

Attachment 10.4

McLaren Vale and Fleurieu Visitors Centre

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Comparative risk/benefit analysis

CONFIDENTIAL

Attachment 1

	OPTION 2					
	Leased by Council					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4		
<p>OPTION 1 Council is property owner and landlord</p> <p>Task Force preferred</p>	<p>Scenario 1 Council provides the minimum requirements for the provision of Visitor Information Services. No major upgrade but catch up works only.</p>	<p>Scenario 2 Lease entire building out to a single operator including provision of the Visitor Information Services</p>	<p>Scenario 3 The Council provides Visitor Information Services and lease part of the building. No major upgrades but continue to maintain building.</p>	<p>Scenario 4 Council provides Visitor Information Services. Regional Food Gourmet Shop and Wine Expo. Upgrades needed to facilitate the retail sales area and redesign the Centre.</p>	<p>OPTION 3 – Status Quo</p> <p>Direct Subsidy</p>	
<p>Benefits</p> <ul style="list-style-type: none"> Creates a positive image for Food, Wine and Tourism; Allows for stronger partnerships with the Food, Wine and Tourism industries; Provides a forum for Industry development by generating awareness of product; Allows for greater cooperation in collaborative marketing of Council area; Supports the Fleurieu Food Group's Strategic initiative in product development; Provide greater links between coastal and hinterland promotions and marketing; Strong opportunity to undertake joint marketing initiatives with various industry sectors; Strong potential to reduce operating costs; Untapped potential opportunity to gain State & Federal funding for major upgrades; Releases Council from Visitor Servicing; Operation of the Visitor Centre not dependant on MVGW&TA management; Additional tenancies provide increased income to offset costs. 	<ul style="list-style-type: none"> Creates a positive image for Food, Wine and Tourism; Allows for stronger partnerships with the Food, Wine and Tourism industries; Provides a forum for Industry development; Demonstrates Council's commitment to SAEDP; Potential to gain State & Federal funding; Some potential to lease out small offices. 	<ul style="list-style-type: none"> Reduces operational costs of the Visitor Centre; Reduces the need for Council involvement in operations; Minimal contact with single tenant; Potential for Industry and tenant to undertake joint marketing initiatives. 	<ul style="list-style-type: none"> Reduces operational costs of the Visitor Centre; Creates a positive image for Tourism; Potential for Industry and tenant to undertake joint marketing initiatives; Allows for stronger partnerships with the Food, Wine and Tourism industries; Provides a forum for industry development. 	<ul style="list-style-type: none"> Creates a positive image for Food, Wine and Tourism; Allows for stronger partnerships with the Food, Wine and Tourism industries; Provides a forum for industry development by generating awareness of product; Allows for greater cooperation in collaborative marketing of Council area; Supports the Fleurieu Food Group's Strategic initiative in product development; Provide greater links between coastal and hinterland promotions and marketing; Strong opportunity to undertake joint marketing initiatives with various industry sectors; Strong potential to reduce operating costs; Untapped potential opportunity to gain State & Federal funding for major upgrades. 		
<p>Risks</p> <ul style="list-style-type: none"> FWIA unable to reduce losses (eg. Due to lack of capitol) FWIA unsuccessful in securing Grants. 	<ul style="list-style-type: none"> MVGT&TA unable to sustain debt; Unable to gain Government funding to offset capital expenses; No resolution to current situation. 	<ul style="list-style-type: none"> MVGT&TA unable to sustain debt; Heavy reliance on single tenant; No resolution to current situation; May need to subsidise tenant to provide Visitor Information Services; Little opportunity for Government funding for capital upgrades; Single tenant may not be available. 	<ul style="list-style-type: none"> MVGT&TA unable to sustain debt; No resolution to current situation; Limited potential for growth due to limited space; Limited opportunity for Government funding of capital upgrades; Tenants not interested in joint marketing initiatives. 	<ul style="list-style-type: none"> MVGT&TA unable to sustain debt; Less reliance on single tenant; Gourmet Shop and Wine Expo business fails. 	<ul style="list-style-type: none"> MVGT&TA unable to achieve financial sustainability Ongoing funding required by Council without any control. Perpetuates an unsustainable model 	
<p>Net Financial position</p>	<p>Estimated Loss \$90,000 pa (average sustainable – excluding property management surplus of \$10,000)</p>	<p>Estimated loss \$135,000- \$145,000pa.</p>	<p>Estimated loss \$85,000- \$90,000 pa plus potential Council subsidy for visitor servicing.</p>	<p>Estimated loss \$95,000- \$100,000 pa.</p>	<p>Estimated loss \$85,000- \$90,000 pa.</p>	<p>Estimated loss \$140,000 - \$150,000 pa.</p>