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Please quote file no:
PSC2013-04507

The President
TRRA
PO Box 290
NELSON BAY NSW 2315

Dear Sir

Re: TreEscape Park

Thank you for your letter of 27 October 2014 outlining the Association's concerns regarding TreEscape Park. In response to your letter I wish to advise the following:

Council has undertaken extensive market research which demonstrates that demand exceeds supply for camping in Port Stephens during Peak periods. With the banning of camping on the Sand Dunes a couple of years ago, the reduction in camping available at Soldiers Point Holiday Park and the fact that other Port Stephens Beachside Holiday Parks track at around 90% occupancy for tent sites, there will be strong demand for camping in Port Stephens during Peak seasons.

The caravan, motorhome and camping industry has been the fastest growing domestic tourism sector in Australia for the past 15 years (CCIA website Dec 2013).

TreEscape will be well placed to appeal to the growing Asian market as these travellers seek natural, Australian experiences which TreEscape will be well placed to deliver.

Port Stephens is the perfect destination for school groups and there are limited accommodation options for school groups at the budget end of the market within Port Stephens. These budget groups traditionally go to the Government Sport & Recreation Camps.

TreEscape will be able to capitalise on Events being attracted to the region by providing a range of accommodation to suit groups including the dormitory style tents.

A comprehensive Business Case has been considered by Council. The Business Case was discussed at length before any representation to the Crown. The data provided in the business case was gathered from organisations such as Destination Port Stephens and other industry bodies as well as data from Council's other holiday park enterprises.

Council's Property Reserve is income that has been generated through the Council Property Investment Portfolio and, therefore, does not call on general revenue so will not impact on funding for other "Community Reserve upgrades". Our recent market research shows the cabins should achieve \$40,000 - \$50,000 in the open market.

The rental agreement with the Crown provides for a base rent and % turnover which, at the commencement of the business, will result in circa \$40,000 reduction of rent from the current rental payment. However, when the business improves, the Crown will be entitled to an increased rent. This is considered a win/win result.

I trust this information addresses your concerns.

Kind regards,

CARMEL FOSTER
A/GROUP MANAGER CORPORATE SERVICES

3 November 2014