

FLAGSTAFF HILL RE-IMAGINED

Vision and opportunities plan

January 2024

Prepared by Urban Enterprise for Warrnambool City Council



Warrnambool City Council acknowledges the Peek Whurrong and Kirrae Whurrung Peoples of the Gunditjmara, Eastern Maar Nations as the Traditional Owners of the land, waterways and skies within Warrnambool municipality. We acknowledge and pay our respects to Elders, past, present and emerging.

Urban Enterprise would like to acknowledge the contributions made by Warrnambool City Council and members of the Project Reference Group in preparation of this report:

Warrnambool City Council

- Paul Thompson, Manager, Tourism, Warrnambool City Council
- Luke Coughlan, Director City Growth, Warrnambool City Council

Project Reference Group:

We acknowledge the contributions made by the Project Reference Group throughout the project, including Councillors (Cr Debbie Arnott, Cr Richard Ziegla, Cr Otha Akoch), Great Ocean Road Regional Tourism (Liz Price, CEO, Great Ocean Road Regional Tourism), Department of Jobs, Skills (Nick Byrne, Manager Tourism and Investment Facilitation), Industry and Regions and Friends of Flagstaff Hill, and other stakeholders throughout.

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EXECUTIVE SUMMARY

OVERVIEW

Flagstaff Hill is a ticketed tourism attraction located in Warrnambool, in south west Victoria within the Great Ocean Road tourism region.

Warrnambool City Council manages the site and the attraction, which includes a museum, maritime village and sound and light show.

Now, **50 years since the village was constructed, a new future for the site is being imagined** to both address critical issues, respond to project objectives and drive longer term economic, tourism and social benefits to the region.

The **aim of the Flagstaff Hill Re-Imagined project is to explore the future precinct development opportunities and options for the Flagstaff Hill site, articulate a vision for the site and provide a framework that will guide the future directions and investment into the precinct.**

PROJECT OBJECTIVES

1. Set a vision and future direction for the site that is strategic, and evidence based.
2. Enable future public and private investment opportunities into the site to be realised.
3. Identify suitable product and experience development opportunities for the site that appeal to regional target markets and support financial and economic sustainability.
4. Grow visitation and visitor yield to Warrnambool through enhanced tourism experiences.

COMMUNITY & STAKEHOLDER ENGAGEMENT

Community engagement included an online survey (attracting 506 responses), community drop-in sessions at Flagstaff Hill as well as a visitor survey.

In addition, a range of stakeholders were engaged to discuss the project, including:

- Warrnambool City Council
 - Economic Development & Tourism
 - Community Development
 - Infrastructure and Planning
- Flagstaff Hill and VIC Staff and volunteers
- Great Ocean Road Regional Tourism
- Department of Jobs, Skills, Industry and Regions;
- Eastern Maar Aboriginal Corporation
- Great Ocean Road Coasts and Parks Authority
- Peninsula Hot Springs & Loyly Studio

WHAT ARE THE CRITICAL ISSUES?

1. **Visitation to the attraction has been declining over the long term**, with a loss of around 30,000 annual visitors from FY09 to FY19.
2. **Council provides ongoing subsidies to operate the attraction, equating to an average cost of \$720K per annum or \$7.2 million over the past ten-years (including operation of the visitor information centre).**
3. **Investment and re-investment into the Sound and Light Show has not resulted in the creation of additional visitation to the site or improved the financial operating performance of the attraction.**
4. Without progress towards a re-imagined site, it is likely that **incremental capital investments will continue to be required to keep the attraction operating at a functional level.**
5. The **positioning, breadth and quality of the current offering** results in a **failure to drive significant visitation, yield and value add from the visitor market.**
6. **The attraction is located on a prominent and strategic site within Warrnambool, the current attraction and existing infrastructure mean the favourable aspects of the site are not being leveraged, leading to an underutilisation of the asset.**
7. There are several current infrastructure and operational challenges, such as a **lack of universal accessibility; village buildings requiring re-investment to provide for adaptive re-use opportunities; limited foot traffic through the village** to provide sufficient demand for adaptive re-use of village buildings.
8. The site is Crown Land, which generally provides opportunity for leases of up to 21 years. **Lease terms of greater than 21 years are reserved for large scale projects of regional or state significance, where the associated costs are higher and a longer lease term is required.**
9. **Major investment is required to re-position and re-imagine the site with private sector investment. Facilitation of major private sector investment will require securing a lease term over 21 years, which will require ministerial approval.**
10. **The site contains State Significant Heritage assets, which require preservation, conservation and management.** Specific heritage advice is required to determine development and management requirements.

-4.7% per annum

Average visitation decline
between FY09 – FY19

-30,000

Total loss of visitors based on FY09
performance vs FY19 performance

\$720K per annum

Total average operating
subsidy between FY14-FY23
(including Flagstaff Hill & Visitor Services)

\$7.2 million

Total operating subsidy
between FY14-FY23

TOURISM STRATEGY (KEY POINTS)



Focus Areas:

- First Peoples led experiences.
- Wellness.
- Arts and culture.
- Food and drink.
- Nature.

Target markets:

- Lifestyle leaders (domestic)
- High value travellers (international)

Other:

- Motivate visitation.
- Invest in projects.
- High quality and personalised visitor servicing.
- First Peoples focused.
- Valuable for communities.
- Unique to place.
- Drive economic growth.
- Inclusive and welcoming.



- Deliver product that responds to consumer needs and changing behaviours.
- Drive additional length of stay, visitor yield.
- Attract new higher yielding markets.
- Deliver and address gaps in accommodation (+2,700–3,800 rooms across GOR);
- Address product gaps in attractions and experiences, including the night time economy.
- Promote Warrnambool as a tourism hub, under a hub and spoke model.
- Flagstaff Hill noted as a key investment opportunity.



- Growing geothermal and wellness product and experiences within the Great South Coast.
- Opportunities for Flagstaff Hill to deliver a Geothermal Water Park, Bathing and Accommodation.
- Target lifestyle leaders and international visitors.
- Major capital investment.

OPTIONS CONSIDERED

Having considered a range of factors (attraction performance, site, stakeholder and community views, and the visitor economy), three strategic options were formulated and presented to the Project Reference Group and Warrnambool City Council. There was general consensus that a broader strategic approach was needed, resulting in option 3 being the preferred approach.

	1. Enhance the current experience (Business as usual)	2. Re-think the experience, considering new strategic investment opportunities.	3. Integrated precinct development, considering public and private sector investment opportunities.
Summary	<ul style="list-style-type: none"> Maintain the site in its current format; Select experience and infrastructure upgrades and enhancements Council managed. 	<ul style="list-style-type: none"> Re-positioning of the offering. Exploration of new value add experiences (village activations, night experiences, functions and events, dining and hospitality and tour operators etc). Council managed. Potential to involve other commercial operators and partners (F&B, tours operators) 	<ul style="list-style-type: none"> Major re-visioning and re-positioning of the site. Open and integrated visitor and community precinct. Private and public sector investment opportunities.
Possible Uses and Activities (examples)	<ul style="list-style-type: none"> Museum and visitor servicing Maritime Village (with additional activations). Upgraded/new sound and light show production. Dining and hospitality. Broader use for events and functions. 	<ul style="list-style-type: none"> Museum and visitor servicing. Village (re-positioned offering / new activations); New night experiences (e.g. light festival events); Event/amphitheatre space (festivals, events), Expanded dining and hospitality offerings; Spaces for tour operators; Food and beverage. 	<ul style="list-style-type: none"> Geothermal/wellness; Accommodation; Functions and events; Museum, retail/shop, tour operators and visitor servicing; Integrated First Nations experience Hospitality and dining (brewery, distillery, café etc); Functions and events;
Capital investment	Low-Medium	High	Major
Capital Funding	Public	Public	Private / Public
Operational Funding	Council	Council	Private / Public
Implementation Risk	Low	Low	High
Re-imagining	None	Medium	High
Tourism Impact	Low	Low-Medium	High
Preferred option.			

SETTING A NEW VISION FOR FLAGSTAFF HILL

The following vision has been developed to support the re-imagining of Flagstaff Hill:

Flagstaff Hill is a thriving integrated community and major tourism precinct in Warrnambool.

Set amongst layers of historic buildings and regenerated landscape, visitors can engage with a range of activities and experiences (geothermal bathing, accommodation, contemporary approach to the display and interpretation of the museum artefacts, food and beverage, First People's led experiences, wellness, history and heritage, functions and events).

The precinct and its experiences recognise and are responsive to First Peoples culture, State significant heritage assets, museum artefacts and the sites unique attributes and landscape.

GUIDING PRINCIPLES

The following guiding principles have been utilised in considering strategic directions and opportunities for the site, and to assist with future planning for the site.

01

Respond to
Place

02

Foster
Regeneration

03

Enable
Transition and
Evolution

04

Promote
Economic
Development

05

Establish
Strategic
Partnerships

06

Inclusive and
accessible

STRATEGIC DIRECTIONS

01. Create a demand driving destination.



- a) Create a major tourism precinct.
- b) Revitalise the visitor experience.
- c) Encourage a mix of activities.
- d) Leverage the site's unique attributes.
- e) Attract year-round and repeat visitation.
- f) Respond to regional product gaps and investment opportunities.
- g) Target regional growth markets.

02. Facilitate investment.



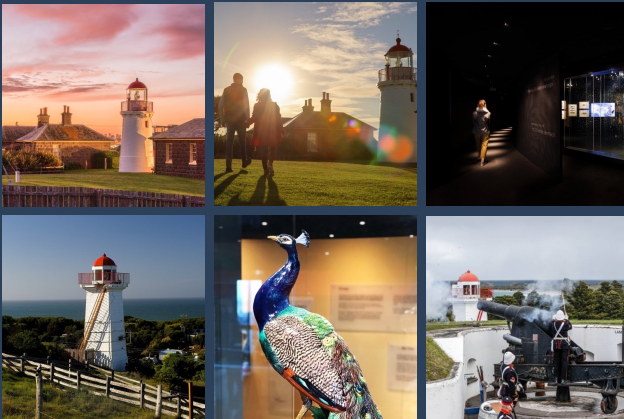
- a) Leverage new investment in tourism experiences and infrastructure.
- b) Unlock private sector investment.
- c) Advocate for public sector investment to unlock development opportunities and realise the vision.
- d) Establish partnerships.
- e) Renew infrastructure.

03. Integrate First People's led experiences.



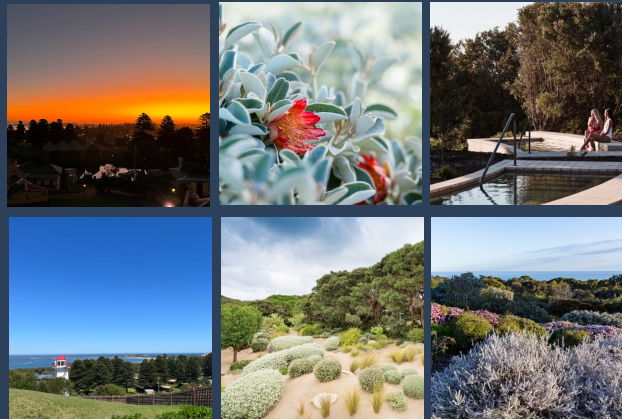
- a) Recognise and integrate First People's history, cultural and tourism experiences into the site (as appropriate and advised).
- b) Consider First Nations tourism opportunities (commercial investments, tour operators, events, food and beverage, wellness, language and naming, signage, welcome to Country for events and gatherings).

04. Protect state significant heritage.



- a) Preserve and protect State significant heritage assets.
- b) New experiences and development should be sensitive and sympathetic to heritage assets.
- c) Interpret heritage assets.
- d) Consider a contemporary approach to the display and interpretation of the museum artefacts.
- e) Provide for selective and sensitive adaptive re-use of heritage buildings.

05. Leverage the sites unique attributes.



- a) Capitalise on the site's prominent location.
- b) Leverage the sites views.
- c) Celebrate heritage.
- d) Enhance the sites landscape, connection to the coast and connection to places of cultural significance (including views to Moyjil).

06. Renew, re-use and adapt infrastructure



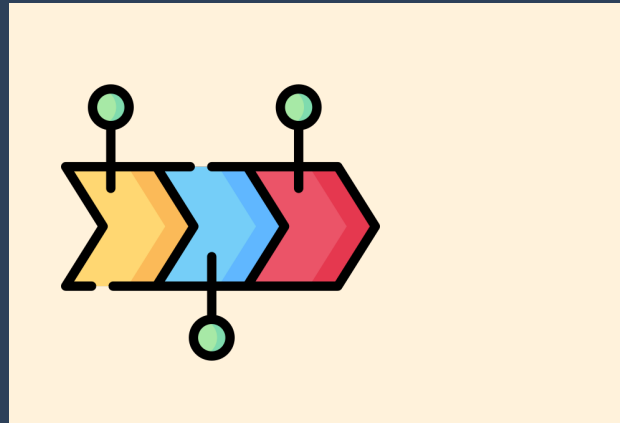
- a) Enable selective re-use and adaptation of facilities and infrastructure.
- b) Invest in new infrastructure to regenerate the tourism experience.
- c) Consider the decommissioning of infrastructure where it is not required or fit for purpose.

07. Improve access and accessibility.



- a) Better connect the precinct with its surrounds.
- b) Improve access into and around the site.
- c) Create universal accessibility and inclusive experiences.

08. Allow for staged development.



- a) Consider how the vision for the site can be realised over time, recognising the sites complexities and challenges in implementing the vision.

PRECINCT OPPORTUNITIES

Geothermal Water Park*

A year-round geothermal family attraction for Warrnambool catering to both visitors and locals. Uniquely integrated into the village area and opportunities to reflect First People's culture or maritime themes. The geothermal waterpark would provide opportunities for geothermal bathing, kids activities, village experiences (F&B, picnics, and pop-up events).

Geothermal Bathing & Relaxation*

Building on the sites geothermal opportunity is the potential to incorporate geothermal bathing and wellness for adults. Geothermal bathing and relaxation areas provides a major private sector development opportunity, which could be packaged with other geothermal facilities, on-site accommodation, food and beverage facilities and wellness.

Accommodation
(with co-located facilities including F&B, wellness and function facilities)

The site's strategic location and commanding views provide opportunity for the consideration of development of visitor accommodation, which would be complementary to geothermal experiences on site.

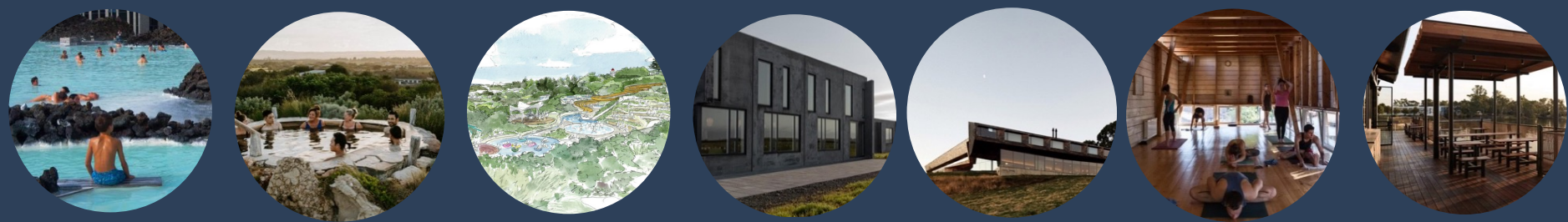
Two key accommodation opportunities could be explored, including:

- A 60-80 room hotel complex, complementary to the geothermal water park, offering accessible accommodation, as well as catering to functions and small-medium size conferences; and
- A boutique and high quality hotel of approximately 40-60 rooms, targeting State tourism target markets (the lifestyle leaders and high value international travellers). The hotel could include incorporation of new wellness facilities and experiences (spa, massage, yoga/Pilates) and an onsite boutique restaurant and bar serving local produce and fine wine and drinks.

Food and beverage

There is opportunity to enhance the food and beverage offerings across the site, including consideration of:

- A **destination food and beverage offering**, targeting locals and visitors such as an integrated brewery/distillery, serving quality pub fare. The offering could include a produce store, indoor and outdoor dining, private functions and views across the coast.
- **Village food and beverage offerings**, to cater to on site visitors, events and functions. Existing village food and beverage offerings require upgraded facilities to improve their operations and offerings. Key areas where an upgrade could be considered include the Steam Packet Inn (pub) and tearooms.



*Opportunities identified in the the Great South Coast Economic Futures Geothermal Tourism Prospectus (2023).

Drawing by
Loyly studio

PRECINCT OPPORTUNITIES

Museum

The site holds a number of unique artefacts, alongside state significant heritage buildings, and a strong connection to the coast.

There is opportunity to revitalise the museum space (considering opportunities for how the collection is displayed and stored).

Changes to the way the museum experience is delivered could include co-location with Warrnambool's visitor servicing (incorporating merchandise, new displays and interpretations as well as space for tour operators).

Functions and Events

The site currently hosts a limited series of events, with opportunity to expand this offering by addressing infrastructure and access constraints (such as location of and limited food and drink preparation areas, quality of function spaces, and site accessibility).

A re-imagining of the site provides opportunity to consider a greater program of function and events on site, which could include consideration of:

- Private functions (birthdays, weddings, corporate events and conferences);
- Open air cinemas;
- Food events;
- Cultural events (including First People's led events);
- Health and wellness events;
- Arts and cultural events;
- Music and performances;
- Markets.

Access & Accessibility

The site faces a number of access and accessibility constraints that hinder activation opportunities within the Village. There is opportunity to address these challenges through improved infrastructure that can enhance the visitor experience and functionality of the site. This can include consideration of:

- New lift access into the village, that could also double as an observation deck and storm viewing lookout, leveraging the site's elevated position and extensive coastal views, which would provide an attraction in its own right.
- Upgraded and improved pathways and boardwalks throughout the village (addressing steep gradients).
- Better connecting the site with its surrounds, including new pedestrian connections to the Lake Pertobe precinct and Cannon Hill.
- A new train platform to the south (providing opportunity for mass transit of visitors on the doorstep of the site), improving conditions for private sector investment.



IMPLEMENTATION APPROACH

The opportunities presented are intended to provide a vision that will guide planning and development of the site over the long term.

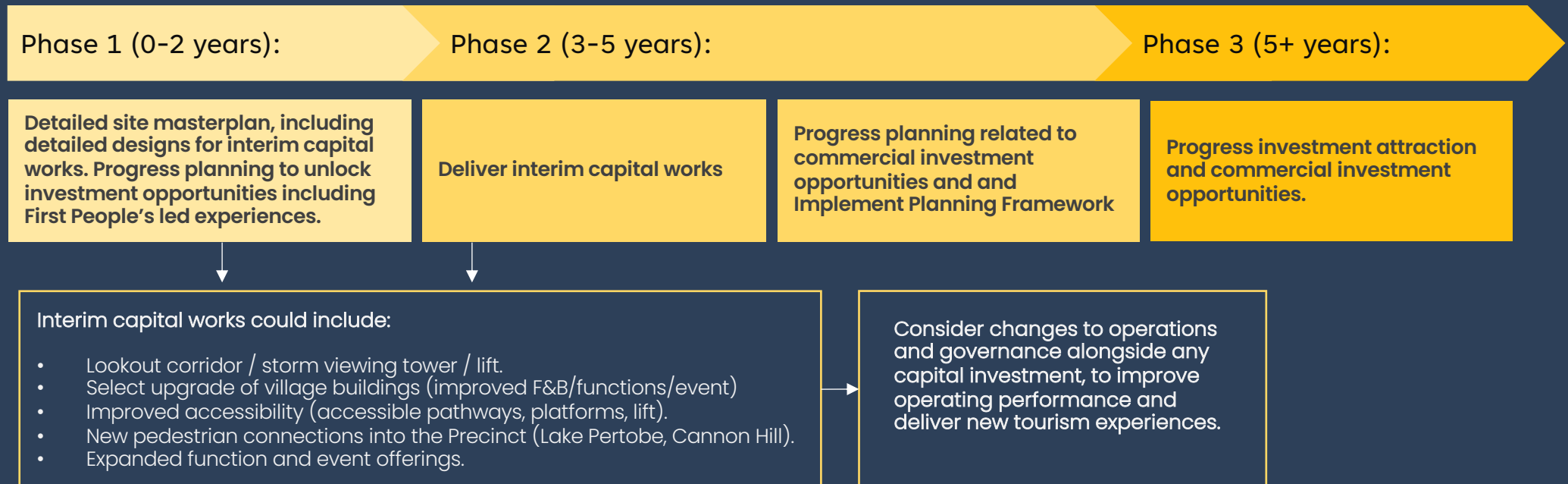
The site is highly complex. There are specific conditions and risks associated with attraction of private sector investment that requires lease terms above 21 years, with projects required to be of regional or state significance and requiring ministerial approval.

The conditions under which opportunities can be realised differs based on the type and scale of investment and the who the lead proponent is (ie. private or public).

In addition, the contribution towards re-imagining the site and the overall tourism and economic impact will differ based on the opportunity and how it is realised. Major private sector investment opportunities will have the biggest impact (both in terms of re-positioning of the site and tourism impact) but these are the more complex opportunities to deliver.

A phased implementation approach is recommended that will enable some change to occur on site in the interim (whilst planning is progressed on unlocking private sector investment opportunities).

Interim investments would improve the operational and tourism performance of the site without compromising future major investment opportunities.



See Section 8 for further details.

IMPLEMENTATION APPROACH (DETAILED MASTERPLAN)

A greater level of planning is required to realise the vision and change of this magnitude. This will require time and investment into the planning process.

Further advice is required to inform a detailed masterplan for the site and expand on other considerations.

Future planning requirements to inform a detailed site masterplan include:

- Engagement with stakeholders
- Site survey
- Heritage assessment
- Geotechnical investigations
- Infrastructure and services advice
- Statutory planning advice
- Traffic assessment
- Legal advice and investment/implementation strategy
- Private sector specialist advice / market sounding (relating to investment opportunities)

Other:

- Business cases for private sector investments
- Changes to site governance

PROJECT BENEFITS

A re-imagining of the site has the potential to generate a range of benefits for Warrnambool, the region and the state of Victoria:

Delivering a major tourism precinct.

Investing in projects and experiences that address regional product and experience gaps and create destination driving experiences.

Delivering economic benefit.

Attracting additional visitors, extended length of stay and visitor spend, translating into new business opportunities and employment growth.

Growing Warrnambool's tourism brand.

Supporting the regions tourism brand, and growing its standing as visitor destination.

Aligning to regional strategic priorities.

Addressing product and experience gaps, attracting new markets, driving visitation and yield, promoting hub and spoke visitation.

Heritage protection and conservation.

Ensuring ongoing management and maintenance of state significant heritage assets.

Aligning to state tourism priorities.

Facilitating investments that align to state tourism priorities.

Improved financial outcomes.

Reduction in recurring financial subsidies provided by Council. This expenditure could be re-allocated (within the precinct or externally to other tourism and community initiatives).

Integration of First Peoples culture.

Integrating First Peoples culture into the precinct through redevelopment.

1. **BACKGROUND**

This section provides an outline of the project, its aims and objectives and the process undertaken.

BACKGROUND

INTRODUCTION

Flagstaff Hill, is located on the land of the Peek Whurrong and Kirrae Whurrung Peoples of the Gunditjmara and Eastern Maar Nations, in Warrnambool, overlooking lady bay and within walking distance to the Warrnambool CBD (see study area at Figure 1).

The site is managed by Warrnambool City Council as a ticketed tourist attraction, offering a museum showcasing shipwreck artefacts, a re-created maritime village, a State significant heritage precinct, a nightly sound and light show, and hireable short stay accommodation (converted house).

The maritime village was first developed through a joint community and Council project in the 1970's with the aim to preserve the city's links to its maritime heritage, and to create a year round visitor attraction.

The site includes the 1858 state heritage listed Lady Bay Lighthouse complex, including the Warrnambool Garrison containing some of the world's rarest and most significant cannons. The museum is home to Victoria's largest publicly accessible shipwreck artefact collection, including the prized Loch Ard Peacock.

Now, approximately 50 years since the maritime village was first constructed, this project is being undertaken to re-imagine a new future for the site, which aims to address underlying issues in regard to the sites financial and economic sustainability and deliver new benefits to the region.

Warrnambool City Council engaged Urban Enterprise, in collaboration with Cumulus Studio to deliver the project.

The project was made possible by funding from the Victorian State Government, through the Department of Jobs, Skills, Industry and Regions (DJSIR) and Warrnambool City Council.

A new future for the site is being imagined, 50 years since the maritime village was first constructed.

Figure 1: Study Area



INVESTMENT LOGIC MAP

This project builds on previous work, including an investment logic mapping (ILM) process completed by Warrnambool City Council that identified three key problems, including:

- 1. The breadth and quality of FHMV's current offering results in a failure to drive visitation and yield from domestic and international visitors to Warrnambool.**
- 2. The current return on investment from FHMV, coupled with a lack of community ownership and engagement does not sustain continuation of the current investment by WCC.**
- 3. The limitations of the FHMV site result in underutilisation of the asset.**

A key strategic response identified through the ILM process was the need to consider development of the site both through public and private investment.

A number of ideas were generated through the ILM process including development of an accommodation complex, events/exhibition space, tech-based playground, better linking FHMV to the Lake Pertobe precinct, enhanced community services, development of a regional hub Visitor Information Centre, links to the CBD and cultural precinct, and the telling of the Moyjil story.

This project builds on and aims to respond to these key problems.

PROJECT AIM

This project aim is to:

Explore the future precinct development opportunities and options for the Flagstaff Hill site, articulate a vision for the site and provide a framework that will guide the future directions and investment into the precinct.

PROJECT OBJECTIVES

The project objectives are:

1.

Set a vision and future direction for the Precinct that is strategic, and evidence based.

2.

Enable future public and private investment opportunities into the Precinct to be realised.

3.

Identify suitable product and experience development opportunities for precinct that appeal to target markets and support the financial sustainability of the site.

4.

Grow visitation and visitor yield to Warrnambool through enhanced tourism experiences.

PROCESS

The following provides an outline of the components and process that has been undertaken to guide the project. The project has been overseen by a Project Reference Group (PRG), who have provided ongoing review and advice at key project milestones.

01	02	03	04	05	06	07
Site visits, stakeholder and community engagement. <ul style="list-style-type: none">• Site visits,• Meetings with stakeholders.• Community engagement (online survey and drop-in-sessions).	Site analysis and attraction assessment. <ul style="list-style-type: none">• Product and experiences.• Visitation.• Financial performance.• Statutory and physical conditions.	Strategic Review and Tourism Context. <ul style="list-style-type: none">• State, regional and local strategy.• Tourism economy.	Strategic options <ul style="list-style-type: none">• Definition and tabling of strategic options to be considered.	Scenario mud-mapping <ul style="list-style-type: none">• Preparation of high level mud map scenario options.	Investment opportunities. <ul style="list-style-type: none">• Compilation of research and analysis in regard to key investment opportunities.	Vision, principles and strategic directions <ul style="list-style-type: none">• Articulation of a vision, principles and strategic directions for the site.
Meeting with PRG.			Meeting with PRG. Presentation to EMT and Council.	Meeting with PRG.		Meeting with PRG.

2. **SITE OVERVIEW**

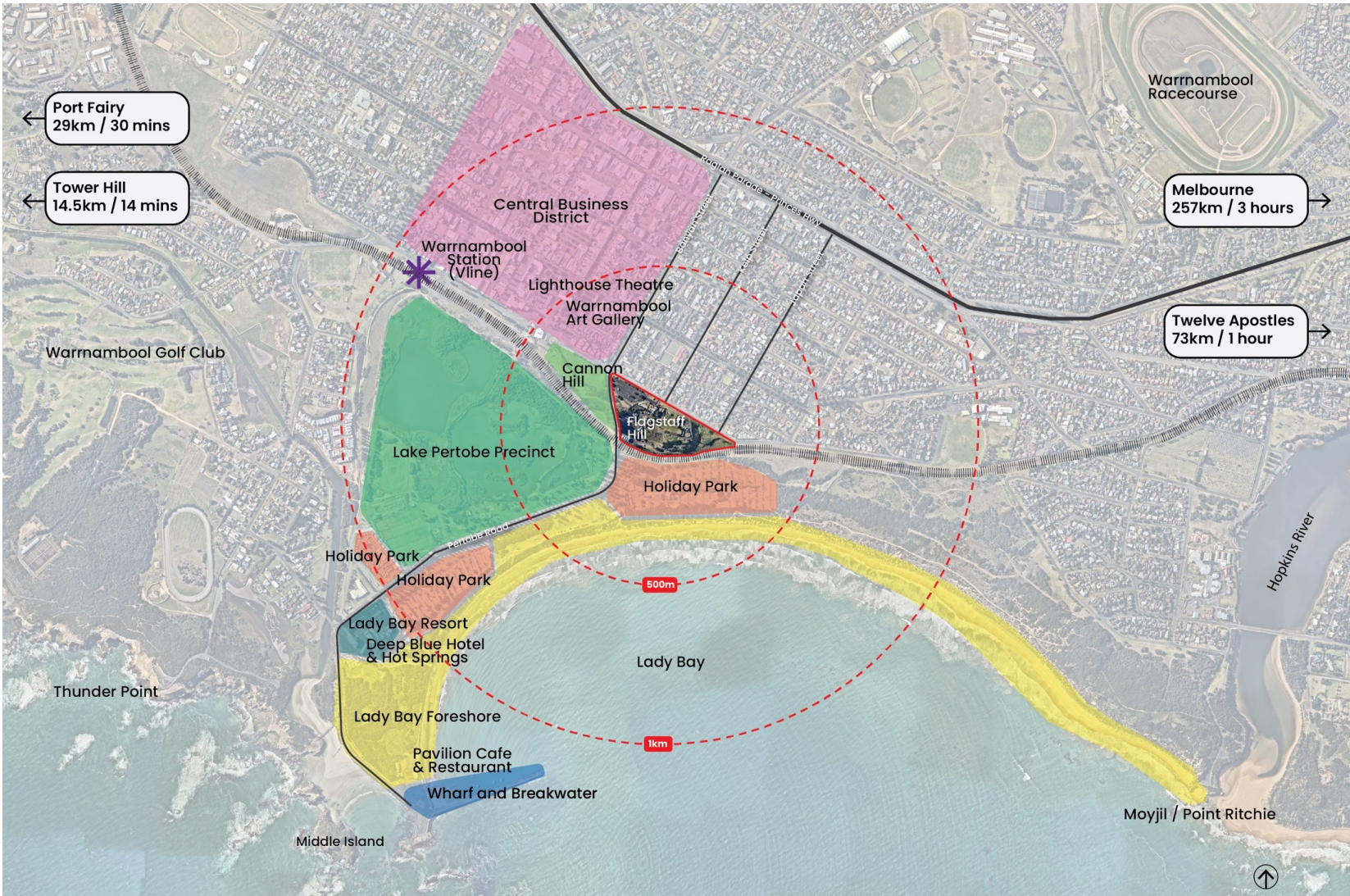
This section provides an overview of the site, considering its locational, physical, statutory and regulatory attributes.

LOCATION

Flagstaff Hill Maritime Village is located at 89 Merri Street Warrnambool, on Gunditjmara Country.

The site occupies a prominent position within Warrnambool over a site of 4.67ha, located at the juncture of the central business district (CBD), the Lake Pertobe Tourism and Recreation Precinct and the Lady Bay Foreshore area (see Figure 2).

Figure 2: Location Context



CAPITAL IMPROVEMENTS

The site contains a significant number of capital improvements that vary in terms of asset life, condition and build quality, scale, functionality and heritage significance.

The village buildings were primarily constructed through the 1970s. These buildings range from small, single room, single storey buildings to larger, two storey buildings. The buildings are generally not fit for commercial occupation, posing some current challenges to operations due to limitations on services.

The most significant improvement on site is the main visitor building, which includes Warrnambool's Visitor Information Centre and Flagstaff Hill reception and ticketing, gift shop, restaurant – Pippies by the Bay (leased to third party), museum (located at the lower levels) and administration/office area.

This building has undergone a number of redevelopments and refurbishments over time, which is evident in the buildings presentation and structure.

Figure 3: Existing Buildings on Site



ACCESS & MOVEMENT

The site car park is accessed via Merri Street, which connects to Banyan Street (a key north south arterial), connecting to the Princes Highway and Pertobe Road (providing direct access to the foreshore and Lake Pertobe).

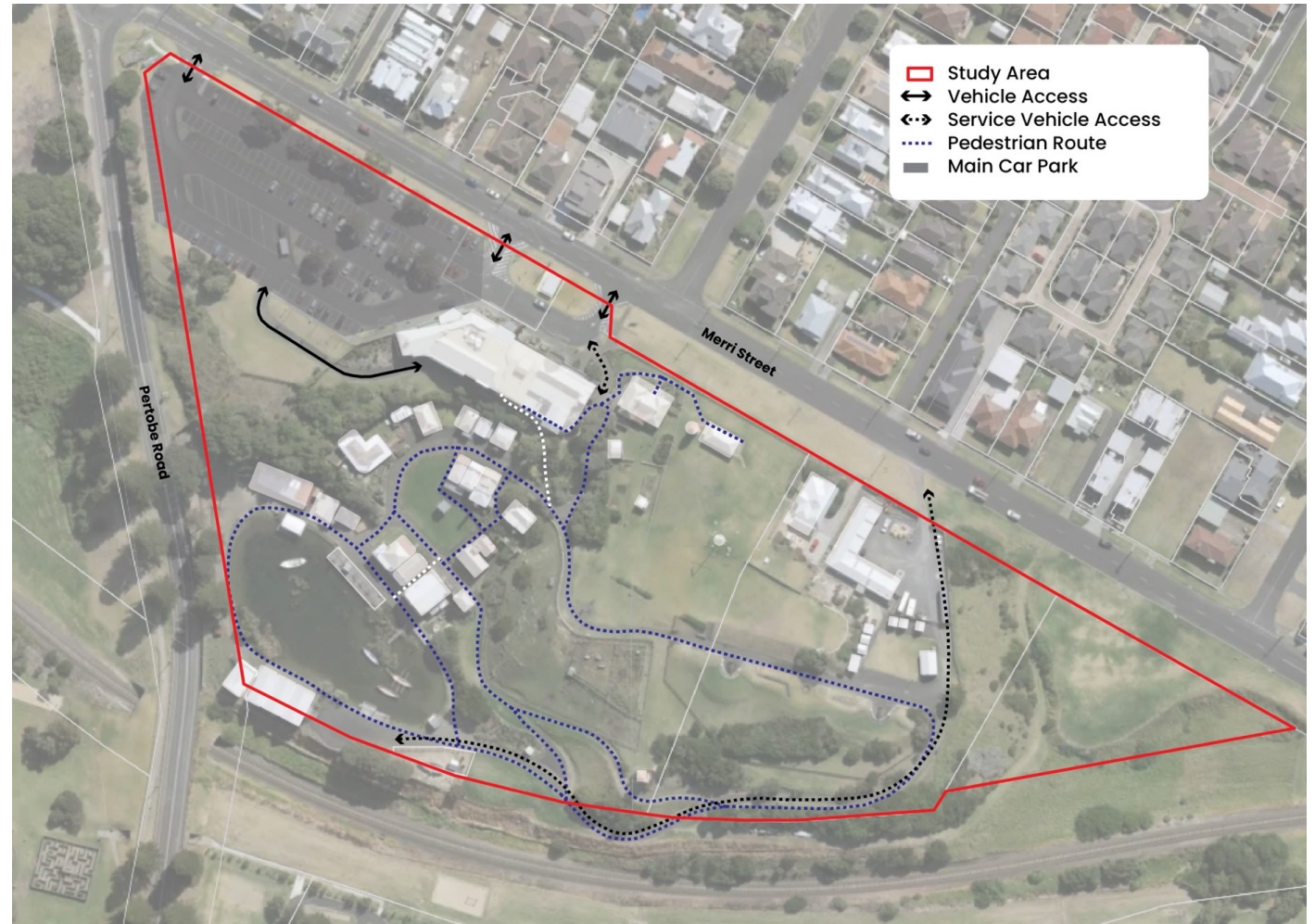
The CBD, Lake Pertobe and Train station are all generally within a walkable distance from the site.

Pedestrian access to the site is via the main visitor centre.

The site is navigable via bluestone pathways throughout the village area and bitumen pathways elsewhere.

The main pathway between the visitor centre and village is quite steep, limiting access for some visitors and creating universal accessibility issues.

Figure 4: Access and Movement Around the Site



CROWN LAND

Flagstaff Hill is Crown Land, reserved for the purposes of “Public recreation and for facilities and services for tourists”.

Crown Allotment 5, is unreserved Crown land.

Warrnambool City Council has been appointed as the Committee of Management under the Crown Land Reserves Act 1978 (CLRA), with responsibility for the management of the land (Crown Land Allotments 2, 3 and 4, Section 5A, Township of Warrnambool, Parish of Wangoom).

The use, management, lease and sale of Crown land is highly regulated in terms of legislation and government policy.

Council has been provided the power under Section 17D, to lease any part of the land for any purpose approved by the responsible Minister, for a specific term of not more than 21 years. However, only the Minister can enter into a lease for a term greater than 21 years.

If the Site is to be sold or leased, the framework established under the Crown Land (Reserves) Act 1978 (Vic) (CLRA), the Land Act 1958 (Land Act) and various policies of the Victoria Government, will be relevant for the purpose of managing the process for the granting of lease(s) and/or determining whether the Site is surplus to government needs and suitable for sale.

Further information is provided on the following pages.

Figure 5: Crown Land Allotments



LEASING POLICY FOR VICTORIAN CROWN LAND 2023

The Leasing Policy for Victorian Crown Land 2023 applies to the Crown Land (Reserves) Act 1978, the Forests Act 1958 and the Land Act 1958.

The policy provides a consistent framework to the leasing of Crown Land by formalising Crown Land Leasing Principles at a State wide level, including:

- Principle 1 – to provide benefits to the public through leasing including Traditional Owner rights.
- Principle 2 – to ensure consistency and transparency in leasing.
- Principle 3 – to manage leased Crown land in an environmentally sustainable manner.

The following guidance in regard to lease terms is provided under Principle 2.

21 year lease terms

The policy states that a term of 21 years is considered enough to accommodate the purpose of most leases. The primary considerations when determining the term of any lease are the community benefit that will accrue from the lease and the nature and significance of the proposed permitted use and development under the lease.

Factors that will be considered when assessing the term of a lease include:

- The ability of the prospective tenant to fund, resource and manage the lease;
- The community benefit that will accrue from the lease;
- The level of investment to be made by the tenant under the lease;
- Alignment with any existing agreements or

- tenure over adjacent land;
- The purpose of the lease and activities proposed under the lease; and
- The minimum term permitted under the Retail Leases Act 2003 if the lease is for the retail purposes.

Lease terms greater than 21 years

It is recognised that for large-scale projects of regional or state significance, where the associated costs are inevitably higher, a longer-term lease may be required. The term granted must be appropriate to that use and not necessarily the maximum lease term permitted under the relevant Act.

The Minister will only consider departures from the 21-year maximum term of lease under the Crown Land (Reserves) Act 1978 and Forests Act 1958 in accordance with the criteria specified in these Acts. These Acts provide that the Minister may grant leases for a term of more than 21 years, but not more than 65 years, if the Minister is satisfied that:

- The purpose of the lease is not detrimental to the reserve purpose;
- The proposed use, development, improvements or works specified in the lease are of a substantial nature and of a value which justifies a longer-term lease; and
- The granting of a longer-term lease is in the public interest.

Business case requirements for lease terms greater than 21 years

To enable the Minister to assess lease terms greater than 21 years under the Crown Land (Reserves) Act 1978, Forests Act 1958 and Land Act 1958, a business case must be prepared which provides comprehensive details of:

- The strategic importance (state or regional significance, or provision of essential services) of the proposal;
- The environmental, social and economic costs and benefits of the lease proposal;
- The capital outlays proposed, and term proposed to amortise investment;
- Any reasons why the investment cannot be amortised within a 21-year term; and
- Any other matters relevant to the Minister's assessment.

The onus will be on the prospective tenant to provide the information in a business case

DEECA advise that any lease over 21 years would transfer site management from Council to the Minister for Environment.

SALE OF CROWN LAND

The Department of Energy, Environment and Climate Action (DEECA), noted that a sale of the site to Council could be considered.

The Victorian Government Landholding Policy and Guidelines, together with the Victorian Government Land Transactions Policy and Guidelines and the Victorian Government Strategic Crown Land Assessment Policy and Guidelines, provide the overall framework for the management of land assets by Victorian Government agencies.

The Victorian Government Landholding Policy and Guidelines (2017) outlines the circumstances in which government agencies may purchase and retain land.

The Landholding Policy and Guidelines define land as being 'surplus' if it no longer contributes to an agency's current or future service delivery needs.

Before being listed for public sale, surplus land is offered through a 'first right of refusal' process to local government and other Victorian Government departments, agencies and the Commonwealth Government. This process allows for surplus government land to be considered for community use, or for an alternative public service need, before it is released for sale on the open market.

Before Crown land is transacted, a strategic Crown land assessment must be undertaken by DEECA in accordance with the Victorian Government Strategic Crown Land Assessment Policy and Guidelines (2016). The Strategic Crown Land Assessment would ensure the land is

surplus to Government requirements, ensure the protection of public land values and determine the status of traditional owner and / or native title rights for Crown land.

The navigational aids on site, including the Lighthouse, would need to be considered when determining if the land would be surplus to Government needs.

If the land was deemed to be surplus to Government requirements, the Department of Treasury and Finance (DTF) would manage the sale.

Prior to offering land for sale by a public process, agencies must have in place the most appropriate planning provisions (including zoning) so that the land can be sold on the basis of its highest and best use.

If an agency considers that putting in place the most appropriate zoning is not required prior to offering land for sale by public process, it must obtain an exemption in accordance with section 2(d) of the Policy. If an exemption is obtained, the agency may conduct the sale based on the existing zoning, however the valuation must reflect the appropriate zoning taking into account the planning risk being transferred to the purchaser.

Re-imaging the site will require an appropriate investment strategy aligned to the opportunities (and constraints) presented by the site's Crown land status.

Specific legal advice and further work may be required to determine an appropriate investment pathway in consultation with DEECA and other key stakeholders.

PUBLIC LAND ACT

DEECA advise that the Victorian Government is currently developing legislation to renew Victoria's public land legislation.

A consultation paper was released in 2021, which outlines intention to improve the framework through which public land can be managed effectively for the benefit of the whole community. This will:

- Enable Traditional Owners' self-determination in relation to public land, including providing greater opportunities for Traditional Owners to manage public land and apply their cultural knowledge and practice.
- Introduce a new Public Land Act to support communities to realise the value of public land – for example, through streamlined processes for granting tenures and other approvals, guided by clear principles and subject to proportional checks and balances to ensure appropriate use of public land, and assisting regional economies by enabling appropriate use of public land.
- Provide appropriate tools to support the management of public land.

DEECA advise that the legislation is expected to be realised by 2025, which may include implications for management of Flagstaff Hill.

PLANNING CONTROLS

ZONING

The site is zoned Public Park and Recreation Zone (PPRZ).

The purposes of the PPRZ is to:

- Recognise areas for public recreation and open space;
- Protect and conserve areas of significance where appropriate; and
- Provide for commercial uses where appropriate land is subject to the provisions of the Warrnambool Planning Scheme.

Commercial uses such as retail are permitted on the site, subject to the planning permit approval process.

OVERLAYS

The Heritage Overlay (HO) applies to the site for the protection of the Lighthouses and Garrison areas.

HO125 covers majority of the Flagstaff Hill site, and HO126 controls the Victorian Heritage Listed Lady Bay Lighthouse Complex and Warrnambool Garrison areas.

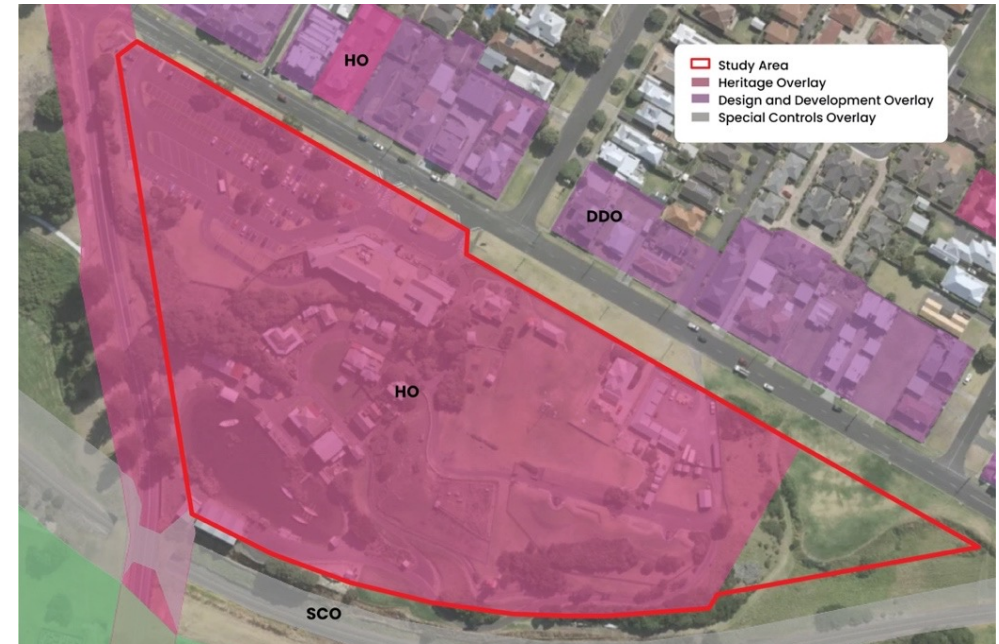
Under the Heritage Overlay, a permit is required for any development, demolition, subdivision, construction, signage, external or internal painting and finishes and repairs and maintenance which would change the appearance of the heritage place.

The parcel of vacant Crown land to the east is not affected by any overlays.

Figure 6: Site and Surrounds Zoning



Figure 7: Site and Surrounds Overlays



HERITAGE

The Lady Bay Lighthouse Complex is listed on the Victorian Heritage Register (H1520).

STATEMENT OF SIGNIFICANCE¹

What is significant?

The Lady Bay Lighthouse Complex was originally built in 1858–9 of basalt quarried on the Salt Water (Maribyrnong) River, Melbourne.

The upper tower, chartroom, cottage and privy were originally located on Middle Island, and the lower light was formerly located on a timber tower on the beach. In 1871 the lights were moved to Flagstaff Hill as leading lights for the entry to the treacherous and shallow Warrnambool Harbour.

The lower light was placed on a bluestone obelisk that had been erected there as a navigation marker in 1854. A flagstaff had been erected on the hill as early as 1853.

The battery of two 80 pounder rifled, muzzle loading guns was added in 1887 as part of a general upgrade to the defences of Victoria which saw Port Phillip Bay transformed into a fortress and the nearby ports of Belfast (Port Fairy) and Portland receive a similar armament to Warrnambool.

The fortifications and guns were in a derelict condition until they were restored after the complex was integrated into the Flagstaff Hill Maritime Museum in the 1970s.

How is it significant?

The Lady Bay Lighthouse Complex is of historical, scientific (technological) and architectural significance to the State of Victoria.

Why is it significant?

The Lady Bay Lighthouse Complex is of historical significance as a reminder of Victoria's maritime heritage and the important role played by regional ports in the process of colonial expansion.

When Warrnambool was first established, in 1847, its bay was considered to provide a safe harbour. This opinion changed after shipping first began to use it and the need for navigational aids was soon realised. Lighthouses were a vital part of the maritime infrastructure of a colony that was largely dependent on shipping for its communication with the metropolis, for its migrant intake and for its trade with the other Australian colonies and the rest of the world.

These lighthouses provide an excellent example of the kind of navigational aids constructed in the early years of regional expansion in Victoria.

The Lady Bay Lighthouse Complex is of historical significance for its intact battery and guns, a strong reminder of Victoria's wealth and determination to protect itself from the perceived threat of invasion in the 1880s. The remaining guns are scientifically (technologically) significant as physical reminders of a time when these weapons represented advanced design in artillery.

The Lady Bay Lighthouse Complex is of architectural significance as a fine example of Public Works Department architecture of the 1850s and 1880s. The modest but dignified and sturdy lighthouse structures are indicative of the importance of lighthouses to the communities that relied upon them to facilitate safe passage for shipping, at a time when such transport was crucial to relatively isolated towns like Warrnambool. The battery revetments and mounds and the magazine chambers are typical of this specialised form of design.

1. Heritage Council, Victorian Heritage Database

Generally, any proposed works of significance that do not fall under a permit exemption would require approval from Heritage Victoria.

Generally permit is required for the following works:

Extensions, interior works, demolition or relocation of buildings and structures.

Changes to colour schemes and signage.

Construction of new buildings and garden structures like fences, decks, pathways, driveways.

Works to registered trees and gardens which are not regular maintenance works.

Excavation including damage or alteration to an archaeological artefact.

Relocation or repair of objects.

Any substantial redevelopment of the site would require consideration of the heritage listing and heritage structures.

It is likely that the extent of the Victorian Heritage Registration area (as shown in the map to the right) will pose development limitations. Further specialist heritage advice should be sought to provide further guidance in relation to development opportunities and constraints, and ongoing management responsibilities.

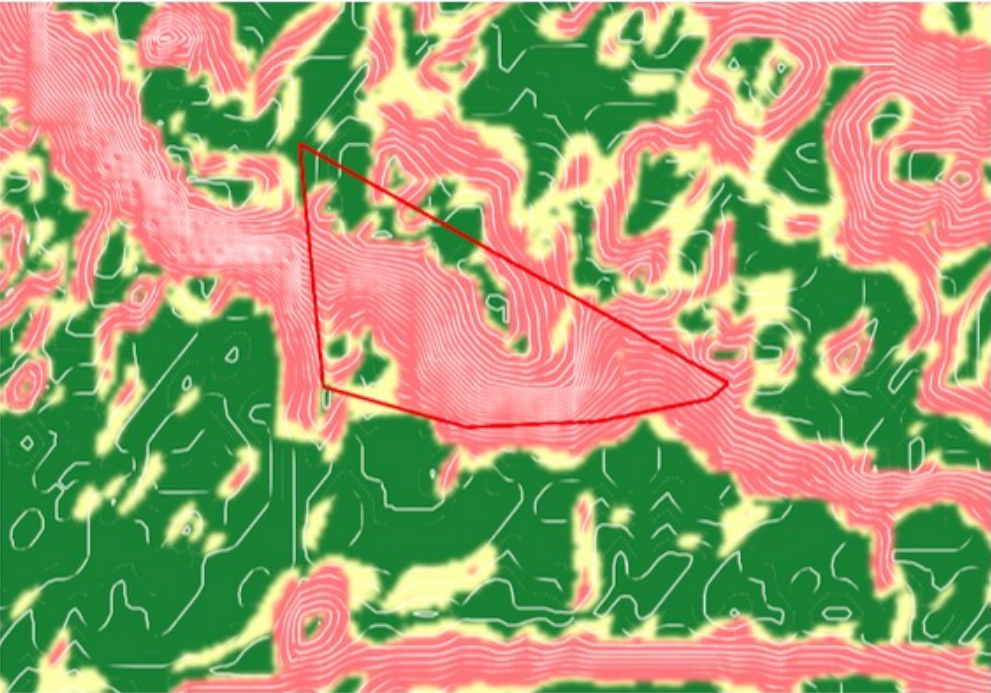
Figure 8: Extent of Heritage Registration and Significant Buildings



TOPOGRAPHY & SLOPE

The site slopes from north (Merri Street) to the south railway line, forming a natural amphitheatre around the village. The slope creates access challenges.

Figure 9: Site Slope and Contour Diagrams



VIEWS

The site is located along a ridge line, offering exceptional views toward Lady Bay, Lake Pertobe and out toward the Southern Ocean. There is opportunity to further capitalise on the aspects of the site.

Figure 10: View Points and Corridors



SUB-PRECINCTS

Having considered the sites conditions, the following plan segments the site into sub-precincts and comments on development suitability.

Figure 11: The Site Segmented into Sub-Precincts



1. Existing Car Park

Existing infrastructure, suitable for re-use, re-configuration and upgrade as required.

2. Ridge

Ridge line and primary location to capture site views. Suitable for redevelopment.

3. Village

Main village precinct, suitable for adaptive re-use and activation.

4. Heritage

State significant heritage area. Not suitable for major redevelopment. Potential for temporary activations and pop-ups.

5. Eastern Zone

Suitable for redevelopment and activation, integrating with the heritage precinct and capturing coastal views.

KEY POINTS

- Flagstaff Hill is located on a highly strategic and prominent site within Warrnambool, which provides spectacular coastal views from its elevated position.
- The site topography and current access arrangements limit universal accessibility, which impact operations (e.g. transport required to sound and light show).
- The site has State heritage significance. Redevelopment opportunities would be limited within the heritage area. There is a need to ensure the heritage assets are maintained in perpetuity (including associated costs).
- The village buildings in their current form are generally not suitable for commercial occupation (e.g. food and beverage operators), due to the small scale of some buildings and limited existing services).
- Some buildings present more suitable re-activation options than others. Re-investment into the assets would be required to make them fit for alternative re-use.
- The site is Crown Land, reserved for the purposes of “public recreation and for facilities and services for tourists”. The use, management, lease and sale of Crown land is highly regulated in terms of legislation and government policy. Crown Land generally carries lease terms of up to 21 years, with lease terms of greater than 21 years reserved for large scale projects of regional or state significance, where the associated costs are higher and a longer lease term is required. Facilitation of major private sector investment will require securing a lease term over 21 years. Lease terms greater than 21 years are subject to ministerial approval.

3.

ATTRACTION OVERVIEW & PERFORMANCE

This section provides a summary of the attraction and its performance, considering visitation and financial performance.

PRODUCT & EXPERIENCES

Flagstaff Hill tells the tales of the Shipwreck Coast through a museum, village and sound and light show.

A summary of the sites primary and secondary offerings and ancillary services and experiences is shown below, with further discussion provided on the following pages.

Primary Experiences

- Re-created maritime village
- Museum
- Sound and light show

Secondary Offerings

- Events
- Boatbuilders yard
- Private Functions
- Maremma Dogs

Heritage Precinct

- Lady Bay Lighthouse
- Keepers Cottage
- Chartroom
- Garrison Artillery Battery).

Food and Beverage

- Tea Rooms
- Restaurant (Pippies by the Bay)

Visitor Servicing / Retail

- Visitor Information Centre
- Gift Shop
- Accommodation (lighthouse lodge)

THE MUSEUM

The Museum, located in the visitor centre building, is home to Australia's richest collection of shipwreck artefacts from some of the 200 ships known to have been wrecked along the coast.

The Collection is made up of over 8,000 catalogued objects, of which around 30% is a significant collection of Shipwreck Relics. There is also a significant collection of documents, paintings and archives. Key items in the Collection include:

- The Loch Ard Peacock;
- Items belonging to Tom Pearce and Eva Carmichael such as Tom's binoculars and the Carmichael Watch; and
- The Schomberg Diamond.

The Loch Ard Peacock is valued at over \$4 million and considered Australia's most valuable shipwreck artefact. The Loch Ard Peacock was being transported by the Loch Ard ship when it ran into the cliffs at Loch Ard Gorge.

The museum also includes items on loan from the Warrnambool Art Gallery, including the Scene of The Wreck of The Loch Ard by Frederick Horatio Bruford (1878), which features the Loch Ard Peacock in the foreground of the painting.

The museum includes a theatrette space, which shows a video of Warrnambool's early history and samples of the stories on offer in the village.

Museum entry includes a 40 minute guided tour (offered once daily) led by a guide in costume. The guides provide interesting facts about the museum's collection and life in the 19th century.

The strength of the museum experience is the activation by the guides and quality of some of the existing artefacts. However, generally the museum experience and displays are becoming dated. The Museum mostly relies on static displays of information which is becoming increasingly limited in its appeal and engagement.



THE VILLAGE

The Village experience includes heritage and recreated buildings, built in the 1970s to replicate the experience of a maritime village.

The village includes cobblestone streets and over 40 period-style buildings including a school, church, fire station, blacksmith, inn and many more.

Visitors are provided with a map of the village, which summarises the history of the village and identifies each of the historic and recreated buildings. The village and museum is open daily from 9am–5pm.

The cobblestone streets wind through the village to the Ornamental Lake (fed by bore water) and Wharf located in the south-west corner of the precinct.

The lake is also used to provide the waterwall for Sound and Light Show projections.

The village buildings were originally constructed as props and therefore would require re-investment and upgrade to make them suitable for commercial occupation.

There are also a number of authentic heritage buildings on site that are on the Victorian Heritage Register, located around the Lighthouse Complex, these include the Lady Bay Lighthouse, Chart Room, Lighthouse Keepers Cottage and the Warrnambool Garrison Artillery Battery.

The Lighthouse Keepers Cottage is furnished with original furniture to recreate what the cottage would have looked like, whilst the Chart Room is vacant, but has been utilised for school group activities in school holiday periods. The Lighthouse is also publicly accessible, providing views across Lady Bay.

Within the village, the Tea Rooms is run by paid staff and serves light lunches and snack (toasted sandwiches, soups), Devonshire tea, coffee and other beverages.

The Steam Packet Inn, located along the wharf area is a licensed venue, catering for private functions and events, however, it is not open on a regular basis.

The Lolly Shop within the village is typically staffed by volunteers and offers sweets and confectionary for purchase.

DISCUSSION

There are issues in establishing a viable commercial food and beverage operator within the village due to the limited and periodic foot traffic through the village. Visitation numbers would need to significantly increase in order to enable the attraction of a viable operator. In addition, buildings such as the Tea Rooms and Steam Packet Inn lack the required facilities to introduce a more substantial F&B offering.

A key issue faced by FHMV is ensuring the ongoing activation of the buildings to enhance the visitor experience. Key buildings, such as the Blacksmith and Steam Powered Workshop are activated by volunteers from time to time. As expressed through consultation, it is difficult to maintain real life activation of these assets on an ongoing basis through the use of volunteers and financial limitations in utilising paid staff. To combat a lack of activation, digital displays were installed 3–4 years ago in some of the key village buildings to provide interpretive content. The digital displays assist in providing some level of activation, however, are generally limited in application across the village.



SOUND & LIGHT SHOW

The Sound and Light show is the most recent addition to the core experience offering of Flagstaff Hill. The visitor centre is used as the staging point for the Sound and Light Show. Visitors are guided through the museum and village carrying lanterns before the show. The guide talks of maritime history and the history of the village.

Named “Tales of the Shipwreck Coast” the Sound and Light Show combines three stories, including local Aboriginal creation stories, the Loch Ard shipwreck experience and the recently introduced ‘Harpooned’ experience telling the tale of Warrnambool’s Whaling History. The original idea was to produce three separate shows, leveraging these themes, however, budget constraints forced the stories to be combined into one.

Light is projected from the wharf area onto a water wall within the ornamental lake. Visitors are seated within the wharf theatre, which includes seating which moves/shakes in line with the show. There is also a secondary projector screen for part of the story.

Shows begin nightly at dusk, with start times changing seasonally. The Sound and Light show runs for approximately 70 minutes. In Summer, screenings of the show can often commence quite late due to a late sunset.

The same presentation is presented nightly, with limited ability to update or augment the production without significant expense. Presenting the same show nightly would reduce opportunities for repeat visitation, and may limit the ability of the attraction to drive new night time patronage.



VISITOR INFORMATION CENTRE

The Visitor Centre is the main entrance and hub for visitors to FHMV. The Centre includes the Warrnambool VIC; FHMV ticketing, museum, retail shop, toilets and staff offices. Pippies restaurant is also contained within this facility, however, has a separate entrance accessible via the car park.

The visitor centre is accessed from the car park, which includes space for approximately 180 vehicles, 8 long vehicle spaces and bus drop off areas.

The Warrnambool VIC is an accredited VIC, which provides a booking service for accommodation, transport, tours and other visitor needs. The co-location of the VIC with FHMV provides advantages and efficiencies in operations and assists in driving incidental visitation through the FHMV attraction.

The visitor centre is used as the staging point for tours (both day and night), with seating provided for visitors while they wait.

The gift shop offers a significant amount of merchandise, objects and tourist souvenirs for purchase.

FOOD & BEVERAGE

There are two key F&B offerings within the precinct. This includes Pippies Restaurant, located within the main visitor centre building and accessible via the main car park. The restaurant is leased to a third party operator. The restaurant offers a seafood inspired menu.

The second offering is The Tea Rooms, located within the central village area, serving light lunches (toasted sandwiches, soups), devonshire tea, coffee and other beverages.

ACCOMMODATION (LIGHTHOUSE LODGE)

Accommodation is offered at the Lighthouse Lodge , which is located between the Chartroom and Maintenance and Storage area, the Lodge provides accommodation in the original Warrnambool Harbour Masters house.

The accommodation was set up with three rooms, each with their own ensuite facilities, so that it could be used as shared accommodation. More recently, exclusive use of the Lodge has been offered to visitors for rates starting from \$250 per night. In peak times a minimum 3 night stay is required.

The Lodge provides access to the lawn area of the Flagstaff Hill village, offering outstanding views across the Southern Ocean.

EVENTS

Key events at FHMV include a school holiday series of themed events for children and events on the hill area including 'Day on the Hill', 'NYE on the Hill' and 'Chill on the Hill' (selected evenings in January), which offer friendly events with live music, family entertainment, and food offerings.

The NYE on the Hill attracts over 1,000 people and offers family friendly entertainment and food. Visitors can enjoy fireworks from the hill as part of the NYE celebrations.

The Chill on the Hill event occurs on select Wednesday nights in January at the Steam Packet Inn. Kids are free to explore the village, whilst adults can enjoy a drink or meal from the various food stalls dotted around the village. Visitors can bring a picnic rug, chair or relax on the grass.

School holiday programs have included a variety of themed activities for kids, including arts and crafts.

Consultation suggests that the running of the events typically requires a substantial labour effort, in part because FHMV was not purpose built for this use. Operational constraints include limitations on plant and equipment, proximity of storage areas to function and event spaces and labour requirements.

PRIVATE FUNCTIONS

Select facilities of FHMV can be hired out for private functions and events, including use of the outdoor grassed area on the hill and indoor facilities.

Generally, there is scope for improvement of the function venues to attract greater patronage. Currently a significant labour effort is required to facilitate private functions.

Types of functions held at FHMV include wedding ceremonies, private and corporate functions.

A summary of the available function venues is outline in the Table 2.

Table 2: Function Spaces

Venue	Capacity
Indoor Venues	
Great Circle Gallery Theatrette	60 seated
Mission to Seamen's Chapel	50 seated
Steam Packet Inn	45 standing / 25 seated
The Sailmakers Loft	70 seated / 80 standing
Tearooms	40 seating, 50 standing + 30 seating outside / 70 standing
Wharf Theatre (Covered)	120
Outdoor Spaces	
Flagstaff Hill	300
The Village Green	300
The Wharf in front of Steam Packet Inn	200

MANAGEMENT & OPERATIONS

SITE MANAGEMENT

Warrnambool City Council is the appointed manager of the site and is responsible for the management of the land (Crown Land Allotments 2, 3 and 4). Crown Allotment 5, (at the eastern end of the precinct) is unreserved Crown land.

Flagstaff Hill is managed and operated within the Visitor Economy unit of Council's City Growth department. Overarching guidance and management is provided by the Director for City Growth, with Site operations and activities managed by the Flagstaff Hill Service Manager.

Council is responsible for all aspects of precinct operation. This includes:

- Ticket sales and revenue generation;
- Day to day operations;
- Staffing and volunteers;
- Maintenance and capital investment;
- Marketing and promotion.

STAFF AND VOLUNTEERS

Council employs close to 14 FTE staff to operate and manage Flagstaff Hill. The majority of these staff members are employed within Village Activations and Visitor Experience roles, including maintenance. The management and co-ordination team includes 5 staff members (5 FTE).

There are 109 volunteers assisting with the operation of the FHMV, however, only around 20 of these are considered to be active volunteers. Flagstaff Hill relies on volunteer contributions to ensure the Visitor information Centre is adequately staffed, to operate the village activations, for the Garrison Activation and for Administration Collection Maintenance.

The majority of volunteer hours are attributed to the village activations.

Council employs a volunteer coordinator position to assist in managing volunteers.

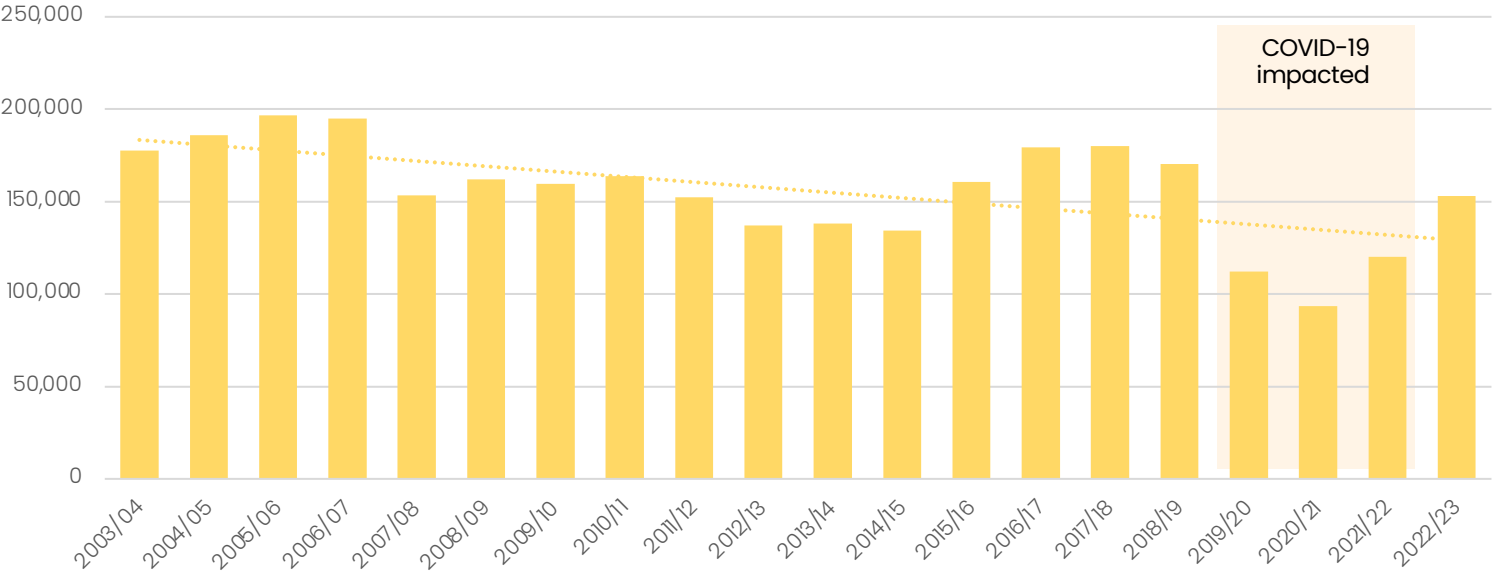
VIC VISITATION

Figure 12 shows the estimated number of visitor walk ins to the visitor information centre / Flagstaff Hill. Prior to covid-19, there were around 170,000 walk ins to the site in FY19, which reduced to around 153,000 walk ins as of FY23.

Some caution should be exercised when relying on this data, as it is derived from door counters, which may overstate unique visitors, however, the general trends and year on year variations provide useful insights when comparing trends to paid Flagstaff Hill visitors (see Figure 13).

**Approx. 170,000
walk in visitors to
the site in FY19.**

Figure 12: Visitor Walk In Estimates to the VIC/Flagstaff Hill



Source: Warrnambool City Council, analysed by Urban Enterprise, 2023

ATTRACTION VISITATION

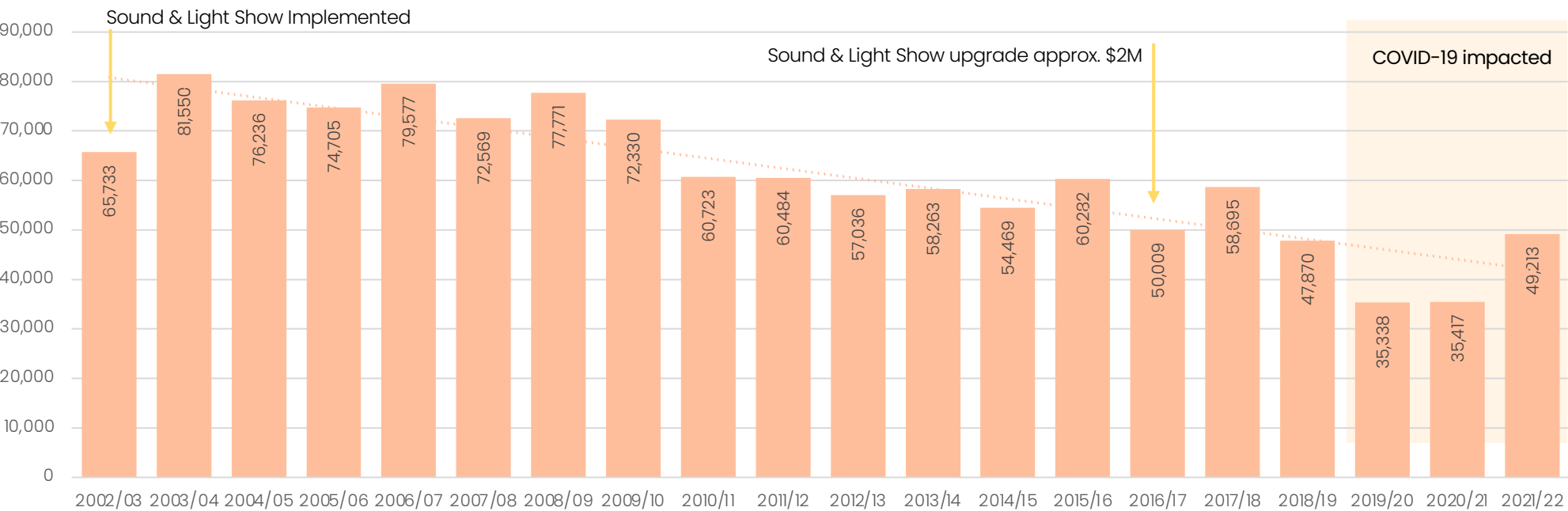
Figure 13 shows total visitation to Flagstaff Hill between FY03 and FY22. Visitation peaked in FY04 at 81,550 visitors, declining to 47,870 in FY19 (pre-covid).

In the ten years to FY19 (i.e. pre-covid), the attraction experienced an average decline in visitation of 5% per annum.

In FY19, Flagstaff Hill visitors equated to 31% of on site visitors (ie. people who walked through the door). Over the ten years FY09 to FY19, this rate was equivalent to 37%.

-4.7% p.a. average decline in visitation between FY09 – FY19

Figure 13: Visitation to Flagstaff Hill FY03-FY22



Source: Warrnambool City Council, analysed by Urban Enterprise, 2023

ATTRACTION VISITATION BY PRIMARY EXPERIENCES

Figure 14 shows visitation to Flagstaff Hill split between the key experiences (the village and the sound and light show).

Visitation has been trending down across both experiences. When first implemented, the sound and light show was attracting in the order of 30,000 visitors per annum between FY04 and FY09, which has reduced to around 15,000-20,000 in more recent years (FY15 to FY19), despite re-investment into the sound and light show in FY17.

A similar trend is observable for village visitation, which peaked in FY04 at 49,655 visitors and declined to 34,004 in FY19. **It is apparent that investments into the attraction, including the upgrade to the sound and light show in 2017 has not led to additional visitor growth.**

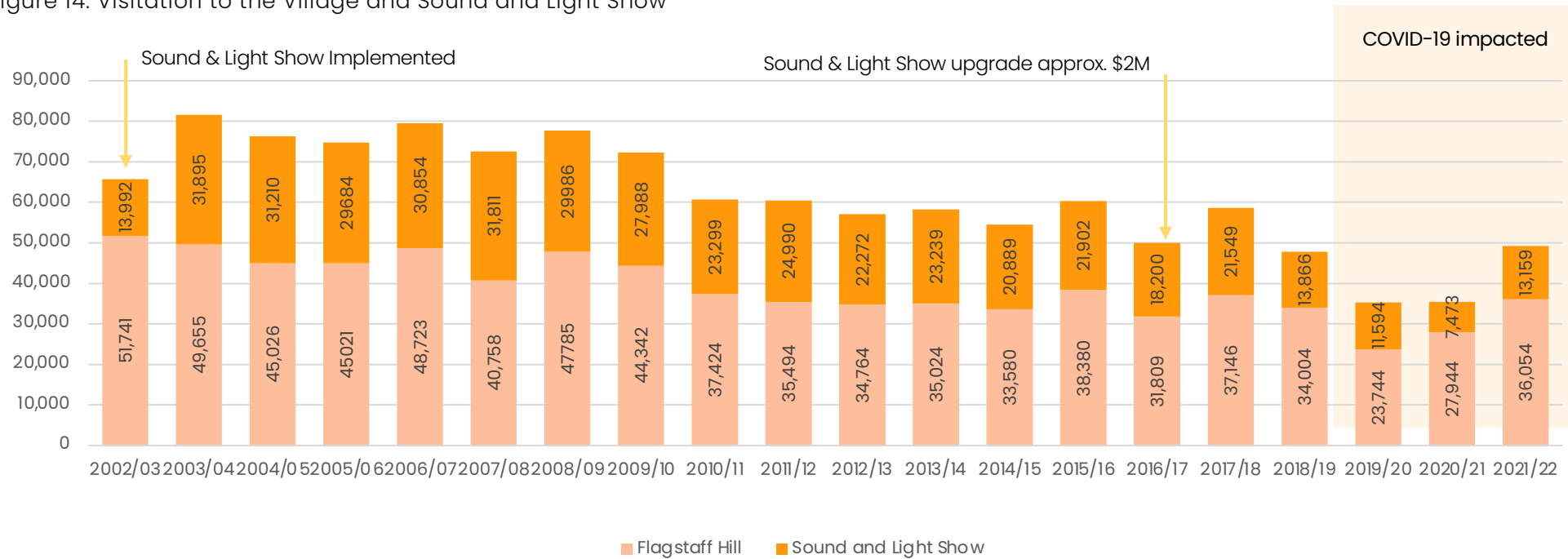
Village

Average visitation loss of -3.3% per annum between FY09 – FY19

Sound & Light Show

Average visitation loss of -7.4% per annum between FY09 – FY19

Figure 14: Visitation to the Village and Sound and Light Show



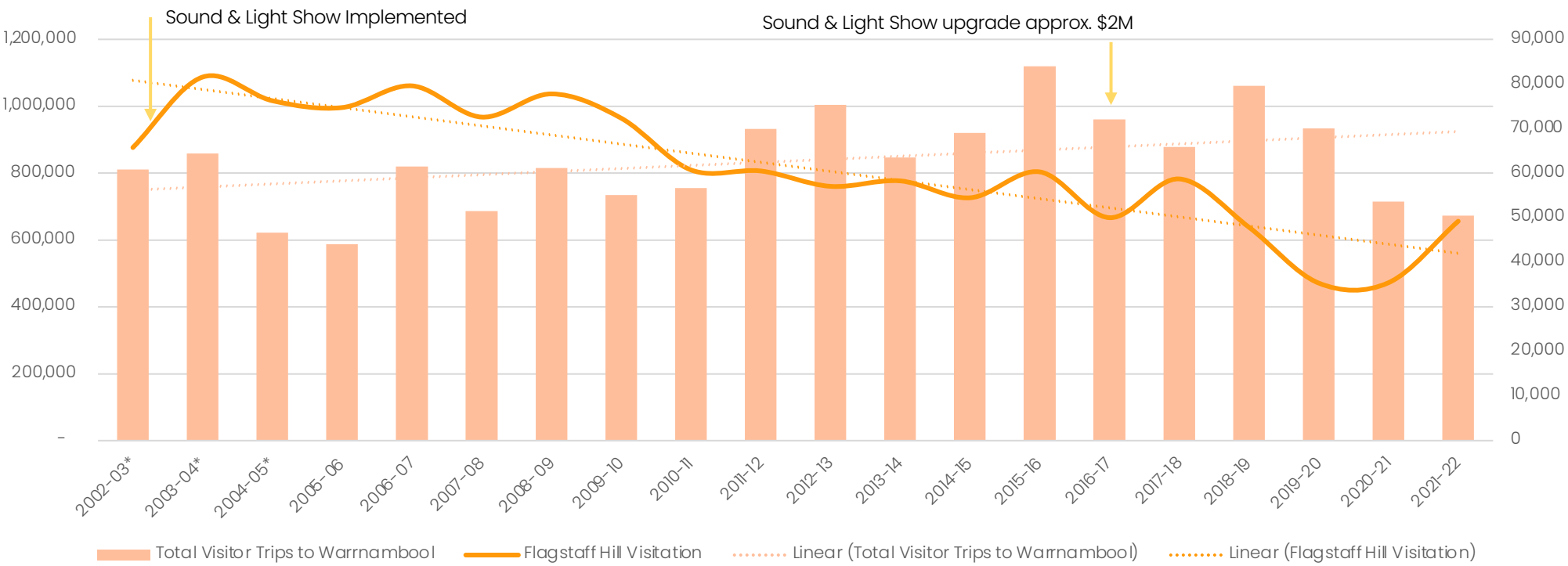
Source: Warrnambool City Council, analysed by Urban Enterprise, 2023

VISITATION COMPARISON

Figure 15 shows visitation to Flagstaff Hill alongside visitation to Warrnambool (sourced from Tourism Research Australia’s National and International Visitor Survey).

The chart shows that whilst visitation to Warrnambool has generally been trending upwards (at a rate of around 3% per annum), visitation to Flagstaff Hill has been trending down. This indicates that Flagstaff Hill’s capture rate of the available visitor market has been declining.

Figure 15: Regional Visitation to Warrnambool & Visitation to Flagstaff Hill



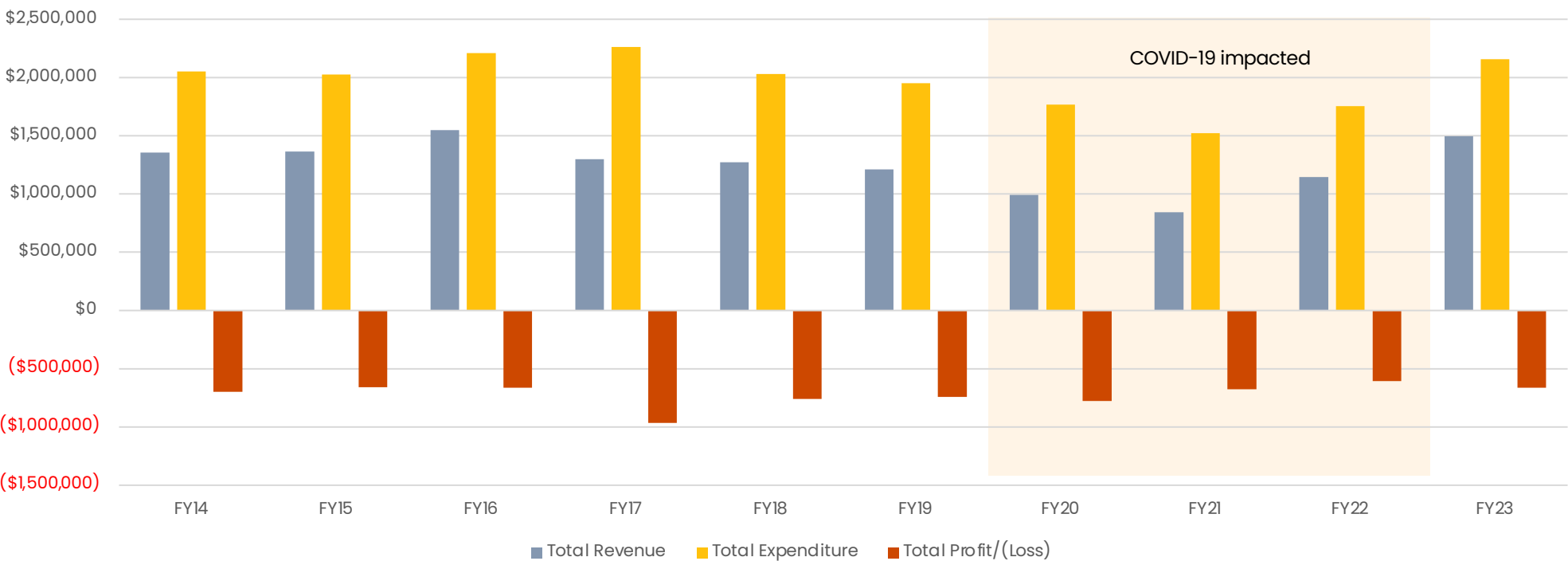
Source: Warrnambool City Council, Tourism Research Australia, analysed by Urban Enterprise, 2023

OPERATING RESULTS

Figure 16 shows total site revenue and expenditure between FY14 and FY23. Over the ten (10) financial years **Council has been required to subsidise \$7.2 million in operating costs, an average of \$720,000 per year.** This includes both the operation of Flagstaff Hill and the Visitor Information Centre. Council estimate that around 37% (\$272K)¹ of this cost can be attributed to the Visitor Services aspects of the site, resulting in around 63% (\$448K) attributed cost to Flagstaff Hill.

\$720k per annum
average operating subsidy between F14–FY23
(approximately 63% attributed to Flagstaff Hill and 37% to visitor services)

Figure 16: Site Profit and Loss FY14 – FY23



Source: Warrnambool City Council, analysed by Urban Enterprise, 2023

1. Based on a 40% allocation of payroll and admin costs and 20% of property and operating costs.

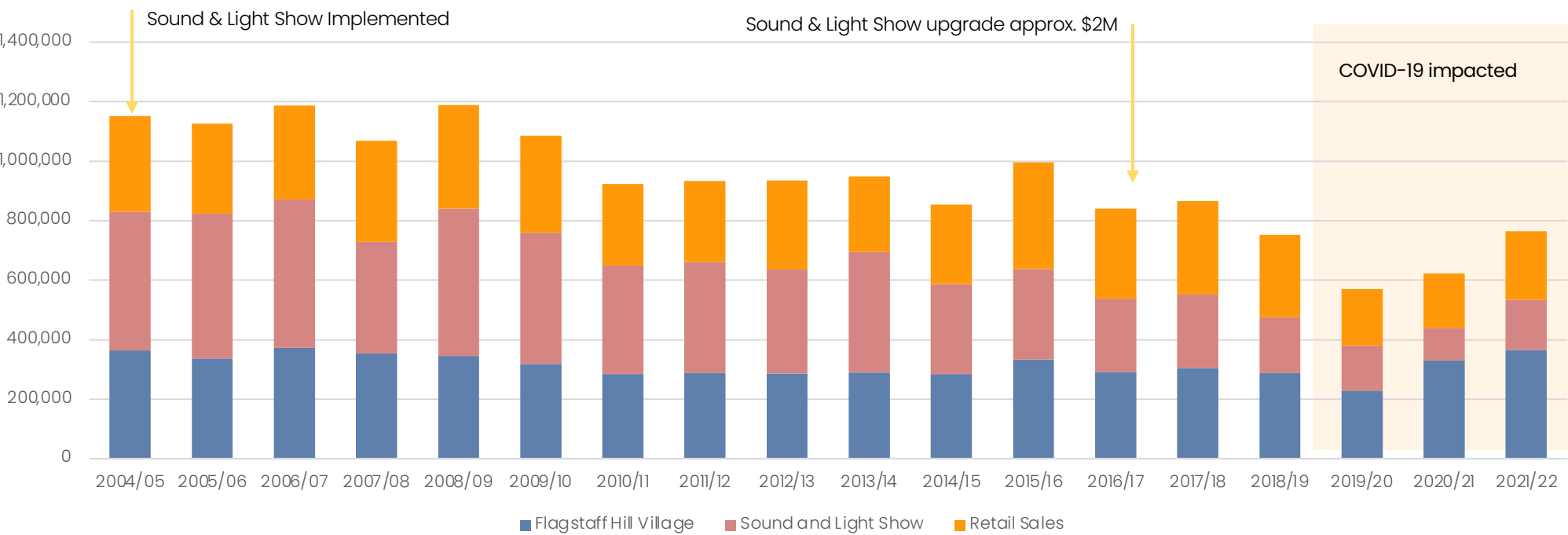
PRIMARY REVENUE STREAMS

Figure 17 shows the core revenue streams of the site between FY05 and FY22 (including the village, sound and light show and retail sales).

Revenue from the village and sound and light show has followed a similar declining trend to visitation.

The major investments into the site including the Sound and Light Show and its subsequent upgrade do not appear to have improved the financial performance of the attraction.

Figure 17: Revenue by key revenue streams FY05–FY22



Source: Warrnambool City Council, analysed by Urban Enterprise, 2023

COMPETITOR ATTRACTIONS

Table 3 provides an analysis of the predominately Victorian competitor attractions framework, with consideration to maritime heritage attractions, general heritage attractions and family attractions.

Flagstaff Hill is facing increasing competition from both heritage attractions and large commercially operated attractions.

There are ten maritime museums in Victoria, three of which are in regional Victoria being Queenscliff, Warrnambool and Port Albert.

Key maritime heritage attractions include the Australia National Maritime Museum (Sea Museum) and Polly Woodside, Port of Echuca and Pioneer Settlement.

Almost all heritage attractions assessed are ticketed, charging a small fee for entry. Entry to Flagstaff Hill is at the mid-upper scale of the ticket prices, however, is comparable with similarly sized attractions.

There are a range of historic maritime assets across the region, including Otway Lighthouse Station, Cape Nelson Lightstation near Portland, Split Point Lighthouse at Aireys Inlet, and Portland Maritime Discovery Centre.

Cape Otway Lightstation is a significant tourist attraction for the Great Ocean Road region, attracting 150,000 visitors in 2018/19.

Other major heritage attractions within regional Victoria include Sovereign Hill and Bendigo Heritage Attractions.

Sovereign Hill operates an outdoor village experience and an indoor Museum. Sovereign Hill attracted over 500,000 visitors per annum pre-covid, however, visitation has been impacted due to the loss of international travellers resulting from the covid-19 pandemic. Sovereign Hill operated from a much larger site and offers a greater number of activities and more immersive experiences. In addition, Ballarat is located within an easy daytrips distance from Melbourne, Ballarat, Bendigo and Geelong.

Bendigo Heritage Attractions core offerings of heritage tramway tours and gold mine tours attract similar levels of visitation to FHMV.

Family attractions are all ticketed experiences, however almost all attractions provide at least three or four hours' worth of activities to engage families and children.

Discussion

With the exception of Sovereign Hill in Ballarat, heritage attractions across Regional Victoria attract relatively low level of visitation (<50,000 annual). This suggests that market appeal for attractions with a purely heritage-based offering may have limited market and growth potential.

This evidence lends support for heritage attractions to diversify the product and experience offering to appeal to a broader range of market segments and attract repeat visitation.

Table 3: Attraction Benchmarking

	Core offer	Location	Ownership	Ticketed	Adult Ticket Price	Kids Ticket Price	Visitation (2018/19)
Flagstaff Hill Maritime Village	Museum, Sound and Light Show, Village	Warrnambool	Council	Yes	\$19.50 Day \$32 Night	\$9.30 Day \$17.60 Night	47,870
Maritime Heritage Attractions							
Australia National Maritime Museum (Sea Museum)	Museum	Sydney	Not-for-Profit	Yes	\$25	\$15	236,832 (ticketed) 781,187 (unpaid)
Polly Woodside	Ship, Museum	Melbourne	National Trust	Yes	\$16	\$9.50	-
Seaworks Maritime precinct	Events, Museum	Williamstown	Not-for-Profit	Museum	\$5 (museum)	\$10 (family)	100,000 (event visitors)
Queenscliffe Maritime Museum	Museum	Queenscliff	Committee of Management	Yes	\$10	\$5	-
Port of Echuca	Discovery Centre, cruises, events	Echuca	Council	Yes – Partly	\$10.50 (tour)	\$6 (tour)	30,000 (Discovery Centre)
The Mission to Seafarers	Tours, venue hire, events	Melbourne	Charitable Organisation	Yes	\$15 (tour)	-	-
Pioneer Settlement	Village, museum, sound and light show	Swan Hill	Council	Yes	\$30.50	\$21.50	45,000 (light show)
Cape Otway Lightstation	Precinct, tours, walks, accommodation	Cape Otway	Private	Yes	\$19.50	\$7.50	150,000
Portland Maritime Discovery Centre	Museum, Visitor Information Centre	Portland	Council	Yes	Free	Free	-
Port Welshpool Maritime Museum	Museum	Port Welshpool	Council	Yes	\$5	\$10 (family)	200
Port Albert Maritime Museum	Museum	Port Albert	Council	Yes	\$8	\$2	-
Heritage Attractions							
Sovereign Hill	Open-air museum, museum, night show, tours, events, education program	Ballarat	Not-for-Profit	Yes	\$49	\$29	527,100
Old Melbourne Gaol	Tours	Melbourne	National Trust	Yes			
Central Deborah Gold Mine (Bendigo Heritage Attractions)	Tours	Bendigo	Not-for-Profit	Yes	\$35 (mine tour)	\$25 (mine tour)	50,000
Bendigo Tramways (Bendigo Heritage Attractions)	Tours, private functions	Bendigo	Not-for-Profit		\$12.50	\$7.50	54,272
Family Attractions							
Puffing Billy Railway	Tours, museum, events, private and corporate functions, visitor centre (under construction)	Belgrave	State Government Entity	Yes	\$62	\$31	487,543
Melbourne Museum	Museum, IMAX 3D cinema	Melbourne	State Government Entity	Yes	\$15	Free up to 16 years	N/A
Melbourne Zoo	Zoo	Melbourne	State Government Statutory Authority	Yes	\$46	Free weekends and holidays* \$23 weekdays	1,537,000
Sea Life Melbourne Aquarium	Aquarium, Tours	Melbourne	Private	Yes	\$32-42	\$25-28	N/A
Otway Treetop Adventures	Treetop walks, zip lines, tours	The Otways	Private	Yes	\$27.50 (walk)	\$21.50(walk)	N/A
Gumbuya World	Theme Park	Tynong	Private	Yes	\$39	\$34	N/A
Geelong Adventure Park	Theme Park, events	Wallington	Private	Yes	\$52.50	\$42.50	N/A
Funfields Whittlesea	Theme Park	Whittlesea	Private	Yes	\$49.50	\$41.50	N/A

KEY POINTS

- Flagstaff Hill offers a museum, village and sound and light show as its core experiences.
- The attraction has changed and expanded over the years. The most significant experiential and operational change being the addition of the sound and light show.
- Visitation and financial data suggests that investment (and re-investment) into the Sound and Light Show has not resulted in additional visitation or improved the operating performance of the attraction.
- Visitation and revenue generation has been declining over the long term (despite re-investment into the site).
- Due to a lack of financial capacity (due to patronage), ongoing and extensive activations of the village are not viable, whilst limited footfall through the village means on site food and beverage options are limited.
- Ongoing financial subsidies are required on an annual and ongoing basis, totalling \$7.2 million (average of \$720K per annum) over the previous ten years. This presents an opportunity cost to Warrnambool City Council.

4.

TOURISM CONTEXT

The following provides a summary of the local and regional tourism context, as well as a summary of tourism strategy relevant to planning for the future of Flagstaff Hill.

TOURISM CONTEXT

Warrnambool is located approximately 3 hours south west of Melbourne and forms part of the Great Ocean Road Tourism Region, which stretches from Torquay to the South Australian Border and includes coastal and hinterland destinations.

The Great Ocean Road region offers state and nationally significant natural attractions, touring, coastal and hinterland attractions and activities. Drawcard attractions include the Shipwreck Coast, with the twelve Apostles, the Otway National Park, beaches and rugged coastline, and agricultural hinterland.

The natural attractions provide a variety of activities including coastal and inland walks, swimming and boating and wildlife. The hinterland offers emerging farmgate experiences, as well as natural reserves and rail trails.

The many towns, cities, villages and hamlets of the region celebrate local history and heritage, provide local experiences and accommodate varying levels of tourism product and infrastructure.

As a regional City, Warrnambool is the major service centre for the western region of the Great Ocean Road region (the Great South Coast), attracting residents for retail, hospitality, health, education and employment.

Tourism product strengths include coastal attractions and recreation activities (Lady Bay Foreshore), family activities and accommodation (Lake Pertobe precinct), nature based assets (Tower Hill Indigenous Nature Reserve, Middle Island - home to breeding colonies of little penguins) and other attractions, including Flagstaff Hill, Warrnambool Art Gallery, and the Lighthouse Theatre.

Point Ritchie and the Moyjil story is also a significant Indigenous site and emerging attraction.

There are also several destinations and attractions close to Warrnambool that can be done as part of a day trip, including Port Fairy, Budj Bim and the Twelve Apostles.

Tourism is an important driver of Warrnambool’s economy, however, its performance has been impacted by the covid-19 pandemic.

Pre-pandemic, tourism contributed \$227 million in economic output to the Warrnambool economy (accounting for 5% of total output pre-covid). This has reduced to \$165 million as of 2023 (3.3% of total economic output).

In 2019, Tourism also supported 1,285 jobs, accounting for 7.7% of total employment. As of 2023, it is estimated this has reduced to 1,082 jobs (5.8% of total jobs).

Pre-covid (2019)	\$227 million tourism output (5.0% of Warrnambool output)	1,285 tourism jobs (7.7% of Warrnambool jobs)
2023	\$165 million tourism output (3.3% of Warrnambool output)	1,082 tourism jobs (5.8% of Warrnambool jobs)

Source: Remplan, 2019 & 2023

TOURISM CONTEXT

Figure 18: Map of the Great Ocean Road Region



Source: Great Ocean Road Tourism, Visitor Economy Masterplan, 2021

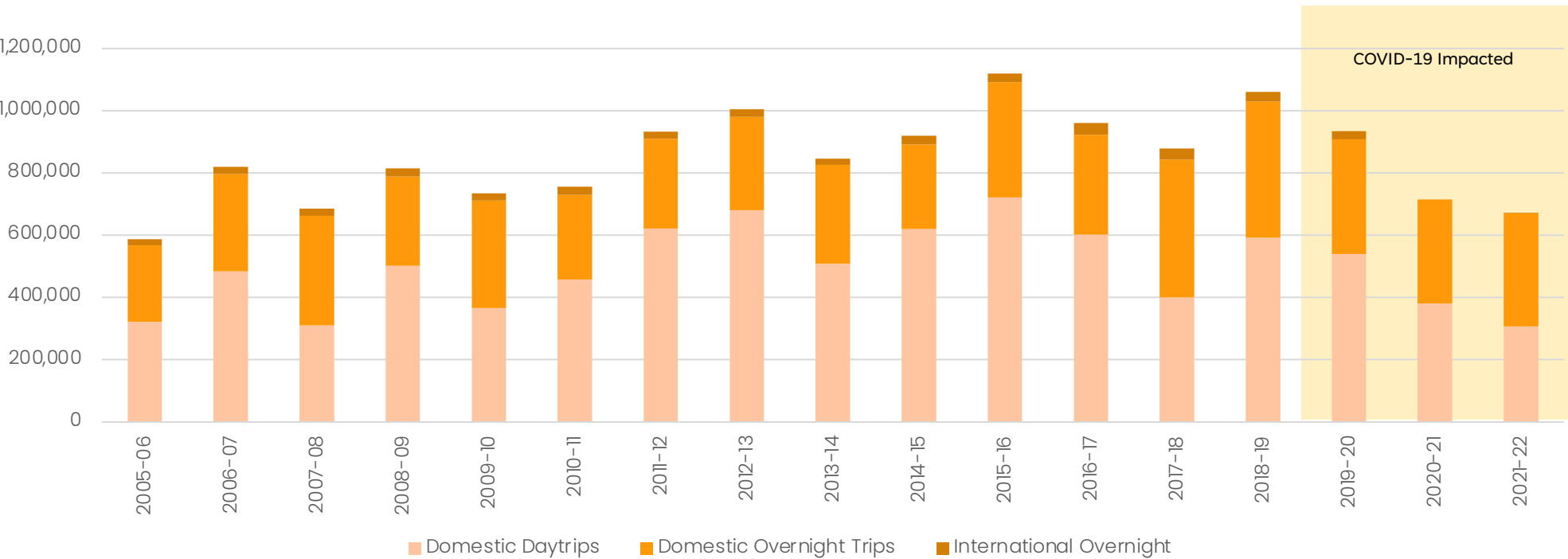
TOURISM CONTEXT

VISITATION

Pre-covid (2018-19), Warrnambool attracted over 1 million visits, with the majority of the market consisting of domestic daytrip visitors (56%), followed by domestic overnight visitors (41%). International overnight visitors comprised 3% of visitation.

In the ten years pre-pandemic, visitation grew at a rate of 2.7% per annum, with growth highest for domestic overnight visitors (4.3% p.a.), followed by international overnight (2.1% p.a.) and domestic daytrips (1.7% p.a.).

Figure 19: Historical Visitation to Warrnambool (2005/06-2021/22)



Source: Tourism Research Australia, NVS and IVS, 2005-06 to 2021-22

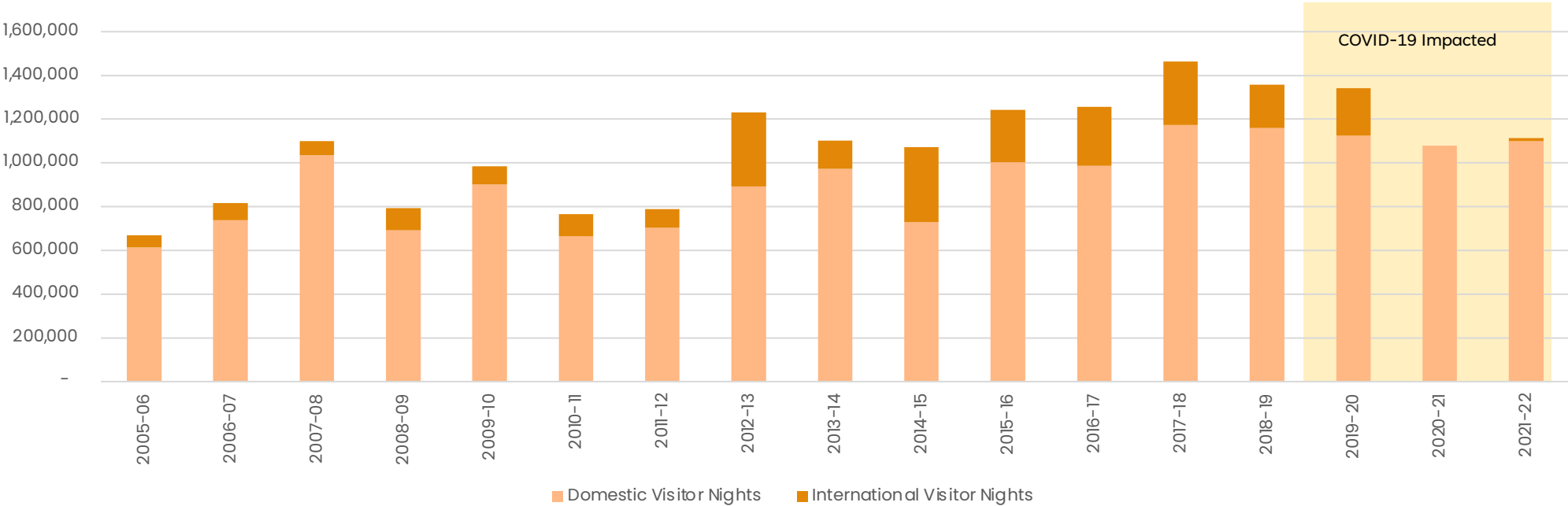
TOURISM CONTEXT

VISITOR NIGHTS

Pre-covid (2018-19), Warrnambool attracted close to 1.4 million visitor nights, 85% of which were from domestic visitors, with 15% from international visitors.

In the ten years pre-pandemic, domestic visitor nights grew at a rate of 5.3% per annum, whilst international visitor nights grew at a rate of 6.8% p.a.

Figure 20: Historical Visitor Nights to Warrnambool (2005/06-2021/22)



Source: Tourism Research Australia, NVS and IVS, 2005-06 to 2021-22

TOURISM CONTEXT

DOMESTIC VISITOR SNAPSHOT

The main reason visitors travel to Warrnambool is for holiday and leisure activities.

The high level of 'other' day trip visitation confirms Warrnambool's role as a regional centre in the Great South Coast region, welcoming regional visitors for purposes such as employment, shopping, hospitality, medical etc

The most common overnight travel party to Warrnambool are lone travellers and adult couples, with a lower proportion of families.

The distance from capital city markets of Melbourne and Adelaide discourages day trip and 'weekend escape' visitation.

Warrnambool relies on visitation from regional Victoria and regional South Australia.

Social activities and outdoor/nature-based activities are most commonly undertaken by visitors.

The majority of overnight visitors stay in commercial accommodation.

Table 4: Domestic Visitor Profile (Snapshot)

Domestic Visitation	Daytrips	Overnight trips
Purpose of Visit	48% Holiday 23% Other 18% VFR 10% Business	42% Holiday 33% VFR 19% Business 6% Other
Travel Party	N/A	32% Lone Travellers 23% Adult couples 21% Family groups 18% Friends or relatives travelling together
Activities	61% Social activities 16% Outdoor/nature activities 7% Active outdoor/sports	39% Social activities 22% Outdoor/nature activities 10% Active outdoor/sports
Origin	80% Regional Victoria 14% Metropolitan Melbourne 6% South Australia	43% Regional Victoria 39% Metropolitan Melbourne 6% South Australia
Accommodation	N/A	63% Commercial accommodation 37% Private accommodation

Source: Tourism Research Australia, NVS and IVS, based on 5 year average of calendar year data 2015–2019

TOURISM STRATEGY

EXPERIENCE VICTORIA 2033

The Victorian State Government recently released Experience Victoria 2033, a tourism plan for the state, which provides a roadmap for how government and the tourism sector can work together to maximise the benefits of tourism.

The Plan takes an experiential approach to developing the visitor economy and sets out priorities for product and experience development.

The vision as outlined in the plan is:

“We will work together to make Victoria a leader in the delivery of exceptional, diverse, and connected experiences for visitors. We will invest in bold, innovative, and inspiring tourism products and experiences that attract more visitors to come to Victoria, stay longer, and spend more. We will ensure Victoria maximises the social and economic benefits of domestic and international tourism. We will – by creating a strong, resilient visitor economy – build a prosperous, sustainable future for Victoria.”

The Plan outlines the products and experiences areas that will be focused on to drive growth, these are shown bat Figure 21.

Figure 21: Product and Experience Focus Areas for Growth



Delivery of the plan will include consideration of:

- Building a highly skilled, local workforce;
- Inspire travellers to visit and return;
- Make it easier to get in and around the state;
- Investment facilitation in projects;
- Build a strong and resilient industry;
- Digital connectivity;
- Community engagement;
- High quality and personalised visitor servicing;
- Provide high quality data and insights;

The plan will focus on delivering the following outcomes:

- First Peoples focused;
- Valuable for our communities;
- Unique to place;
- Driving economic growth;
- Innovative and outstanding;
- Sustainable and regenerative;
- Inclusive and welcoming.

VICTORIA'S TARGET VISITOR MARKETS

Victoria's key target markets for demand-driving marketing activity are High-Value Travellers (HVTs) in international markets and Lifestyle Leaders in the domestic market.

HIGH VALUE TRAVELLERS (INTERNATIONAL)

HVTs are empowered and increasingly knowledgeable about the world around them.

HVTs view knowledge about a destination as fundamental to an enriching travel experience. HVTs prefer authentic holidays where they experience the local culture and everyday life. They want to experience everything from the local cuisine to the natural surroundings.

HVTs can be leisure tourists, working-holiday makers, visiting friends and relatives, or business travellers

LIFESTYLE LEADERS (DOMESTIC)

Lifestyle Leaders represent more than 30 per cent of the Australian population (5.95 million Australians). They are professionals or managers and have an average annual household income of \$130,160. They spend more when they travel and travel more than the average population.

They like to shop, particularly online, and are open to trying new things. When they travel, they like to stay active, experience the local culture and see nature.

They are less likely to prefer to have their trips organised for them.

Lifestyle Leaders can be leisure tourists, working-holiday makers, visiting friends and relatives, or business travellers.

GREAT OCEAN ROAD VISITOR ECONOMY MASTERPLAN

The Great Ocean Road Visitor Economy Masterplan (Great Ocean Road Regional Tourism, 2021), provides a strategic framework for the growth and development of the regional tourism economy.

The Plan outlines

...By 2030, the Great Ocean Road Region visitor economy will be Australia’s leading responsible tourism region, achieving balanced socio economic, environmental and cultural outcomes, represented by:

A significant upgrade and development of public and private infrastructure to meet demand and support the region’s communities;

- Increased visitor yield and dispersal contributing to a thriving economy
- Effective management of visitation pressures
- Active and supportive community engagement
- Engaged participation by traditional owners
- Effective, efficient and collaborative regional governance
- High standards of visitor experiences and services providing seamless visitor satisfaction
- Development of destinations, experiences and services which support communities and respond to market demand.

The Plan aims to **Grow a balanced, managed and thriving visitor economy.**

Achieved by growing key objectives outlined below.

Visitor length of stay and expenditure	Visitor dispersal (geographic, seasonal and mid-week)	visitor satisfaction	
Jobs	Product, experiences and services	Visitor and community amenity	Community engagement and support

The Great Ocean Road Visitor Economy Master Plan has a focus on addressing supply side issues and opportunities, as outlined below. Re-imagining Flagstaff Hill can respond to these needs.

SUPPLY SIDE FOCUS OF THE GOR VISITOR ECONOMY MASTERPLAN

1.	2.	3.	4.	5.	6.
New and improved product.	Address product gaps.	Products that enhance and enrich the visitor experience.	Build competitiveness.	Enhance overnight value proposition.	Maintain and grow signature event base.
Product development is key to changing consumer behaviour – driving increased length of stay, dispersal and yield and attracting new higher yielding audiences.	The region has a strong investment pipeline but significant product gaps remain.	Critical is ensuring that the focus is not solely on large scale game changing infrastructure projects but that products, services and experiences support visitor needs.	The region has significant gaps in accommodation, attractions, experiences and food to compete with other key Victorian and interstate destinations. Whilst some product development has occurred in recent years, more is needed.	Critical are products that support the night-time economy and drive overnight stays and non-weather dependent activity that supports year-round visitation.	Events continue to play a key role in driving visitation, although the capacity of communities to continue to drive events is diminishing with event funding becoming increasingly difficult to obtain.

The Plan outlines product gaps in attractions, experiences and events in Warrnambool, noting the following specific opportunities.

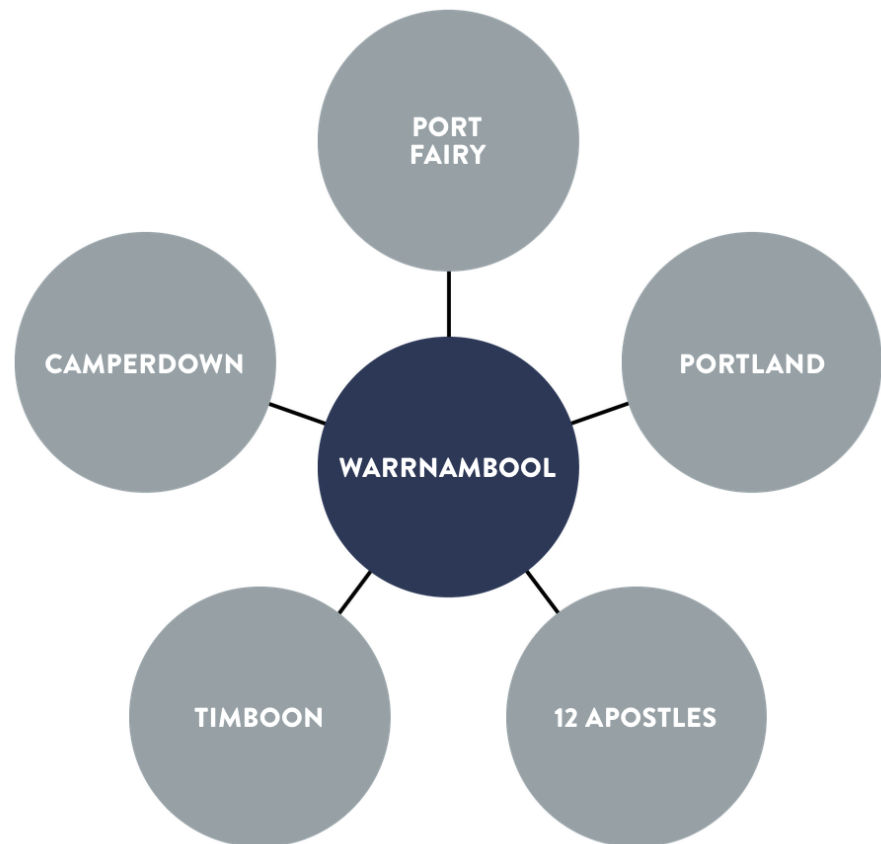
“The enhancement and revitalisation of the Flagstaff Hill Precinct and the cultural offering in Warrnambool presents an opportunity to appeal to new higher yielding markets outside of summer peak.”

Other product and experience development opportunities noted include:

- Events
- The foreshore
- Whale watching
- Wellness
- Agri-tourism
- Food
- Night-time economy

There is also a focus on developing a hub and spoke visitation model for the region, which can be leveraged across destination, products and experiences.

Warrnambool presents a strong destination based hub, where daytrips and other experiences can be undertaken.



Re-imagining Flagstaff Hill should recognise the tourism brand of Warrnambool.



Archetype	Core Audience	Value Proposition	Personality	Tone of Voice	Key Offering
The Jester	Creative opinion leaders & Inspired by Nature	Warrnambool offers city lifestyle experiences wrapped up in the spectacular beauty and wild nature of the raw Southern Ocean. This combination offers opportunities for relaxation, refined refreshment and brings a new sense of playfulness, adventure and rejuvenation.	<ul style="list-style-type: none">• Free spirited• Playfully adventurous• Welcoming	If the Warrnambool brand could speak, it would be playful, fun and welcoming. It would make you laugh with its humour and smile with its optimism. It would speak with a sense of wonder and come alive when talking about nature. More than anything, Warrnambool shows life through the eyes of a child	<ul style="list-style-type: none">• Nature in action• Breathtaking coastal scenery• Outdoor fun for kids• Urban experiences for the whole family• Preserved heritage for history lovers• Maritime history

KEY POINTS

- Tourism is strategically important to the regional economy and its future growth.
- As the largest regional centre in the Great South Coast, Warrnambool has a role to play in supporting higher order services and infrastructure to service the regional visitor economy.
- Visitation to Warrnambool was steadily climbing pre-pandemic attracting over 1 million visitors in 2018-19. The majority of the market comprise domestic daytrips and domestic overnight visitors, visiting for a holiday, to see friends and family or business.
- The daytrip market is comprised primarily of visitors from regional Victoria whilst the overnight market consists of both regional Victorian and metropolitan Melbourne visitors.
- Victoria is focussing on attracting high value international travellers and the lifestyle leader market as the key growth opportunities. In addition, focus areas for product and experience growth include First Peoples led experiences, food and drink, wellness, arts and culture and nature.
- The Great Ocean Road Visitor Economy Masterplan identifies a number of considerations relevant to the re-imagining of Flagstaff Hill, these include:
 - There is a need for new product development that responds to changing consumer behaviour.
 - There is a need to drive additional length of stay, visitor yield.
 - There is a need to attract new higher yielding markets.
 - There is a need to deliver address gaps in accommodation, attractions and experiences to ensure the region remains competitive with other destinations.
 - There is a need to deliver products and experiences that enhance the night time economy.
 - There is opportunity to encourage Warrnambool as a hub for regional touring.
 - Flagstaff Hill; presents significant opportunity to drive off-peak visitation and appeal to new markets, and address product gaps in food, night time economy, wellness and others.

5. **INSIGHTS**

Engagement with stakeholders, the community and on site visitors has assisted with framing issues and opportunities for the site. The following presents a summary of key insights.

STAKEHOLDER ENGAGEMENT

A range of stakeholders were engaged to discuss the project, including:

- Warrnambool City Council
 - Economic Development & Tourism
 - Community Development
 - Infrastructure and Planning
- Flagstaff Hill and VIC Staff and volunteers
- Great Ocean Road Regional Tourism
- Department of Jobs, Skills, Industry and Regions;
- Eastern Maar Aboriginal Corporation
- Great Ocean Road Coasts and Parks Authority
- Peninsula Hot Springs & Loyly Studio

The following provides a summary of key points raised during consultation relevant to the project

The Attraction

- Attracts mainly adult couples and families.
- The attraction arrival experience is confusing.
- There is a lack of ongoing activation of the village.
- There is a perception issue for visitors (some think it's a museum, others a theme park).
- A number of the facilities need updating, including toilets, repairs and maintenance to village buildings.
- There is a need to tell the story of First Nations people better throughout the experience.
- A lot of people come to town and are looking for something to do and Flagstaff Hill provides an experience that people can do.
- Many visitors that attend the sound and light show don't know what to expect but enjoy the experience.
- The business model of the attraction hasn't changed much since the 1970s, but the market has changed. There is a need to think about what the modern visitor wants.
- There is limited refreshment of the story, people go once and then don't have to go again.
- The site offers some of the best views in Warrnambool.
- There could be a focus on selling more local produce and products.
- The space could be used more for events.
- Hard to run functions and events, due to clashes with nightly sound and light show and structure, location and quality of BOH facilities.
- There is a need to refresh the product and experience so that it is relevant to consumers.
- There is a need to offer more value-add experiences that can be charged for. This could include considering free entry, with value add products and experiences that are charged for.

Museum

- The museum is accredited through Australian Museums and Galleries Association. Accreditation required to be renewed every 5 years.
- The museum has a collection of over 10,000 objects, of which around 8,500 are on Victorian collections online. Approximately 1,500 objects aren't significant.
- The attraction is a museum first and foremost.
- The museum collection can't be sold.
- There is a need for improved facilities to store and manage the collection. Current facilities are inadequate.
- The main museum gallery space, which was updated in 2017, is in need of a major update.
- In addition, an exhibition space would enable the attraction of touring exhibitions such as from the National Maritime Museum.
- The museum story could be broadened beyond shipwrecks and include more of the story of the sea.

Visitor Economy

- Distance from Melbourne means Warrnambool is primarily an overnight destination. Daytrip visitors are originating in regional Victoria.
- There is a need for more tourism products and attractions, places where visitors can spend time and money.
- Warrnambool is a city by the sea. As a regional city it can provide higher order infrastructure and services for visitors yet maintain a sea-side village feel. The city is a point of difference for Warrnambool, this plays into the potential for Warrnambool to be a hub and spoke destination.
- Events are a good driver of visitation to the region.
- Summer is peak season, whilst visitation in winter is limited. There is a need to drive visitation in the winter months.
- There is a lack of conference and functions spaces with breakout spaces.
- Limited live music venues.
- Need for useable indoor winter spaces (e.g. places selling local food, beer and wine, by the fire, storm viewing).
- A redevelopment of the Twelve Apostles Visitor Centre is planned, which may tell the Lochard story, a key story currently told at Flagstaff Hill. Potential to be a competitor in the future so there is a need to consider how the museum and other experiences at Flagstaff Hill are positioned.
- The CBD has its back to the coast, there is opportunity for Flagstaff Hill to better connect the CBD with the coast.
- Opportunity for more destination hospitality, showcasing local produce.
- The rail connection to Warrnambool is an access advantage. With the introduction of \$10 adult fares and \$5 for children, there may be greater opportunity to attract daytrips from Melbourne, Western Metropolitan Melbourne, Geelong and other origin destinations.
- During project consultation a redevelopment of the Warrnambool Art Gallery was being investigated for the Cannon Hill site, adjacent to Flagstaff Hill. At the time of writing, the Art Gallery is progressing with a development on their existing site.
- There is an opportunity to connect the Cannon Hill site with Flagstaff Hill via a pedestrian walkway.

First Nations

- Historical hesitancy towards Flagstaff Hill due to the maritime colonial village and aspects of the sites.
- A repositioning of the site or a “clean slate” would open up greater opportunity for First Nations involvement.
- Opportunities to support the site hosting various activities promoting it as an integrated and central cultural, visitor and community precinct in Warrnambool.
- It was noted that the site could support a variety of commercial uses and that First Nations involvement in hospitality, accommodation, conferencing etc could be explored, subject to further considerations.

Commercial Development

- A 21 year lease is typically not adequate to attract commercial investment. There would need to be a change to the lease terms to facilitate commercial investment.

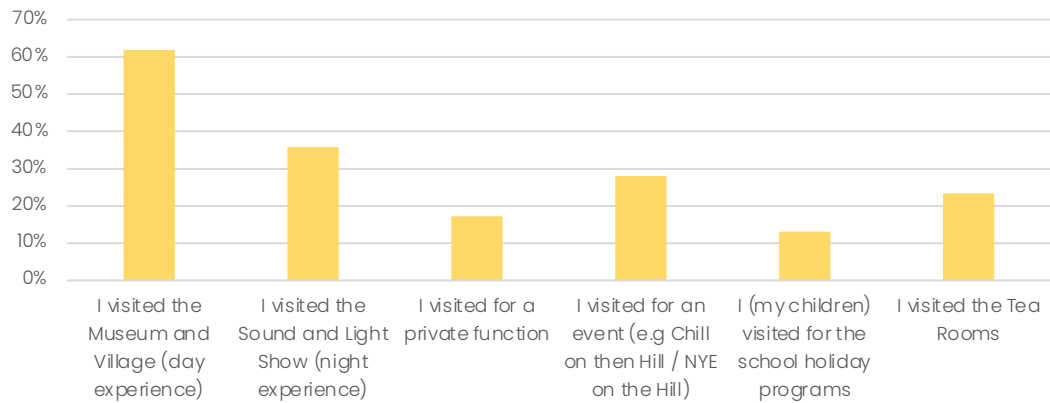
COMMUNITY ENGAGEMENT

A community engagement process was undertaken which included an online survey and drop-in sessions with residents. Project engagement opportunities were advertised on Council’s Have Your Say page. The following presents the key insights through the survey and drop-in-sessions.

Table 5: Survey Respondent Profile

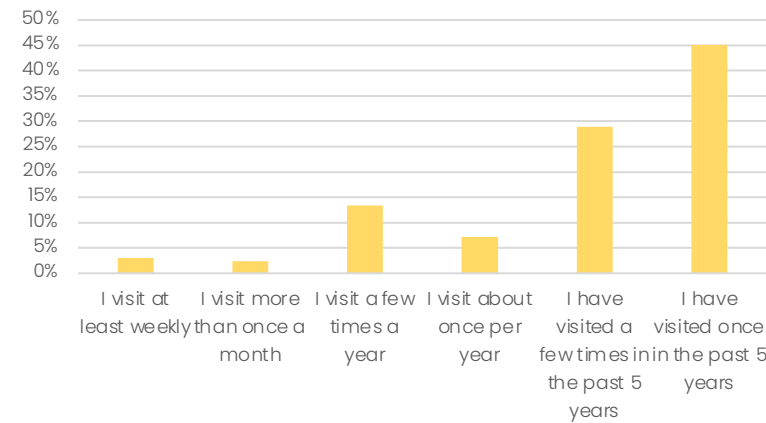
<div>506</div> <div>Respondents.</div>	<div>64% Female 34% Male</div> <div>2% prefer not to say</div>
<div>89% live in Warrnambool</div> <div>11% outside of Warrnambool</div>	<div>87% of respondents have visited the site.</div> <div>6% are volunteers 3% employees</div>

Figure 21: Experiences Undertaken by the Community



Q: The following question relates to the paid ticket area of Flagstaff Hill only (ie. museum, village, sound and light show). Which of the following statements applies to you? Please select all that apply. N=506

Figure 22: Frequency of Site Visit

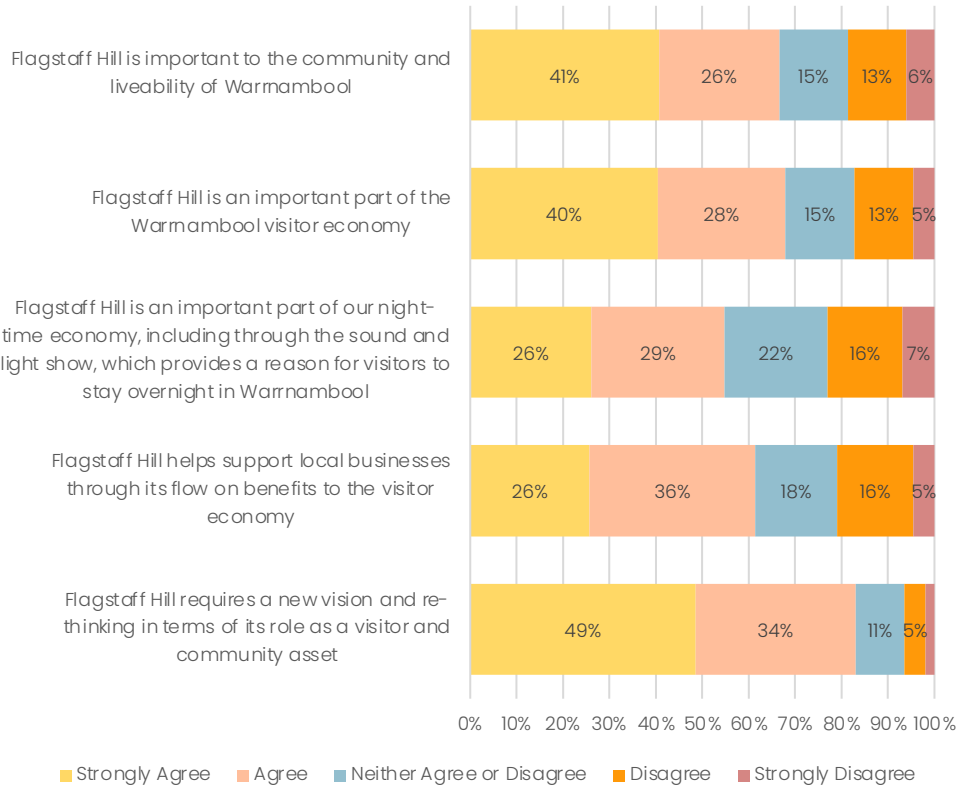


Close to 75% of respondent have only visited FHMV once/or a few times in the past 5 years, indicating a lack of repeat visitation.

Q: Please indicate how often you have visited the paid ticket area (ie. museum, village, sound and light show) of Flagstaff Hill in the past 5 years? N=428

83% of survey respondents agreed with the statement “Flagstaff Hill requires a new vision and re-thinking in terms of its role as a visitor and community asset”

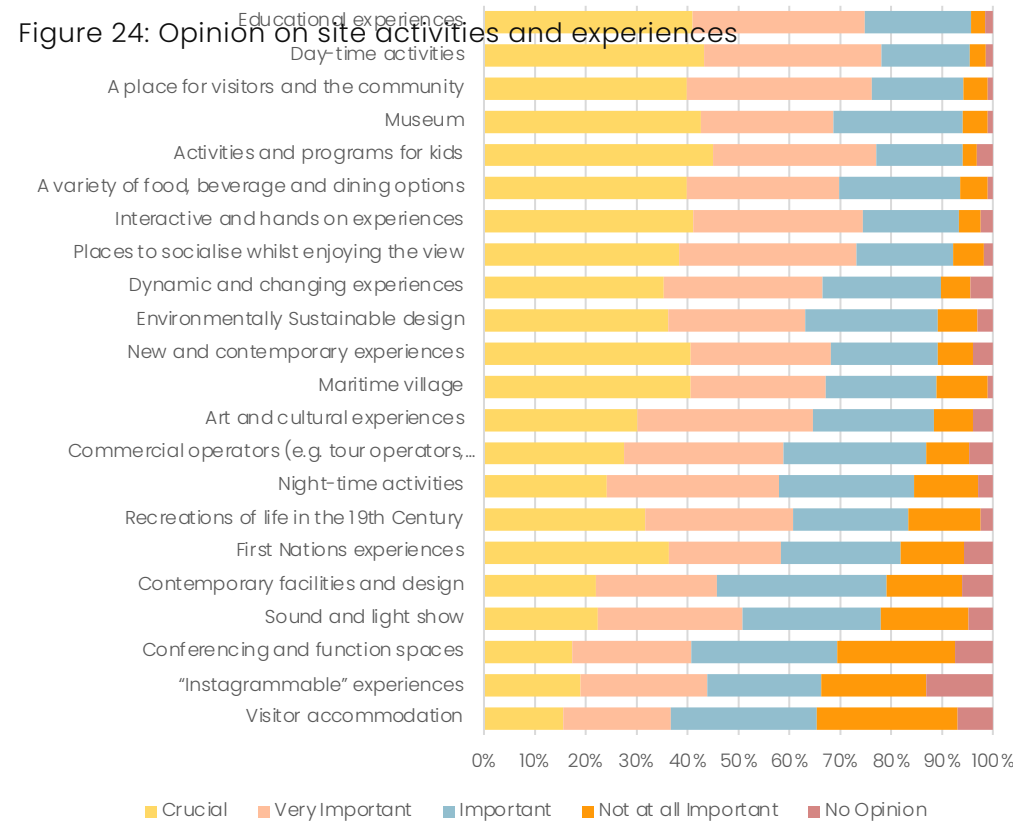
Figure 23: Sentiment



Q: Thinking of Flagstaff Hill, please indicate the extent to which you agree with the following statements. N=482

There was a strong response in regards to the importance of delivering a range of experiences and activities.

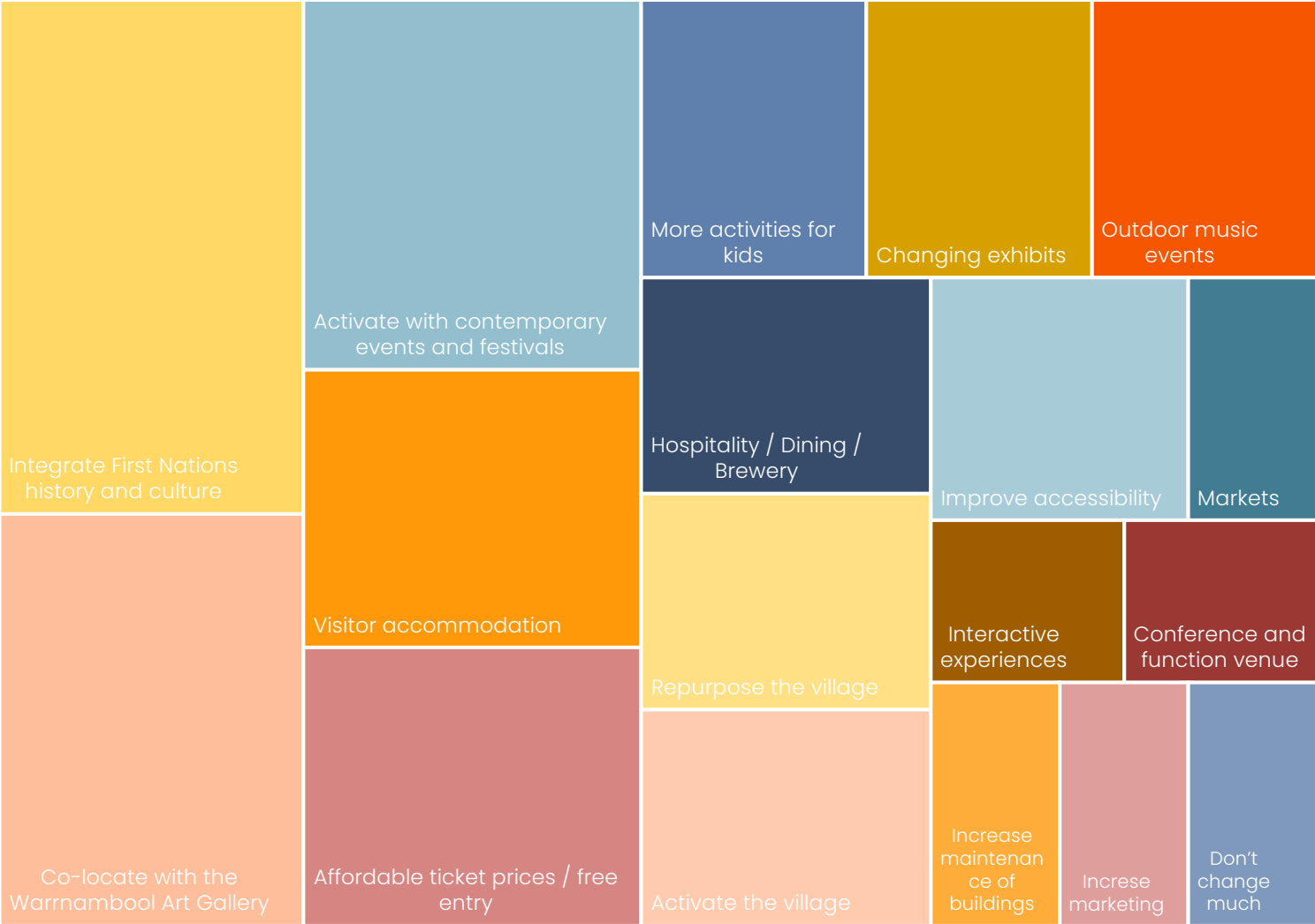
Figure 24: Opinion on site activities and experiences



Q: Please tell us how important you believe the following items are when considering the future of Flagstaff Hill. N=406

A range of open ended ideas and opportunities were recorded by survey respondents. Some key themes are highlighted in Figure 25.

Figure 25: Ideas and Opportunities (open ended responses summary of themes)



Q: Please tell us about any specific ideas or opportunities you think should be explored as part of re-imagining Flagstaff Hill.

VISITOR SURVEY

In order to understand more about visitors to Flagstaff Hill, an online visitor survey was conducted, which ran between late December 2022 and mid-March 2023. The survey was accessible on mobile devices by scanning a QR code on site.

Key results are summarised below. Generally, those that responded to the survey had an enjoyable experience on site. Although there is a broader market and financial sustainability issue at play as evidenced by declining long term visitation and revenue, the experience is still enjoyable, as evidenced from those that responded to the survey. Generally positive Trip Advisor reviews support this finding.

Number of Respondents	Place of Residence	Reason for visiting Warrnambool	Overnight Stay	Age	Frequency of Visit to Warrnambool
116 Respondents	<ul style="list-style-type: none"> 64% live in Victoria (15% in Warrnambool) 34% live interstate 2% live overseas 	<ul style="list-style-type: none"> 60% for a holiday 14% locals 11% VFR 12% Passing through 1% to attend a specific event 1% to visit Flagstaff Hill 1% on a group tour 	<p>74% of respondents staying overnight*</p> <p>Average length of stay of 3.2 nights</p>	70% of respondents aged 30-54 years	<ul style="list-style-type: none"> 43% first time visitors to Warrnambool 29% had visited Warrnambool before (but not regular visitors) 15% regular visitors.
Top activities undertaken on site	Village Experiences undertaken	Time Spent on site	Motivations for visiting Flagstaff Hill		Value for Money
<ul style="list-style-type: none"> Museum and village (56%) Museum, Village and Sound and Light Show (17%). Function or event (17%) 	<ul style="list-style-type: none"> Self-guided walk around the village (90%). Museum (84%) Gift shop (49%) Lolly shop (47%) Tea Rooms (35%) 	<ul style="list-style-type: none"> 44% between 1 & 2 hours 38% between 2 & 3 hours 	<ul style="list-style-type: none"> I like to visit local attractions when I'm on holiday (53%) I'm generally interested in history and heritage (44%) I was looking for a place to entertain the kids (30%) I was looking for something to do during the day (22%) I'm passionate about maritime history (16%) I'm visiting for a specific function or event (15%) 		<ul style="list-style-type: none"> Very good 57% Good 29% Neutral 11% Poor 3%

6. **STRATEGIC OPTIONS CONSIDERED**

Three strategic options tabled and considered for the future of the site.

STRATEGIC OPTIONS

Having considered a range of factors (attraction performance, site, stakeholder and community views, and the visitor economy), three strategic options were formulated and presented to the Project Reference Group and Warrnambool City Council. There was general consensus that a broader strategic approach was needed, resulting in option 3 being the preferred approach.

	1. Enhance the current experience (Business as usual)	2. Re-think the experience, considering new strategic investment opportunities.	3. Integrated precinct development, considering public and private sector investment opportunities.
Summary	<ul style="list-style-type: none"> Maintain the site in its current format; Select experience and infrastructure upgrades and enhancements Council managed. 	<ul style="list-style-type: none"> Re-positioning of the offering. Exploration of new value add experiences (village activations, night experiences, functions and events, dining and hospitality and tour operators etc). Council managed. Potential to involve other commercial operators and partners (F&B, tours operators) 	<ul style="list-style-type: none"> Major re-visioning and re-positioning of the site. Open and integrated visitor and community precinct. Private and public sector investment opportunities.
Possible Uses and Activities (examples)	<ul style="list-style-type: none"> Museum and visitor servicing Maritime Village (with additional activations). Upgraded/new sound and light show production. Dining and hospitality. Broader use for events and functions. 	<ul style="list-style-type: none"> Museum and visitor servicing. Village (re-positioned offering / new activations); New night experiences (e.g. light festival events); Event/amphitheatre space (festivals, events), Expanded dining and hospitality offerings; Spaces for tour operators; Food and beverage. 	<ul style="list-style-type: none"> Geothermal/wellness; Accommodation; Functions and events; Museum, retail/shop, tour operators and visitor servicing; Integrated First Nations experience Hospitality and dining (brewery, distillery, café etc); Functions and events;
Capital investment	Low-Medium	High	Major
Capital Funding	Public	Public	Private / Public
Operational Funding	Council	Council	Private / Public
Implementation Risk	Low	Low	High
Re-imagining	None	Medium	High
Tourism Impact	Low	Low-Medium	High

Note, the potential to co-locate the Warrnambool Art Gallery on Flagstaff Hill was explored as part of development of these strategic options. The Gallery is progressing with an option to deliver an improved gallery on its existing site and therefore, the concept was not progressed further.

Preferred option.

7. **INVESTMENT OPPORTUNITIES**

Having identified an integrated precinct development model as the preferred strategic direction for the site and attraction. Key commercial investment opportunities, including accommodation, geothermal and wellness, food and beverage and functions were analysed at a high level, to assist in framing a future vision for the site.

This section includes compilation and analysis of select market research and evidence to support the assessment and vision.

ACCOMMODATION

ACCOMMODATION SUPPLY: WARRNAMBOOL

Urban Enterprise completed an audit of the commercial accommodation offering in Warrnambool (excludes Airbnb) to identify the overall accommodation mix, and potential gaps and opportunities.

Warrnambool’s accommodation offering primarily includes a mix of hotels and motels located in the CBD, as well as caravan and camping facilities, and two resorts/hotels in the foreshore precinct.

In total, there are 88 commercial accommodation establishments, with a total capacity of 1,328 rooms / sites.

Key observations:

- Motels/Motor Inns account for 39% of room capacity, followed by caravan and camping (22%) and hotels (15%).
- Most existing accommodation is concentrated to central Warrnambool and the foreshore.
- Deep Blue Hotel and Lady Bay Resort on the foreshore are both 4-star establishments that are popular and well-visited.
- There are very limited examples of new, contemporary accommodation that has been delivered in Warrnambool.

Table 6: Commercial Accommodation, Warrnambool (2022)

	Total	%	Rooms	%
Motel / Motor Inn	24	27%	523	39%
Caravan, Camping and Holiday Park	14	16%	291	22%
Hotel	10	11%	200	15%
Self-contained house/apartment/unit	26	30%	176	13%
Resort	1	1%	85	6%
Serviced Apartment	7	8%	24	2%
Backpacker / Hostel	2	2%	19	1%
Bed and Breakfast / Guesthouse	4	5%	10	1%
Experiential Accommodation (e.g. farmstay, glamping, tiny homes etc.)	0	0%	0	0%
Total	88		1,328	

Source: Urban Enterprise, 2022

ACCOMMODATION GAPS

3-to-3.5-star standard hotel/motor inns are the most utilised types of accommodation in Regional Victoria, followed by caravan parks and commercial camping grounds. This reflects the overwhelming majority of accommodation stock, which is weighted towards these types of accommodation.

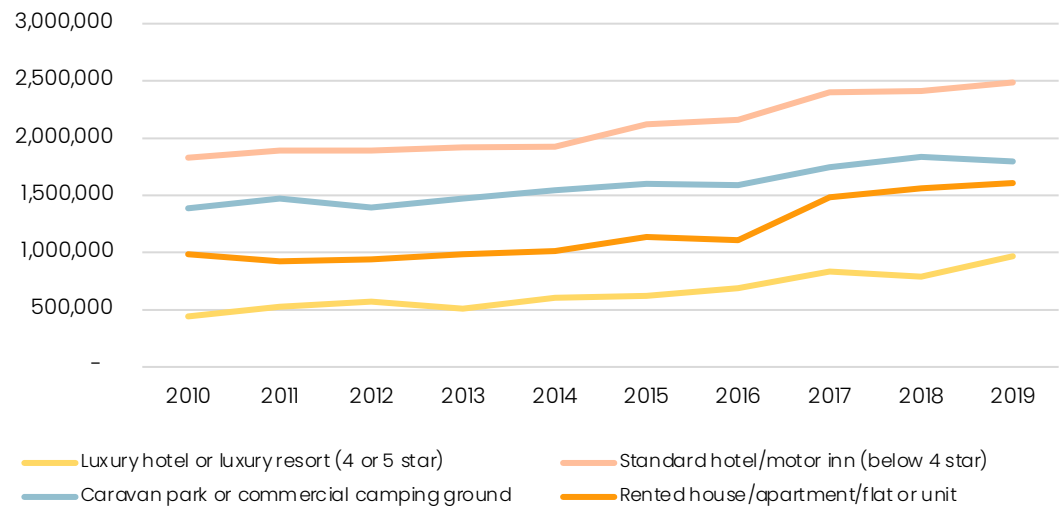
The popularity and utilisation of luxury hotels or resorts (4-5 stars) and short-stay rental accommodation (house or apartment) recorded strong growth in the 5-years prior to COVID-19, which could be a result of changing consumer preferences.

Visitors staying in luxury hotels or resorts (4 or 5 star) in Regional Victoria is significantly underrepresented compared with Regional NSW and Regional QLD, which more likely reflects the unavailability of stock as opposed to weak market appeal.

It is apparent that there is expressed demand in Regional Victoria for standard hotel/motel, caravan and camping accommodation, and that demand for this accommodation is well met due to the availability of supply.

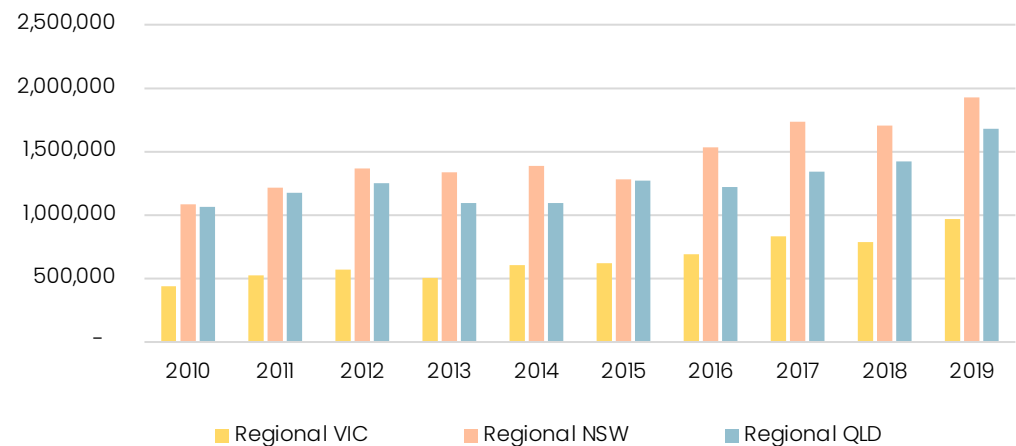
With the exception of a few higher quality accommodation providers, the accommodation stock in Warrnambool is not particularly well-matched to Victoria's key target markets, which include "lifestyle leaders" in the domestic market.

Figure 26: Visitors by Accommodation Type, Regional Victoria (2010-2019)



Source: Tourism Research Australia

Figure 27: Visitors Staying in Luxury Hotel or Resort (4 or 5 stars) (Regional Vic, NSW and QLD)(2012-2019)



Source: Tourism Research Australia

The Great Ocean Road Visitor Demand and Accommodation Forecast Report, prepared by Deloitte in 2020, provides visitor projections for the Warrnambool region, which encompasses Warrnambool municipality and the eastern portion of Moyne Municipality.

Overnight trips are projected to increase from around 492,000 in 2019 to 719,000 in 2030, representing 46% growth (+3.5% per annum).

With limited development of new commercial accommodation stock in Warrnambool in recent years, there is a strategic opportunity to provide new accommodation that:

- Serves the projected increase in visitor demand over time;
- Addresses current gaps in the type of accommodation available;
- Meets visitor market preferences; and
- Contributes to the creation of an integrated tourism precinct.

**Demand for between
+2,715 and +3,869
accommodation
rooms across the Great
Ocean Road Region by
2030.**

	2019	2030	Change	Change %	AAGR
Total Domestic Visitation	1,206,000	1,768,000	+562,000	+47%	+3.5%
Overnight visitation	492,000	719,000	+227,000	+46%	+3.5%

Flagstaff Hill Re-Imagined

GEO THERMAL & WELLNESS

Victoria is fast becoming the nations hot springs state, taking advantage of the geothermal water along the southern coast. Hot Springs and Wellness centres focus on providing services aimed at renewing the body, mind and spirit, through various treatments and professional services.

Visitation to health spas/wellness centres in Victoria has grown by 200% between 2010 and 2022 across day, overnight and international visitors; growing at a rate of 14% per annum pre-covid.

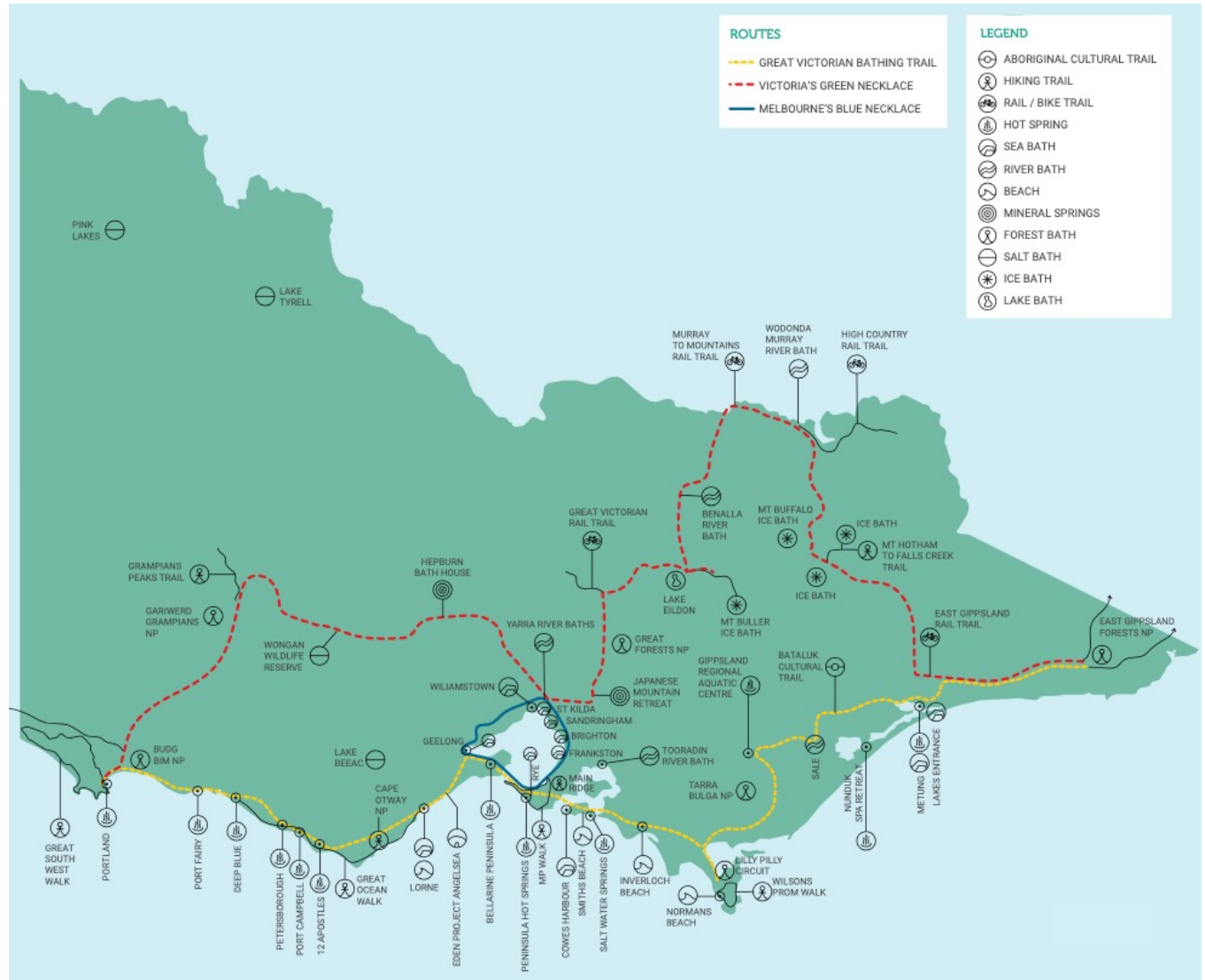
2022 saw a return to pre-covid visitation to health spa/ wellness centres with approximately 600,000 visitors. Indicating the markets rebound from covid and rising demand.

The key target market for wellness tourism is the “lifestyle leaders” market, aligning to Victoria’s key target market for the state. The promotion and development of geothermal facilities in the region provides potential to grow visitation from this market segment.

The Great Victorian Bathing Trail is a vision for a tourism route connecting Hot springs, mineral springs and sea baths throughout Victoria (see Figure 28.

The trail seeks to connect visitors with experiences in wellness spas, nature trails, mindfulness and yoga, arts and first nations experiences, farmgate food and wine, and accommodation.

Figure 28: The Great Victorian Bathing Trail



Source: The Great Ocean Road & Southern Grampians Geothermal Investment Prospectus, Great South Coast Economic Futures, 2023

Warrnambool is noted as a location for geothermal and wellness on the Great Victorian Bathing Trail, further, the recent Great South Coast Economic Future project (2023), proposes a number of concepts for new geothermal opportunities in the region, including at Flagstaff Hill.

The report notes the potential for hot spring bathing, paired with accommodation to provide an all season, all year activation, including offerings for both adults and families.

Considerations:

- The health and wellness tourism sector has experienced significant growth in the past decade.
- Warrnambool is well placed being along the Great Victorian Bathing Trail.
- Its geographic location is highly suited to hot springs, due to the land's geothermal properties.
- Deep Blue Hotel and Springs currently operates in Warrnambool already, offering a wide variety of wellness packages and there is potential to further grow this market by catering to different market segments.
- A potential Hot springs and wellness centre on the site could seek to differentiate its offering by catering toward a family-oriented market leveraging proximity to the Lake Pertobe Precinct and caravan park accommodation.
- The concept for geothermal facilities on site is supported by the Great South Coast Economic Futures project.

“We propose having two main types of hot springs on the site. A relaxation hot springs for guests coming to experience tranquillity and escape for adults and people seeking relaxation. And a thermal hot springs water park designed for families and youth to enjoy water slides and fun activities that are suitable for all seasons of the year.”

Figure 29: Artist's impression of geothermal bathing at Flagstaff Hill



Source: The Great Ocean Road & Southern Grampians Geothermal Investment Prospectus, Great South Coast Economic Futures, 2023. Drawing by Loyly Studio.

FOOD & BEVERAGE

Victoria has a strong reputation for food, wine, brewing and distilling. At the heart of Victoria’s reputation is a prominent agriculture and agribusiness industry that underpins high quality fresh produce and “paddock to plate” experiences.

Food and Drink is one of Experience Victoria’s (2023) key pillars to drive growth in the visitor economy.

Food, drink and eating out is one of the primary activities undertaken by domestic and international visitors across Regional Victoria. Figure 30 shows that in 2019, more than 29 million visitors to Regional Victoria ate out as part of their trip. This level of visitation has almost doubled since 2010.

In Warrnambool, the CBD is the prime location for hospitality. There is a mix of casual, takeaway, restaurant, pub and café dining, including both day and night-time establishments that are generally concentrated along Liebig Street, Kepler Street and Timor Street.

Although the foreshore and waterfront precinct performs an important tourism role, there are limited hospitality offerings on the waterfront with views, apart from the Pavilion and Simon’s Waterfront. Other dining opportunities with views include Pippies by the Bay (at Flagstaff Hill) and the Warrnambool RSL.

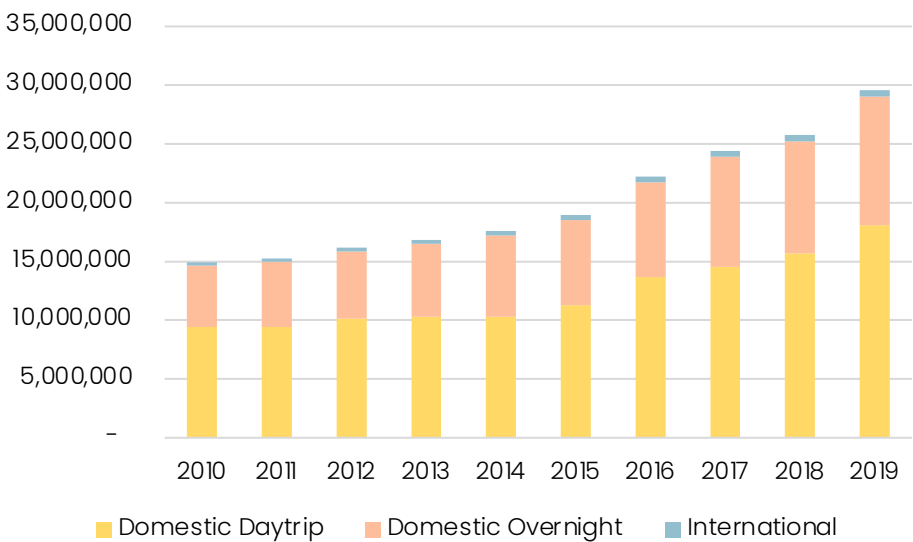
There is an opportunity for the site to assist in diversifying the local and regional food and drink offering and broaden the range of markets that the site caters to. This could include a destination dining facilities (such as an integrated café/ brewery/ distillery/ restaurant/ produce store), boutique dining as part of accommodation providers and smaller takeaway/kiosk options.

Importantly, hospitality is needed to drive visitation, diversify the product offering and ultimately promote a cohesive and integrated visitor experience.

+98%

increase in total visitors to Regional Victoria who ate out as part of their trip.

Figure 30: Visitors who eat out, regional Victoria (2010-2019))



Source: Tourism Research Australia

FUNCTIONS

Table 8 provides a summary of conferencing and event venues in Warrnambool. There are a number of facilities to choose from, however, there is a gap in the provision of medium-large conferencing and event venues which capitalise on Warrnambool's coastal setting.

Simons Waterfront/Surf Life Saving Club (capacity for up to 200 seated guests) and the Pavilion (capacity for up to 100 guests) are examples of venues with water views.

Functions and events cater for both the resident and visitor market, and can be a key driver for regional visitation.

Warrnambool has attracted consistent population growth over time. As of 2022, the Warrnambool LGA had an estimated resident population of approximately 35,520 residents, growing by close to 2,500 residents since 2012 (+0.7% p.a.). Warrnambool's population is forecast to reach approximately 40,000 residents by 2036, which will create an organic growth in demand for function and event spaces.

Select facilities at Flagstaff Hill can be hired out for private functions and events, including use of the outdoor grassed area on the hill and indoor facilities. Functions held at FHMV include wedding ceremonies, private and corporate functions. However, several operational challenges and constraints limit function hire and event use. This includes clashes with the sound and light show, sub-par facilities, limitations on plant and equipment, proximity of spaces to preparation and storage areas, and labour requirements.

Nonetheless, the unique setting, as well as the highly accessible and advantageous location that is adjacent to the foreshore precinct and CBD builds the case for functions and events to prevail at the site in future, as long as facilities are enhanced and well positioned to accommodate such activities.

Importantly, the potential to host functions and events at the site alongside the potential for other investment opportunities (accommodation, hospitality and other key products and attractions) will complement one another, and promote an integrated visitor experience.

This would include consideration of:

- High quality functions and events spaces (which can be multi-purpose and flexible, e.g. a restaurant with capacity to host events), providing outstanding coastal view.
- Leveraging on site accommodation and packaged with other on site activities (e.g. geothermal, museum pass, dining).
- Leveraging the sites location, proximity to the CBD, train station and foreshore.

Table 8: Function Venues in Warrnambool

	Max. Capacity Banquet
Archie Graham Community Centre	120
Best Western Olde Maritime Motor Inn	90
Brother Fox catering and Events	350
The Cally Hotel	NA
City Memorial Bowls Club	350
Deakin University	NA
The Emmanuel Centre	650
Flagstaff Hill	250 (Marquee)
The Flying Horse	100
Hotel Warrnambool	120
Lady Bay Resort	200
Lighthouse Theatre	220
Mid City Warrnambool	200
Quest Warrnambool	NA
Raffertys Tavern	160
The Stage at Emmanuel College	NA
Simons Waterfront + Surf Club	200
South West Tafe	60
The Pavilion	100
The Whalers Hotel	80
Warrnambool Art Gallery	80
Warrnambool Bowls Club	160
Warrnambool Football Club	200
Warrnambool Golf Club	150
Warrnambool Greyhound Racing Club	300
Warrnambool Racing Club	250
Warrnambool Stadium	200

8. **PRECINCT VISION & OPPORTUNITIES**

The following provides a vision, guiding principles, strategic directions, precinct opportunities and considerations relating to delivery and implementation.

VISION

The following provides a vision to guide Flagstaff Hill's future:

Flagstaff Hill is a thriving integrated community and major tourism precinct in Warrnambool.

Set amongst layers of historic buildings and regenerated landscape, visitors can engage with a range of activities and experiences (geothermal bathing, accommodation, contemporary approach to the display and interpretation of the museum artefacts, food and beverage, First People's led experiences, wellness, history and heritage, functions and events).

The precinct and its experiences recognise and are responsive to First Peoples culture, State significant heritage assets, museum artefacts and the sites unique attributes and landscape.

GUIDING PRINCIPLES

The following guiding principles have been utilised when considering strategic directions and opportunities for the site, and to assist with future planning for the site.

01

Respond to Place

Protect and conserve State significant heritage.

Respond to site conditions (heritage, topography, climate, infrastructure, assets, access).

02

Foster Regeneration

Revitalise the visitor experience.

Integrate First People's history, culture and tourism experiences.

Protect and establish landscape and environmental values.

Reuse assets and infrastructure where practical.

03

Enable Transition and Evolution

Allow for the site to be developed in a deliberate and staged manner.

Recognise transition will require further planning, time and investment.

Provide opportunity for the site to evolve over time (short, medium and long term) in line with market opportunity and investment capacity.

04

Promote Economic Development

Create a demand driving visitor destination.

Drive additional visitation and yield.

Facilitate investment into the site (including private and public sector investment).

Improve financial and economic outcomes.

05

Establish Strategic Partnerships

Recognise that transition requires engagement and strategic partnerships with Government, stakeholders, community and the private sector.

06

Inclusive and accessible

Inclusive and accessible infrastructure and tourism experiences

STRATEGIC DIRECTIONS

01. Create a demand driving destination.



The site's location and attributes lend it to becoming a major demand driving tourism precinct, with the opportunity to provide high levels of economic value-add to the region.

A mix of experience, activities and infrastructure is required, which leverage the sites unique attributes and advantages (location, views, heritage assets).

- Create a major tourism precinct.
- Revitalise the visitor experience.
- Encourage a mix of activities.
- Leverage the sites unique attributes.
- Attract year-round and repeat visitation.
- Respond to regional product gaps and investment opportunities.
- Target regional growth markets.

02. Facilitate investment.



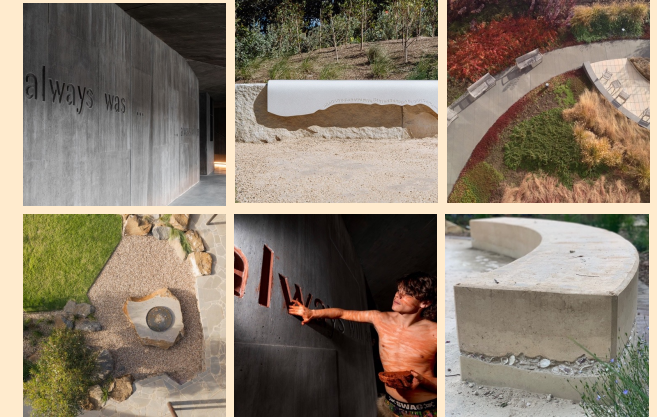
Revitalisation of the vision requires new investment in demand driving experiences and activities.

Re-imagining the site as an integrated and mixed use tourism precinct will require private sector investment in demand driving tourism experiences and infrastructure.

Private sector investment will require lease terms of over 21 years to provide commercially attractive investment opportunities.

- Leverage new investment in tourism experiences and infrastructure.
- Unlock private sector investment.
- Advocate for public sector investment to unlock development opportunities and realise the vision.
- Establish partnerships.
- Renew infrastructure.

03. Integrate First People's led experiences.



Future planning and development of the site should recognise and integrate First People's history, tourism and cultural experience into the site.

Working with Traditional Owners and First People's communities and businesses.

- Recognise and integrate First People's history, cultural and tourism experiences into the site (as appropriate and advised through consultation with Traditional Owners and First Peoples).
- Consider First Nations tourism opportunities (commercial investments, tour operators, events, food and beverage, wellness, language and naming, signage, welcome to Countries for events and gatherings).

04. Protect state significant heritage.



The sites state significant heritage assets including the lighthouses, lightkeepers cottage, chartroom, signal building and artillery cannons require ongoing protection, conservation and management.

Re-imagining the site will need to be sensitive to the core heritage precinct, including through locating and major redevelopments outside of the heritage precinct, and ensuring ongoing conservation and management of the heritage assets.

- a) **Preserve and protect State significant heritage assets.**
- b) **New experiences and development should be sensitive and sympathetic to heritage assets.**
- c) **Interpret heritage assets.**
- d) **Consider a contemporary approach to the display and interpretation of the museum artefacts.**
- e) **Provide for selective and sensitive adaptive re-use of heritage buildings.**

05. Leverage the sites unique attributes.



Leveraging the sites competitive advantages will assist in supporting investment opportunities and a world-class visitor precinct.

The sites extensive views can be better capitalised on and provide a unique setting for tourism activities, whilst the sites well maintained gardens and open spaces provide a pleasant setting and amenity for visitor experiences.

Further landscape re-generation will provide an enhanced setting for proposed visitor activities, and where required provide internal landscape buffers between different land uses.

- a) **Capitalise on the site's prominent location.**
- b) **Leverage the sites views.**
- c) **Celebrate heritage.**
- d) **Enhance the sites landscape, connection to the coast and connection to places of cultural significance (including views to Moyjil).**

06. Renew, re-use and adapt infrastructure



There is a significant amount of existing infrastructure on site. Some infrastructure requires renewal, other may be suitable for re-use and adaptation.

Major infrastructure investment is required to deliver major tourism opportunities with some buildings providing opportunities for adaptive re-use such as buildings in the village and the use of the wharf theatre as a staging area for events and pop-ups.

There is also opportunity for infrastructure adaptation and renewal to be phased over time, in line with commercial opportunities and investment capacity.

For example, there could be a small adaptation to the current visitor centre to facilitate access to the geothermal water park etc, with future opportunity for wholesale renewal of this facility.

- a) **Enable selective re-use and adaptation of facilities and infrastructure.**
- b) **Invest in new infrastructure to regenerate the tourism experience.**
- c) **Consider the decommissioning of infrastructure where it is not required or fit for purpose.**

07. Improve access and accessibility.



The sites topography and terrain poses challenges for access.

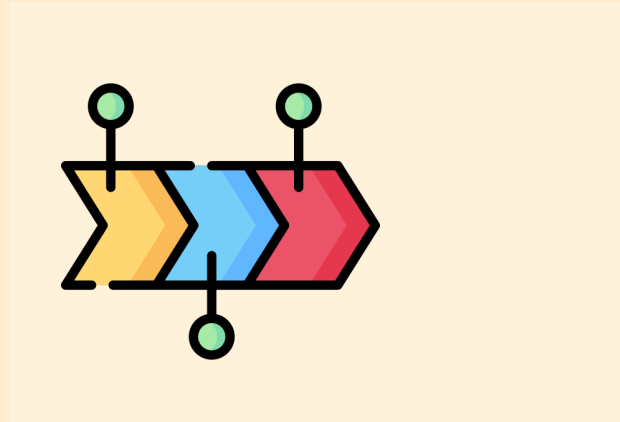
When re-imagining the site, better access could be incorporated through clever design that adds to the site experience and facilitates universal accessibility both in infrastructure and experience.

This could include the use of lifts that double as viewpoints, boardwalks, ramps and stairs and tiered landscapes which respond to the sites slope and topography.

In addition, there are opportunities to better connect the precinct with its surrounds including Cannon Hill and the Lake Pertobe precinct.

- a) Better connect the precinct with its surrounds.
- b) Improve access into and around the site.
- c) Create universal accessibility and inclusive experiences.

08. Allow for staged development.



Realisation of the vision will occur over the long term. Development of the site should be allowed to occur over time in a deliberate but flexible manner, which responds to statutory, market, site and investment considerations.

- a) Consider how the vision for the site can be realised over time, recognising the sites complexities and challenges in implementing the vision.

PRECINCT OPPORTUNITIES

The following present key redevelopment opportunities for the site. There is opportunity for commercial experiences to be First Peoples led, and/or developed in collaboration with First Peoples.

1. Geothermal Water Park

The site provides opportunity for consideration of a geothermal water park, providing a unique investment opportunity and potential to activate the site as a year-round tourism attraction.

The opportunity for a geothermal water park has been identified as part of the Great South Coast Economic Futures Geothermal Tourism Prospectus (2023).

The park could be uniquely integrated into the village area with opportunities to reflect First People's culture or maritime themes of the site. Activities could include geothermal bathing, kid's activities and co-location with village experiences (F&B, pop-up events, picnics).

The Geothermal Water Park would cater to both locals and visitors (including interstate and international markets). Positioned on the doorstep of caravan parks and camping sites, nearby hotels and the CBD. The attraction would appeal to families, groups, friends and relatives travelling together, and touring international visitors.

A geothermal water park provides a major private sector development opportunity, which could be packaged with other geothermal facilities, on-site accommodation, food and beverage facilities and wellness.



2. Geothermal Bathing and Relaxation

Building on the sites geothermal opportunity is the potential to incorporate geothermal bathing and wellness for adults.

The opportunity for geothermal bathing and relaxation pools has been identified as part of the Great South Coast Economic Futures Geothermal Tourism Prospectus (2023).

Geothermal bathing facilities could be discreetly located in the landscape with separation provided from the water park, allowing privacy and the ability to offer the experiences to different markets.

Geothermal bathing and relaxation areas provides a major private sector development opportunity, which could be packaged with other geothermal facilities, on-site accommodation, food and beverage facilities and wellness.

Adults geothermal bathing would be highly complementary to luxury accommodation, catering to overnight visitors.

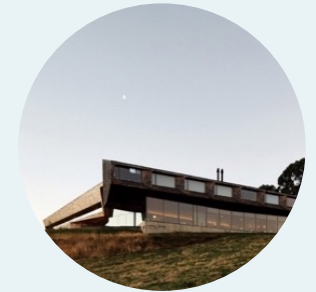


3. Accommodation (with co-located facilities including F&B, wellness and function facilities)

The site's strategic location and commanding views provide opportunity for the consideration of development of visitor accommodation, which would be complementary to geothermal experiences on site.

Two key accommodation opportunities could be explored, including:

- A **60-80 room hotel (or serviced apartment) complex of upper midscale quality** which would be complementary to the geothermal water park, offering accessible accommodation, as well as catering to **functions and small-medium size conferences**; and
- A **boutique and high quality hotel of approximately 40-60 rooms**, targeting State tourism target markets (the lifestyle leaders and high value international travellers). The hotel could include incorporation of **new wellness facilities** and experiences (spa, massage, yoga/Pilates) and an onsite **boutique restaurant** and bar serving local produce and fine wine and drinks.



4. Food and Beverage

There is opportunity to enhance the food and beverage offerings across the site, including consideration of:

- A **destination food and beverage offering, targeting locals and visitors** such as an integrated brewery/distillery, serving quality pub fare. The offering could include a produce store, indoor and outdoor dining, private functions and views across the coast.
- **Village food and beverage offerings**, to cater to on site visitors, events and functions. Existing village food and beverage offerings require upgraded facilities to improve their operations and offerings. Key areas where an upgrade could be considered include the Steam Packet Inn (pub) and tearooms.



5. Museum

The site holds a number of unique artefacts, alongside state significant heritage buildings, and a strong connection to the coast.

There is opportunity to revitalise the museum space (considering opportunities for how the collection is displayed and stored).

Changes to the way the museum experience is delivered could include co-location with Warrnambool's visitor servicing (incorporating merchandise, new displays and interpretations as well as space for tour operators).



6. Functions and Events

The site currently hosts a limited series of events, with opportunity to expand this offering by addressing infrastructure and access constraints (such as location of and limited food and drink preparation areas, quality of function spaces, and site accessibility).

A re-imagining of the site provides opportunity to consider a greater program of function and events on site, which could include consideration of:

- Private functions (birthdays, weddings, corporate events and conferences);
- Open air cinemas;
- Food events;
- Cultural events (including First People's led events);
- Health and wellness events;
- Arts and cultural events;
- Music and performances;
- Markets.



7. Access and Accessibility

The site faces a number of access and accessibility constraints that hinder activation opportunities within the Village. There is opportunity to address these challenges through improved infrastructure that can enhance the visitor experience and functionality of the site. This can include consideration of:

- New **lift access into the village**, that could also double as an observation deck and storm viewing **lookout**, leveraging the sites elevated position and extensive coastal views, which would **provide an attraction in its own right**.
- **Upgraded and improved pathways and boardwalks** throughout the village (addressing steep gradients).
- Better connecting the site with its surrounds, including **new pedestrian connections to the Lake Pertobe precinct** and **Cannon Hill**.
- A **new train platform to the south** (providing opportunity for mass transit of visitors on the doorstep of the site), improving conditions for private sector investment.





Legend

1. Gateway / site landmark
2. Car park
3. Mixed use and integrated facility, including:
 - o Accommodation (upper-midscale)(60-80 rooms)
 - o Function space
 - o Museum
 - o Destination F&B
 - o Storm viewing
4. Geothermal water park entry (incl. ticketing, admin, visitor services and amenities).
5. Water slide / water play
6. Lookout corridor and storm viewing tower, with lift access shaft to village.
7. Adaptive re-use and activation (café/kiosk, kids activities, lolly shop).
8. Open space for gathering, picnics and relaxation.
9. Geothermal water bathing and play.
10. Adaptive re-use for F&B & bath house.
11. Adaptive re-use for events (e.g. pop-up cinema, music).
12. Chill-out bungalows for Geothermal Water Park.
13. Reception (hotel and adults geothermal)
14. Wellness studio
15. Landscape buffers
16. Geothermal bathing (adults only)
17. Luxury boutique hotel (40-60 rooms)
18. Hotel car park and access boardwalk.
19. Heritage interpretation

- View corridor
- Heritage buildings
- Landscape regeneration
- Vehicular traffic
- Pedestrian traffic
- Future station & connection

Source: Cumulus Studio, 2023

DELIVERABILITY OF PRECINCT OPPORTUNITIES

The opportunities presented are intended to provide a vision that will guide planning and development of the site over the long term.

As outlined in this report, the site is highly complex. There are specific conditions and risks associated with attraction of private sector investment that requires lease terms in excess of 21 years, with projects required to be of regional or state significance and requiring ministerial approval.

Therefore, Table 9 (as follows) provides an outline of the deliverability of the precinct opportunities, considering:

- Major private sector investment opportunities; and
- Complementary private sector investment opportunities or publicly led opportunities.

The conditions under which these opportunities can be realised differs based on the type and scale of investment and the who the lead proponent is (ie. private or public).

In addition, the contribution towards re-imagining the site and the overall tourism impact will differ based on the opportunity and how it is realised, these considerations are noted in Table 9.

Table 9: Deliverability of Precinct Opportunities

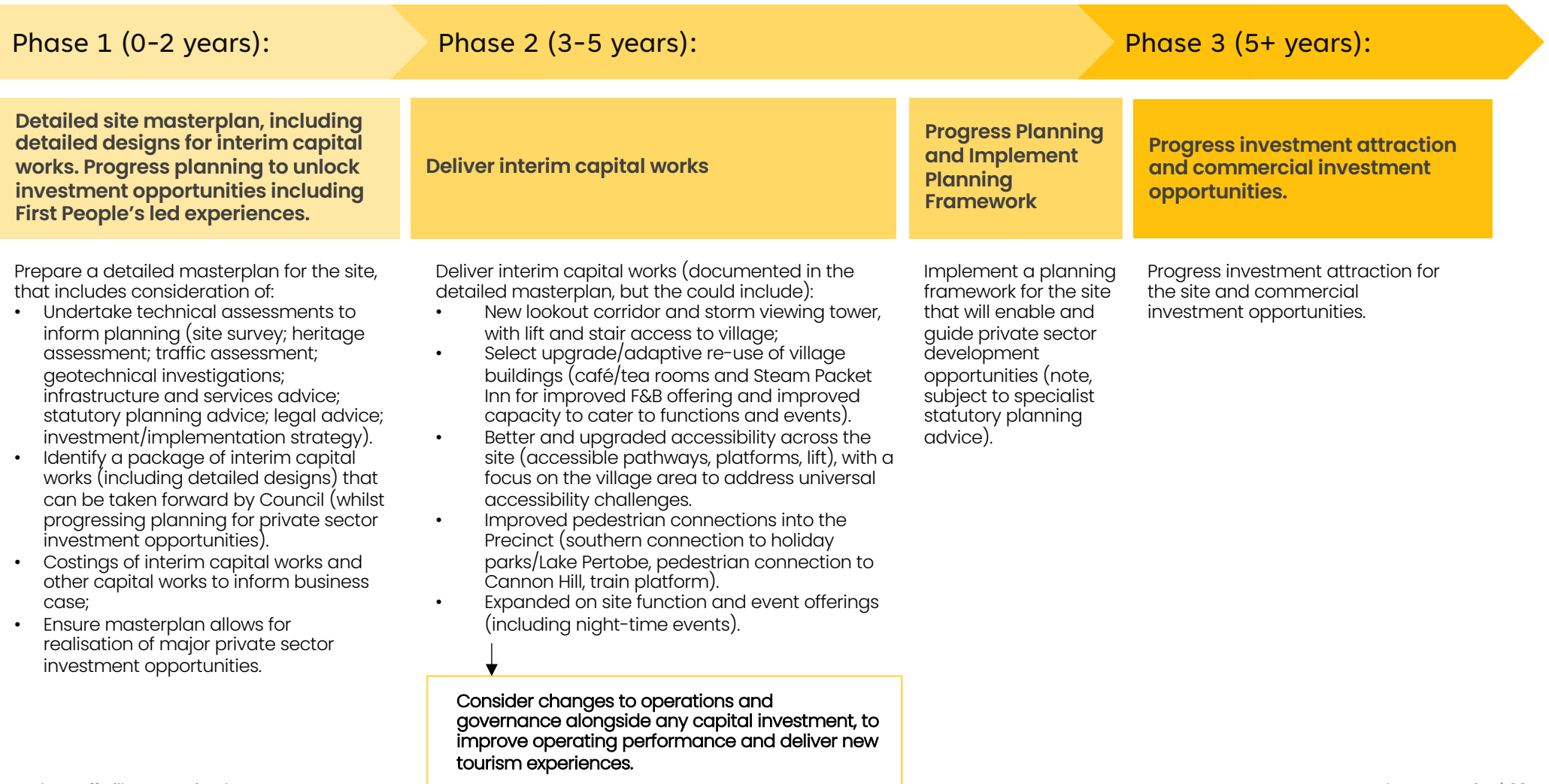
Investment opportunities	Key investment proponent (public or private sector)	Likelihood of delivery within or under 21-year lease?	Degree of Planning and Delivery Complexity?	Estimated scale of capital investment required?*	Estimated Planning & Delivery Timeframe	Contribution to re-imagining Flagstaff Hill?	Tourism Impact
Major Private Sector Investment Opportunities							
Geothermal Water Park							
Geothermal Bathing & Relaxation	Private	Low	High	High	5+ years	High	High
Accommodation							
Comment	<p><i>These investments will be primarily reliant on the private sector, with potential to consider a public/private sector partnership.</i></p> <p><i>These investments could be packaged, acknowledging the complementary nature of the proposals.</i></p> <p><i>Further planning is required.</i></p>	<p><i>The ability to deliver these investments under a 21 year lease is low, with a longer term lease required to provide the necessary investment returns to justify private sector investment.</i></p> <p><i>The required lease term is subject to the scale of capital investment needed.</i></p> <p><i>Further examination of capital requirements and investment partnership opportunities would be needed to confirm the investment requirements.</i></p>	<p><i>There is a high degree of planning and delivery complexity associated with Crown Land leasing (above 21 years).</i></p> <p><i>There is a need for a business case, technical assessments, statutory planning framework, ministerial approval, investment attraction and establishment of strategic partnerships.</i></p>	<p><i>The scale of capital investment is dependent on the type and scale of the project.</i></p> <p><i>Further detailed planning and concept plans are required to provide robust estimates.</i></p>	<p><i>Planning and delivery timeframes estimated to be 5+ years related to major private sector investment.</i></p>	<p><i>These investments have strong potential to make a significant contribution to re-imagining flagstaff Hill, delivering major tourism infrastructure and facilities, activating the site and enabling other private sector investment opportunities to be realised.</i></p>	<p><i>Potential to attract new visitor markets, increase visitor length of stay and expenditure, contribute to destination awareness and marketing and stimulate further investment.</i></p>

Table 9: Deliverability of Precinct Opportunities (continued)

Investment opportunities	Key investment proponent (public or private sector)	Likelihood of delivery within or under 21-year lease?	Degree of Planning and Delivery Complexity?	Estimated scale of capital investment required?*	Estimated Planning & Delivery Timeframe	Contribution to re-imagining Flagstaff Hill?	Tourism Impact
Complementary private sector investment opportunities or publicly led opportunities							
Destination Food & Beverage							
Village Food & Beverage Offerings							
Museum	Private; or Public	Low (private led) High (public led)	High (private led) Low (public led)	Medium (private led) Medium (public led)	5+ years (private) 3-5 years (public)	High (private led) Low-Medium (public led)	High (private led) Low-Medium (public led)
Functions & Events							
Access and Accessibility							
Comment	<p>The planning pathway will be dependent on the lead proponent.</p> <p>If a private sector led approach is taken, these investments would be complementary to proposed major investments (i.e. geothermal and accommodation).</p> <p>Alternatively, opportunities could be delivered by the public sector as standalone or packaged investments. It would be important to ensure major private sector investment opportunities are not compromised through short term or interim developments. The Public sector would be responsible for leading the planning process and funding capital investment.</p>	<p>Under a private sector led development, it is likely a longer term lease would be required to provide the necessary investment returns to justify private sector investment (particularly when packaged with other major investments - geothermal, accommodation).</p> <p>Under a publicly led development, Council would own the infrastructure and manage additional operations. Some facilities or operations could be leased to a third party (e.g. destination food and beverage, functions).</p>	<p>There is a high degree of planning and delivery complexity, associated with Crown Land leasing (above 21 years), in seeking private sector investment.</p> <p>Planning and delivery complexity is significantly reduced under a publicly led approach.</p>	<p>The scale of capital investment is dependent on the type and scale of the project.</p> <p>Further detailed planning and concept plans are required to provide robust estimates.</p> <p>Under a private led approach, the facilities and offerings would likely be integrated into a larger redevelopment.</p> <p>Under a publicly led approach, the facilities would look to improve the current offering and create new experience opportunities and revenue generation.</p>	<p>Planning and delivery timeframes are contingent on whether the lead proponent is the private or public sector.</p> <p>Planning and delivery timeframes estimated to be 5+ years related to major private sector investment.</p> <p>Shorter timeframes anticipated for public led infrastructure improvements.</p>	<p>A private sector led development, packaged with other major investments would result in the highest overall impact.</p> <p>A publicly led development, would provide for a new F&B drawcard and activation of the site for locals and visitors, however, its impact would likely be much more limited without other major activations.</p>	<p>A private sector led development, packaged with other major investments would result in the highest overall impact.</p> <p>Under a publicly led approach, tourism impacts are anticipated to be modest, but subject to the ultimate experiences delivered.</p>

IMPLEMENTATION APPROACH

The following provides an outline of how the precinct vision can be implemented, having regard to Crown Land considerations and further planning requirements associated with major private sector investments. The implementation framework enables for some change to occur on site in the interim delivered by the public sector (whilst planning is progressed on unlocking private sector investment opportunities). Interim investments are aimed at improving the operational and tourism performance of the site without compromising future major investment opportunities.



IMPLEMENTATION CONSIDERATIONS

A greater level of planning is required to realise the vision and change of this magnitude.

This will require time and investment into the planning process.

Further advice is required to inform a detailed masterplan for the site and expand on other considerations. The following will be required:

- **Engagement** – Ongoing engagement with government, First People's/Traditional Owners, site stakeholders, and the community will be needed as planning for the site progresses.
- **Site survey** – a site survey is required that will enable the preparation of a detailed masterplan for the site and preparation of detailed designs for interim capital works.
- **Heritage assessment** – specialist heritage advice is required to better inform redevelopment opportunities and management obligations in relation to state significant heritage assets.
- **Geotechnical investigations** – are required to inform development opportunities and constraints, as well as geothermal opportunities.
- **Infrastructure and services advice** – to inform capacity and requirements for services infrastructure upgrades.
- **Statutory planning advice** – Changes to the Planning Scheme may be required to facilitate investment and guide development outcomes. Specialist statutory planning advice is required to scope the level of change that may be required, the strategy to achieve desired investment and planning outcomes, and identify an appropriate pathway for implementation.
- **Legal advice and investment/implementation strategy** – Facilitation of private sector investment (where a lease term above 21 years is required) will require a specific investment strategy and targeted legal advice, having regard to Crown Land considerations.
- **Traffic assessment** – to inform traffic and transport requirements for the masterplan, including detailed investigation of an opportunity for a train platform to the south of the site.
- **Private sector / specialist advice in relation to private sector investment opportunities** – specialist private sector advice will be required in relation to key private sector development opportunities including geothermal facilities.
- **Governance** – Amendment to the current site governing arrangements will be required. How the site is governed and managed will depend on how planning and investment into the site progresses through the planning phases.
- **Investment Attraction** – Investment will be required into further planning, capital works and ongoing operations. This will require both public sector investment in the initial planning stages and any interim capital works, as well as private sector investment into new infrastructure, facilities and experiences.

PROJECT BENEFITS

Re-imagining the Flagstaff Hill site has the potential to create a range of benefits for the region. These are summarised as follows:

Delivering a major tourism precinct.

Investing in projects and experiences that address regional product and experience gaps and create destination driving experiences.

Aligning to regional strategic priorities.

Addressing product and experience gaps, attracting new markets, driving visitation and yield, promoting hub and spoke visitation.

Improved financial outcomes.

Reduction in recurring financial subsidies provided by Council. This expenditure could be re-allocated (within the precinct or externally to other tourism and community initiatives).

Facilitating Private Sector Investment.

Facilitating private sector investment into the region, generating new jobs through construction and ongoing operations.

Delivering economic benefit.

Attracting additional visitors, extended length of stay and visitor spend, translating into new business opportunities and employment growth.

Heritage protection and conservation.

Ensuring ongoing management and maintenance of state significant heritage assets.

Integration of First Peoples culture.

Integrating First Nations culture into the precinct through redevelopment.

Resident amenity and lifestyle benefits.

New amenities, facilities and experiences for resident use.

Growing Warrnambool's tourism brand.

Supporting the regions tourism brand, and growing its standing as visitor destination.

Aligning to state tourism priorities.

Facilitating investments that align to state tourism priorities.

