politicians, taxpayers. Benefits include employment, use of creative and other talents, seeing a proposal long in gestation finally brought to fruition.

7. The community.

All those who have been involved with the Hospital at some stage and have a stake in its restoration, including people born there, former staff, those who worked on the 1988 restoration, users past and present, people who have come to events, and those who just want to see it restored. Benefits include having their historical involvement recognised and conserved, being able again to walk into their past, have their social capital restored.

8. Supporters.

All those who have contributed to the project financially and otherwise, donors, sponsors, fundraisers. Benefits will include feelings of wellbeing from having their engagement and support finally bear fruit.

2.5 STAKEHOLDER & COMMUNITY SUPPORT

The Old Bega Hospital is much loved and much supported by the community, and has been since its inception.

A [history of the Old Bega Hospital](#), written in the 1990s, records:

The community was always very involved in the Hospital by way of donations, both monetary and by way of linen, vegetables, preserves, flowers and furnishings. Milking cows were provided on a permanent basis by Mr C T Stiles of *Kanoona*.

In 1987 the Old Bega Hospital Committee, formed several years previously to restore the Old Hospital and return it to community use, took over the lease of the Old Hospital.

The restoration job was enormous, with the community once again giving generously, both in terms of monetary donations and skills and work donations. Literally hundreds of people from the district have been involved in the renovations.

The first group to be formed and work out of the Old Hospital was the Tai Chi Group. Each group that has established the Old Hospital as its base has contributed towards renovations and fundraising activities.

The Old Bega Hospital is currently used by many user groups who have based their activities here. Potters, weavers, spinners, craftspeople, artists, sculptors and woodcrafters are the many artisan groups using the Old Hospital facilities. The Tai Chi Group, Yoga Group and Homebirth Group are representative of other interest groups using the Old Hospital facilities.

Bega Family Daycare have a permanent rental of part of the building and many community groups, including schools, drama groups and Skillshare, hire the main hall. The main hall is also available for hire for private functions. Dances and parties have been held at the Hospital.

The latest group to join the Old Hospital is called "Valley Originals" and is made up of 30 craftspeople who will be retailing from the Old Hospital. This will benefit both the group and the Old Hospital, as it will mean that the Old Hospital is open to the public throughout the week, and provides an attractive and affordable retail outlet for the Group.



Photos: The 1988 conversion of the derelict main building to a community centre. Above, landscaping. Below, window restoration workshop. More photos are on the [OBH website](#).



[Bega Valley Community Strategic Plan 2040](#) (page 22): 'Through our community engagement we learnt that we love our friends, and family, and living in small, friendly communities. We also value our indigenous heritage and cultural activities including music, arts and events. We are proud of our heritage and identity. In the future we would like more support for local creative, entertainment and cultural opportunities including improved facilities for community activities and events. We would value more opportunities to celebrate and promote our creative talents. We would also like our communities to be more accepting of diversity.'

At the opening of the Men's Shed on the Old Bega Hospital site on 18 January 2015, Member for Bega Andrew Constance, 'was cheered when he said that next he would be looking at doing something for the fire-damaged Old Bega Hospital' ([report](#)).

The Men's Shed works with the Trust and the Justice Department (Corrective Services) to supervise people with community service orders who serve their sentence by working one day a week at the Old Bega Hospital.

The Reserve Trust prepared a [Strategic Plan](#) for the Old Bega Hospital in 2014. The central proposal was for restoration of the Old Bega Hospital as a regional community and cultural centre. The current proposal is an evolution of the 2014 strategy. The Strategic Plan has a list of supporters at page 7 and includes copies of statements of support for the strategy from local federal and state politicians, Council, the Chamber of Commerce, the Bega and District Nursing Home Ltd and the University of Wollongong. (Note: Appendix D in the Strategy, an estimate of costs, is only for the re-roofing component of the building repair, not the full restoration.)

The Friends of the Old Bega Hospital Inc (ABN 86404361170) was formed in 2013 to encourage and support restoration, conservation, development and maintenance of the Old Bega Hospital as a heritage, cultural and community precinct ([constitution](#)). It is a mechanism through which the wider public is able to join in strategic management of the Old Bega Hospital (as the Trust board is restricted to the seven members appointed by the Minister), and is the custodian of community funds raised to support the project. The Friends has over 50 members and 50 subscribers to its newsletter. Total funds raised from the community since the 2004 fire exceed \$50,000 (30 June 2018 [financial statement](#)).

An Old Bega Hospital Raise the Roof Spring Fair has been held by the Friends in each of 2015, 2016 and 2017. On each occasion it has attracted hundreds of participants. It is well supported by local businesses ([report on 2016 Fair](#), including lists of sponsors).

The Trust has consulted about the proposal, specifically re getting support for funding, over the past few years with Federal and State local members and their opposition counterparts, and with Council and councillors. Feedback at those meetings is always positive and supportive. Dr Mike Kelly, federal member for Eden Monaro, is patron of the Friends of the Old Bega Hospital.

At a user groups consultation meeting on 28 July 2018, representatives of user groups currently at the Old Bega Hospital endorsed the Trust's proposal for restoration of the community centre.

A public meeting convened by the Friends on 14 August 2018 in Bega resolved,

'This public meeting of the creative community of the far south coast:

1. commends the Old Bega Hospital Reserve Trust for taking this initiative
2. confirms that the creative community needs a base from which it can build its activities, develop its skills, and educate and engage the wider community
3. has considered costs and benefits of options including a new building, alternative locations and continuing as we are now
4. confirms that renovation of the Old Bega Hospital, as proposed by the Old Bega Hospital Reserve Trust, is the best option and will meet the requirements for housing a community centre for the far south coast
5. resolves to work with the Trust to develop management arrangements for operation of the centre, and
6. calls on the government of New South Wales to fund the proposed renovation of the Old Bega Hospital, to restore a very fine heritage building as a regional community centre for the far south coast.'

The [Spiral Gallery](#) and the [FunHouse](#), two substantial community based cultural initiatives in Bega, support the proposal (see LettersofSupport.pdf attached to the application). Iain Dawson, curator of the [Regional Gallery](#) in Bega is enthusiastic about the Old Bega Hospital as a cultural centre and sees it as a valuable adjunct to the Regional Gallery. Some Regional Gallery plans had included activities spaces. With redevelopment of the existing site instead of a new site, scope for activities is limited, and Mr Dawson sees

the OBH as very well placed to fill the gap. Also the gap left by TAFE getting out of the arts business (Iain Dawson, oral communication to Richard Bomford, 2 June 2018).

Main concerns raised by the public have been that restoration work has not been funded, there is no roof, the building is deteriorating, the building is not usable, even though it is beautiful. This proposal addresses those concerns. It has been suggested in the media that the building be used to house the homeless. Its location and layout do not make it particularly suited to that purpose: there are probably better alternatives, including the former District Hospital's nursing quarters.

3 ANALYSIS OF THE PROPOSAL

3.1 OBJECTIVES & INDICATORS

Table 3.1. This table relates the key problems and issues (section 2.2 above) with the expected outcomes (section 2.4 above) and outlines how each expected outcome will be measured.

Key problem/issue	Key proposal outcome	Key success indicator
<ul style="list-style-type: none"> The bulk of the cultural services provided by the Old Bega Hospital community centre ceased following the 2004 fire and need to be restored. The precinct was a centre for arts and community activities, with over 40 user groups, including Aboriginal and youth groups, and strong engagement with the wider community. Since the fire only the surviving outbuildings have been able to serve that purpose, which they have done though not with the former scale and effectiveness. 	<ol style="list-style-type: none"> The main building of the historic Old Bega Hospital will be restored from a fire ravaged structure to again be the heart of a dynamic regional community cultural centre on the NSW south coast. Rents will geared to community capacity to pay. It will provide formal and informal employment. It will engage tourists from outside the community, expose them to the wealth of local talent and bring income to the region. The proposal will develop new interest in the arts, craft and culture. The many smaller groups and activities will use the spaces for their bigger events e.g. public meetings and annual exhibitions. The outdoor spaces will be used for outdoor activities – festivals, fairs, markets, community functions, large scale sculptures and other exhibits (with ample parking). A full restoration will provide fully functional spaces from day one. The 'bare bones' stage 1 option will provide a blank canvas which the community can bring to bear its full creative and entrepreneurial skills. 	<ol style="list-style-type: none"> Creative community moves into the building, developing and adapting the building to the community's vision. Community groups can afford to occupy the building. Numbers of paid employees in cafe; paid manager employed; numbers of volunteers engaged; number of creative businesses using the centre. Numbers of tourists visiting, length of stay, amount spent, sales. Numbers of users engaging or reengaging in arts, crafts or culture for the first time. Numbers of events held by non resident user groups. Numbers of outdoor events. Occupancy levels, rents and fees paid; achievement of modelled occupancy and financials set out in 3.5.2 below. Occupancy and use levels, contributions (financial and in kind) from users to fit out and further develop the buildings and site over time.
<ul style="list-style-type: none"> Though it has strong and talented arts practitioners, the far south coast lacks a 	<ol style="list-style-type: none"> The creative community of the south coast will have a distinctive, permanent 	<ol style="list-style-type: none"> Occupancy and use; numbers of joint events, level of cross marketing;

<p>focus and a home for its active creative community.</p>	<p>heritage listed home, providing synergies between users, a launching pad for creative activities and exposure and sales for their products, with both long term, dedicated, rented and leased facilities, and spaces for temporary uses and hires.</p> <ol style="list-style-type: none"> 2. As a community cultural centre, the Old Bega Hospital will underpin and complement specialised 'traditional' cultural facilities including the Four Winds Festival (Bermagui), the Twyford Theatre (Merimbula) and the Regional Gallery (Bega). 3. It will provide social and cultural engagement within the community, be a place where all can meet and find welcome. The precinct will facilitate acceptance and cooperation within and among the diverse groups and individuals in the community resulting in an increase in the region's social capital. 4. Cultural residencies – for existing or new individuals, groups and programs, regional, national, international, to give practitioners extended opportunities to develop and share skills and enthusiasm. 5. A place where we celebrate our past, nurture our community and dream about our future. 	<p>numbers of users moving into creative careers; sales; rents and fees paid.</p> <ol style="list-style-type: none"> 2. Referrals from and to other facilities; numbers of joint activities; formal arrangements entered into. 3. Number and diversity of users and activities; number of open community events seeking new users and activities. 4. Number of in-residence activities. 5. Formal and informal evaluation of the nature and quantum of value the community places on the place.
<ul style="list-style-type: none"> • The TAFE in Bega has ceased to provide art classes and similar community focussed activities. There is no community space in the region for 'wet' arts 	<ol style="list-style-type: none"> 1. The cafe and gardens will be designed as all abilities facilities able to provide training for people with disabilities and/or other disadvantaged groups. 2. The community will be 	<ol style="list-style-type: none"> 1. Arrangements with training providers; use made of the precinct for training activities for disadvantaged groups. 2. Arrangements with education providers; use

<p>activities, where people can do hands on arts activities on a reasonable scale.</p>	<p>exposed to and will develop new skills and abilities from educational activities.</p> <p>3. The restored building will provide spaces for larger scale community arts activities.</p>	<p>of the precinct for educational activities.</p> <p>3. Number and nature of larger scale community arts activities.</p>
<ul style="list-style-type: none"> The Old Bega Hospital is heritage listed under the Bega Valley <i>Local Environment Plan</i> and listed by the Australian Institute of Architects in its <i>Register of Significant Architecture in New South Wales</i> (item 4702252). It is the largest surviving building of its age in the area. It is owned by Crown Lands and was reserved from sale by Crown Lands in 1990 for 'preservation of historic sites and buildings and for community purposes.' At the time of the fire it was not commercially insured, and formal Treasury arrangements for self insurance did not exist. Crown Lands has not repaired the building. Under current arrangements, while the outbuildings still have community functions, the main building is on its way to becoming a heritage listed pile of rubble, and is providing no return to the community other than its mere existence. 	<ol style="list-style-type: none"> The Old Bega Hospital's heritage values will be conserved and presented. It once more be the premium heritage asset it deserves to be. As much as necessary will be done to care for the place and to make it usable, but otherwise it will be changed as little as possible so that its cultural significance is retained. 	<ol style="list-style-type: none"> Meets primary objectives for heritage restoration and adaptive re-use as outlined in Beazley report; formal and informal evaluation of the nature and quantum of the value the community places on the facilities. The heritage fabric and the heritage look and feel of the Old Bega Hospital are conserved: nothing has been destroyed in the process of restoration.
<ul style="list-style-type: none"> Lack of a permanent community cultural precinct with room for expansion. The Old Bega Hospital is on a 1.6ha site and the surrounding land is largely undeveloped and zoned light industrial. It has scope for future greenfields development as a substantial cultural 	<ol style="list-style-type: none"> The centre will be a permanent cultural precinct. The centre will cater for overflow activities and events from other community cultural spaces. In the long term, the centre will attract greenfields development 	<ol style="list-style-type: none"> Crown Lands reservation from sale for heritage and community purposes is retained in perpetuity. Numbers of non-resident users using the precinct for overflow events and activities. Nature and quantum of proposals for additional development on the site or

<p>activities precinct. The other community based precinct in Bega, the FunHouse, is reaching capacity for resident activities, is on a commercial lease and has no expansion potential. The cooperative owned Spiral Gallery is similarly constrained.</p>	<p>on and neighbouring the site as a substantial cultural activities precinct.</p>	<p>neighbouring properties.</p>
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3.2 THE BASE CASE

The base case is that the Old Bega Hospital is allowed to continue to descend into ruin, that it not provide any community value other than its (gradually declining) existence value, that the south coast creative community continue to have no home base from which to build and launch itself. The base case has no financial costs, puts a community asset to waste, and generates negligible community benefits, cultural or otherwise. The base case is inconsistent with the purposes of the Crown Lands reservation from sale, viz 'for preservation of historic sites and buildings and for community purposes' (Gazette No 44 of 30 March 1990 at page 2763), in that the building's heritage values are not conserved but go to ruin, and there are no activities that contribute to community purposes. The base case has nil financial cost, other than gradual depreciation in the value of the building.

3.3 OTHER OPTIONS CONSIDERED

A wide range of options was considered, taking account of physical, legal and financial contexts, constraints and risks, and the interests of stakeholders, including the owners, Crown Lands.

The following options (together with the base case, above) capture much of what was considered. The preferred options generally are 5, 6 and 7. The options for which funding is sought in this proposal, taking account of the purposes of the Regional Cultural Fund, are options 6 and 7.

1. Base case, 3.2 above.
2. Sell the building to the private sector, for residential use, commercial use or demolition - inconsistent with the purposes of the Crown Lands reservation from sale, and in some cases inconsistent with the Local Environment Plan heritage listing.
3. Develop the building as a tourism centre, including visitor information centre, wellbeing services, accommodation and commercial sales - inconsistent with the purposes of the Crown Lands reservation from sale. High traffic and parking needs might be inconsistent with heritage listing.
4. Develop a community cultural centre on green fields site - the site would have to be purchased, the building built and the heritage site would again have no community purpose. A new purpose built building built from scratch would probably offer better value for money, but would not have the heritage attractions (and constraints) of the Old Bega Hospital.
5. Develop a community cultural centre in an alternative existing building. The building would have to be purchased or donated, and the Old Bega Hospital heritage site would again have no community purpose. Depending on the existing building, it likely would not have the heritage attractions (and constraints) of the Old Bega Hospital.
6. Develop a fully integrated community and cultural centre with ancillary tourism and commercial activity, rather than primarily one or the other. Could well be better suited to the scale of the building and the catchment community, could generate a higher rate of return and be more flexible than a

single use development. Unlikely to be funded as there is no funding for integrated proposals, so not a realistic proposition under current funding arrangements.

7. Fully develop and fit out the Old Bega Hospital with flexible spaces for exhibitions, galleries, rehearsals, classes, workshops and studios, meeting rooms, cafe and offices to provide a fully functioning community cultural centre from day one. Risks being over provisioned and underused in the early years, though positive management should reduce that risk. More expensive.
8. Do minimum option, restore the whole building to a 'bare bones' state where the whole can be occupied by the community, but with minimalist fitout throughout. A 'blank slate', like a recently unoccupied industrial warehouse, inviting a wide range of creative responses and investment by users.
9. Do minimum, do later, option, restore and fit out only part of the building, delay further renovation and use to a later date. Risks failing to create economies of scale and synergies between users. Risks poor rates of return while the scale remains small. Essentially a continuation of the status quo where the outbuildings are occupied and used, but rents are low and the site lacks the dynamism of 24/7 operation.

Multi criteria assessment

The options above can be assessed against multiple criteria:

1. Arts outcome.
2. Community outcome.
3. Heritage outcome.
4. Capital cost.
5. Legal or eligibility constraints.
6. Funding risks - risk of not getting funded, or of not getting further funding to complete the project.

Table: Multi criteria assessment

Option	1. Arts outcome	2. Community outcome	3. Heritage outcome	4. Capital cost	5. Constraints	6. Funding risk	Overall value weighted for cost, constraints & risk
1. Base	nil	nil	negative	nil	moderate	nil	nil
2. Sell	nil/unknown	nil	nil/unknown	negative	high	nil	nil/unknown
3. Tourism	low	low	unknown	high	high	high	low
4. Green fields	high	moderate	nil	high	low	moderate	moderate
5. Other building	high	moderate	nil	high	low	moderate	moderate
6. Integrated (full/partial)	moderate	high	high/moderate	high/moderate	low	high	moderate
7. Full restoration	high	moderate	high	high	low	low	high
8. Bare bones restoration	high	moderate	moderate	moderate	low	low/moderate	high
9. Partial - delayed	moderate	low	moderate	moderate	low	high	moderate

3.4 INFORMATION ABOUT THE PROPOSAL

3.4 1 SCOPE OF WORKS

Location

The Old Bega Hospital Reserve is at 3 Corkhill Place (off Newtown Road, formerly the Princes Highway), Bega, NSW 2550, on the far south coast of New South Wales, about 2km from the central business area of Bega, about 430 km south of Sydney, 600km from Melbourne and three hours drive from Canberra, in the Bega Valley Shire.

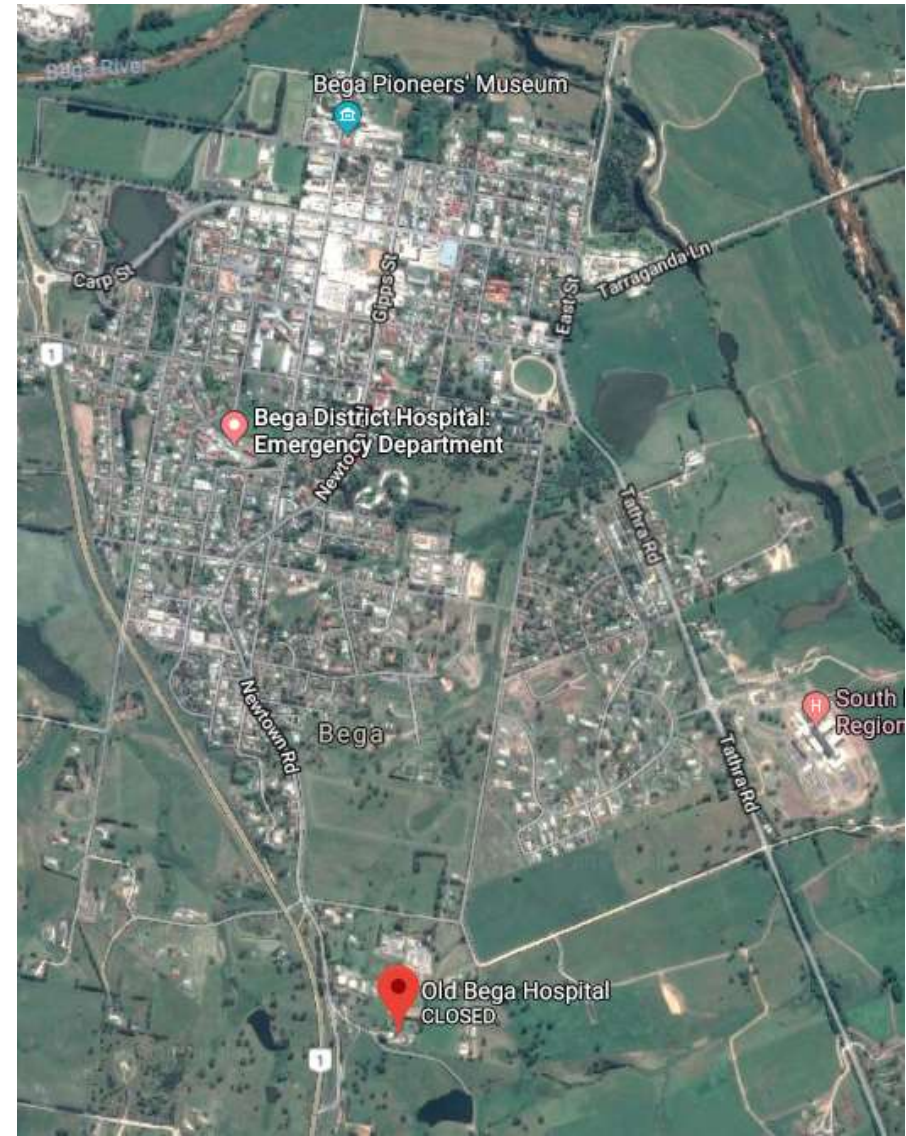
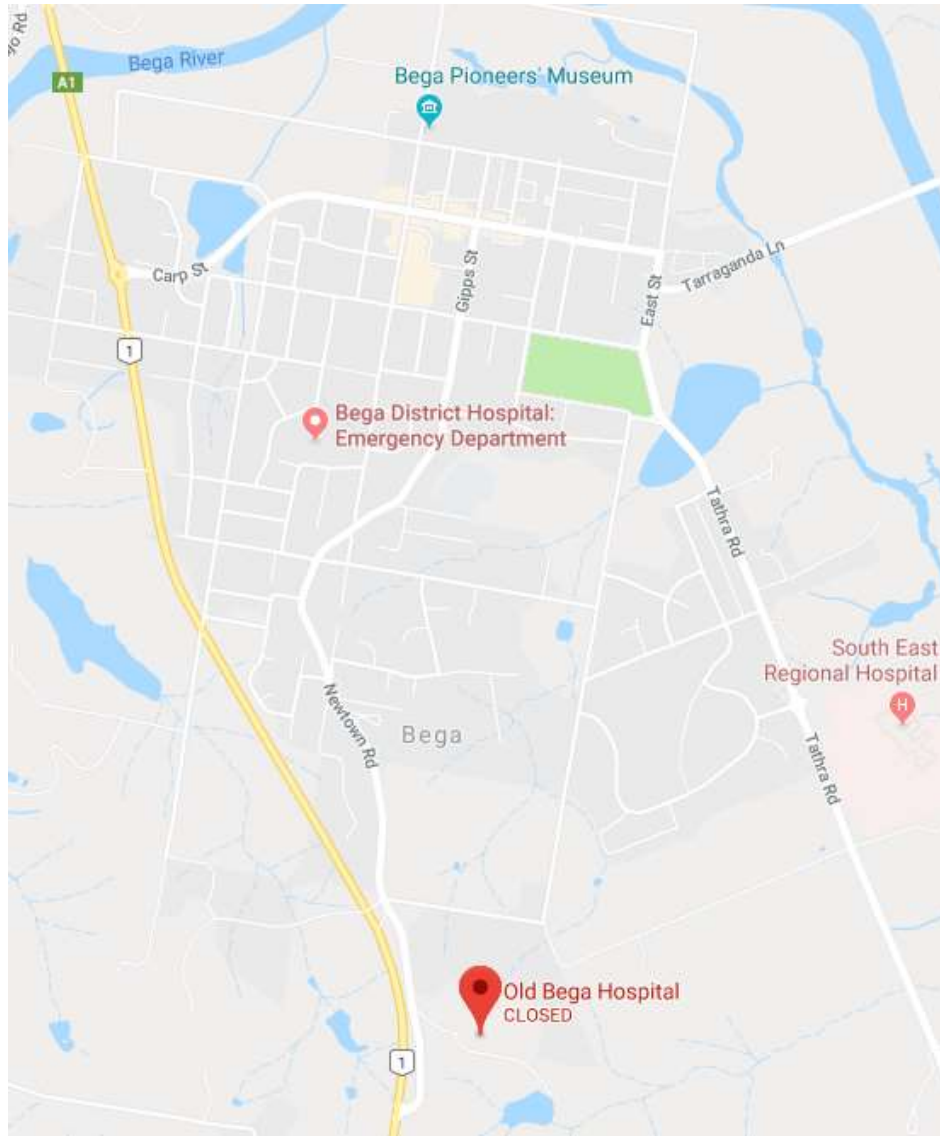
The population of the Bega Valley shire is about 35,000, spread around a number of towns and villages. It has varying indexes of social and economic disadvantage. The highest levels of disadvantage are in and around Eden in the south, and in Bega town. The rural residential areas surrounding Bega have reasonable levels of social and economic advantage. Tertiary education levels are high for the level of income, reflecting the number of people retiring to the shire from Canberra and other urban areas. The Aboriginal population is a higher proportion of the total population than the state average, while the number of people with English as a second language is lower: some migrants come to Bega, but not as many as to Sydney.

The population profile has a 'hole in the middle'. Young adults tend to leave the shire to find higher education and employment opportunities elsewhere. That flow is compensated by high levels of in migration by people retiring to the coast. There is a mix of people with high and low wealth, high and low incomes, high and low levels of educational and employment qualifications and experience, and who are time rich or poor.

The nearest comparable strategic centres (as defined in the [South-East and Tablelands Regional Plan 2017](#)) are Cooma and Batemans Bay, one and a half and two hours drive away respectively.

The land on which the Hospital stands is Lot 296 in Deposited Plan 728021, was formerly part of the Bega Permanent Common and is now owned by Crown Lands. The location is currently semi-rural, but most of the land around the site is zoned for light industrial development and the town is expanding southwards towards and to the east of the site. While quiet and peaceful, with views to Mumbulla Mountain to the north, the site is strategically placed near the southern entry to Bega from the Princes Highway bypass, about 2km from the commercial centre. It is readily accessible by car and bike and has a limited bus service. There is sufficient space for on-site car parking for reasonably large indoor and outdoor events.

The Trust acknowledges the Traditional Owners of the land on which the Old Bega Hospital stands today. The Trust pays its respects to Elders past and present.



Location of the Old Bega Hospital. Bega is constrained by the Bega River. Expansion will continue to be southwards, towards the Old Bega Hospital.

Key elements

The proposal includes many key elements that are needed to make this a functional, working community cultural centre. The key elements are outlined graphically in the Stage 1 and Stage 2 plans uploaded with the application.

1. Gallery and exhibition spaces for the cultural community to display its material products, for artists in residence to show their outputs. Rooms may be used independently. (4 rooms, 103 sq m).
2. The main entry (39 sq m) welcomes people into the building, allows them to transition to the inside spaces along a north facing glazed verandah and leads them to a sales, inquiries and ticket office (24 sq m). From there they have access to the two main internal axes of the building (67 sq m), which will conserve and present the patina of the fire damage, now an integral part of the heritage of the building.
3. Workshops and studios in former administrative and technical spaces in the middle of the building provide artisan spaces, activity spaces, places for rent or hire, places to gather, get educated, develop and share skills. They are flexible: can also serve as intimate cafe seating, for community groups not directly involved in the arts, or as small commercial spaces to generate income. (4 rooms, 66 sq m)
4. A medium sized heritage restored performance space in the former Women's Ward (74 sq m), with functional connection to an adjacent north facing glazed verandah (45 sq m, expanded in the full redevelopment to 70 sq m) to provide flexibility. The verandah will also serve as an attractive, sunlit multiple use area for the adjacent rooms e.g. for spinning and weaving. Can also be used flexibly for community functions.
5. A 'wet' activity space in the former Men's Ward, with vinyl flooring, wash up facilities and functional benches. (58 sq m)
6. Display spaces throughout the building, largely incidental to other functions e.g. along the hallways and verandahs.
7. A community meeting room (28 sq m), with options for table and chairs or just chairs.
8. A cafe and commercial kitchen, storeroom/pantry, cool room, waste management (40 sq m), with indoor and outdoor cafe seating (350 sq m new outdoor decks in full proposal). The cafe will provide for users and visitors, cater for functions and sell a range of local art and crafts. It can serve as a training facility. It will be a principal source of revenue.
9. Disabled access is provided through the main entry, as well as several other points. The whole building is on one level, and in the full development will be linked by decks at level to three outbuildings: the Operating Theatre, Morgue and Laundry.
10. An attractive exterior and grounds. The heritage buildings are a delight. The grounds provide shelter and shade, which will be enhanced by landscaping. The northern vista is to Biamanga (Mumbulla Mtn), one of the three key linked Aboriginal mountains, the others being Balawan (Mt Imlay) to the south, and Gulaga (Mt Dromedary) to the north.
11. A community kitchen will serve self catering functions, as well as allow artisan cooking (21 sq m).
12. Verandahs that are delightful spaces in their own right, as well as linking other key elements of the building. The southern verandah will run the length of the building with several points of access to the inside and the outside. (Current northern enclosed verandah 45 sq m, extended to 70 sq m in full proposal; northern open verandah 14 sq m; southern verandah 103 sq m enclosed and 19 sq m converted to tea room in full proposal).

13. The site is 1.6ha, much of it north facing, reasonably protected outdoor space suitable for festivals, markets and large events. It also provides flexibility in the long term for further building, creating more intimate outdoor spaces connected by verandahs and courtyards.
14. Outbuildings from the former hospital (Nurses' Quarters (216 sq m), Operating Theatre (55 sq m), Laundry (110 sq m)) share the heritage character of the main building. They provide flexibility to house activities and functions not so well suited to the main building. The Nurses' Quarters has six former bedrooms (each ~11 sq m), currently occupied by a community radio station, but which might be adapted to use for an artist in residence or small studio spaces. They share a common room, toilets, bathroom and verandahs.
15. Storage is essential to house groups using the Hospital on a regular basis. Some shared storage is included in the plan for, e.g. tables and chairs (11 sq m). Other storage will be developed according to user needs. A separate shed (40 sq m) will provide storage for outdoor equipment, tools and materials.
16. Toilets (48 sq m) are provided according to building code requirements, including two disabled toilets.
17. On site parking is provided in 'boutique' spaces close to the building (including disabled), a formal space for 48 vehicles in the northwest corner of the site, with grass overflow parking for large events. A bus drop off point is provided. The circular driveway allows caravans to visit without having to reverse.

Relevant Design Standards

All Relevant NCC codes relating to a Class 9b buildings.

AS 4349.0-2007, Inspection of buildings – General requirements

AS 4349.1-2007, Inspection of buildings – Pre-purchase building inspections – General requirements

AS 4349.3-2010, Inspection of buildings – Timber pest inspections

B 31-2002, Handbook of building construction tolerances – Extracts from building products and structural Standards.

AS 3600-2001, Concrete structures

HB 161-2005, Guide to plastering

AS 3958.1-2007, Ceramic tiles – Guide to the installation of ceramic tiles.

AS/NZS 3598:2000, Energy Audits.

SO 15392:2008, Sustainability in building construction – General principles

ISO 21930:2007, Sustainability in building construction – Environmental declaration of building products

ISO 21931-1:2010, Sustainability in building construction – Framework for methods of assessment of the environmental performance of construction works – Part 1: Buildings

ISO/TS 21929-1:2006, Sustainability in building construction – Sustainability indicators – Part 1: Framework for development of indicators for buildings

EN 15643-1:2010, Sustainability of construction works – Sustainability assessment of buildings – Part 1: General framework

PREN 15978:2009, Sustainability Of Construction Works – Assessment Of Environmental Performance Of Buildings – Calculation Method

SR CEN TR 15941:2010, Sustainability Of Construction Works – Environmental Product Declarations – Methodology for Selection and use of Generic Data

AS/NZS 5033:2012, Installation and safety requirements for photovoltaic (PV) arrays.

AS/NZS 2712:2007, Solar and heat pump water heaters – Design and construction

AS/NZS 4234:2008, Heated water systems – Calculation of energy consumption

AS/NZS 1680.1:2006, Interior and workplace lighting - General principles and recommendations.

AS/NZS 61231:2001, International lamp coding system (ILCOS)

NBR IEC 61347-2-13:2012, Lamp Control Gear - Part 2-13: Particular Requirements For DC Or AC Supplied Electronic Control Gear For Led Modules

EN 62031:2008, Led Modules for General Lighting - Safety Specifications

EN 62384:2006, DC or AC Supplied Electronic Control Gear for Led Modules -Performance Requirements

AS/NZS 4859.1-2009, Materials for the thermal insulation of buildings General criteria and technical provisions.

AS/NZS 1530.3:1999, Methods for fire tests on building materials, components and structures - Simultaneous determination of ignitability, flame propagation, heat release and smoke release.

S/NZS 3000:2007, Electrical installations (known as the Australian/New Zealand Wiring Rules).

AS/NZS 3500.0:2003, Plumbing and drainage – Glossary of terms

AS/NZS 3500.1:2003, Plumbing and drainage – Water services

AS/NZS 3500.2:2003, Plumbing and drainage – Sanitary plumbing and drainage

AS/NZS 3500.3:2003, Plumbing and drainage – Stormwater drainage

AS/NZS 3500.4:2003, Plumbing and drainage – Heated water services

AS/NZS 1546.1:2008, On-site domestic wastewater treatment units - Septic tanks

AS 1288-2006, Glass in buildings – Section and installation.

AS 1720.1-2010, Timber structures – Design methods

AS/NZS 2311:2009, Guide to the painting of buildings

AS/NZS 2269.1:2008, Plywood Structural Determination of structural properties Test methods

AS/NZS 2269.2:2007, Plywood Structural Determination of structural properties Evaluation methods

AS/NZS 2272:2006, Plywood Marine

AS/NZS 2097:2006, Methods for sampling veneer and plywood

AS/NZS 2098, Methods of test for veneer and plywood Series

AS/NZS 2271:2004, Plywood and blockboard for exterior use

AS 6669-2007, Plywood Formwork

AS 1428, Design for access and mobility Series.

AS 2796.1-1999, Timber – Hardwood – Sawn and milled products – Product specification

AS/NZS 2890.1:2004, Parking facilities – Off-street parking.

AS/NZS 4858:2004, Wet area membranes.

AS/NZS 2589:2007, Gypsum lining Application and finishing.

AS 1884-1985, Floor coverings – Resilient sheet and tiles – Laying and maintenance practices.

AS/NZS 1680.0:2009, Interior lighting - Safe movement

Utility adjustments and property acquisitions

No utility adjustments or property acquisitions are envisaged.

Scope of works

The scope of works is represented diagrammatically on the Stage 1 plans and Stage 2 plans (uploaded with the application).

Concept drawings illustrating some of the functional relationships incorporated in the plans are in the concept diagrams (uploaded with the application).

A Stage 1 scope of works (general and room by room descriptions) is uploaded with the application.

A Stage 2 scope of works (mostly annotated architectural drawings) is uploaded with the application.

The scope of works is also outlined in the quantity survey (QS20180920, uploaded with the application).

3.4.2 PROPOSAL EXCLUSIONS

The preferred proposal has two options.

Option 1 is full redevelopment, plastered, painted and fully serviced ready for final fitout and occupation, with extensive verandahs and decks, architectural features, air conditioning and heating, basically to commercial leasing standards.

Option 2 is a bare bones, stage one, redevelopment, with loads of potential for creative evolution: a bare industrial building. It would not be plastered or painted, would have limited electricity, lighting and other non-essential services. The whole building would be weathertight, secure and safe to occupy, but definitely finished only to a community standard, not finished to commercial standards. It would protect and present the heritage aspects of the building: floors in much of the building would be timber boards, windows would be restored in timber in their original form, plaster stained or loosened by the fire would be stabilised. But to start with there would be no internal doors, only basic lighting, limited electricity, no heating or cooling: those things would come as the community occupied and adapted the building in accordance with its vision, needs and resources.

3.4.3 RELATED PROJECTS

The project is related to the Bega Regional Gallery redevelopment proposal from round one of the Regional Cultural Fund. It is not dependent on that project, but rather complements it, in that this proposal is community based, it is broader, is primarily about daily practice and activity rather than for formal exhibitions, is for long term ongoing activities, and provides a permanent home and a hub for practitioners of all genres.

3.5 PROJECTED COSTS

3.5 1 PROJECTED CAPITAL COSTS

Table 3.1: Projected capital costs for Stage 1 ('bare bones') inclusive of contingency

Stage 1	2017-18	2018-19	2019-20	2020-21	Total
Total trade cost			931,000	931,000	1,862,000
Head contractor's preliminaries & profit (18%)			168,000	168,000	336,000
Project management (15%) (note 2)			165,000	165,000	330,000
Consultant fees (10%)		110,000	110,000	0	220,000
Council fees (1.5%)		37,000	0	0	37,000
Design & construction contingency (12%)			147,500	147,500	295,000
Heritage contingency (5%)			69,000	69,000	138,000
Escalation (note 3)			101,500	101,500	203,000
Nominal cost		147,000	1,692,000	1,582,000	3,421,000

Notes:

1. Except for project management, numbers are based on Wilde and Woollard quantity survey for Stage 1, dated 20 September 2018 (QS20180920.pdf, uploaded with application). Total figures have been split over financial years to reflect likely expenditure patterns, based on the schedule in table 4.1 below.
2. Figure for project management is based on oral advice from Public Works Advisory (David Mason, 20 September 2018), that a reasonable project management estimate would be 15% of the construction cost exclusive of consultants, council fees, contingency and escalation.
3. Escalation is based on an annual rate of 4%, to a midpoint of construction in June 2020, i.e. 7%. The annual rate is based upon the AIQS Building Price Index and the Rawlinson's Australian Construction Handbook Edition 36 2018.

Table 3.2: Projected additional capital costs for Stage 2 (full redevelopment) inclusive of contingency

Stage 2	2017-18	2018-19	2019-20	2020-21	Total
Total trade cost				2,236,000	2,236,000
Head contractor's preliminaries & profit (18%)				419,000	419,000
Project management (15%) (note 2)				412,000	412,000
Consultant fees (10%)			137,500	137,500	275,000
Council fees (1.5%)			46,000	0	46,000
Design & construction contingency (12%)				368,000	368,000
Heritage contingency (5%)				172,000	172,000
Escalation (note 3)				412,000	412,000
Nominal cost			183,500	4,156,500	4,340,000

Notes:

1. Except for project management, numbers are based on Wilde and Woollard quantity survey for Stage 1, dated 20 September 2018 (QS20180920.pdf, uploaded with application). Total figures have been split over financial years to reflect likely expenditure patterns, based on the schedule in table 4.1 below.
2. Figure for project management is based on oral advice from Public Works Advisory (David Mason, 20 September 2018), that a reasonable project management estimate would be 15% of the construction cost exclusive of consultants, council fees, contingency and escalation.
3. Escalation is based on an annual rate of 4%, to a midpoint of construction in June 2021, i.e. 11.4%. The annual rate is based upon the AIQS Building Price Index and the Rawlinson's Australian Construction Handbook Edition 36 2018.

3.5.2 PROJECTED ONGOING COSTS

The Trust has made a number of assumptions (see OperatingCostsAssuptions.pdf) to draw up the forecast operating budgets in the following table (table 3.2). This table has been uploaded with the application in spreadsheet format as OperatingCosts.xlsx. This table includes the assumption that construction will be completed and occupation will commence on 1 July 2020. The architect has advised that a more likely occupation date is 6 months later, 1 January 2021, which is reflected in table 4.1 below but not in the modelling of operational costs here. The forecast budget for 2022-23 in the table below is the 'steady state' budget.

Table 3.2: Projected ongoing costs

Old Bega Hospital (R.180050) Reserve Trust

Operating budgets (note 1)

	Actual Cash basis 2016-17	Actual Cash basis 2017-18	Forecast Accrual basis 2018-19	Forecast Accrual basis 2019-20	Forecast Accrual basis 2020-21	Forecast Accrual basis 2021-22	Forecast Accrual basis 2022-23
Operating income							
Sales							
Community rent (note 8)	4473	5553	4500	4320	6000	7680	9360
Commercial rent (note 8)	0	3816	0	9600	19400	29200	39000
Men's Shed rent	729	743	743	743	743	743	743
Interest income	1113	1402	0	0	0	0	0
Total operating income	6315	11514	5243	14663	26143	37623	49103
Operating expenses							
Accountancy							
Accountancy expenses	290	267	300	500	500	500	500
Audit expense	750	750	750	750	750	750	750
Advertising expenses	140	45	100	1000	1000	1000	1000
Donations (note 2)	802	817	850	850	850	850	850
Fire & Safety	307	211	300	1000	1000	1000	1000
Insurance (note7)	0	0	0	0	0	0	0
Miscellaneous expenses	54	0	0	0	0	0	0
Motor vehicle expenses	164	164	200	200	200	200	200
Postage & Freight	124	166	150	200	200	200	200
Printing, Stationery & Supplies	0	12	50	100	100	100	100
Purchases	0	0	0	0	0	0	0
Rates	796	810	850	850	850	850	850
Repairs and Maintenance							
Building Maintenance (note 5)	6449	670	1000	3000	3000	3000	3000
Gardening & Mowing (note 4)	746	7405	1000	2000	2000	2000	2000
Plumbing	0	137	500	1000	1000	1000	1000
Travel, general and admin expenses	0	167	0	0	0	0	0
Security	0	0	0	1000	1000	1000	1000

Utilities							
Electricity (note 3)	1256	1325	1500	2000	2000	2000	2000
LPG (note 3)	243	83	200	200	200	200	200
Water usage	717	459	500	1000	1500	1500	1500
Total operating expenses	12837	13487	8250	15650	16150	16150	16150
Operating surplus	(6,521)	(1,973)	(3,007)	(987)	9,993	21,473	32,953
Employ a part time operations manager (note 6)	0	0	0	0	0	20000	20000
Remaining surplus	(6,521)	(1,973)	(3,007)	(987)	9,993	1473	12953

Note 1: see operating costs assumptions.pdf (uploaded with application) for explanation of assumptions; table excludes grant income and expenditure; outyears are in constant 2018 dollars

Note 2: donation is a refund of rent to the Men's Shed for gardening work

Note 3: electricity and LPG net of tenants' use; assumes rationalisation of supply charges from 2019-20

Note 4: gardening expenses in 2017-18 included \$5,364 for purchase of a new mower

Note 5: maintenance in 2016-17 included \$4,765 for road repairs

Note 6: employment of a part time operations manager may increase and bring forward occupancy and generate sufficient funds (say \$20,000 pa) to pay the manager

Note 7: insurance premiums are paid directly by Crown Lands

Note 8: forecast rents derived from modelling below

Rental income modelling (note 1)	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Outbuildings							
Area, sq m	400	400	400	400	400	400	400
proportion leased	75%	80%	75%	80%	80%	80%	80%
proportion commercial	0%	5%	0%	10%	10%	10%	10%
proportion community	100%	95%	100%	90%	90%	90%	90%
commercial rent (\$/sqm/annum)	300	300	300	300	300	300	300
community rent (\$/sqm/annum)	15	15	15	15	15	15	15
commercial rental income	0	4800	0	9600	9600	9600	9600
community rental income	4500	4560	4500	4320	4320	4320	4320
Total outbuildings rent	4500	9360	4500	13920	13920	13920	13920
Main building once restored (note 2)							
Area, sq m					700	700	700
proportion leased					20%	40%	60%
proportion commercial					20%	20%	20%
proportion community					80%	80%	80%

commercial rent (\$/sqm/annum)				350	350	350
community rent (\$/sqm/annum)				15	15	15
commercial rental income				9800	19600	29400
community rental income				1680	3360	5040
Total main building rent				11480	22960	34440
Whole complex						
commercial rental income	0	4800	0	9600	19400	39000
community rental income	4500	4560	4500	4320	6000	9360
Total rental income	4500	9360	4500	13920	25400	48360

Note 1: excludes grounds and Men's Shed

Note 2: assumes main building is occupied from 1 July 2020. A more likely occupation date (see table 4.1 below) is 1 January 2021, so these estimates may well be delayed by 6 months.

3.6 COST-BENEFIT ANALYSIS

Two options: full redevelopment and bare bones redevelopment.

Costs

See section 3.5 above.

Benefits

Users have contributed over the life of the building to raising funds and to adaptation and maintenance of the building: there is a lot of sunk social capital in the Old Bega Hospital. Regaining use of that capital is the objective of the proposal and will be a major community benefit.

Before the 2004 fire the Old Bega Hospital was home to 19 regular or long term users and 23 casual users ([list of users 2004](#)), mostly involved in arts, crafts and other forms of culture.

Except for those that were able to use the outbuildings that survived the fire, those user groups dispersed or disbanded following the 2004 fire. The Trust has every confidence that they, and/or others like them, will return, and once again turn to fundraising, fitting out and maintaining the building.

It is estimated that each room will provide employment of the order of 0.5 full time equivalents, not at commercial rates as artists are self employed, some work for very low income, and much employment on the site will be as unpaid volunteers.

The emphasis of the project is on community benefit rather than successful commercial enterprises. Some rooms, e.g. cafe, will provide higher rates of paid employment (or, alternatively, it might be used as a training facility for people with disabilities). Other rooms will be less used. Employment may be lower in the first year(s) as the place becomes known and people have the chance to reorganise their lives to make use of it, but the Trust's expectation is that the building will be well used from day one in one form or another. Employment is likely to rise over time as further investment in fit out increases the utility of spaces, and as synergies develop between users and with the wider community.

Modelling and market analysis for a cafe and shop on the site conducted in 2015 (Business case cafe 20150728.pdf, profit and loss statement at page 12) suggests a net return from operations (excluding income shown from events, community rental and commercial rental) of \$58,000 pa before tax, once the site was fully operational (not in year one). Recent discussion with a cafe operator who was interested in operating a cafe on the site (but is now going to lease a site elsewhere) was that the rent the Trust could expect from a cafe was of the order of \$300/week (\$15,000 pa) (which is what he will be paying for his new lease), at least until the site was fully activated. So a reasonable estimate of likely returns from a cafe would be between those figures, closer to \$15,000pa with the site in its current condition, and closer to \$58,000 pa once the site was fully operational.

Cafe users will benefit from the services provided. Users will include cultural centre users, as well as external visitors such as tourists and people from businesses in the surrounding light industrial zoned lots (currently being developed, including a car dealership).

Non-users as well as users will be able to benefit from sales of local products.

Some spaces will be available for short term hire e.g. for functions, performances or exhibitions. Others will be rented (generally via licences rather than leases). Crown Lands requires in principle that commercial rents be charged ([Trust Handbook](#), at page 151), but allows rebates and waivers for not for profit community uses. Fees will be set at market rates for commercial or quasi-commercial users (those for whom there is no community reason to offer a discount). Community, non-commercial users will be charged discounted rates, down to zero for those who can demonstrate appropriate circumstances.

Generally, the benefit that will be captured by the proponents (the applicant for this proposal) will be in the form of rents and hiring fees, net of outgoings. It is assumed that community benefit will exceed the rents and fees i.e. there will be a consumer surplus.

Engagement of an operations manager for the site is likely to increase and accelerate the benefits. The operational budget (section 3.5.2 above) suggests that a surplus of \$20,000 a year to employ a part time manager may be available from the third year of operations. Earlier employment of a manager (e.g. from the time the building is ready to be occupied) may increase early returns, i.e. result in a net financial benefit. The manager would be responsible for day to day operations, including finding users, bookings, security, financial administration, coordinating volunteers, assisting users and the Trust with grant applications, finding artists in residence, and cleaning and maintenance.

The Reserve Land Manager (the Trust) will endeavour to ensure that the rents exceed the costs i.e. that the project operates with a surplus of revenue over expenditure, in the short and medium terms. But it will not be seeking a commercial rate of return. And it may not be able to put sufficient funds into a sinking fund that will fully cover long term depreciation or the need for substantial improvements in the long term. The principal instrument available to the Land Manager to balance income and costs is the ratio of commercial to non-commercial users and rents. A higher rate of commercial activity will generate higher rents and rates of financial return; but not necessarily address the real unmet needs of the arts community, which include to build capacity, skills and engagement at the grass roots. Highly commercial creatives will be able to find alternative homes: but they will also provide exemplars for less experienced or capable creatives who are launching their careers, so there will still be space for them in the Centre.

Non financial benefits expected to arise include ([Bega Valley Community Strategic Plan 2040](#), page 22, Active and Healthy Communities, Goal 1: We are co-operative, caring and enjoy a culturally rich community life. . . .Progress measures: community indicators):

- perception of belonging to the community
- involvement in community activities
- involvement in arts, cultural or community events
- voluntary work.

Other community benefits include:

- skills development through training, sharing and participation in activities (formal and informal, not limited to cultural activities but also including administration)
- education - learning to learn, for all ages, experience, abilities and life histories
- mental health benefits, including in relation to depression, anxiety, shyness, loneliness - a major element of the Men's Shed activity, applicable to most social engagement
- reduced travel - avoiding the need to travel long distances to find or provide appropriate community activities, including education and training
- reduced private costs e.g. provision of private homes for community activities
- increased opportunities for those with skills to share them, either for profit or as volunteers, including for people thinking of moving to the region
- increased opportunities to offer or to take up scholarships, grants etc, e.g. for an artist in residence.

The Old Bega Hospital has cultural heritage significance at a State level because it was the first public hospital in Bega and provided healthcare for residents of Bega and surrounding districts for 68 years. Socially Old Bega Hospital is significant because many community members share a personal connection with the hospital. Community members may have been born there, visited people there, worked there or been involved in hospital fundraising efforts. The repurposing of Old Bega Hospital into a community centre has maintained community involvement with the site and ensured that community members continue to share a personal connection with the hospital. The association of Old Bega Hospital with Sir Robert Lucas Tooth, a notable figure in NSW's history, also contributes to its significance. Old Bega Hospital is also the only extant hospital from the late 19th century located in the far south coast region.

Places of cultural significance such as the Old Bega Hospital enrich people's lives, providing a deep and inspirational sense of connection to community and landscape, to the past and to lived experiences. They are historical records, they are important expressions of Australian identity and experience. Places of

cultural significance reflect the diversity of our communities, telling us about who we are and the past that has formed us and the Australian landscape. They are irreplaceable and precious.

Conserving places of cultural significance has benefits of inter-generational equity: this generation passes on to future generations a history, a heritage, which explains where future generations come from.

Costs and benefits of 'full development' v 'bare bones development'

Full development will deliver a fully working, fully serviced, building from day one. It will avoid the costs of staged development, where early work may need to be reworked for the final development, additional building contracts will need to be negotiated, and building work will disturb the site repeatedly. It will command higher rents where there is demand for finished spaces. It may take time for that demand to eventuate, and in the meantime rents for some of the spaces available may be lower than market rates or spaces may be unoccupied. While rooms are designed to be flexible and use will not necessarily be restricted to the intended purpose as set out in the plans, that may result in some rooms being underused in the short term. Engagement of an operations manager would likely increase and accelerate occupancy and reduce risks.

Bare bones development, where the building is fully and safely occupiable but not 'finished' will command lower rents, even if there is demand for fully finished spaces, until such time as finished spaces become available. It will give full scope to the community to develop and finish spaces according to its needs and capabilities, to exercise its imagination and creative talents. It will mean that the community will continue to seek funds to finish and fit out the building, probably over an extended period, and there may be repeated disruptions to users. Capital requirements for later work will be on a lower scale than those for the initial restoration (this proposal), and should be more readily available, from a variety of sources. There will also be more scope for community and other in kind inputs, as the standard of finish required in many instances may not need fully professional trade inputs, and there will be more time to do the work.

Beneficiaries

See section 2.4 above for a list of beneficiaries and benefits accruing to them.

3.7 FINANCIAL APPRAISAL

The proposal, whether the full restoration or the bare bones option, will significantly alter the Trust's budget.

The Trust is reliant on grants for significant capital expenditure for renewals and major repairs. In recent years it has obtained

- A Crown Lands Public Reserves Management Fund (PRMF) grant (3 Aug 2015, \$32,500) for toilets
- A Federal Stronger Communities Program grant (27 May 2016, \$20,000) for toilets
- Crown Lands PRMF grant (5 Sep 2017, \$30,000) for resheeting and insulation of the roof of the Nurses Quarters
- Office of Environment and Heritage, Heritage Near Me, Heritage Activation Grant (22 Feb 2017, \$100,000) for architecture for restoration and adaptive re-use of the main building as a community and cultural centre
- A Crown Lands PRMF grant (31 Aug 2018, \$6,122) to remove two overmature pine trees, install external security lights and replace an air conditioner.

The Trust relies principally on rental and hire income for operating and minor maintenance expenditure, with labour input from volunteers and community service workers, and minor grants and in kind donations. The current level of rental income from community groups is low, well below market rates. Increased income is predicated on having more commercial tenants, which is restricted by the terms of the Crown Lands reservation from sale, 'for preservation of heritage and community purposes'. The proposed cafe is likely to be the major source of income from the proposed restoration, providing between \$15,000 and \$50,000 pa in rent, probably at or near the lower end of that range for the foreseeable future. Community functions, provision of 'wellbeing' services and rental of the proposed gallery space to a commercial

operator are possible additional sources of significant income. Commercial use proposals will have to be negotiated with Crown Lands. Ancillary activities are permitted (Section 2.12 of the [Crown Lands Management Act 2016](#)).

Operating budgets are set out at 3.5.2 above. They include rental income modelling based on assumptions about the proportion of commercial and non-commercial leasing.

Financial viability will depend on a good entrepreneurial management, paid or volunteer, to bring in users, to help with grants and scholarships, to manage volunteers, and to administer the place and ensure it is operating properly and smoothly.

Viability of the project is demonstrated by the usage levels before the 2004 fire, usage of the site now (without the main building in operation), and usage of the [FunHouse](#) and [Spiral Gallery](#) in Bega. Elsewhere, the [Mallacoota Arts Space](#), where most of the work exhibited is by local residents, demonstrates the viability of community exhibition space in a small coastal town (population ~1,000); and [the Arts Centre Cootamundra](#) demonstrates the viability of a broader facility in a country town slightly larger than Bega (6,800 v 4,700 people). Anecdotally, people are moving to the far south coast because of its existing arts and culture scene: the proposal will both benefit from and encourage that trend.

3.8 PROPOSED FUNDING ARRANGEMENTS

Table 3.3: Proposed capital funding contributions

Stage 1	2017-18	2018-19	2019-20	2020-21	2021-22	Remaining Years	Total
Proposal capital costs							
Funding sources							
NSW Government (subject of this request)		147,000	1,442,000	1,332,000			\$2,921,000
Council contributions							
Industry contributions							
Community contributions			(note 3) (note 4)				
NSW Regional Development Fund			250,000 (note 1)	250,000			\$500,000
Other funding sources (please detail)			(note 2)				
Sub-total		\$147,000	\$1,692,000	\$1,582,000			\$3,421,000

Notes to table 3.3

1. The NSW Regional Development Fund co-contribution (\$500,000) is the subject of a conditional funding deed that was extended by 12 months and then lapsed in November 2017 (Funding Deed Trade & Investment 20150715.pdf), and the subject of correspondence dated 6 September 2017 from the Trust to the Deputy Premier (Barilaro20170906signed.pdf) seeking an extension of the offer and a relaxation of its conditions. To date the Trust has not had a response from the Deputy Premier. The Trust presumes the request is under consideration.
2. Crown Lands will make an in kind co-contribution of the heritage building and its site. A [valuation by Caddey Searl & Jarman](#) was completed on 30 May 2006. It was not a market valuation. It valued the main building in its damaged state at 25% of its replacement value, i.e. at \$481,250 (in 2006 dollars, excluding demolition, fees and escalation) for insurance/replacement purposes.
3. The Friends of the Old Bega Hospital Inc has over \$50,000 in community contributions gathered since the 2004 fire. It is proposed to reserve those funds for ongoing fitout of the cultural centre (all

buildings and the grounds) rather than include them as a minor co-contribution to the proposed capital works program.

4. The Reserve Trust board (unpaid volunteers) and the Office of Environment and Heritage have made contributions well in excess of \$100,000 (OEH grant) to bring the proposal to its current state.

3.9 FINANCIAL HEALTH & SUPPORT

Not applicable.

4 IMPLEMENTATION CASE

4.1 PROGRAM & MILESTONES

Table 4.1: Key events

Event	Start	Finish	\$ Amount
Development application finalised and submitted and approved	October 2018	January 2019	
Detailed planning for construction certificate and tendering	January 2019	June 2019	
Construction certificate application submitted and approved	June 2019	July 2019	
Tendering and tender assessment	August 2019	September 2019	
Contract negotiation	September 2019	October 2019	
Construction (Stage 1 only)	November 2019	December 2020	
Occupation	January 2021	ongoing	
		Total \$	3,421,000

4.2 GOVERNANCE

Ultimate responsibility for the project lies with Crown Lands as owner and administrator of the site under the [Crown Lands Management Act 2016](#) ('the Act'). Crown Lands has delegated day to day responsibility for the site to the Old Bega Hospital (R.180050) Reserve Land Manager (formerly the Old Bega Hospital (R.180050) Reserve Trust, the Trust), an incorporated body created under the Act. The Land Manager (the legal entity) is managed by a board appointed by the Minister. Appointments of the current members of the board expire in December 2019. Appointments can be terminated at any time, and the Land Manager can be wound up, with its assets reverting to the Crown. Board members are volunteers and receive no remuneration. They are appointed to the board in their personal capacities. They exercise their board responsibilities to the best of their abilities. Among many other things, the board has managed the process of engaging and working with architects to get the proposal to its current stage. The board has written this funding application and is fully committed to completing the project.

It is the board's intention to contract Public Works Advisory to manage the construction phase of the project, including finalisation of the construction documentation, tendering, engagement of building contractors and liaison with Council, Crown Lands and other government bodies.

The arts community is clearly a major stakeholder in the proposal, and the major stakeholder once the building is operational. There is currently no decided management model.

The base case is that the board continue in its current form and directly manage both the site and the cultural centre operations.

Other options include:

- The Reserve Land Manager board is reconstituted with members of the arts community and runs the reserve directly as a community cultural centre. The Land Manager would have clear legal authority over the site. They would be appointed by the Minister rather than elected, they would be directly subject to the *Crown Lands Management Act 2016* and subordinate regulations, directions etc, they would be subject to oversight by Crown Lands, and could be removed from office by the Minister.
- The Reserve Land Manager continue as a non specialist manager, and lease the site to an incorporated community body (yet to be established) to run the site as a community cultural centre. The Reserve Land Manager would continue to have responsibilities for the site as landlord, and

would have the power to revoke the lease, but otherwise would not be directly involved in day to day operations of the community cultural centre.

- Crown Lands appoint an incorporated community body (yet to be established) to replace the current Reserve Manager. The community body would have its own governance arrangements in accordance with its constitution e.g. an elected board or committee. It would have responsibility for the site and buildings, and for operation of the community cultural centre.

Under any of the above models, including the base case, the managing body would have power to appoint a paid professional operations manager for the community cultural centre, to advise on strategy and manage community relations, promotion, activities, events, hiring, leasing, finance, administration and maintenance. Operational funding for the manager could come from rents and other income, or from a grant.

4.3 KEY RISKS

See risk management plan 20180804.pdf (uploaded with application).

See also section 4.5.1 below.

Reserve Trust managers are required to follow NSW Government policies, guidelines, and procedures for the purchasing of goods or the procurement of services (*Trust Handbook* 2018, page 201).

4.4 LEGISLATIVE, REGULATORY ISSUES & APPROVALS

1. Development approval and construction certificate.

The proposal will require development approval and a construction certificate from Council. Sibling Architecture and a range of consultants have prepared development application documentation. A pre DA meeting with Council staff identified relevant requirements to be addressed before or in the DA documentation.

Issue of a construction certificate and tender documentation will require a lot more detail than that provided in the DA package. It is intended that the additional detail be developed by relevant professionals as part of this proposal.

2. Heritage listing.

The building is listed as part of the Old Bega Hospital in Schedule 5 of the [2013 Bega Valley Local Environment Plan](#). The LEP contains provisions that restrict what can and must be done to protect listed heritage. Council's current and previous heritage advisers have been involved in early stage planning and will be involved in assessment of the development application. Measures will have to be included in construction contracts and sub contracts to ensure protection of the heritage fabric of the building and other buildings on the site. Further information on heritage aspects is contained in a report prepared by Kaylie Beasley in 2012 (BeasleyPoM.pdf). The management prescriptions contained in that report are not binding. The project is consistent with the principles for adaptive reuse.

3. Zoning.

The lot is zoned 'RE2 private recreation' under the [2013 Bega Valley Local Environment Plan](#). That zoning provides:

1. Objectives of zone

- To enable land to be used for private open space or recreational purposes.
- To provide a range of recreational settings and activities and compatible land uses.
- To protect and enhance the natural environment for recreational purposes.
- To ensure that the scale and character of private recreational development is compatible with the surrounding land uses.

2. Permitted without consent

- *Environmental protection works.*
3. *Permitted with consent*
- *Boat launching ramps; Boat sheds; Building identification signs; Business identification signs; Car parks; Caravan parks; Charter and tourism boating facilities; Child care centres; Community facilities; Environmental facilities; Flood mitigation works; Information and education facilities; Jetties; Kiosks; Marinas; Markets; Mooring pens; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Registered clubs; Respite day care centres; Restaurants or cafes; Roads; Take away food and drink premises; Tourist and visitor accommodation; Water recreation structures.*
4. *Prohibited*
- *Any development not specified in item 2 or 3.*

The proposal is consistent with those zoning provisions.

4. Reservation from sale.

The site was reserved from sale under section 28 of the *Crown Lands Consolidation Act 1913* on 30 March 1990 'for preservation of historical sites and buildings and for community purposes' (NSW Gazette, No 44, at page 2763).

Section 2.12 of the [Crown Lands Management Act 2016](#) provides:

Dedicated or reserved Crown land may be used only for the following purposes:

- (a) the purposes for which it is dedicated or reserved,*
- (b) any purpose incidental or ancillary to a purpose for which it is dedicated or reserved,*
- (c) any other purposes authorised by or under this Act or another Act.*

The proposal is consistent with the purpose of reservation. The reservation may limit the extent to which commercial activities can be conducted on the site, as they would need to be 'for community purposes' or 'incidental or ancillary to' community purposes. A reservation can be revoked (section 2.11).

5. Crown Lands Management Act 2016.

The site is Crown land and is subject to the principles of Crown land management set out in section 1.4 of the *Crown Lands Management Act 2016*, viz:

For the purposes of this Act, the principles of Crown land management are:

- (a) that environmental protection principles be observed in relation to the management and administration of Crown land, and*
- (b) that the natural resources of Crown land (including water, soil, flora, fauna and scenic quality) be conserved wherever possible, and*
- (c) that public use and enjoyment of appropriate Crown land be encouraged, and*
- (d) that, where appropriate, multiple use of Crown land be encouraged, and*
- (e) that, where appropriate, Crown land should be used and managed in such a way that both the land and its resources are sustained in perpetuity, and*
- (f) that Crown land be occupied, used, sold, leased, licensed or otherwise dealt with in the best interests of the State consistent with the above principles.*

The proposal is consistent with those principles.

4.5 PROPOSED MANAGEMENT ACTIVITIES

4.5.1 RISK MANAGEMENT

See attachment: risk management plan 20180804.pdf. The risk management plan was originally prepared in 2015 for the then proposed Regional Community and Cultural Centre. Additional information is presented here for:

1. Timing risks
2. Staging risks
3. Financial risks
4. Construction risks
5. Environmental risks
6. Benefit risks
7. Management accountability

1. Timing risks

The greatest risk from the Reserve Trust's point of view is that the project is delayed. The risk then is that it is put off for a generation, effectively implementing the base case strategic option, do nothing (section 3.3. above). The Trust has worked on this project since the fire in 2004, getting architects and engineers reports, writing proposals, getting Council approvals and seeking funding. In 2015 it got the NSW offer of \$500,000 to replace the roof, conditional on finding additional funding, of the order of \$2m, to complete the project. Programs that can fund the project exist. But up till now no one program has had sufficient available funds. Commonwealth funding programs are potentially a source for up to half the funds required. But invariably, they require matching funding from other sources. With only \$500,000 available from NSW as matching funds, it has not been possible to approach the Commonwealth for a ~\$1m contribution to complete the project. Crown Lands has repeatedly said that it does not have funding of the order of hundreds of thousands of dollars. Other programs might provide upwards of \$100,000 each, but to date there has been no way to line them up to produce coordinated funding, in one place at one time, which could be put forward as a matching contribution for Commonwealth co-funding.

Another almost universal program requirement is that the project is ready to go, is 'shovel ready', and that approvals are in place or can be put in place quickly to enable the project to commence within months. Often quotes are required. Most programs will not fund preparatory work. An exception is the Heritage Near Me program of the NSW Office of Environment and Heritage. It offers Heritage Activation Grants up to \$100,000 to undertake preparatory work. The Trust sought funding under that program and in 2016 received the maximum available grant of \$100,000 for preparatory work for reconstruction and adaptive re-use of the Old Bega Hospital. That funding enabled preparation of architect's plans and costings for a reconstruction project, up to the point of lodgement and approval of a development application in mid 2018. So the project is now shovel ready: the plans are in place, the costs are known, a development application is ready to be submitted. That state of affairs will not last. Costings will get out of date, plans will cease to meet evolving building requirements, and the development approval will lapse if construction does not commence.

At the same time, the NSW government has had a one off injection of funds from sale or lease of electricity infrastructure, and indicated that much of it will be directed to regional infrastructure. The last time funding of that order was available was for the 1988 bicentenary, when the Old Bega Hospital was first adapted to community use. As previously, funding is in divided into different programs, with different procedures and timetables, making funding for an integrated, multipurpose proposal difficult. The single fund that appears to have sufficient resources and is best aligned to the purpose of restoring the Regional Cultural Centre is the Regional Cultural Fund.

It may, and probably will, be a very long time before proposals to restore the Old Bega Hospital to community use can again be put in as good a position for funding and implementation as they are now. Not acting now is by far the biggest risk to the project.

2. Staging risks

Further timing risks arise from staged implementation. If only stage 1 is completed, there is some risk that synergies necessary to achieve a critical mass of activities may not arise e.g. there may not be sufficient traffic to support a cafe, and without a cafe there won't be customers attracted to the site for other activities. That would particularly be the case for a room by room approach to staging, where one part of the building is fully restored, but the rest of the building remains inaccessible. The risk is minimised in qualitative staging, i.e. where the full building is first completed to a standard that permits access to the entire building, and later stages increase the standard and usefulness of reconstruction (the 'bare bones' option in this proposal). Roadblocks to progress still remain however. While lessees may find funding to fit out or improve the quality of indoor spaces to suit their purposes, such development or increased use may trigger other requirements in other spaces, e.g. for additional toilets, parking, sewerage capacity, road access, or electrical infrastructure. If the Trust is unable to fund those additional requirements further development stages may stall.

A staged approach may also introduce additional costs through

- temporary construction that becomes redundant once a later stage is undertaken
- builders having to depart and then re-establish themselves on site, and
- interruptions to existing activities when later stages are implemented.

A careful approach to staging will minimise these costs.

3. Financial risks

Financial risks post construction, i.e. risks to financial sustainability, vary with the options. The base case, doing nothing has financial certainty: there would be negligible cost and negligible return: the NSW government asset will certainly go to waste over time. Sale of the building also has financial certainty, the main variable being how much the vendor is able to get for the property.

A full restoration and development of the site on commercial lines carries the highest financial risk among the options, principally because the cost is high and the returns uncertain. The ability of commercial users to pay rent or pay lease charges depends on profitability; and that will depend on whether the site can attract and retain businesses and paying customers; the success of a tourist attraction will depend on how tourism develops in the Shire generally, whether Bega town can play a significant role in that development, and whether the Old Bega Hospital can carve a niche in that market. Quantifying the financial risks of a primarily commercial development of the site is beyond the capacity of the Trust.

Full or bare bones restoration for community development carry financial risk, but the costs are lower than for a full commercial development, so the consequences of poor outcomes are of a lower order. The financial aims are also lower: rather than seeking a commercial rate of return on investment, the target is a community rate of return. Examples exist in Bega of community activities paying near commercial rates of return on commercial properties. The Trust does not have access to their accounts, but understands Spiral Gallery pays rent of about \$13,000pa; and that the FunHouse pays around [\\$29,000](#) for its premises. The Trust has little doubt that a return of \$50,000pa (2.5% on \$2m, \$100 per sq m pa) is achievable for the Old Bega Hospital main building once it is established. Expected gross income from the outbuildings, part community and part commercial, is of the order of \$12,000 in 2018. If the community is unable or unwilling to pay sufficient rents, the Trust is confident it can find commercial users who will. Purely commercial uses are not permitted by Crown Lands, so negotiation would be required, but partial commercial leasing is a backup solution to manage or avoid financial risk.

4. Construction risks

Any construction project carries risk, risk that assumptions are not justified, that problems are not identified in advance, that construction work is not up to standard, that construction contracts are not honoured, that construction is delayed, or that construction irreparably damages heritage fabric. The Trust has sought, and will continue to seek, to minimise and manage such risks. It has engaged architects and specialist

consultants to draw up plans. Council will review the plans before issuing development approval, and subsequently consider issue of a construction certificate based on detailed plans. Crown Lands engaged Public Works Advisory to provide a report on the feasibility of reconstruction. The report (uploaded with the application) finds (at page 27) that 'the main building has the potential to be rehabilitated and returned to beneficial use'.

Further planning is required to get working drawings and a construction certificate before building commences. The Trust intends to engage Public Works Advisory to undertake a tender process to select suitable professional builders and to oversee the construction work, as well as having work overseen by a certifying authority. The Trust will ensure relevant insurance cover is in place. In short, construction will be undertaken and overseen by professional people who can manage construction risk.

5. Environmental risks

Both construction and operation will have environmental impacts. There is a risk they will be unacceptable unless managed. A statement of environment effects, to be submitted with the development application, will address those issues.

6. Benefit risk

Possibly the second greatest risk, after that of the project not proceeding at all, is that benefits in terms of community outcomes will not be achieved. The Trust is responsible for management of the site. It does not itself undertake the community, cultural or commercial activities that it envisages will deliver benefits from the project. It can make spaces available, but it cannot guarantee how those spaces will be used, and whether the users will achieve the sorts of social and economic benefits that the proposal envisages. The proposal assumes benefits will result and has suggested some indicators of success. It would be open to argument whether ultimate social and financial benefits were caused by the project, or may have occurred anyway, albeit by a different path. The Trust will be able to measure how much of the premises was used in the course of a year, how much rent was paid, how many people visited the site and perhaps get some idea of the quality of the uses to which the site was put or the turnover of on-site sales. The Trust assumes that community and cultural activities will lead to individual and collective benefits, that they will at least tend to enhance rather than reduce inclusiveness, acceptance, participation, employment, wellbeing and support. There is certainly a risk that some activities will not.

7. Management accountability

The site is managed, and the reconstruction project will be implemented, by a statutory land manager, the Old Bega Hospital (R.180050) Reserve Land Manager and its board, a former Crown Lands Reserve Trust and Reserve Trust Board reconstituted by Schedule 7, Part 2, s.11(3) of the [Crown Lands Management Act 2016](#). The board of the Manager comprises unpaid community volunteers appointed by the Minister for 5 year terms, which commenced on 13 December 2014 and expire on 12 December 2019. The Manager is subject to the *Crown Lands Management Act*. A statutory land manager is not a NSW Government agency. The appointment of the Manager can be revoked by the Minister at any time for any or no reason (s.3.10(1)), and members of the board of the Manager can resign at any time or be removed by the Minister at any time and for any or no reason without notice (Schedule 5). The Minister may, by written order, suspend a board member from office during the investigation and determination of any matter involving an allegation of incompetence, misconduct or breach of duty by the member if the Minister is satisfied that it is appropriate in the public interest to do so.

4.5.2 ASSET MANAGEMENT & OPERATIONS

New assets created under the proposal will be owned by Crown Lands and managed and operated by the Old Bega Hospital (R.180050) Land Manager under the [Crown Lands Management Act 2016](#) unless Crown Lands decides otherwise.