

Eco-Future MTB Resort Project Summary

Summary

The proponent of this project is John Harrison who is well qualified in the areas of accounting, materials science, sustainability and tourism (See Appendix 1 – Proponent Background on 13.)

This proposal is for a village style eco-future sustainable resort development very close to Hobart which will generate its electricity from an integrated solar, wind and hydro system and consist of a number of smaller self-contained accommodation units with a central facilities and accommodation building all constructed with the best sustainable technology available and as much as possible from local materials. The accommodation, dining and other recreational facilities will be not unlike the world renowned Cradle Mountain resort in northern Tasmania but much more sustainably constructed and operated and with the further advantage of being very near Hobart.

The snake mount site has magnificent views and many natural features of interest to environmentally conscious nature loving eco-tourists which are an important group (See <http://www.tourism.australia.com/statistics/consumer-demand-research.aspx>) and what is more important they spend more. (See https://www.griffith.edu.au/__data/assets/pdf_file/0007/725758/GIFT-TRA-Nature-Based-Tourism-Fact-SheetQANTASFINAL-1.pdf)

The majority of major attractions in Tasmania are environmental and include Mt Wellington, Cataract Gorge, Cradle Mountain, Royal Tasmanian Botanical Gardens, Freycinet National Park, Blow Hole and Tasman Arch. According to the Federal Department of Environment. *“Nationally, the nature-based tourism sector contributes \$23 billion to the Australian economy each year.”*¹

The defining feature of the development will be its sustainability, alternative energy installations and mountain biking (incl. training?) which will be of interest to tourists who follow green building and alternative energy technology. Without doubt a staged multi-million dollar eco resort built with leading edge sustainable technology would be extending Tasmania’s quality tourism infrastructure and be attractive to nature loving tourists from all over the world who are a major proportion of total visitors. According to a study by Griffith University in 2014, 32% of Tasmanian visitors are Eco-Tourists. See NATURE-BASED TOURISM IN AUSTRALIA at https://www.griffith.edu.au/__data/assets/pdf_file/0007/725758/GIFT-TRA-Nature-Based-Tourism-Fact-SheetQANTASFINAL-1.pdf

¹ “Sustainable Tourism Overview 2011-2016 | Parks Australia.”



Figure 1 - A View from the Resort Area

A eco-resort with mountain biking surrounded by Tasmanian “bush”, built as a leading edge sustainability complex and off the grid, but within 12 km of the center of Hobart will surely be successful.

The project will employ local Tasmanians to build the facility and work in ongoing tourism activities, will offer additional innovative accommodation in the

region very close to Hobart and will benefit tourism in Tasmania generally by presenting a novel experience which also meets the increasing need for accommodation near Mona and the Derwent Valley.

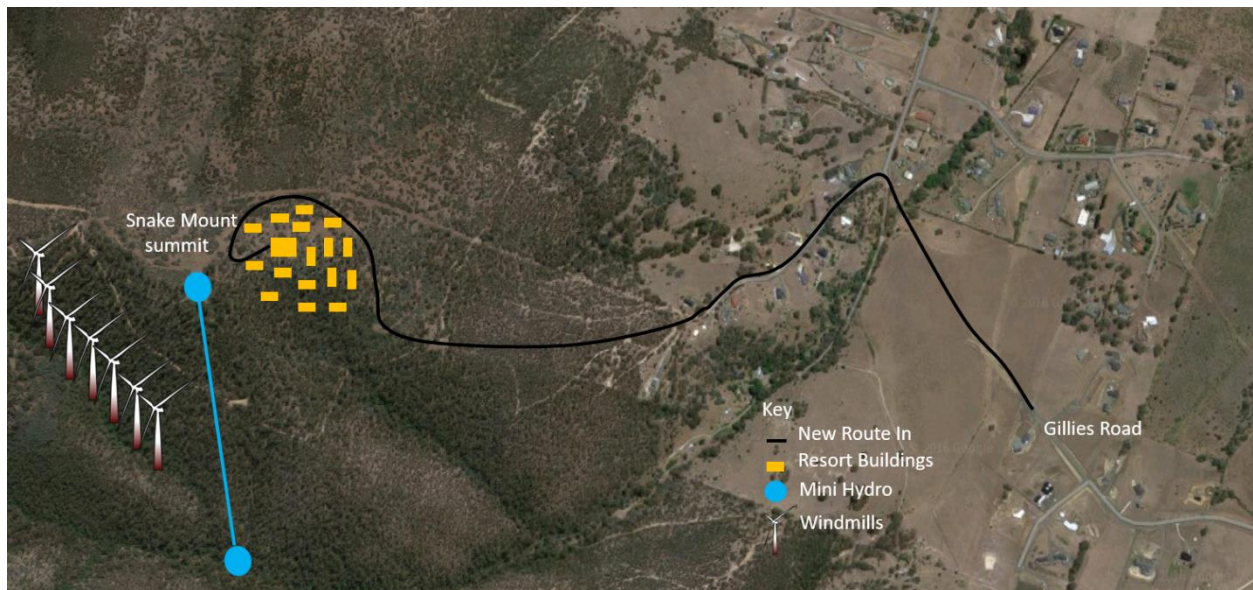


Figure 2 – The Granton Eco-Future Resort Location and Basic Features

Apart from incredible views and surroundings representative of both dry sclerophyll and wet sclerophyll forest as well as several different base rock types with typical climax vegetation niches, historic features on the site include remnants of high ground roads and an old semaphore station on a bluff that protects the site from winds that funnel down behind it in an ideal location for windmills that will not be seen or heard easily from anywhere.

The site will soon connect much closer to Hobart with the completion of Gillies road and the ideal time for construction will be during the construction of the new Bridgewater bridge which would most likely purchase stone.

MONA, Cadburys, Glenorchy Art and Sculpture Park (GASP), the Moonah Arts Centre, Richmond, Bonorong Wildlife Park, New Norfolk and the Derwent Valley are all within easy reach of Granton. The annual [Royal Hobart Show](#), the [Hobart Cup](#) at Tattersalls Park and activities at the Derwent Entertainment Centre are also nearby.

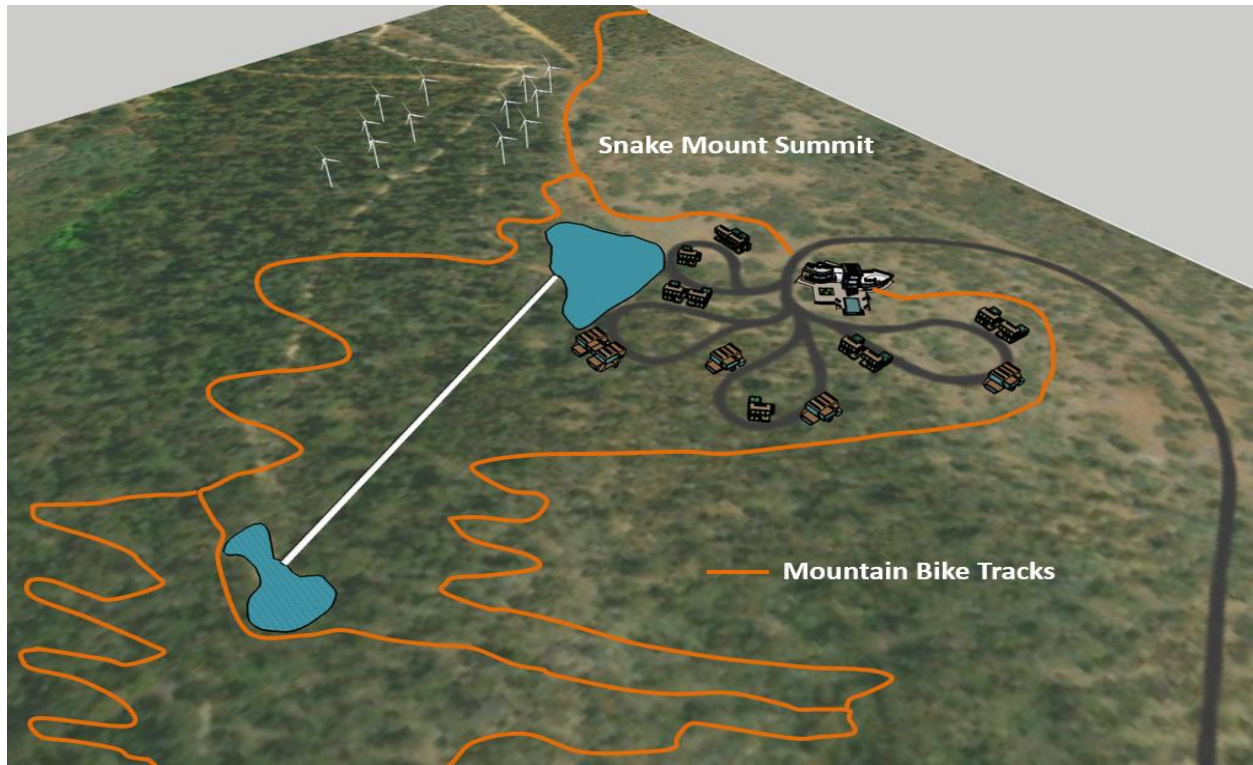


Figure 3 – Sketch view model of Granton Eco-Future Resort Location and Basic Features

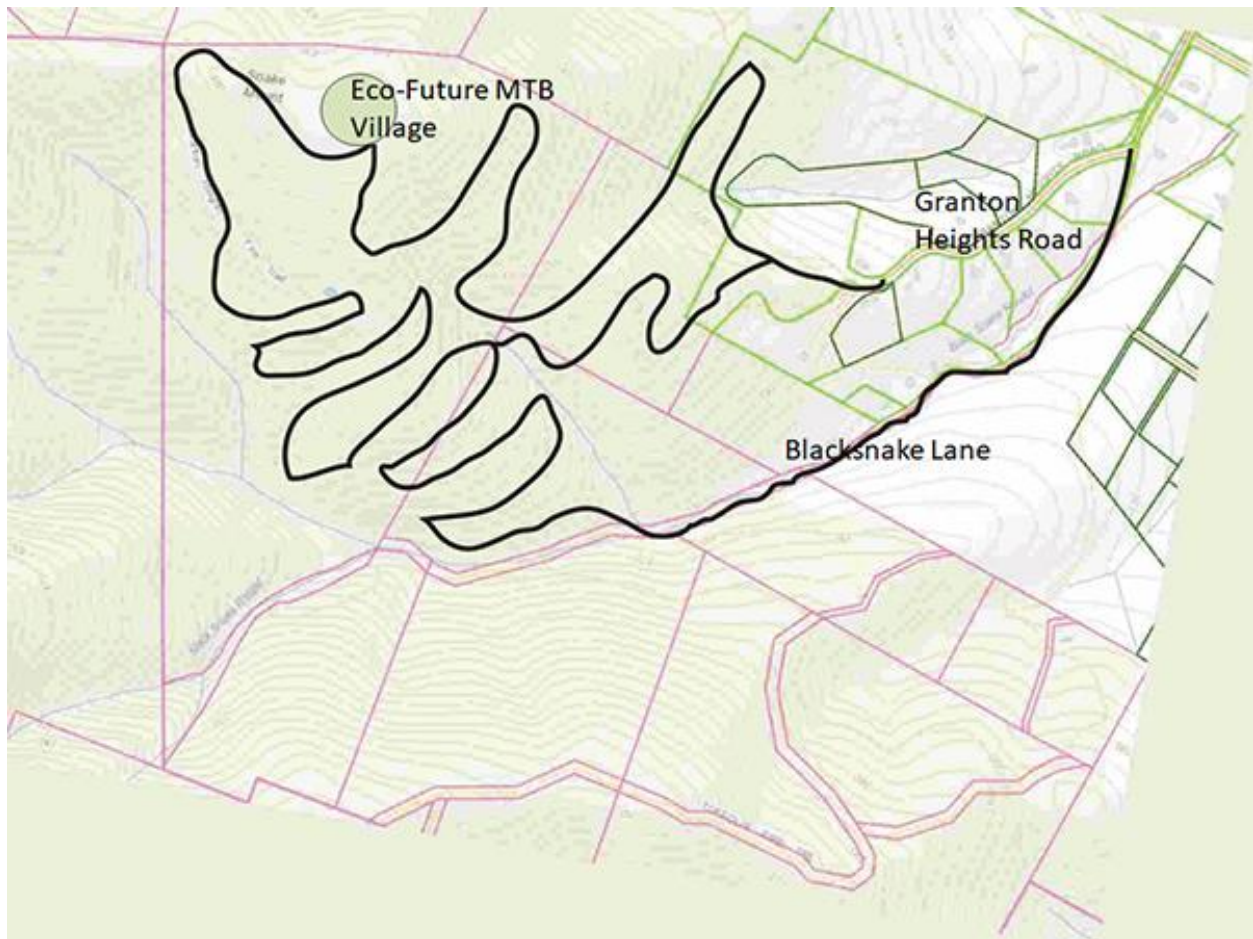


Figure 4 - some Mountain Bike Track Options

Project Significance

The project provides a novel experience targeted to the Australian and International tourism market and especially the growing Asian and particularly Chinese sectors that demand quality accommodation. In the longer term the project will provide several options including self-catering and centrally catered accommodation. These features align with two of the six strategic areas (Strategy 1 and 3) outlined in the national [Tourism 2020 Strategy](#)²

In Tasmania the [Tourism Tasmania Corporate Plan 2015](#)³ highlights four priorities to reach the 1.5 million visitor goal and generate improved economic benefits. This project supports these priorities in providing accommodation to meet the growing demand of travelers to Tasmania, through investment in quality eco - tourism infrastructure and building capability, capacity and community.

On a local level the project has regional significance for the City of Glenorchy and meets one of the key aspirations in the Open for Business section of its recently published [Community Plan for 2015-2040](#)⁴.

² "Tourism 2020."

³ "Tourism Tasmania Corporate Plan 2015-20."

⁴ "Draft City of Glenorchy 2014 - 2040 Community Plan."

Which states, “We will have a range of accommodation to cater for all visitors and strong connections between hospitality services, visitor attractions and business.”

Business Overview

The resort will be owned by its investors and may optionally be operated in parallel with the Waterside Accommodation network started by John & Barbara Harrison in November 2006. It will launch upon funding and gaining all necessary approvals.

Approximately 30 people will be employed in the initial construction phase of the project and a further 10 -15 will be employed to run the tourism facility. Each accommodation unit will attract an estimated additional 6 visitors to the area with an average spend of [\\$7418 per capita per visit](#)⁵ for Chinese visitors. As the project gathers momentum many more will be employed.

The Eco-Future Resort will be operated as competitively priced sustainably constructed and run accommodation and mountain biking complex for travelers to enjoy the local surrounds (the “bush”), great views and leading edge sustainable living. It will both be something to see and somewhere to stay. Accommodation as well as a destination.

Keys to Success

Keys to success of the Eco-Futures resort business include:

1. Impeccable attention to sustainability values
2. Marketing the ‘difference’ regarding sustainable accommodation
3. World class mountain biking tracks particularly suited for training.
4. A wide variety of activities and services based on the environment to promote and suggest to travelers
5. Seasonal pricing to encourage year-round utilization
6. Offering everything the traveler is not able to bring with them.

Accommodation units will have varying amenities similar to those provided by Waterside accommodation

Market Analysis/Research/Proof of Concept.

Research on similar offerings in Tasmania reveal there are resorts in great locations to stay and beautiful places to go but none that were both with a sustainability theme to our knowledge.

Our research also demonstrates that there is a willingness to invest in tourism infrastructure in Tasmania and drivers for a project of this size and importance include an opportunity to register it as a time share scheme or redevelopment for approval by the Foreign Investment Review Board. A number of tourism projects interstate are registered as such however there are none in Tasmania. Once the

⁵ “The Changing Face of Australian Tourism.”

initial project is underway doing so could provide an opportunity to finance additional development at the site.

Viability - Tasmanian Tourism (TT) Snapshot – Year Ending December 2015

Tourism Tasmania compiles and releases periodic visitor number statistics. Table 1 - Tasmanian Tourism 2015 below provides an overview of these numbers

Table 2 - Increases in the number of visitors based on estimated % increases from the December 2015 Figures.

Table 1 - Tasmanian Tourism 2015

	Year Dec 14	Year Dec 15	% Change	Calculated % Change	2014 Period % Change	2013 Period % Change
Overnight Visitors	1,041,500	1,120,000	8%	7.54%	3.00%	14.00%
Nights	9,310,000	10,020,000	8%	7.63%	4.00%	10.00%
Average length of stay (nights)	8.7	8.7	0%	0.00%	1.00%	-4.00%
Average spend per night	\$189	\$195	3%	3.17%	7.00%	3.00%
Southern Region Visitors	858,600	941,300	10%	9.63%	6.00%	13.00%
Total Visitors	1,068,100	1,153,000	8%	7.95%		
Southern Region Visitors % of total	80.39%	81.64%		1.56%		
Night Visitors Southern Region	837,217	914,359		9.21%		

Table 2 - Increases in the number of visitors based on estimated % increases from the December 2015 Figures

Percentage Increase	Year Dec 15	1%	3%	5%	7%	9%
Overnight Visitors	1,120,000	11,200	33,600	56,000	78,400	100,800
Nights	10,020,000					
Average length of stay (nights)	8.7	8.7	8.7	8.7	8.7	8.7
Average spend per night	\$195	\$195	\$195	\$195	\$195	\$195
Southern Region Visitors	941,300	9,413	28,239	47,065	65,891	84,717
Total Visitors	1,153,000	11,530	34,590	57,650	80,710	103,770
Southern Region Visitors % of total	81.64%	81.64%	81.64%	81.64%	81.64%	81.64%
Night Visitors Southern Region	914,359	9,144	27,431	45,718	64,005	82,292

Note: Figures in italics are internally generated by the author of this document.

Based on current trends overnight visitor numbers to Southern Tasmania could increase by some 50,000 – 60,000 per year. However whether this increase will continue is unknown, but if it does, at least for a few more years, then it provides some confidence that the development can achieve sustainable occupancy rates.

In addition to the above according to the TT Research Snapshot Accommodation Supply and Demand in Greater Hobart 2010 – 2017 some 111 to 230 additional rooms per year for the next seven years will be required to meet demand. Hobart's historical growth rate has been an average of 70 rooms per year.

An extrapolation of these figures is say 150 extra rooms X average 2 per room X 365 nights available x 65 %⁶ occupancy gives 71,175 overnight visitors which approximately matches the trend analysis above. The seven years of growth is certainly a sustained period where any new accommodation ventures could become established.

Tourist Numbers - Conclusion

This project will add 10 to 40 units of accommodation in the greater Hobart area and with 40 requires some 17,000 staying visitors per year to achieve 65% occupancy. Matching this with Table 2 above implies a minimum tourism growth rate of 2%. The expected growth rate is more in the range of 7% - 8% per annum over the next several years. This implies that 3-4 developments per year of this scale could become viable over the next several years.

SWOT Analysis

If the expected growth in tourism numbers doesn't materialise, then the development can still achieve it aims by being more competitive. A typical tool used to assess whether this is the case is a SWOT Analysis which follows.

<p><u>Strengths</u> Location – panoramic views, bush setting, close to Hobart and suburbs, day trips, quiet. Management – experienced accommodation entrepreneur / manager, access to experienced professional advisors. Marketing – Existing marketing network and IT can be adopted. Proven strategy. Scalability – ability to add additional accommodation</p>	<p><u>Weaknesses</u> Location – as compared with other operations closer to the airport / CBD.</p>
<p><u>Opportunities</u> Anticipated growth in demand for accommodation. Lack of similar venues in the local area. World class mountain biking identifying as a growing Tasmanian sector.</p>	<p><u>Threats</u> Environmental – bushfires, vermin. Slump in overnight visitors to Southern Tasmania. Approvals, planning and related law. Other venues setting up in local area. Finding suitable employees. Land not suitable for construction. A plethora of sub-standard cheap AirBnB's Legislative idiocy</p>

⁶ Projections are based on average occupancy rates of 65% (the Australian Bureau of Statistics (ABS) average for Hobart, Tasmania at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8635.0/>).

The SWOT analysis shows the development has major strengths and opportunities with no major weaknesses. The main threats are in the set up phase many of which can be reduced with modular construction. It is a niche operation in terms of location and what it offers and should be marketed towards that audience.

Construction Plan

The total project cost staged over 5-10 years is estimated to be in excess of \$11 Million. An estimated \$150,000 will be required for detailed planning including track making along future road routes to confirm viability and provided access as in Table 3 - Initial Development Strategy below. The work should be sufficient to demonstrate the viability of a state of the art sustainable construction project with its own integrated alternative energy system and attract investors for development.



Figure 5 - Futuristic Sustainable Eco-Village Construction

Table 3 - Initial Development Strategy

Task	Description	Objectives	Cost	% Complete
Stage 1				
Conceptual Business Plan Including Construction And Ongoing Management	Statistical analysis to estimate potential user base. Pricing analysis. Confirm estimates of development costs and ongoing running costs. Draft DCF analysis and sensitivity testing. Review tourism statistics. Conduct SWOT and similar analysis.	Rigorous desktop analysis and evaluation of financial viability to determine whether to proceed. (This will be ongoing as more data is collated)	\$ 10,000	15
Engage architects and engineers to develop long term development plans for a world class development.	Assess location for planned development. Analyse and evaluate proposed wind / hydro energy plans.	To determine construction costs, viability and completion times. Make alterations as necessary to initial concepts and re-evaluate financial viability.	40,000	0
Present Updated Plan For Approvals	Determine what approvals are required and present plan to relevant bodies.	Gain all necessary approvals. Glean what needs to be done to get approvals. Update costs / timelines and re-evaluate financial viability.	10,000	
Finalise Business Development Plan	Present business plan to relevant experts. Arrange board style meeting. Essentially “bullet hole” the project.	Determine modifications and whether to proceed to FID.	20,000	
Accommodation Approvals	Glenorchy Council, TTIC etc.		5,000	
FID And Gain Finance	Gaining finance will be ongoing from the start. All possibilities will be explored including bank finance, venture capital and private investors.	Hire all contractors and buy all necessary equipment and materials.	5,000	

Access Tracks	Build Access Tracks		50,000	
Sundry Admin/Audit			10,000	
Total			\$150,000.00	

Construction Areas:

South Western – Install windmills for power generation. Enlarge two existing dams, one up slope near the accommodation area and one downslope in a southerly direction and construct micro hydro plant/energy storage system.⁷

The windmills will be used to generate power and pump water from the catchment dam back to the upper dam to feed the hydro plant which would run when there was no wind or sun acting as a standby source of power. The dams could also be used for recreation and perhaps even be stocked with fish.

The dams would be topped up from Blacksnake rivulet when flowing.

North Eastern – Build the main accommodation precinct. This will comprise a series of self-contained, possibly modular accommodation units (villas) with outdoor areas (gas BBQ etc) and views. A chalet with some 20 accommodation units and restaurant/bar will be built in the proximity of the accommodation units near where the proposed road will link up. Essentially there will be a chalet with surrounding accommodation units and the development will be managed from this location.

Suggested Capex

Description	Quantity	Price	Extended Price
Commence late 2017, estimated completion 2020.			
Power System (Hydro / Wind / Solar)	1	\$ 500,000	\$ 500,000
Dam construction	2	200,000	400,000
Mountain Bike Trails	5	50,000	250,000
Commercial water pumps, purification etc.	2	25,000	50,000
Accommodation Units	20	250,000	5,000,000
Whitegoods	40	3,000	120,000
Other Electrical/Electronic	40	1,000	40,000
Ride on mower	1	7,000	\$7,000

⁷ There is a possibility of building the second dam at the bottom of the hill so water from blacksnake Creek is also captured as the land is on the property.

Chalet (20 rooms) with lounge bar, mini store and restaurant	1	2,750,000	2,750,000
Outdoor gas BBQ	25	100	2,500
Water tanks – under “villas”	20	1,500	30,000
Water tanks – under chalet	4	2,000	8,000
Water pumps	20	500	10,000
Water purifiers	20	500	10,000
Power connections / system	1	100,000	100,000
Fire alarm systems	40	2,000	80,000
Room furniture	40	5,000	200,000
Other furniture		10,000	10,000
Site works (plumbing, clearing etc)	1	250,000	250,000
Miscellaneous equipment (fire, first aid etc)	1	20,000	20,000
Activity (fun parks)	1	150,000	150,000
Roadworks	1	500,000	500,000
Total			\$ 10,487,500

Associated Infrastructure

Power Options

The average household in Australia uses ~ 5,000 KWH (kilowatt hours) per year or ~ 13.7 KWH per day. Based on this it is estimated the complex will require 125,000 – 175,000 KWH per year.

This can be achieved either by retail power estimated to costing around \$55,000 per year or the installation of an integrated alternative energy system which is favored given the nature of the resort.

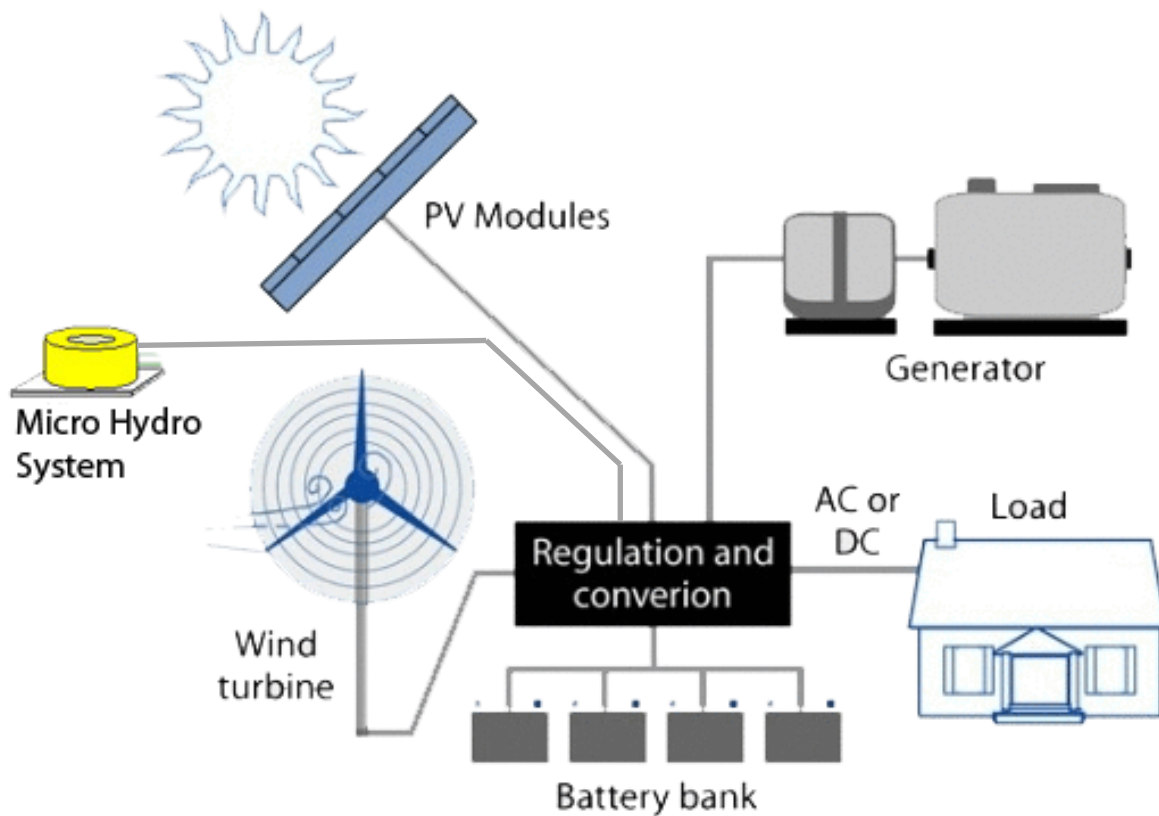


Figure 6 – An Example of an Integrated Alternative Energy System

Access / Roads

Currently there is a fire trail starting at the end of Granton Heights Road that leads to the main area of the proposed development. This will need to be converted to a sealed road and is about 1km in length.

Mountain Bike Trials

Mountain bike experts we have spoke to so far agree the potential is huge and that it is import that the trails are built by people with experience.

Appendix 1 – Proponent Background

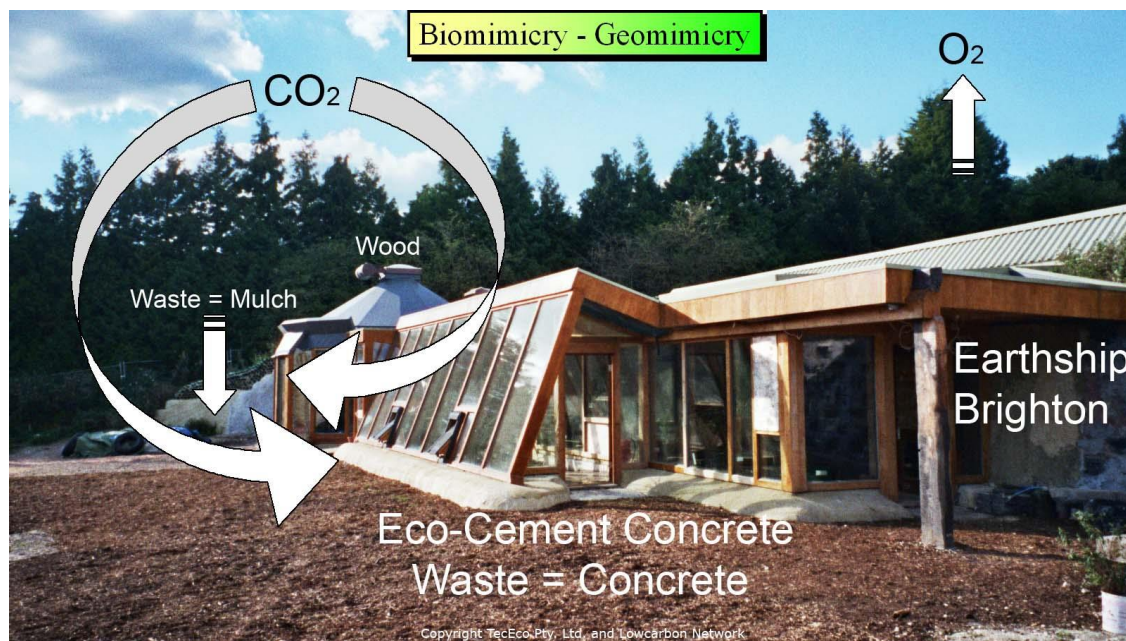
John Harrison through his company Aquaculture Tech owns 80 hectares in Granton which is ideally suited for the development of an Eco-Tourism resort that demonstrates Green Living. He is also internationally known as a leading sustainability advocate and materials scientist having been published in New Scientist, Toronto Star, the Guardian and in many other places for the concept of using building materials as a repository for carbon dioxide and a range of magnesium based binders he developed.

As a scientist John has been involved in a number of sustainable developments around the world including [Earthship Brighton](#) in the UK, two structures in the Brisbane area, one in Newcastle, [another](#) in Victoria and several in Tasmania. His magnesium cement technology is now in general use around the world.

John Harrison's family have been involved in tourism since the late 50's and John once operated a successful paddle wheeler on the Yarra river in Melbourne. John now owns Waterside Accommodation⁸ (WA) based in Austins Ferry, Hobart and the business operates four fully furnished and appointed houses.

Earthship Brighton in the UK attracts many visitors and there is no doubt that a development here in Tasmania by one of the world's leading sustainability advocates would, if properly marketed, attract many guests.

Figure 7 - Earthship Brighton using concrete invented by John Harrison.



John has the technical skills to oversee the construction of cutting edge 'green' structures and the land at Granton is a suitable location for an off grid sustainable development that would portray to tourists state of the art sustainability in a beautiful, natural, easily accessible location near to Hobart.

⁸ "Waterside Accommodation."