
21 DECEMBER 1999

A Feasibility Study

IN RELATION TO

**THE OPERATION OF THE EDITH AND
JOY LONDON FOUNDATION – KIOLOA**

FOR

THE AUSTRALIAN NATIONAL UNIVERSITY



Commercial-in-Confidence



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March 9, 2000

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Dear Sir & Madam,

I am sorry that affairs have been so hectic here since the holiday period that I have mislaid your card and names.

I was good of you to call on me, and thank you for letting me see a copy of your Kioloa report and for the return of my copy of the video.

The report made interesting reading; It covered the ground well and will now go into my personal archives. Thank you

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Ross Hohnen', with a horizontal line underneath.



The cleared coastal portion of the Edith and Joy London Foundation - Kioloa, New South Wales

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1. EXECUTIVE SUMMARY

The consultants have researched the history of the Edith and Joy London Foundation, reviewed the management of the Foundation, the operational background and financial situation. The consultants have assessed all the evidence available to them in order to determine suitable scenarios for testing in relation to the feasibility of the Foundation's operations.

The Foundation has a great deal of support from all sectors of the University - the Institute of Advanced Studies, the Faculties and from Centres and groups on campus, and externally from the Kioloa community.

It is a property considered of value and benefit to the University - by Joy London in her bequest to the University, by Ross Hohnen through his negotiations to ensure the gift for the University and his continued support, by donors such as the Frankel and Fairfax families, by the academics and others who give voluntarily of their considerable knowledge, their time and energies for the management of the Foundation, by researchers and by its users, both internal and external to the University.

The consultants recommend that such a valuable and beneficial asset belonging to the University should be retained for the long term benefit and gain accruing to the University from the research carried out by students and researchers, from the relationships built over many years and the competitive advantages that the Foundation already holds. One example of the value of the Foundation is its inclusion as one, of only two, operational sites in Australia included in the NASA Pathfinder Project.

Although our assessment of the Foundation demonstrates that the operation can easily be made financially self sufficient, it is essential that any panel when evaluating the operation of the Edith and Joy London Foundation have a broader base for review that encompasses the teaching and research benefits in addition to simple fiscal matters. The great intrinsic value embedded in the Foundation is its long term benefit to the Australian National University's teaching and research base.

Following considerable research and assessment, the consultants' conclusion is that the Edith and Joy London Foundation is indeed a viable entity that has a variety of strategies available to it to enable it to become an economically, socially and ecologically sustainable enterprise.

2. INTRODUCTION

2.1. The Task

This study is made in response to the identified need for the Edith and Joy London Foundation Committee of Management to examine the current situation in relation to the Foundation and will assist in the evaluation of progression to the next phase of development of the Kioloa Property as a viable business.

The study is to look at how the resources of the Australian National University may be better utilised for the profitable operation of the Edith and Joy London Foundation as an economically, socially and ecologically sustainable enterprise.

2.2. The Approach

"Naturam Primum Cognoscere Rerum" - "First, to learn the nature of things"

"De Rerum Natura Cognoscere Rerum" - "Above all to find out the way things are"

Our approach to this Feasibility Study was first to learn the nature of the Edith and Joy London Foundation. Considerable research has been undertaken to achieve this. As with any study into a business unit or enterprise it is essential that a thorough understanding of the subject is developed. It is our policy when undertaking an assignment to obtain as much information as possible such as the background, objectives, relationships, management, operations, politics, users/customers and financial situation, etc.

In order for the consultants to do this in the context of this Feasibility Study into the operation of the Edith and Joy London Foundation, considerable research and review of relevant documents and publications has been necessary. These documents provided a valuable insight into the history, management, planning, day to day activities and financial history of the Foundation.

A list of documents reviewed by the consultants is noted in Appendix A. Quotes from, or references to these documents are shown as footnotes throughout this Feasibility Study.

Additionally, we have conducted numerous interviews with individuals representing the Australian National University Administration, members of the EJLF Committee of Management, the Resident, the local Kioloa community, Foundation users, and various other parties involved in the Foundation from its inception to the present.

Numerous discussions have also taken place with representatives from the ACT Government, Australian Capital Region Development Council, the Capital Region Employment Council, the University of Canberra, the University of Wollongong, the Canberra Institute of Technology (in particular the Rural Training Centre), the Shoalhaven Shire Council, as well as the Australian National Aquarium.

The consultants have made several journeys to the Foundation at Kioloa, first to become acquainted with the property and then to further understand the scope of achievement and development of the facilities and services to the benefit of teaching and research, and the development and continuance of goodwill between the Foundation, local authorities and the local community since the University accepted the Joy London gift.

For comparison purposes an inspection of the University of Canberra's Jervis Bay facility has also been carried out.

3. THE NATURE OF THE EDITH AND JOY LONDON FOUNDATION

3.1. Basic History of the Edith and Joy London Foundation

3.1.1. The Property

The property lies 46 road kilometres north of Bateman's Bay, immediately north of the village of Kioloa in the Shire of Shoalhaven, New South Wales. Its eastern boundary follows the coast, commencing 30 metres above mean high water mark whilst the north and south boundaries run parallel inland, to form a rectangle 1.4km from north to south and about 2.5km from east to west. The boundary also encloses a narrow strip of land extending out along Nundera Point to the north of Shell Beach. Immediately to the east of the beach and between Murramurang Road, lies a densely vegetated area, mainly dunes with coastal heath and scrub. Near the southern boundary there is a small lagoon, Butler's Lagoon, behind the sand dunes. Behind the coastal sand dunes, to the west of the road are about 85 hectares of flatter land, which together with the lowest slopes of the hills have been cleared for grazing and agriculture. The forested land, occupying about 200 hectares, rises from the flats to about 120 metres above sea level at the western boundary which joins the Kioloa State Forest.

As well as the physical land gifted to the University the property consisted of a variety of buildings - six cottages in a row facing south, known as The Avenue; the Homestead; a dairy, barn; hayshed, machinery shed and school house. At the time of the hand-over in 1975 many of the cottages were in a very poor condition through damage caused by time, salt and white ants. There were insufficient funds to replace these buildings and it was felt that they could be brought up to a useable condition with some effort and provide accommodation for students for a few years before their condition became critical. Those responsible at that time believed that the buildings were unlikely to survive for more than five to ten years despite these efforts. Regular maintenance and pest control treatment since 1975 have kept the cottages in use for much longer than expected (some 20+ years).¹

3.1.2. The Deed of Gift

On March 1, 1975, after lengthy negotiations, conducted principally by Mr Ross Hohnen, then Secretary of the University, the 348 hectare property was formally gifted to The Australian National University. A short agreement between Miss Joy London and the University set out the conditions of the gift, stressing that the property was "for University purposes which shall include student instruction in a number of disciplines, experiments and long-term research projects in geology, forestry, botany, marine biology, zoology, geography, pre-history (archaeology), farming and associated scientific studies from time to time decided upon by the University". In accepting the gift and naming the property in honour of Miss London and her mother, Edith London, the University agreed to "preserve the land in its entirety in its natural and present state as far as is possible consistent with using it for University purposes as referred to above".²

¹ The Edith and Joy London Foundation of The Australian National University: a concise history. By Richard E Barwick - 1998

² The Deed of Gift

Also, as stipulated under the terms of the Deed of Gift the University established and constituted "a Committee of Management for the control and development of the said land for the University purposes hereinbefore referred to".



Joy London hands over the Deed of Gift to Acting Vice-Chancellor Prof. D.N.F. Dunbar. Her property became the Edith and Joy London Foundation of the Australian National University. Others are from left to right, Joy's Accountant, Mr Pat Johnston, the University Secretary, Mr Ross Hohnen and Miss London's Legal Adviser, Mr Bill Duke.

3.1.3. Benefit to the Australian National University of the Deed of Gift

The Deed of Gift's importance to the Australian National University was seen as offering "a variety of ecological patterns and vegetation types. In the west, on the higher slopes, wet sclerophyll forest grow with remnants of subtropical rainforest along creeks and gullies. In the east, there are various coastal and marine environments, including a lagoon, a saltwater creek, dunes and sandhills capped with grasses and low shrubs. The Department of Zoology expects to do work on the biology of animals on rocky and sandy shores and the ecology of lizards and frogs. Student groups will look at the ecology of insects and invertebrates in marine and shore environments.

Studies of small water catchments and coastal sand movements will be undertaken by the Department of Geography. It will also use the Foundation as a base for instructing students on various aspects of the South Coast and more locally, for student investigation of micro-climates, vegetation and soils.

The Department of Neurobiology expects to study crab behaviour, the acoustic behaviour of arthropods and will make collections of fish and other marine life.

The Department of Environmental Biology intends to do research into plant population ecology, nutrient cycling in dune ecosystems, tidal zone ecology and the physiological ecology of dune plants. The Department of Population Biology is interested in the structure, dynamics and evolution of natural populations of plants and animals.

Departments involved in the other fields like forestry, botany and prehistory are at present formalising and planning research projects to be carried out at the Foundation field station."³

³ The Australian National University News, Vol. 10 No. 1 May 1975

3.2. The Current Situation

3.2.1. Review of the Management Team

The Management Team consists of the Committee of Management of the Edith and Joy London Foundation (membership appointed by Council on the recommendation of the Vice-Chancellor) and the Resident/Caretaker of the Foundation.

Members of the Committee of Management are:

Professor H A Nix

Dr B G Lees

Dr R Barwick

Professor P J Kanowski

Professor Alan Barton

Mr C Burgess

Mrs D Watts

Mr P Scardoni

Mr D C Dumaresq

Ms B Hall

Andrew Davis, Uni of Wollongong

Stewart Davey, PM&C

Dr Ian Farrington

Dr Sharyn Errington, CPAS

This is an impressive pool of on-tap consultants with immense expertise. Many members of the Committee of Management have a professional as well as academic background. Rarely does a facility enjoy the availability, at no cost, of such a vast range of expertise and dedication, as the Edith and Joy London Foundation does.

The Committee is focused not only on the short term but on the long term vision for the EJLF with the realisation that in 200 years time the Foundation will probably be one of the only places in this region to maintain its uniqueness and offer students and researchers continuity, and a most important point of reference.

The current Resident, Mr Steven Berkhout, is a practical and multi-skilled caretaker of the Foundation. The Resident has a knowledge of farm business management, principals of ecology, environmental planning, and a background in construction and farm management. The Committee of Management has advised that his skills have contributed greatly to the improved physical management of the Foundation since his appointment. These skills have negated the necessity to engage tradesmen to maintain the buildings and fences and to attend to the variety of problems arising at the Foundation. The availability of the Resident on site 24 hours a day is seen as invaluable by users and the Committee of Management.

The Resident has a dedication to the Foundation and has done much to foster community goodwill for the Foundation and the University.

The consultants find the Management Team to have the necessary expertise for the effective operation of the Foundation and the appropriate consideration for their role, in compliance with the Deed of Gift.

3.2.2. Review of The Operation

3.2.2.1. Income Producing Activities

The Foundation generates income principally through accommodation associated with teaching and research activities undertaken by the various individuals and groups using the facility. Income is also generated through a controlled farming operation and some activities related to research projects. An example being fees for services provided by the Resident in relation to the maintenance and assistance with the current aquaculture research project.

Leading up to events in 1997, a reasonable income was being generated from the accommodation, considering the basic standard of some of the buildings and the low-key promotion of the resource. The cattle operation generates a small profit or operates on a break even status.

(See Financial Analysis for further details.)

All current income producing activities have potential for greater gain and scenarios for improvement are discussed later in this document

3.2.2.2. Capital Improvements

A capital management plan implementation for the EJLF was planned for the 1997 year. Due to this, accommodation bookings were not encouraged because of the building disruption envisaged. Project Steering Group meetings had commenced with Facilities and Services to progress this project.

At this same time the Shoalhaven City Council had commissioned consultants, Peter Freeman Pty Limited to undertake a Heritage Study of the Shoalhaven region. One of the Shoalhaven Council's responsibilities under the Environmental Planning and Assessment Act is to identify and encourage the conservation of those heritage items which are valued by their community. The Edith and Joy London Foundation was identified in this study. This 'identification' effectively put a hold on the capital improvements planned for EJLF.

On 28 October 1997 Stephen Herrick, from the University Legal Office, attended a meeting with the Shoalhaven City Council which followed on from an Information Session conducted by the Shoalhaven Council on 13 October 1997 in Ulladulla.

The Shoalhaven Council advised Mr Herrick that it was premature for the University to lodge a development application in relation to EJLF if there was any possibility of heritage issues being involved. Any building that is more than 50 years old requires permission to alter under the Relics Act irrespective of the Environment Protection Act. Once heritage issues were involved there was also the necessity for a Heritage Report. The Shoalhaven Council advised that it would be useful for the University to employ a heritage architect to complete such a Report.

An exhibition was to take place over December 1997 and January 1998 and submissions needed to be provided to the Shoalhaven Council by the end of the exhibition. Mr Herrick suggested to the EJLF Chair that a submission to Shoalhaven Council about the property be prepared over the following two months with the assistance of a heritage architect.

Following the advice from the Shoalhaven City Council and the ANU Legal Office, Facilities and Services engaged Peter Freeman to produce a Conservation Management Plan for the Edith and Joy London Foundation.⁴ There was some concern about a conflict of interest as Freeman had undertaken the Heritage Study for the Shoalhaven Council. Freeman did not believe that there would be a conflict of interest and the University felt that as he already knew the site and if they could have him support their position it would be the most powerful input they could have and the one that was most likely to succeed for Shoalhaven Council approval for their Development Application.

In a subsequent transmission to the Committee of Management, Stephen Herrick advised that the two month exhibition would commence the first week of February 1998 which would allow extra time to prepare the submission (to end April 1998).⁵

The series of events around this issue are well documented and available from the EJLF Committee of Management.

In meetings in 1998 with Facilities and Services the Committee of Management pursued approvals to implement the capital improvement plans they had put on the table nearly two years earlier. At a meeting on 4 December 1998 Chris Coughlan indicated that they now had approval to proceed. Scheduling of construction was then discussed.

On 11 February the Pro Vice-Chancellor (Administration) wrote to the Chair of the EJLF Committee of Management stating that he was 'perplexed' by a comment extracted from an article by the Sussex Inlet Times in January on the Open Week at the Foundation, that the EJLF 'is to be maintained as a working farm'.

On 18 February 1999 the EJLF Chair replied, in extract: "The Deed of Gift, Clause B states that The University is under an obligation to preserve the land in its entirety in its natural and present state.... By far the most economical approach, up to the present, has been to graze beef cattle. The present operation is a vital and integral component of managing grass, maintaining the cleared 'farmscape' and boundary fencing..... The subvention and the CMP monies are, very properly, essentially directed to the academic and research functions of the Edith and Joy London Foundation."

On 9 March 1999 the Pro Vice-Chancellor (Administration) wrote to Director, Facilities and Services. His memorandum stated, "Given the changes being contemplated with respect to the business (non-core) aspects of the Kioloa property, could you please ensure that no further action is taken and no commitments are entered into in respect of the Kioloa Homestead refurbishment. This project was to be funded by some [REDACTED] from the Contingency within the CMP and from UAS sources. Neither of these two sources is now to be made available for the proposed refurbishment. The funding currently shown in the Capital Management Plan for up grading the Kioloa bunkhouses can proceed (as long as the CMP remains in its current form)".

⁴ January 1999 The Edith and Joy London Foundation - Kioloa, Conservation Management Plan, Volume 2 - Inventory of Site Elements and Buildings. February 1999 The Edith and Joy London Foundation - Kioloa, Conservation Management Plan, Volume 1 - Conservation Analysis and Policy.

⁵ Transmissions between Stephen Herrick and EJLF Committee of Management re Shoalhaven City Council's Heritage Study dated 4 November 1997 and 6 January 1998.

On 2 August 1999 the University's Revised Budget for 1999 to 2008 froze several major capital works programs. Among the programs frozen at this time was the Foundation's refurbishment program for the bunkhouses.

3.2.2.3. Negative Influences on the Operation of the Foundation

A series of negative events, beyond the control of the Committee of Management have over the last 18 months to 2 years been very detrimental to the Committee of Management's reasonable and planned endeavours to progress the Edith and Joy London Foundation. Amongst these are the events outlined above in relation to the capital improvements for the Foundation.

In addition, the Budget for the years 1998-2000 had been presented to the Finance Committee without the statements being seen beforehand by the EJLF Chair or Committee, and with no discussion with the EJLF Chair or Committee. The consultants understand that the statements contained incorrect data.

The Committee of Management has not yet been offered the opportunity to present their 1998 Annual Report.

Due to relocation and retrenchment of university staff the Committee has suffered disruption to support staffing and the accommodation management has been moved to the University Accommodation Services office.

The Agent has advised the Committee of Management that it no longer has authority to incur costs or approve transactions and all requests of a financial or human resource nature must come through the Faculties' Resources office, managed by the Agent.

The Agent has recently advised the Committee of Management that it will cease to exist when its term of appointment expire on 31 December 1999. As a properly constituted Committee of Council we are puzzled by this statement being made other than with the authority of the University Council.

These issues cannot be addressed in this Feasibility Study but the consultants recommend that these issues and the lines of communication in relation to the Committee of Management and its responsibilities to the Deed of Gift be addressed under a full Business Plan.

3.2.2.4. Positive Aspects for the Operation of the Foundation

Approval has been given for bookings to be carried out by the Resident at the Foundation as from 1 January 1999. The consultants agree that this is a far more efficient method. The Resident is on site and is aware of any issues that may preclude a booking or necessitate alteration to a booking, due to research etc at the Foundation.

Approval has been given for a promotional brochure to be produced for the Edith and Joy London Foundation. The consultants agree that this will assist the Foundation to attract a greater level of usage for the Foundation.

Approval has been given for this Feasibility Study to be undertaken to look at potential business opportunities and the better utilisation of resources for the profitable operation of the Edith and Joy London Foundation as an economically, socially and ecologically sustainable enterprise.

The Foundation is the centre of many short-term and long-term research projects.⁶ The Foundation's selection as one of two NASA Pathfinder sites⁷ in Australia is an example of its importance for long-term research and of benefit for the University not only in its involvement in the project but its relevance as a major research institution is internationally recognised through such projects.

3.3. The Stakeholders' Objectives for the Future

The new partnership arrangements being negotiated with the various collaborations and partnerships are seen as objectives that offer the University enhanced collaborative research and development, teaching and training opportunities as well as potential for student growth in strengthening courses that straddle the various activities now possible.

Through this mechanism the ANU can take a new strategic role in developing research, development and training in agribusiness and environmental studies and a diverse number of academic areas both at the local, regional, national and international levels.

3.4. Constraints affecting the Future

The Deed of Gift is quite explicit with regard to both the purpose and the intent of the property as a teaching and research facility. This is not so much a constraint but a guideline and needs to be considered in operational planning.

The heritage listing of certain items on the property must be considered when planning the capital program.

The availability of funds will affect the rate of implementation of any one of the possible strategies for future business growth. A general rule of thumb is that the quicker funds are made available and the more rapid the implementation, the cheaper the project in the long term.

3.5. Potential Business Opportunities

Future income will principally come through the Foundation's accommodation associated with teaching and research activities undertaken by the various individuals and groups using the facility. Income will also be generated through a controlled farming operation and activities related to research projects. In terms of income, these are the Foundation's principal lines of business.

Over the past few years many great ideas and business opportunities have been presented or discovered that could potentially bring increased income to the Foundation through the abovementioned lines of business.

⁶ List held by Dr Richard Barwick.

⁷ Go to <http://www.ainet.com.au> to access the ANU Pathfinder data in relation to the Edith and Joy London Foundation.

During the process of familiarisation and research for this Feasibility Study, the consultants have explored existing relationships with and usage by a number of organisations outside the Australian National University. We have found that while the Universities of Canberra and Wollongong currently use the facilities at the foundation at times, there is interest in more fully utilising them and developing better collaboration with the ANU. The Canberra Institute of Technology is interested in using the facility to deliver some of its Rural Training Program and there is interest from the National Aquarium in using the Foundation for scuba instruction and marine/aquaculture research. There is strong and confirmed interest from the University of Canberra, University of Wollongong, the Canberra Institute of Technology, the Shoalhaven Shire Council and the National Aquarium in collaborating with the Australian National University to engage in research and training in Aquaculture and Agribusiness.

Although the Foundation is located in the Shoalhaven Shire which is outside the Australian Capital Region, the Foundation and its potential has attracted the support of the Capital Region Employment Council, the Australian Capital Region Development Council and the Capital Region Agribusiness Workgroup. These organisations can assist the Australian National University and the EJLF using their networks in stimulating and promoting the training and research capabilities of the facility.

More formal promotion and stimulated, increased usage through strategic relationships will generate greater income through the Foundation's basic lines of business providing funds for day to day operation and a controlled capital program ensuring the economic, social and ecological sustainability of the asset.

4. STRATEGIC DIRECTION

The Committee of Management is considering ways of improving the operation of the Foundation so that it can achieve better outcomes for the University and more fully meet the intent of the Deed of Gift.

Various scenarios have been developed essentially by looking at the current operation both physically and fiscally, then adopting strategies that will place the Foundation in a position to facilitate the engagement of suitable opportunities which will increase income through the basic lines of business.

In the short-term it is essential that the increase in income generating business be based on what is already at the Kioloa property rather than to embark on large scale capital expenditure. Other than addressing the obvious and immediate need for a promotional strategy, there is a need to carefully develop the opportunities that will come with stronger relationships such as those outlined in Item 3.5. Once a decision is made on the future direction based on a particular scenario, the Committee of Management must build on the business plan elements embodied in this study and evolve a dynamic business and marketing strategy for the future.

In order that the best and most enlightened information is given to potential users seeking to book accommodation or undertake research, it is seen as mandatory that the administration and bookings are carried out on-site at the Foundation by the manager directly responsible to the Committee of Management or Trustee. Only the manager would be aware of local conditions, the status of other individuals or groups, research projects and available resources that may affect an inquirer. The manager is best able to "sell" the Foundation's benefits and attractions as well, something the consultants found sadly lacking under the current arrangement.

4.1. Sustainable Competitive Advantage

Competitive advantage grows out of the 'value' that the Foundation is able to create for its customers. Almost any function or aspect of the Foundation may contribute to the creation of competitive advantage. The consultants therefore viewed the Foundation as a whole in the search for factors that will contribute to the creation and sustainability of competitive advantage.

The Foundation is somewhat protected by the Deed of Gift and under the committed care of the Australian National University, will remain in its current state for future generations of students, researchers and indeed the people of Australia. The consultants' research indicates that the Foundation is one of the last properties on the South Coast with a saltwater lagoon suitable for research into saltwater aquaculture. It has certain unique qualities outlined in Section 3 and detailed in The Australian National University News⁸ and a concise history⁹ by Dr Richard Barwick. Accommodation while basic, is adequate and very affordable (a reinstated capital program will improve the poorer accommodation facilities). The air is clean, the ambience is of beauty and peace and the forest and views are stunning. Access to the property is easy with a gravel "Avenue" departing from the bitumen main road between Baldy Point and Kioloa at the entrance to the Foundation.

⁸ The Australian National University News - Vol. 10 No. 1, May 1975

⁹ The Edith and Joy London Foundation of The Australian National University: a concise history. By Richard E Barwick - 1998

The University of Canberra has a facility at Jervis Bay which provides some accommodation and a laboratory/training facility. In interviews, officers from the University of Canberra and the University of Wollongong advised that the UCAN facility is very run down, uncomfortable, difficult to access and not a place to conduct research. Inspection of the facility confirmed these assertions. Users of the facility do conduct some research but this is limited to short excursion type exercises and long term research such as that possible at the EJLF is simply out of the question. As mentioned earlier, UCAN and UW are looking to the Edith and Joy London Foundation.

4.2. Strategic Relationships

The Edith and Joy London Foundation is an ideal centre for the evolution and in some cases the strengthening of strategic relationships for the Australian National University. Better collaboration pivotal on the Foundation can be expanded comfortably into better strategic relationships for the ANU as a whole. The benefit to the EJLF is that such relationships will enhance the usage of the facility by approved groups thus increasing the income producing activities and improving the Foundation's self sufficiency. The interviews conducted by the consultants with other Universities and Institutions have revealed a readiness on the part of these bodies to work more closely with the Australian National University.

4.3. Market Assessment of Selected Business Strategies

Our research with the various government and tertiary institutions wishing to use the Foundation to help develop their objectives indicates clear potential for income streams of the kinds listed in the Financial Scenarios. Our research indicates that the income levels shown, all be it estimates at this stage, are likely to be conservative even in the medium term but particularly in the long term as the projects mature and new ones are introduced. Assessment indicates that the Foundation is well positioned to meet the demand of regional government initiatives in agribusiness and rural training and trial farming coupled with the research and development collaboration sought by the various institutions who are already seeking locations in which to develop planned research and to capitalise on industry injections such as those proposed by the Shoalhaven Shire Council. Apart from interactions of this kind all of the institutions wish to use the Foundation for teaching purposes.

4.3.1. Immediate (Year One)

In the immediate is usage by CIT, Southern Adult Education and University of Wollongong for programs already in place and for which they will now use the Foundation. University of Wollongong have proposals for aquaculture on which they wish to collaborate with the Australian National University and the University of Canberra. They already have strong backing from the Shoalhaven Shire who are seeking to grow industry out of the research and development.

4.3.2. Medium to Long Term (Two to Five Years)

Partnerships with the various institutions mentioned will contribute directly to operating costs as they bear their share of infrastructure and operating overheads. As with the University of Wollongong it would be expected that they would pay some contribution towards the ongoing viability and reinstatement of the capital refurbishment program. As the new partners familiarise themselves with the potential additional projects will emerge. The Capital Regional Employment Council have indicated potential sources of grant funds seeking similar outcomes to the Shoalhaven Council.

5. FINANCIAL ANALYSIS

Table 1 represents historical annual levels of operating income and expenses. The column headed 2000 is a straight line extrapolation of those income and expenditure trends to estimate the operational levels for the year 2000. In the various scenarios which incorporate the strategies above, the estimates are carried through for a five year period

TABLE 1

	1994	1995	1996	1997	1998	1999	2000
OPERATING INCOME							
University Subvention							
User Charges							
Wollongong/Rental Income							
Sundry Income							
Comcare Reimbursements							
Livestock Trading							
Donations							
TOTAL OPERATING INCOME							
OPERATING EXPENDITURE							
Salaries and oncosts							
Long service leave							
Depreciation							
Recreation Leave							
Furniture, fittings and equipment							
Electricity							
Cleaning, contract materials							
Equipment maintenance							
Vehicle Maintenance							
Telephone							
Travel							
Rental subsidy/accommodation							
Fringe benefits tax							
Rental subsidy/accommodation, non-taxable							
Entertainment							
Maintenance - buildings and road service							
Consultants							
Farm materials and maintenance							
Annuity and letting rights							
Insurance							
Rates							
Advertising							
Accounting service fee							
Fire protection							
Conferences							
Miscellaneous site services							
Loss, breakage's and consumables							
Other expenses							
TOTAL OPERATING EXPENDITURE							
Surplus/Deficit							

(Does not include Capital Works)

5.1. Scenarios

5.1.1. The Operating Deficit

The operating deficit is shown as [REDACTED] in the years 2000 and 2001. Whereas it includes provisions for long-service leave, recreation leave etc, it excludes depreciation as a non-operating cost to be taken up in the Capital Refurbishment Program. The operating deficit does include an annual budget of [REDACTED] for promoting the establishment. Inflation is allowed for across 2002 and 2004.

5.1.2. Marketing

It will be necessary to develop and nurture the relationships foreshadowed in the Feasibility Study and to seek out and develop those that are identified in the future. An annual budget of [REDACTED] is provided to commence this process and is essential for the success of the proposed strategies. It is envisaged that an external marketer be contracted in this respect and a success fee over a retainer could be negotiated.

5.1.3. Considerations Under New Income

5.1.3.1. Increased Usage

There is clear evidence that most on the ANU campus are unaware of either the existence of Kioloa as a resource or of the upgrades to the Amenities Block and new accommodation which make it both an attractive and useful resource. With the new advertising budget built in it is anticipated that an awareness campaign will lift usage from within the ANU campus by the amount shown. These amounts could be augmented if the pricing structure were increased even in line with inflation.

5.1.3.2. New Usage

Whereas this is likely to commence relatively slowly, it is clear that there is a demand from all of the institutions wishing to partner with the ANU in this venture to more fully utilise the Edith and Joy London Foundation's resources. It is also clear that programs will be operated during the week whereas campus programs to date have been mainly focussed around weekends. It is not unreasonable that usage by other partnering institutions will grow to match that of ANU usage. If this happens as expected then the new usage figures shown are conservative.

5.1.3.3. Salary Recovery Projects

There is currently a large aquaculture project being undertaken at Kioloa. The University of Wollongong has foreshadowed that in conjunction with the Shoalhaven Shire and in collaboration with the Australian National University and University of Canberra more aquaculture research and development is possible. In the existing case and in all new cases when grants are applied for a component for the recovery of the Resident's salary will be included. This will also apply to the projects to be undertaken by the Canberra Institute of Technology.

5.1.3.4. Dive Schools

Information we have received is that there are at least six dive schools operating in the ACT without a coastal home base. We have been advised that in partnership with the National Aquarium we could establish a home base at the Foundation. In line with previous dive school activities at the Foundation, income from a single dive school is projected at [REDACTED] per day. The figures therefore forecast from dive schools growing into 20 days per year is conservative.

5.1.3.5. Increased Farm Income

The current Farm Management Plan being implemented at the Foundation is based on quality farming with quality output. In this Plan income has not been the objective, rather, high quality demonstration type farming. If the objective was changed to maximising income then farm income could be significantly increased on an annual basis. The increased farm income of [REDACTED] is a minimum based on conservative growth. The actual amount from increasing farm income could be much higher.

5.1.3.6. New Farm Income

As trial farming and projects are undertaken by the Canberra Institute of Technology new farm income will be produced. Again, in this respect the estimate of new income is conservative.

5.1.3.7. New Overhead Recovery

As partnering institutions use the Foundation they will be required to make a contribution to infrastructural operating costs. This would be seen by them as a normal part of their operating costs.

5.1.3.8. Capital Contribution/Partner and Subvention from Users/Industry Partners

Each of the partnering institutions will be keen to upgrade accommodation in respect of the current cottages yet to be refurbished. It would be completely reasonable to expect an annual contribution from each in this regard. A notional amount only has been shown at this point (CA [REDACTED] per annum per institution). A proper amount could be negotiated in this respect.

5.1.4. Scenario 1

Use [REDACTED] reserve to sustain operations for two years beyond 2000 and develop income generating/recoveries from a consortium consisting of University of Wollongong, University of Technology Sydney, University of Canberra, CIT, Other Users (e.g. Southern Adult Education) and business institutions

	2000	2001	2002	2003	2004
Subvention	[REDACTED]				
Cary Forward					
Operating Deficit					
Marketing					
Surplus					
New income					
Increased usage					
(On Campus publicity campaign)					
New Usage					
Salary Recovery (Projects)					
Dive School (20 Days per year)					
Increased Farm income					
New Farm Income					
New Overhead Recovery					
Balance					

5.1.5. Scenario 2

Place the [REDACTED] reserve in the Endowment for Excellence and seek matching funding. Develop income generating/recoveries from a consortium consisting of University of Wollongong, University of Technology Sydney, University of Canberra, CIT, Other Users (e.g. Southern Adult Education) and business institutions.

	2000	2001	2002	2003	2004
Subvention/ Cary Forward	[REDACTED]				
Operating Deficit					
Marketing					
Surplus					
New income					
Income from Endowment					
Increased usage					
(On Campus publicity campaign)					
New Usage					
Salary Recovery (Projects)					
Dive School (20 Days per year)					
Increased Farm income					
New Farm Income					
New Overhead Recovery					
Balance					

5.1.6. Scenario 3

Place the [REDACTED] reserve in the Endowment for Excellence and seek matching funding. Reinststate a Capital Program. Develop income generating/recoveries from a consortium consisting of University of Wollongong, University of Technology Sydney, University of Canberra, CIT, Other Users (e.g. Southern Adult Education) and business institutions.

	2000	2001	2002	2003	2004
Subvention/ Cary Forward					
Operating Deficit					
Marketing					
Capital/Refurbishment					
Surplus					
New income					
Income from Endowment					
Increased usage					
(On Campus publicity campaign)					
New Usage					
Salary Recovery (Projects)					
Dive School (20 Days per year)					
Increased Farm income (current)					
New Farm Income					
New Overhead Recovery					
Capital Contribution/Partner					
Subvention from Users/Industry					
Partners					
Balance					

6. FEASIBILITY STATEMENT

In business terms, the Edith and Joy London Foundation is a classic case of a business with unrealised potential. Our research and assessment of the operational history demonstrate that there are many reasons for this. Looking to the future and the adoption of one of the suggested scenarios, it can be seen that the Edith and Joy London Foundation can indeed operate as an economically, socially and ecologically sustainable enterprise. The Foundation can do this and remain in compliance with the Deed of Gift while enhancing the core business of the University.

7. RECOMMENDATIONS

In carrying out this study, Technik has reviewed many documents and interviewed many people. In doing so we have developed a deep understanding of the Edith and Joy London Foundation, Joy London's intent, the Australian National University's commitment, the Foundation's historical and current operation and indeed the University's need to see the Edith and Joy London Foundation become an economically, socially and ecologically sustainable element of the University. We believe we are in a unique position to make certain recommendations in relation to the Foundation and would make ourselves available for discussions if required. We take this opportunity to make the following recommendations:

- All those who have responsibilities relating to the Edith and Joy London Foundation ensure that they fully understand the nature of the EJLF ("Naturam Primum Cognoscere Rerum") so that only fully informed decisions will be made.
- Creation of a Foundation Trust or Trustee Company to operate the business of the Foundation under direction of the Committee of Management .
- Centralising the administration and bookings on the site under the manager directly responsible to the Trustee.
- Build on the Business Plan elements embodied in this Study and evolve a dynamic business and marketing strategy for the future.
- Fully utilise current assets to generate maximum income.
- Progressively engage the new business opportunities which have been identified.

Ross Hohnen's Recommendations

- That the Committee of Management seek donations and other gifts in support of the Foundation.
- That the Foundation consider obtaining sponsorship.
- That the Committee of Management pursue fundraising.

APPENDIX A – LIST OF DOCUMENTS REVIEWED

1975	Copy of the Deed of Gift
5/75	Edith and Joy London Foundation - Cover Story - Australian National University News, Vol. 10 No. 1
1992	EJLF Committee of Management Annual Report
1993	EJLF Committee of Management Annual Report
1994	EJLF Committee of Management Annual Report
1995	EJLF Committee of Management Annual Report
1996	EJLF Committee of Management Annual Report
1997	EJLF Committee of Management Annual Report
1998	EJLF Committee of Management Annual Report
11/93	Internal Audit Report No. 372 - Review of Internal Controls of the EJLF
05/94	Kioloa Bush Fire Brigade Station - Opened 28 May 1994 - Report by Marie O'Connell, Kioloa resident.
08/12/95	293 rd Meeting of ANU Council (from ANU Website) Item 6.4 of Minutes in relation to appointment of members to Committee of Management of the EJLF.
13/08/97	Correspondence from Mr Chris Burgess re Purchase of land to the West of EJLF and other letters.
96/98/99	EJLF Committee of Management - Pertinent Minutes of Meeting
1998	Edith and Joy London Foundation of the Australian National University. A Concise History by Richard Barwick.
09/98	Document 1446/1998 - Delegations of Authority (ANU Website)
24/11/98	Administrative emails. Email between Mr Chris Burgess and Dr Brian Lees and other email correspondence leading up to it.
1998-2000	Building Project Papers - Building and Site Conditions Audit etc - incorporates Maintenance Evaluation.
01/02/99	Handover of Chair of EJLF Committee of Management letter from Dr Brian Lees to Professor Henry Nix (including briefing notes and current situation and history). Various financial documents, financial papers, statements, budgets and forecasts
02/99	Draft Conservation Management Plan - Volume 1 - Analysis and Policy
01/99	Draft Conservation Management Plan - Volume 2 - Inventory of Site Elements and Buildings
04/99	ANU - Rolling Triennial Budget 1999-2001 Version 2.0
12/05/99	ANU Capital Management Plan 1999-2008

05/99	Kioloa - A Proposal for Future Use - Mr Brok Glenn and Ms Marie Wensing (including Appendix 1 - Property Action Plan, provided by Marie Wensing on 22 November 1999.)
14/06/99	Report on Usage of EJLF by Alistair Bestow, Canberra Ornithological Group
16/06/99	Response to the Report (by Glenn and Wensing) on the Future of the Kioloa Field Research Station by Steven Teding van Berkhout, EJLF Resident/Caretaker.
1999	A detailed commentary on the report "Kioloa - A Proposal for Future Use" by Dr Brian Lees, Chair, EJLF Committee of Management.
1999	Discussion paper on future directions for the EJLF prepared by Mr Peter Scardoni, member EJLF Committee of Management.
17/09/99	Various correspondence on Heritage - including Project Steering Group meeting. Letter from Shoalhaven City Council on the Shoalhaven Draft Heritage Study. Various correspondence between EJLF Committee of Management and the Shoalhaven City Council in relation to Heritage.
23/11/99	Letter from Peter De Deckker, Department of Geology, Faculty of Science - Comment on Usage of EJLF
24/11/99	Letter from Christopher Carter,, Department of Archaeology and Anthropology - Comment on Usage of EJLF
Video	"In Perpetuity - The Edith and Joy London Foundation, Kioloa"

APPENDIX B – LIST OF PERSONS INTERVIEWED

INTERVIEWS IN RELATION TO HISTORY, CURRENT SITUATION AND FUTURE DIRECTIONS

- Mr Ross Hohnen, past Secretary, Australian National University
- Dr Richard Barwick, long term members of the EJLF Committee of Management
- Prof Henry Nix, Chair EJLF Committee of Management
- Dr Brian Lees, previous Chair, EJLF Committee of Management
- Mr David Dumaresq, past Bailiff, EJLF Committee of Management
- Mr Peter Scardoni, member EJLF Committee of Management
- Mr Steven Berkhout, Resident, Edith and Joy London Foundation
- Mrs Robyn Berkhout, Residents wife and Foundation cleaner
- Dr Brok Glenn, Agent recently appointed to the EJLF Committee of Management by Mr Chris Burgess and co-author of Kioloa - A Proposal for Future Use
- Ms Marie Wensing - co-author of Kioloa - A Proposal for Future Use
- Mr David Fuller, Business Development Unit, University of Wollongong
- Mr Greg Pullen, Economic Development Manager, Shoalhaven City Council
- Professor Malcolm Walter, Geologist, consultant to NASA and Bawley Point Resident
- William Powell, Developer and resident of Bawley Point
- Dr Darry and Mrs May Powell, Proprietors, Bundle Hill Cottages
- Mr and Mrs Brian and Marie O'Connell, friends of Joy London, long term residents of Kioloa and active community members

INTERVIEWS/MEETINGS IN RELATION TO FUTURE BUSINESS AND STRATEGIC RELATIONSHIPS

- Prof Richard Barwick, long term members of the EJLF Committee of Management
- Prof Henry Nix, Chair EJLF Committee of Management
- Dr Brian Lees, previous Chair, EJLF Committee of Management
- Mr Peter Scardoni, member EJLF Committee of Management
- Mr Steve Berkhout, Resident, Edith and Joy London Foundation
- Mrs Robyn Berkhout, Residents wife and Foundation cleaner
- Mr Andrew Tindale, Managing Director, Australian National Aquarium
- Ms Yolanda Hanbidge, Business Development and Attractions, Environment, Advanced Technology and Defence Industries, ACT Chief Minister's Department
- Mr Paul Coker, Executive Director, Capital Region Employment Council
- Mr David Fuller, Business Development Unit, University of Wollongong
- Ms Catherine Andrews, Executive Director, University of Canberra Foundation
- Mr Keith Hyde, General Manager, Consultancy and Research Services, University of Canberra
- Ms Lorna Citer, Rural Training Centre, Canberra Institute of Technology
- Ms Jacqui James, Business Manager, Centre for Training&Development, Canberra Institute of Technology
- Mr Greg Pullen, Economic Development Manager, Shoalhaven City Council
- Professor Malcolm Walter, Geologist, consultant to NASA and Bawley Point Resident
- Ms Robbi Gillard, Human Resources and Marketing Manager, Quest Solutions

GLOSSARY

ANU	Australian National University
UCAN	University of Canberra
UW	University of Wollongong
CIT	Canberra Institute of Technology
UTS	University of Technology Sydney
CREC	Capital Region Employment Council
ACRDC	Australian Capital Region Development Council
Shire	Shoalhaven Shire Council
EJLF	Edith and Joy London Foundation
Foundation	Edith and Joy London Foundation
Delegate	Mr Chris Burgess - Pro-Vice Chancellor (Administration)
Agent	Dr Brok Glenn - The agent assigned by Mr Chris Burgess
Resident	Mr Steve Berkhout - The manager residing at the Edith and Joy London Foundation property at Kioloa NSW
Committee of Management	Committee of Management of the Edith and Joy London Foundation