

## **Old Bega Hospital**

### **Regional Community and Cultural Centre**

#### **Business Case Options**

In developing the business case for the Regional Community and Cultural Centre, the Old Bega Hospital Reserve Trust considered a number of development alternatives on the site, and an alternative location.

The Trust evaluated the capacity of those alternatives to meet these criteria:

- the purpose of the reservation from sale of the Old Bega Hospital Crown Reserve, viz 'for preservation of historical sites and buildings and community purposes'
- investment required
- return on investment, including formal and informal employment.

The options considered were:

1. Do nothing. The building will continue to deteriorate and heritage values will be lost. No use will be made of existing asset. Low cost, but nil return in financial and employment terms. Inconsistent with reservation from sale for community and heritage purposes.
2. Sell the site as is to a private buyer. Future use is unknown and use of the site would likely be lost to community, so a sale is likely to be inconsistent with reservation from sale for community purposes. Risks demolition or neglect, so could be inconsistent with reservation for heritage purposes. Covenants on uses could provide some protection, but that would likely reduce the sale price. Provides a one off financial return to government as the seller, but no guarantees as to heritage conservation, community use or employment generation.
3. Retain ownership and develop the site fully for commercial purposes. High cost as high quality building and services will be required. Inconsistent with reservation for community purposes. Commercial uses may be restricted by current 'private recreation' zoning, heritage listing and edge of town location. Heritage values could be protected, but might limit alterations for commercial purposes. While high cost, this option should provide a reasonable return on investment, at least sufficient to cover ongoing maintenance and depreciation costs. If new commercial ventures were established on the site this option should have good employment outcomes.
4. Retain ownership develop the site fully for community purposes. Lower investment cost than a purely commercial option as lower building and fit out standards would be acceptable. Provides a high level of community returns, consistent with reservation from sale, but low financial return, probably not sufficient to cover recurrent costs and depreciation, so risks long term degradation. Formal employment generation (e.g. for care and maintenance) likely to be lower than commercial development options, but informal employment of volunteers and artisans could be significant.
5. Retain ownership and develop for mixed community and commercial purposes. Somewhat higher cost as high standards and facilities would be required for commercial uses. Consistent with reservation from sale, heritage protected, generates sufficient financial return to be financially sustainable over the long term. Will generate formal employment

from new commercial activities and care and maintenance, together with informal employment of volunteers and artisans.

6. Defer restoration of the main building for now (as Option 1) but develop additional buildings on site for community and commercial uses. Purpose built new buildings are likely to be cheaper for a given purpose than restoring the main building, and can be scaled appropriately, so new buildings are likely to generate higher rates of return on investment than restoring the existing building, including employment returns. This option is financially sustainable and provides for community uses, but the main building will continue to deteriorate and heritage values will be at risk until restoration is undertaken. The site will not have the attraction of a restored heritage building. The usage of the site resulting from additional buildings and uses is likely to generate a better business case for restoration of the main building at a later date.
7. Construct a regional community and cultural centre on a greenfields site elsewhere, rather than at the Old Bega Hospital. As with Option 6, this option is likely to produce higher returns on investment than restoration of the Old Hospital building and could meet the community use criterion very well, but as with Option 1 it does nothing in either the short or longer term to conserve the heritage values of the Old Bega Hospital.
8. Purchase adjacent land to increase the potential ultimate scale of activities on and around the Old Bega Hospital site, e.g. by developing a full scale art gallery and/or museum on adjacent land. The funding required for land purchase is modest but until the adjacent site is developed there is no return on the investment and there would be some recurrent costs. Significant development on the adjacent site as envisaged would require substantial additional investment.

On the basis of that evaluation, the Trust's preferred option is 5 and it has proceeded to prepare this application on that basis.

The second preferred option is 6, initial development of additional purpose built new buildings on the site, and defer repair of the main Hospital building to a later date. Option 5 allows for the same result in the long term if the Hospital building is repaired now and new buildings are added at a later date, which is how the Trust envisages the site will develop. The Trust sees the restored existing building as best suited to retail, office, display, conference and other purposes that will have a light footprint on the heritage structure and features. To a degree, those lighter uses might be thought of as ancillary to core community uses such as an artisans incubator or intensive recreation, which would likely find a heritage building restrictive. Even an art gallery would have lighting requirements that would be difficult to meet with the number and placement of windows around the spaces in the existing building. The Trust sees that the existing heritage building plus purpose built new buildings on the site will complement and support each other, and that each will build the resilience of the other and increase the value of the site as a whole. So there is a question of which comes first, given limited resources. The Trust's view is that protection of the heritage values of the site is both a primary objective and a primary drawcard for users and sees that as good reason to prefer option 5 over option 6. Also, once the site is established, the Trust expects that specific users will be able to find funds for building work from a number of sources. That process has been demonstrated by the Bega Men's Shed, which found funds to erect a Men's Shed on the site without financial contributions from the Reserve Trust. The Trust has found it extremely difficult to find substantial

funding sources, either government or non-government, to renovate a State owned heritage building.

Options 1 to 4 and 7 fail either to provide for community use or to protect the heritage values of the site, or both. Option 8 has some attractions and has been discussed with some agencies and groups, but no likely developer has been identified.