



Samurai Beach Tourist Resort - The Naked Truth!

How The Port Stephens Rate Payers have lost their shirt.....!



Samurai Nudist beach

January 2014 - This is a story about a Council that envisioned itself as a luxury resort developer and operator, paid \$2 million of its ratepayers money for a former nudist resort, ploughed another \$4.6 million of borrowed funds into unsuitable accommodation, with no dining facilities, then sat back for 12 years and watched it all disappear into a black hole, about 15-17 million dollars deep without doing anything about it, and it is still getting deeper! This is how it happened.....

Location:

Samurai Beach Resort is on a 8.915 ha site located at 562 Gan Gan Road, opposite the Frost Road intersection, One Mile Beach, Port Stephens near Newcastle, Australia. [Show On Map](#). It has direct access to two beaches, One Mile beach and Samurai beach (clothes optional) and is next to Tomaree National Park. It is also adjacent to the privately owned Middle Rock Caravan Park and One Mile Beach Caravan Park, 5 kilometers from Nelson Bay CBD and Anna Bay.





History:

In October 1992 The Resort started its life as "**Bardot's!** A Clothes Optional Recreation Park for The Whole Family"

Bardot's opened to great fanfare with the [Sun Herald's](#) Alex Mitchell proclaiming:

It had to happen - Australia's first luxury nudist resort is opening in October. It's called Bardot's and it will be located at Port Stephens, near Newcastle. The \$5.5 million complex comprises 65 units on a 8.3 ha site.



The resort has been developed by Jim and Vicki Punch who will charge a modest \$12 for day guests, \$65 for single overnight accommodation and \$82 for a double. Mrs. Punch says nudism is 'a growth industry' which gives hope that we may yet be saved from the recession by a nude-driven recovery....

In truth it opened in 1992 with 8 units that were anything but luxurious. Approval in principle had been granted for up to 74 four star units to be built on the site. 12 units were eventually completed. Bardot's went into voluntary administration for several months in 1997 following a dispute between directors but this was resolved in 1998. The Australian Nudist Federation however deemed the resort one of the best in the world, that over the years it had catered to thousands of happy customers and it had a spotless reputation.



In July 2001 Port Stephens Mayor Steve Busteed announced that Port Stephens Council would be acquiring the site for \$2 million, spending a further \$6 million on 70 more villa units, and moving it up-market. As you can see in the articles below, When Purchased it had 12 units, a swimming pool, gas heated spa, a large tennis court and the Council had high expectations for the future rivers of gold generated by a major tourist development. This resort was to be the centerpiece of the Council's suite of Holiday Parks. Council purchased the Improvements and Crown Lease which expires in 2029. The lease restricted use to a holiday resort, and no camping or caravans were permitted.

Newcastle Herald 03 July 2001: [Council Pays \\$2 m For Nudist Retreat](#)

The famous Bardot's' Nude Village Resort at Anna Bay has been sold to Port Stephens Council for \$2 million.

Newcastle Herald 04 July 2001: [\\$6 m For Nudist Camp Revamp](#)

PORT Stephens Council may spend up to \$6 million to turn a former nudist camp at Anna Bay into an exclusive holiday resort. The high-profile Bardot's' Nude Village Resort on Gan Gan Rd is no more.

The nine-year-old resort 'died' about 1:30 pm on Monday, when Port Stephens Council officially bought the property for about \$2 million from owners Jim and Vicki Punch. But the 8.72 ha site, to be called the 'Samurai Beach Resort', will continue to trade.

**Reminiscing in The Guardian 15 March 2002: [Grin And Bare it .](#)**

As David Atkinson heads to Australia for his first naturist experience, certain questions spring to mind. Are you allowed to peek? And just where do you put your mobile phone?



In 2004 Council completed Stage 1 of the proposed development works at a cost of \$4.65 Million, funded from external borrowings, and erected another 19 units . The site now has:

Demountable Cabin/villas	11
Spa Suites	8
Deluxe Spa Suites	4
Studio Rooms	8
Total Units	31

This misdirected expenditure was probably Council's second mistake, because instead of catering to families the 8 'studio' units (in two buildings) were really only capable of sleeping a couple in each (Queen plus a sofa bed) and 4 'Deluxe' suites (in another building) had private entertaining areas with barbecues and spa baths etc. but only a king bed and sofa bed. This used up a lot of the capital, but only produced a limited return . The demountable 'villas' were meant to be cater for families but they were more like cabins and would not attract high tariffs.



The other major deficiency was that the nearest dining and entertainment facilities were in Nelson Bay or Anna bay 5 or 6 kilometers away. There was not even a takeaway closer than that. A licensed restaurant/ entertainment area would have made the place more attractive but the capital required would make a return marginal, given the year round occupancy would not be there through the winter.



The proposal for stage two of the development was supposed to address this deficiency, worth a further \$4 million it would provide 43 more units, a conference centre and restaurant. (optimistic Costing!)

Staff were told that the maintenance on the extensive grounds and pool facilities and Council's generally high management cost structure and service/repairs system would require a very strong average occupancy rate to make this business work and that they should strive to achieve that, but figures released in Council minutes acknowledge it has never averaged over 35%. Crown Lands expects a minimum of 44%, other parks around 55-60%.



Staff told us that they actually worked out that, even with a 100% occupancy rate under the original Crown lease agreement, that the resort would still have lost money.

TRRA understands that in a belated attempt to attract some interest in the property now, (2014) the Crown have agreed with Council to allow a **new buyer** to renegotiate a longer, broader lease on better terms. Ratepayers might ask why the Council could not negotiate a better lease with the Crown when all this became obvious very early in the piece, say in 2006. (See below)



It seems that the initial purchase price was too high, the Crown lease too restrictive and a proper business case was never prepared to see if a return on the investment could ever be achieved. Worst of all, subsequent Councils ducked for cover and did not take any positive action to address the problem, despite warnings from some savvy Councillors.

Some of the Samurai Beach Resort Site links are still operational : [HERE](#) , but of course they no longer accept bookings.



2006, When The Wheels started to fall off

Councillor Geoff Dingle was a voice in the wilderness raising his concerns in 2006.

Newcastle Herald 02 March 2006: [Beach Resort At Crossroads](#)

Port Stephens Council must decide whether to cut its losses or throw more money at Anna Bay's dwindling Samurai Holiday Resort to combat last year's operating loss of more than \$500,000.



Newcastle Herald 04 December 2008: [Last Resort](#)

Every ratepayer in Port Stephens has paid for two nights luxury accommodation at the award-winning Samurai Beach Resort, without ever having stayed there. Having already pumped more than \$9 million into the eco-resort at One Mile Beach, ratepayers now stand to lose another \$10,000 a week over the next nine years, sparking a row over the site's future.

Newcastle Herald 10 May 2010: [Port Stephens Council To Sell Samurai beach Eco Resort](#)

Having spent almost \$11 million propping up the Samurai Beach eco-resort, Port Stephens Council looks set to accept heavy losses and put the failed investment on the market.

1233 ABC Newcastle 12 May 2010: [Council To Sell Former Nudist Resort](#)

Port Stephens councillors have unanimously voted to sell off the controversial Samurai Beach Resort. Council purchased the former nudist resort in 2001 and has lost more than \$10 million since that time.

Despite finally being put on the [market](#) three times, there has been no offer acceptable to Council yet, even to recoup the original \$2 Mill purchase price.





We Have Had The Weddings But There Has Been No Funeral.....

The staff at the Samurai Beach resort were well aware of the parlous financial state of the operation and its likely effect on their future prospects. They all worked very hard to make the place viable. The grounds and pool were kept in immaculate condition by the groundsman, but the budget for any additional expenditure on improving the business was tight.

The new Manager in 2012 decided that it would be a great venue for weddings and gave it a go, arranging publicity with wedding



Consultants: [My Wedding Concierge](#) among others, and hiring a 10 m x 21 m marquee for each event which was erected on half of the large tennis courts at the bottom of the property. The main selling point was that up to 160 Guests could be catered for with the majority

staying in the resort for a weekend. They organized barbecues around the pool, films and activities for kids and wedding guests could relax with the family in an idyllic location.



Reluctance in senior management was eventually overcome to purchase a Marquee, instead of hiring and erecting one from Maitland for each event. The \$59,000.00 outlay was soon recouped from the reduced costs. This became a successful business and reduced the losses in the later years but could still not address the high cost, low occupancy problem.



2010 The Secret Deloitte Audit

In 2009 the State Government put some pressure on Councils Managing Crown Land Holiday Parks to boost their returns. At this time TRRA was looking into Port Stephens Councils Annual Reports and trying to understand why they were trying to increase rates above the State cap. The financial statements just did not add up and we eventually put in a submission to the Minister which resulted in the application for a rate increase being refused on the grounds that 'Council had not exhausted all other revenue availability'.



We had pointed out that the \$600,000.00 to be raised by the rate increase was more than eclipsed by the \$750,000.00 loss on Samurai projected for that year.

All this culminated in the story below by Ben Smee. The Crown reacted to this by freezing all expenditure from the Holiday Park management trust for two years and requiring the Council to submit its management of the trust to an audit by Deloitte's Forensic Accountants.

Newcastle Herald 01 June 2010: [Port Stephens Fees Spark Audit Demand](#)

PORT Stephens Council is charging more than \$3000 a day for cleaning and maintenance at the three caravan parks it manages for the state government, prompting the government to launch an investigation and demand an audit of the council's books.



Newcastle Herald 01 June 2010: [Park Surplus Under Audit](#)

The lands authority investigation involves a forensic examination of the council's books, which is being finalised by auditor Deloitte. The Herald understands the authority is investigating a number of aspects of the caravan park returns. Investigators will conduct a site inspection in the coming weeks and the audit is to be finalised soon after.



The Deloitte audit required by the Crown Lands Department into the Councils management of the holiday parks was completed in September 2011. TRRA immediately requested access to the document. The Crown had no objection to this but the Council obfuscated in every way possible and even when our GIPA request was successful they appealed it to the Information Commissioner. They ran out of rope in February 2013 (17 Months later) when we finally received a copy of the report that had cost the trust and the ratepayers \$70,000.00. Several individual Councillors had asked to see the report and access was denied to them as well.



The report revealed that as we suspected, there were unacceptable antiquated accounting practices being used by Council, where all the proceeds and expenses of the parks were tipped into one bucket that became intermingled with Councils own revenue making it impossible to see what parks were performing well and which ones were subsidizing the others. Capital works money was borrowed from the trust and used to fund things that it should not. Council owned businesses Corporate Clean, Corporate Services etc. were charging the trust exorbitant amounts for services and redistributing the proceeds elsewhere to general revenue and to prop up Samurai.



The Council used this 17 months to comply with a 14 point schedule of operational criteria in a strongly worded (March 2012) document (leaked to TRRA) which said in part:

"As Council is aware, one of the objectives of providing Holiday Parks on Crown reserved land is to provide recreational facilities for the people of NSW and the travelling public. A further benefit of the Crown Holiday Parks is the generation of revenue to enable the development and improvement of the facilities of the Crown Holiday Park and any Crown reserve under the Trust Managers control. Excess funding may then be allocated to other reserve trusts for the improvement of other Crown reserves, with the consent of the Minister administering the Crown Lands Act.

It is contrary to Council's role as trust manager for income derived from Crown caravan parks to be used for Council's works and services on land other than Crown reserves managed by the trust. (our emphasis)

Council's recent management of these Crown Holiday Parks has not provided an appropriate financial return which has resulted in a substantial loss of funding to enable works on the Crown Holiday Parks and other Crown Reserves. This has not been in the interests of the people of NSW who have an expectation of an appropriate return from the management of such facilities. Furthermore the Crown estate has been disadvantaged as works required on the Crown reserves have not been able to be financed."

This was a disaster for the LGA because all capital works and the \$6.5 mill in the trust fund was frozen for two years. That loss of opportunity will never be made up. The Council has now set up a new more transparent trust and addressed a lot of the issues raised in the audit. Plans of management have now been drawn up for each park individually and the true state of the books has been revealed. The links below to our website tell the story of a Council that has managed these valuable assets on our behalf in a pretty shoddy manner and tried to conceal the mess as long as they could.

[Holiday Parks Audit info. What are Port Stephens Hiding?](#)

[PSC Holiday Parks - New Reserve Trust](#)

[PS Council Managed Caravan Parks - Update](#)

[Holiday Parks - Samurai - April Update](#)

2012 New Port Stephens Holiday Park Reserve Trust

The new Port Stephens Holiday Park Reserve Trust met in on 13 November 2012 and the Deloitte report was finally revealed to the elected Councillors. The document as only tabled briefly at the insistence of Clr. Dingle and copies were not made available. The Rules of the new trust were explained and the comprehensive Plans of Management for each park were tabled.

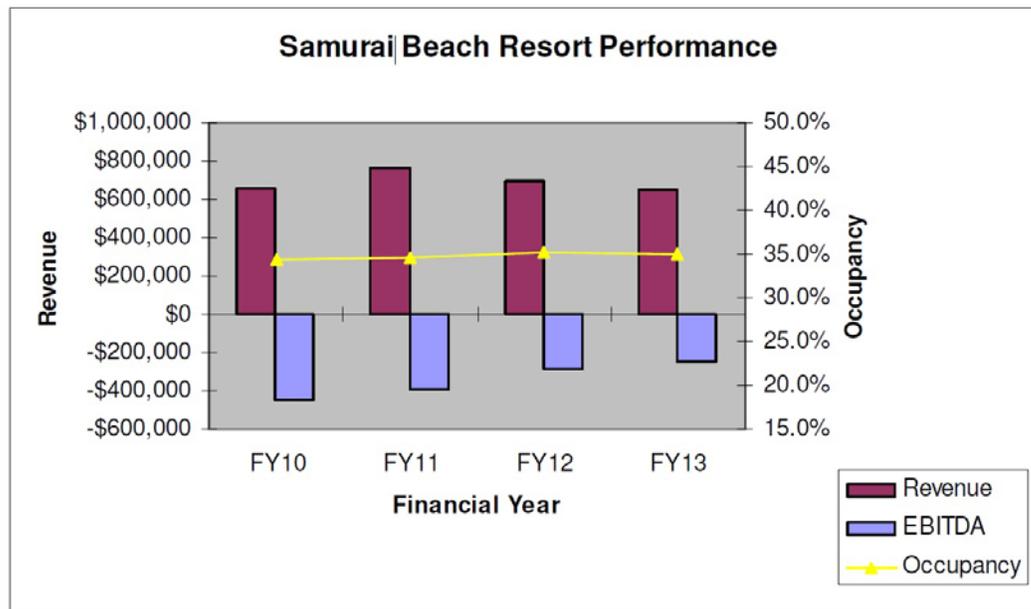
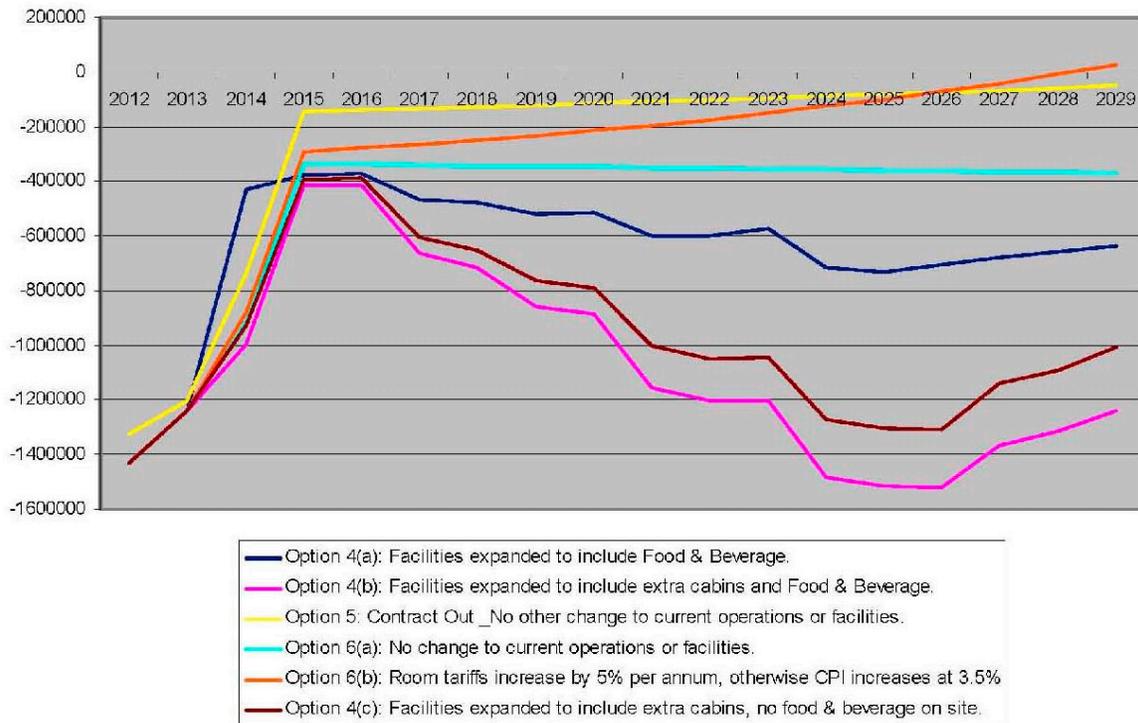


The options for Samurai were dire. [HERE](#)

PS Examiner 27 November 2012: [Samurai Way Out Approved By Councillors](#)

Port Stephens Council could cut its \$11 million losses on the beleaguered Samurai Beach Resort in exchange for full ownership of the Shoal Bay Holiday Park.

Profit/Loss + Depreciation + Loan Repayment



The Resort is projected to cost Council approximately \$3,950 (before depreciation, capital works and loan payments) each week in 2012/2013. There are two current loans, one will be finalised in April 2013 and the other in June 2014 (balance at 30 June 2012 \$1.36M).



Port Stephens Council 27 November 2012: [Council Minutes - Samurai](#)**RECOMMENDATION IS THAT COUNCIL:**

- 1) Authorise the General Manager (or delegate) to undertake all necessary processes to close Samurai Beach Resort by 31 March 2013 (option 1).
- 2) Further investigate the liquidation or transfer of the unfixed assets located at Samurai Beach Resort to other Beachside Holiday Parks.
- 3) Continue to negotiate with the Crown to exchange Samurai Beach Resort for the Crown portion of Shoal Bay Holiday Park (option 2).
- 4) Should the Crown not agree to the exchange detailed in item 3 above, Council negotiate to purchase the Shoal Bay Holiday Park Crown land portion.
- 5) Should the Crown not agree to the exchange detailed in item 3 above, Council progress a joint Request for Proposal with the Crown for Samurai Beach Resort (option 8).

ORDINARY COUNCIL MEETING –
27 NOVEMBER 2012

COMMITTEE OF THE WHOLE
RECOMMENDATION

Councillor Steve Tucker

Councillor Chris Doohan

That the recommendation be adopted.

MOTION

Councillor Ken Jordan

Councillor John Morello

It was resolved that the recommendation be adopted.



2014, (And Counting) - The Black Hole Keeps Getting Deeper.....

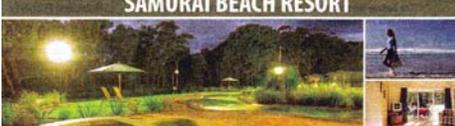
Sydney Morning Herald 11 January 2014- Advertisement: [Samurai For Sale](#)

This ad appeared in Saturday January 11 2014 Sydney Morning Herald

We were told this lease sale is still being dealt with and expressions of interest were in the system, but it appears that Councils Corporate Services is now trawling the markets yet again to find someone to stump up for this loss making concern, estimated to have cost PSC \$15 - 17 million over its life so far and still continuing to escalate.

Port Stephens Council still owes an estimated one million in outstanding loans and the property, (buildings, gardens and pool) has continued to be maintained with no income stream for almost 12 months so far.

**FOR SALE - LEASEHOLD INTEREST
SAMURAI BEACH RESORT**



Port Stephens Council is offering for sale by Request for Proposal, the leasehold interest in Samurai Beach Resort.

Situated on 8.149 hectares of Crown Land at One Mile Beach, in the heart of picturesque Port Stephens, the Samurai Beach Resort is a well renowned tourist facility ideally located just three hours from Sydney at the gateway to the mid north coast of New South Wales.

The property is set in a unique bushland environment, with access to nearby One Mile Beach, and within 5 kilometres of Nelson Bay CBD.

Features:

- 31 accommodation units
- swimming pool and spa
- tennis court
- barbecue facilities
- well appointed office/ administration facilities
- development approval for a further 43 units.

Previously used as tourist accommodation and has been a large player in the wedding reception market, the resort still holds a special place in many people's hearts.

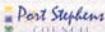
The permitted use under the existing lease has been significantly broadened while the existing approval for further development of the site is considered to represent a significant opportunity for expanded usage or the addition of a range of complimentary activities.

Sale of the leasehold interests are contingent upon the successful proponent entering into a new lease over the site with NSW Department Trade & Investment – Crown Lands.

Documentation is available from:
Jayme Borthwick on 02 4980 0331 or jayme.borthwick@portstephens.nsw.gov.au
or via tenderlink: www.tenderlink.com/portstephens

Refer to RFP01-2014.

Tenders close 5pm Friday 28 February 2014.




An annual fee to the Crown of \$250,000.00 is due early this year (2014). it seems that we will continue to have to pay lease fees associated with a property, effectively owned by the Crown, but leased by Port Stephens Council as a holiday facility which has no income, ad infinitum. It is estimated with the combination of the Crown fees, maintenance costs, services and loan payments, PSC is, and potentially will be, forking out around \$8,000.00 per week with no income stream. One wonders if we wouldn't have been better off to continue the operation there so we could have handed over an operating facility which would have far more attraction as a salable item but obviously the entrepreneurial PS Council have thought this all through..... Aged Peoples Home, Government Disadvantaged Youth facility, Disabled Persons Group Home, Prison, Asylum Seekers Detention Camp anybody??



Why is Council approving permanent caravan parks everywhere:

Examiner 21 January 2014: [Rural Caravan 'Suburb'](#)

And how can private operators buy land, build these facilities from scratch with the expectation of a profit when 'ready-made ones like Samurai can't be sold for any money?

TRRA would like to remind you, that if you live in the Port Stephens LGA, you should substitute: **RATEPAYER (YOU)** wherever you see the words PSC, Port Stephens Council etc. This is **YOUR MONEY** we are talking about.

Now that the site has been mothballed, what is left of the assets will deteriorate very quickly indeed. The place will be a security nightmare, likely to end up vandalized like the old Gan Gan Army camp was, and if the grounds and buildings are not properly maintained they will soon become a fire hazard, a target for squatters and one can only imagine what will happen to the spa/swimming pool and tennis courts.

We have had reports whilst researching this article that the site has recently been vandalized twice and that the original proposal to transfer the marquee and the wedding business to the Soldiers Point Park have been scrapped. We can only imagine what has happened to the \$60,000.00 marquee in the last 12 months.....



At least the Council has finally grasped the nettle and admitted that they made a very bad mistake purchasing this property and that they could not just allow it to haemorrhage money forever so they are trying to sell it. Unfortunately they may end up having to donate it.....! The shame is that previous Councils, despite the efforts of a few of the more savvy Councillors have just hoped that if they did nothing it would all just go away.

TRRA urges Port Stephens Council to focus itself back on to its core functions of servicing its ratepayers maintaining roads, parks, children's playgrounds and providing footpaths and garbage services etc. and stop these forays into competition with private business. **Even with the advantage of low interest loans from trusts, Crown leases and not paying itself rates, Council has still failed miserably to advance the interests of its constituents by investing in these high risk ventures.**

Think what could have been achieved if that \$17,000,000 had been invested in the infrastructure that is so desperately needed in this area, improving our foreshore, the Fingal Bay Bypass maintaining our parks and reserves etc. and we ask whose interest is really being served by further massive investment into these Holiday Parks and resorts with very little return back to our community.

TRRA is also concerned with the recent multimillion dollar investments in the Fingal and Birubi Surf Clubs. Precious Sec. 96 funds collected from developers and earmarked for community infrastructure were ploughed into these facilities. That may benefit the club membership and the private operators of the restaurants in these buildings, but we cannot see the return to the general community from these ventures.

If you feel angry about this (and you should!) We urge this community to comment here on this website, write to the local paper, contact your local Council representative and the Port Stephens Council General Manager, Peter Gesling who is responsible for managing the Councils business in an accountable and transparent manner.



We think it is a disgrace that this mess has been able to fester along through Council After Council for this long, and continue bleeding ratepayers scarce funds down the drain. For God's sake just take it out the back and shoot it Council!! Cut your losses and let's get on with it. We ratepayers will remember how this was handled at the next election.....

Dick Appleby
Webmaster
Tomaree Ratepayers & Residents Association Inc.

Will we ever get a nice sunset over Samurai, eventually?

