

3.2 McLaren Vale and Fleurieu Visitors Centre

The McLaren Vale Grape Wine and Tourism Association (MVGW&TA) has approached the Council seeking its assistance in resolving the future of the McLaren Vale and Fleurieu Visitors Centre (MV&FVC).

This is a new proposal, concept or issue.

General Manager: Brian Hales
Report Author: Brian Hales Group Manager Economic Development
(brihal@onkapinga.sa.gov.au)
Contact Number: 8384.0621
File Reference:
Attachments: Nil

1 Executive Summary

1.1 Topic

The McLaren Vale Grape Wine and Tourism Association (MVGW&TA) has approached the Council seeking its assistance in resolving the future of the McLaren Vale and Fleurieu Visitors Centre (MV&FVC).

1.2 Context

The MV&FVC was established 11 years ago with the support of substantial capital grants from State Government and Local Government and ongoing operating subsidies from Council for the first 4 years (\$75,000 pa) and a series of one-off funding assistance packages totalling in the order of \$100,000 from Council. The original MV&FVC Association merged with the McLaren Vale Winemakers and Grape Growers Association and the McLaren Vale Tourism Association in 2002 to form the MVGW&TA which assumed ownership of the MV&FVC and associated assets.

The catalyst for the merger was the impending insolvency of the MV&FVC Association.

The Mayor and Chief Executive Officer met with representatives of MVGW&TA in December 2006 to discuss the issues related to the MV&FVC.

1.3 Suggested Outcome

That Council consider its position regarding the future of the MV&FVC.

2 Recommendation(s)

1. (a) **That under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be**

excluded from attendance at the meeting in order to consider in confidence this item.

(b) That the Special Council is satisfied that it is necessary that the public be excluded to enable the Special Council to [receive/discuss/consider] the [information/matter/report] at the meeting on the following grounds:

(i) commercial information of a confidential nature (not being a trade secret) the disclosure of which -

- could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
- would, on balance, be contrary to the public interest;

(c) That accordingly, on this basis the principle that meetings of the Special Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.

2. That Council determine its position regarding the future of the McLaren Vale and Fleurieu Visitors Centre.
3. That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the abovementioned document (or part of such document) including the minutes and the report of the Special Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(d).

Key Factors

3 Discussion

The MVGW&TA 2006/07 budget is allocated to the business functions of Wine and Viticulture and Visitor Servicing.

The respective income allocations are:

- Wine and viticulture \$ 370,507
- Visitor Servicing \$ 137,885

The respective cost allocations are:

- Wine and viticulture \$ 342,908
- Visitor Servicing \$ 248,771

(All costs of the MV &FVC building have been allocated to Visitor Servicing)

The operating profits are as follows:

- Wine and viticulture \$ 27,599
- Visitor Servicing (\$ 110,886)

The net loss for MVGW&TA is therefore \$ 83,287.

MVGW&TA's projected profits are as follows:

	2007/2008	2008/2009	2009/2010
Wine and viticulture	\$10,053	\$2,687	\$(6,440)
Visitor Servicing	\$(138,204)	\$(140,626)	\$(139,948)
Net loss	\$(128,151)	\$(137,939)	\$(146,388)

Based on these projections MVGW&TA is financially unsustainable. The financial records of MVGW&TA have been audited by Council's auditor, Dean Newberry and Partners, who confirm this financial position. Unless action is taken within the next 2 month the MVGW&TA will be forced to close the MV&FVC (to avoid trading insolvent).

With MVGW&TA having liabilities (and potential liabilities) in the order of \$500,000 (the best case scenario is \$460,000) to the Commonwealth Bank of Australia (CBA), one of the outcomes of closure could be the sale of the MV&FVC to recover funds owed.

Council staff have undertaken to investigate a number of scenarios for the MV&FVC which include a proposal for a Living Environment Centre and a Food and Wine Academy, which would allow Council to legitimately contribute to the ongoing operation of the facility in line with its core business. It is clear that they do not offer the necessary resolution to what is an immediate financial crisis for MVGW&TA.

A Task Force comprising representatives of Council (Brian Hales and Councillor David Arbon) and MVGW&TA (Toby Paxton and Andrew Francis) and independently chaired by Allen Bolaffi (Partner UHY Haines Norton and member of Southern Adelaide Economic Development Board) was established with the following tasks:

- Review of the use of the MV&FVC building and associated land; and
- Review of potential collaboration between the MVGW&TA and Council.

At the time of preparing this report the Task Force had determined a program of work which would:

- Review the costs of the functions outlined above;
- Apportion costs and income to:
 - Wine and Viticulture development and marketing;
 - Visitor servicing; and
 - Remainder of the building and grounds.
- Consider where savings in administration and buildings and grounds maintenance can be made; and
- Consider additional sources of income.

The findings of the analysis, the deliberations of the Task Force and potential options will be provided to Council at the Special Meeting.