



Hawkesbury City Council

special meeting business paper

date of meeting: 11 February 2002

location: Council Chambers

time: 6.00pm

SPECIAL MEETING

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ITEM: 1 Application to Film at Hawkesbury Heritage Farm**FILE NUMBER:** GC283/107 PT7/FNC/ORB11SBX.F02

REPORT:

Representation has been made to Council from Ned Productions Pty Limited, who are a film production company, regarding the possibility of using Hawkesbury Heritage Farm for the purpose of shooting and producing a feature film titled “Ned”. A meeting was held on Tuesday 8 January 2002 between two representatives from Ned Productions Pty Limited, Council’s Mayor, and two Council Officers regarding the feasibility of using Hawkesbury Heritage Farm for this purpose.

The film titled “Ned” is a comedy loosely based around the exploits of one of Australia’s greatest folklore heroes, Ned Kelly. The film is destined for theatrical release having secured distribution from a local film distributor, Ocean Pictures Pty Limited. The film is due for release in early 2003.

The budget for the film is extremely low (in the vicinity of \$1.2million). In order to make a film of this budget level, Ned Productions Pty Limited have secured many concessions from crew members and suppliers who are willing to defer part of their wages and fees in order for the project to proceed.

The film is set in the period circa 1870 and the production company feel access to Hawkesbury Heritage Farm is a crucial element to the realisation of the project.

Producing a film in the Windsor area would have many benefits including the accommodation of cast and crew during the period of the shoot (some 35 to 40 people for a period extending over seven weeks) and the purchase of all daily goods and services, such as food, hardware and building supplies etc. which would be sourced from the local businesses. In addition to this, Ned Productions Pty Limited have stated that the extras, which will be needed for crowd scenes, will be extracted from the local region.

Ned Productions Pty Limited has put the following proposal to Council for their consideration:

Access - That the film production be given complete access to the Hawkesbury Heritage Farm site and the buildings within the site for the purpose of producing the feature film “Ned”. The production may wish to house a production office on site and erect temporary sets to shoot the film. At its peak, there would be up to 30 (thirty) crew plus actors on site, but most of the time there would be no more than 5 (five) to 20 (twenty) persons on site. While most of the shoot is set in day time, Ned Productions Pty Limited would seek 24hr access.

Period Required - Ideally Ned Productions Pty Limited would like to access the site for a period of 10 (ten) weeks. This would allow a comfortable period of time for the production to prepare the site to achieve the best possible set for the film.

The period required under the current schedule commences 18 February 2002 finishing end of April 2002.

NB. This is an ideal requirement. Ned Productions Pty Limited will negotiate with Council in good faith if circumstances require amendment to these dates.

Fees - Ned Productions Pty Limited would like to negotiate a filming fee for the duration of the shoot of \$300.00 (three hundred dollars) per week. They propose that this fee will only be payable once they start “official pre-production” and that they have minimal access to the site prior to that period to allow their designers to take measurements and plan.

Access after the acceptance of the expression of interest - Ned Productions Pty Limited would seek to enter into separate negotiations with the successful expression of interest party regarding appropriate compensation for the site should their requirement for access extend past the settlement date of the site.

Ned Productions Pty Limited makes the following undertakings to Council, should access to the site be approved:

Bond - Ned Productions Pty Limited will place a bond to Council’s satisfaction to ensure the site is left in the same condition as provided before the production. This is to include all fixtures and fittings. A bond of \$50,000.00 (fifty thousand dollars), either via bank guarantee or actual funds, is agreeable with Ned Productions Pty Limited.

Site - After the filming, Ned Productions Pty Limited will return the site to its original state, unless otherwise agreed to by Council or the successful expression of interest party.

Insurance - Ned Productions Pty Limited will ensure that all appropriate insurances, certification and workplace safety issues meet both council and industry requirements. Copies of all relevant documentation will be provided to Council. This will include the required safety reports under the Industrial Award that govern the film industry, the employment of a safety officer when the award requires such engagement, public liability insurance with a limit of at least \$10million and all standard insurances.

Security - Ned Productions Pty Limited will be responsible for the security of the site. They are currently assessing alternative security service providers and agree that Council must approve security arrangements.

Costs - All costs incurred by the production for the purpose of making the film and preparing the set will be borne by the production. The production will negotiate in good faith with Council regarding any extraordinary costs borne by Council to allow access to the site.

Credit - Ned Productions Pty Limited will provide Council with a logo credit in the completed film. Ned Productions Pty Limited will also provide a similar logo credit to the successful expression of interest party (if requested) in the completed film. Ned Productions Pty Limited will also provide the access to the shoot for any local press publications that Council wishes to cover the shoot.

The overall benefits that will flow from the production of a feature film at Hawkesbury Heritage Farm will benefit Council, tourism, local business and the successful expression of interest party. It will also solve the significant problem of security of the site, which is currently under review due to reports of unauthorised

persons gaining entry to the site. Depending on the success of the film, the publicity gained for the local area could be far greater than statewide or even Australia wide, it has the potential to create awareness of the Hawkesbury area internationally.

RECOMMENDATION:

That:

1. Council make available Hawkesbury Heritage Farm for the purpose of the shooting and production of the film titled “Ned” for the period Monday 18 February 2002 to Friday 26 April 2002 at an agreed fee of \$300.00 (three hundred dollars) per week.
2. A \$50,000.00 (fifty thousand dollar) bank guarantee be provided by Ned Productions Pty Limited for the purpose of a bond to ensure that any damage to the site is rectified.
3. All appropriate insurance policies, as detailed in the proposal of Ned Productions Pty Limited, are produced to Council before any access is made available to the site.

ATTACHMENTS:

There are no supporting documents for this report.

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ITEM: 2 **Hawkesbury Heritage Farm (formerly Australiana Pioneer Village)**

FILE NUMBER: GC283/107 PT7/FNC/ORB11SBX.F01

PREVIOUS ITEM: 155, Ordinary (11.12.2001)

REPORT:

Council resolved at its Ordinary Meeting of 11 December 2001 to defer, to a Special Meeting of Council, a decision on the expressions of interest for the management, leasing or purchase of the property known as Hawkesbury Heritage Farm (formerly Australiana Pioneer Village). The resolution also included to allow presentations of 4 (four) of the 7 (seven) submissions, those being:

1. Bedrock Foundation and Dr Richard Gee.
2. Granite Investments Incorporated.
3. Macquarie Formal Hire Consortium.
4. Mr and Mrs James Kelly.

Each presenter would be allowed 15 (fifteen) minutes to explain their proposal to Council. A summary of each proposal appears below. The summaries are an exact extract from the previous business paper of the Ordinary Meeting of 11 December 2001.

1. Bedrock Foundation and Dr Richard Gee (GP)

Proposal

To lease both properties, with an option to purchase to establish “Harvest Village and Expo-Farm”. The objectives of the proposal are as follows:

- To restore and revitalise and promote a model sustainable heritage eco-system.
- Production of organic food for educational purposes.
- Promote local produce on site and regional markets.
- To foster an evolving cultural heritage for the benefit of present and future generations.
- To establish and maintain an educational example of quality organic food production and to promote local produce in on-site and regional markets.

The proposed principle activities are the Heritage Village, Organic Bio-dynamic Expo-Farm, Organic Bush Tucker Cafe/Restaurant, Artisan Educational Show Case Demonstrating traditional arts, crafts and pioneering trades and a function centre.

Organisation Background

The proposed lessee is Bedrock Foundation & Dr Richard Gee (GP), with Bedrock Management being made up of Farm Manager, Rachael McCallum, Restoration Manager, Mal Williams, Promotions and Event Management, Laurie Kane and PR Consultant, Catriona MacMillan.

Bedrock Foundation began as a community interest group in St Peters, Sydney, developing a long-term restoration project for the Sydney Park Brickworks heritage precinct. The group formed a not for profit organisation for this and other community-based initiatives. Bedrock Foundation is a catalyst for cultural development, seeding sustainable models of environmental and social significance.

Financial Considerations

The lease is proposed to be 5 (five) years with a 1 (one) year rent free period with the lessees to invest \$50,000 (fifty thousand) during this period on restoration of the heritage buildings. Thereafter a rent of \$15,000.00 (fifteen thousand dollars) per annum plus Council outgoings is offered.

The offer to purchase includes both Lot 22 in DP 829589 and Lot 3 in DP 709166 being the Farm and Buttsworth Lane, for a mutually agreeable price taking into consideration Council's valuations.

The applicants intend to provide public access daily to purchase organics and eco store products as well as 4-5 day access for recreation and education purposes.

The applicant intends to invest an additional amount of \$100,000.00 (one hundred thousand dollars) in the facility over the 5 (five) year period for restoration and improvements.

Comment: The proposal involves the initial leasing of the facility for a 5 (five) year period rent free for the first 1 (one) year and a rental of \$15,000.00 (fifteen thousand dollars) per annum for the subsequent 4 (four) years. These are similar terms to those provided to Mr Wells. It is proposed they be granted an option to purchase at their convenience for a mutually agreeable price taking into consideration the valuation provided by consultant valuers.

2. Granite Investments Incorporated

Proposal

Granite Investments suggests that due to the low profile of the Farm, they are of the view that it has not been promoted to its true potential and that with good management, sound selling and marketing techniques, it could quickly become an asset to the Hawkesbury tourism industry, childrens and youth education and the local community.

Company Background

Granite Investments' proposal involves a consortium of people experienced in accounting, sales and marketing, Australian heritage history and animal husbandry. The consortium is led by Mr Ronald Farrell of Wilberforce and includes his wife and two other Hawkesbury residents whose identity remains confidential at this stage.

Financial Arrangement

The consortium have provided three options for Council's consideration with Option 1 their preference:

Option 1

Purchase of the facility and adjoining property for \$525,000.00 (five hundred and twenty five thousand dollars).

Option 2

A 5 (five) year lease arrangement with a 5 (five) year option to lease, for an annual rental of \$16,500.00 (sixteen thousand five hundred dollars).

Option 3

A 5 (five) year lease arrangement tied to the Consumer Price Index with option to purchase any time after a 2 (two) year period for \$525,000.00 (five hundred and twenty five thousand dollars).

Comment: Of the options the consortium has put forward, Option 3 would provide the best return to Council through payment of initial annual rental of \$16,500.00 (sixteen thousand five hundred dollars) adjustable to the Consumer Price Index for Sydney on an annual basis for at least a 2 (two) year period with the possibility of acquiring the property after that for \$525,000.00 (five hundred and twenty five thousand dollars). It is noted that the offer of \$525,000.00 (five hundred and twenty five thousand dollars) is still significantly less than the market valuation provided by consultant valuers in the amount of \$750,000.00 (seven hundred and fifty thousand dollars) for both properties. However, in subsequent discussions they have indicated that they would be prepared to pay up to \$750,000.00 (seven hundred and fifty thousand dollars) for both properties.

3. Macquarie Formal Hire Consortium

Proposal

The Consortium proposes to lease the site on a 5 (five) by 5 (five) year basis, with the intention to close the facility for a period of between 6 (six) and 12 (twelve) months to reinstate the venue to its former place in the history of the Hawkesbury. They also request an option to purchase both

properties at the end of the initial 5 (five) year period. Once the facility is restored, it would be made available to the community at large including service clubs and church groups for functions and the balance of the area would be converted to a safe family park area. There will be a nominal charge for entry.

Company Background

The Consortium includes 3 (three) local businessmen namely, Mr Darryl Brown of Hawkesbury Wedding Centre as the lead player and the other representatives are Mr Wayne Jones and Mr Tony Purcill. As noted, Mr Brown is the proprietor of Hawkesbury Wedding Centre which incorporates Macquarie Formal Hire and Macquarie Chauffeur Drive which operates from the Council owned building at 325 George Street, Windsor. It is understood that Mr Jones has a background in the motor vehicle industry and his father was a friend of the original owner, the late Mr Bill McLachlan. No details have been provided on the background of Mr Purcill.

Financial Consideration

The Consortium requests a 5 (five) by 5 (five) year lease and as they intend expending between \$300,000.00 (three hundred thousand) and \$500,000.00 (five hundred thousand dollars) over the next 5 (five) years in restoring the venue. They have requested a minimal commencing annual rental of \$5,200.00 (five thousand two hundred dollars) for the first year of the term, with no rental paid (apart from outgoings) for years two and three, in lieu of the investment in improvements. They propose that the rental for years four and five be negotiable. The option to purchase the farm in 5 (five) years is in the amount of \$500,000.00 (five hundred thousand dollars) and \$250,000.00 (two hundred and fifty thousand dollars) for the cottage.

Comment: Whilst the Consortium proposes to expend significant funds on the restoration of the facility, they are only in a position to provide a minimal rental over the initial 3 (three) years i.e. \$5,200.00 (five thousand two hundred dollars) for year one and nil rental in years two and three and cover the outgoings charged. Therefore there will be minimal return to Council over the initial 3 (three) years and a rental subject to negotiation at the time, for years four and five. Whilst the options to purchase both properties in 5 (five) years time are consistent with the current market valuations, the value of the properties are likely to increase over the next 5 (five) years and in the interim, the consortium is only providing a minimal rental return.

4. Mr and Mrs James Kelly

Proposal

Mr and Mrs Kelly propose to acquire the property from Council on the basis that they would spend up to \$1,000,000.00 (one million dollars) on the restoration and upgrade of the facility. They propose to retain the current Australian history theme for the farm and upgrade facilities such as the bank, post office and police station to make it more exciting and interesting by adding animated models telling the history of each of the buildings and create a more vibrant village atmosphere. They also intend promoting theatre and film making and have made contacts with

amateur actors who have indicated a willingness to participate in re-enactments and stage shows as well as offer the facilities to make short films and stage shows. One of the largest sheds is proposed to be made into a costume and props house and subject to Council approval, they wish to build an open air theatre in the lower part of the picnic area to promote jazz, opera, contemporary music and acting.

As they already own the Hawkesbury Paddle Wheeler, they intend to incorporate it in with the theme by building a ramp or wharf and landscaping the embankment to enhance the river access. They would also provide transport from the river to the village and offer a ferry service by paddle wheeler from Windsor public wharf to make it a whole adventure for children, school groups, senior citizens groups and other visitors to the park.

They intend promoting the venue to school and community groups and provide opportunities for school children as a centre of excellence for the performing arts including the making of short films and participation in stage shows etc. Letters of support have been provided from local schools in regard to this concept.

Organisation Background

Mr Kelly has extensive experience in promotions and catering particularly within the entertainment industry and is currently the owner of Kelly's Kollektables located at Bridge Street, Windsor. Mr Kelly established the Plane Tourist Budget B&B at Clarendon, owns the Hawkesbury Paddle Wheeler and his private residence is located at Kurrajong.

Comment: Mr and Mrs Kelly have indicated that due to the significant capital investment they propose for the facility, their interest is only in acquiring the property and have advised that they are prepared to pay up to \$550,000.00 (five hundred and fifty thousand dollars) for both of the properties. However, in subsequent discussions, they have indicated that they are prepared to pay up to \$750,000.00 up front for both properties.

As previously reported, the number of responses to the opportunity to lease, manage or purchase Hawkesbury Heritage Farm is evidence of the commercial and community interest in the potential of the facility. However, it is acknowledged in all submissions that the property requires significant investment to be returned to its original condition and to be upgraded to meet current visitor needs i.e. a more vibrant and interactive facility to cater for a diverse visitor market.

It is apparent from the submissions received that all parties wish to retain and build on the current Australian history theme and recognise the potential of the Hawkesbury as a tourist destination. Similarly, it is apparent that there is a reluctance among the majority of applicants to invest significant funds unless they have the opportunity to acquire the Village and adjoining property. It is suggested that it is not a priority of the Council to invest significant funds in tourism facilities. A greater overall return can be achieved for the community by investing in the facilitation and encouragement of tourism and business investment in the region through initiatives such as funding the operation of visitor information centres, seed funding projects like Hawkesbury Harvest, supporting HEDAC and providing recreational and amenities facilities for visitors and residents of the area.

In view of the significant interest in the purchase of the facility and importantly, the intention of the applicants to restore and further develop the existing theme and potential of the Village, it is considered opportune for Council to dispose of the property. Of the submissions to purchase, amongst a number of excellent proposals, the concept proposed from Mr and Mrs James Kelly is supported. As noted, they propose to expend up to \$1million on the restoration and upgrading of the facility to create a more interactive and vibrant village atmosphere, incorporating performing arts and short film making experiences. Also, as Mr and Mrs Kelly currently own the Hawkesbury Paddle Wheeler they propose to develop a wharf along the waterfront adjoining the property to add to the Hawkesbury experience by arriving by boat. Mr and Mrs Kelly have also indicated a willingness to include in any sale agreements, restrictions on any future uses of the property to retain the current Australian colonial history theme.

It is pointed out that the offer does not include the artefacts and items on display, some of which are on loan. If the facility is to be sold, the artefacts and display items (except those on loan) would be offered to the purchasers for a price determined by appropriately qualified valuers. Whether the facility is leased or sold, owners of the display items will be contacted and offered the opportunity to remove them.

As Council's sewerage treatment plant is located on the site, a suitable legal arrangement will also need to be entered into with the successful expression of interest party, to ensure that unrestricted access to the site is maintained for as long as required by Council. The arrangement will include the actual plant area which is currently located within an easement for services and an irrigation area as well as access through the site.

RECOMMENDATION:

That:

1. Council offer to sell the property described as Lot 22 DP829589 and known as Hawkesbury Heritage Farm for \$500,000.00 (five hundred thousand dollars) and the adjoining property being Lot 3 DP709166 Buttsworth Lane for \$250,000.00 (two hundred and fifty thousand dollars) to Mr and Mrs James Kelly. The offer does not include the artefacts and items currently displayed, which are to be subject to an independent valuation from an appropriately qualified valuer.
2. The sale of Lot 22 in DP829589 be subject to an appropriate legal arrangement being entered into for unrestricted access to, and the continued operation of the Sewerage Treatment Plant.
3. Subject to acceptance of the offer, the Common Seal of Council be affixed to any necessary sale agreements as well as legal documents associated with the sewerage treatment site.

ATTACHMENTS:

There are no supporting documents for this report.

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