

2.2 McLaren Vale And Fleurieu Peninsula Visitor Information Centre

The outcomes of the McLaren Vale Grape Wine and Tourism Association - Council Task Force continuing investigations for the preferred path to resolve the future of the McLaren Vale & Fleurieu Peninsula Visitor Information Centre.

This is an update on a previously reported project, concept or issue.

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File Reference:
Attachments: 1 (35 pages - Consultant's Scoping/Feasibility Report)
2 (3 pages - Financial projections for Visitor Information
Centre)
3 (4 pages - Governance Models for Visitor Information
Centres)

1 Executive Summary

1.1 Topic

The outcomes of the McLaren Vale Grape Wine and Tourism Association - Council Task Force continuing investigations for the preferred path to resolve the future of the McLaren Vale & Fleurieu Peninsula Visitor Information Centre (VIC).

1.2 Context

Council has received two reports and a presentation regarding the future of the VIC. At the Council Meeting of 2 October 2007 it was resolved as follows:

That Council receive and note the progress in the Task Force's investigations into scenarios for the future of the McLaren Vale & Fleurieu Visitors Centre.

The VIC Task Force has met on the following occasions; 27 April 2007, 10 May 2007, 16 August 2007, 25 September 2007 and 12 October 2007.

1.3 Suggested Outcome

That Council resolve to purchase the VIC and establish a Council subsidiary pursuant to Section 42 of Local Government Act 1999.

2 Recommendation(s)

That

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 Council is satisfied that it is necessary that the public be excluded to enable the Council to [receive/discuss/consider] the [information/matter/report] at the meeting on the following grounds:
 - (c) 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;
 - (d) That accordingly, on this basis the principle that meetings of the 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 negotiate to purchase the McLaren Vale and Fleurieu Visitor Information Centre for a consideration equivalent to the debt associated with the property but not exceeding \$460,000 subject to:
 - A financial and asset due diligence assessment of the property, the outcomes of which are to the satisfaction of the Chief Executive Officer;
 - All statutory requirements being met;
 - Vacant possession of the area leased by Shingleback;
 - A reasonable rental being secured for the vineyard associated with the Centre;
 - A transition plan being negotiated between Council and the McLaren Vale Grape Wine and Tourism Association for the transfer of visitor information services to Council, to the satisfaction of the Chief Executive Officer; and

- **Such other terms and conditions as the Chief Executive Officer and Mayor consider reasonable.**
3. **That, subject to the outcomes of negotiations outlined in recommendation 2, Council agree to establish a Council subsidiary pursuant to Section 42 of the Local Government Act 1999 and subject to schedule 2 Part 7 for the purpose of managing the McLaren Vale and Fleurieu Visitor Information Centre with the draft charter of the proposed subsidiary to be submitted to Council for its consideration and approval.**
 4. **That the Mayor and Chief Executive Officer be authorised to sign and seal all documentation associated with the transfer.**
 5. **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 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) until the future of the McLaren Vale and Fleurieu Visitor Information Centre is agreed between the parties.**

Key Factors

3 Discussion

At the Council Meeting of 2 October 2007 it was reported that the preliminary findings of the Rob Williamson, project consultant were as follows:

- visitor servicing is the primary service upon which all other services should be based and developed;
- food and wine is not the primary product in destination marketing to the region but it is recognised as one of the most significant (in a range of many);
- Fleurieu Food Wine Industry Association (FFWIA), with its main charter being the development of food and wine experiences and industry development, is not considered to be the preferred governance model by which to operate the VIC;
- a suggested governance model is the establishment of a subsidiary under the Local Government Act to utilise both industry and Council strengths;
- Council is the best placed organisation in the region to deliver visitor servicing based on that function having the capacity to embrace the entire Council area equitably;

- the Centre is a community asset which would provide a number of functions:
 - Visitor servicing;
 - Visitor experience;
 - Industry development; and
 - Community use;
- preliminary estimates indicate that, should Council purchase the Centre, its annual financial commitment for operating is likely to be in the order of \$120,000.

Consultant recommendations

The consultant has since finalised the Scoping/Feasibility Study (provided as attachment 1) and has submitted the following recommendations to the Task Force who have in turn endorsed the recommendations to the Council CEO and Chair, McLaren Vale Grape Wine and Tourism Association (MVGW&TA). They are as follows:

- that City of Onkaparinga take ownership of the building;
- that the City of Onkaparinga commit to a net annual budget of \$120,000 per annum to operate the Visitor Information Centre;
- that City of Onkaparinga develop a true Visitor Information Centre experience which encompasses the following:
 - work with FFWIA and MVGW&TA to build an important food and wine experience based at the Centre;
 - develop effective links with the totality of accommodation opportunities throughout the Onkaparinga region;
 - develop a full list of experiences and attractions on offer throughout the Onkaparinga District;
 - develop an arts and crafts/culture centre to operate from the building;
 - develop a comprehensive array of coastal information and experiences at the Centre; and
 - Industry Development and Training.
- that the City of Onkaparinga develop an arrangement with FFWIA and MVGW&TA and other operators in developing a strategy of usage of the centre to stimulate tourism growth and visitation to the region;

- that the Centre be made available for complementary and other variable activities including such as:
 - arts and cultural festivals;
 - festivals and events; and
 - national volunteers day and other specified national and state days.
- that the City of Onkaparinga initiate a signage strategy to enhance the new Visitor Information Centre on site and at all entry points to provide clear directions to the Visitor Centre;
- that the City of Onkaparinga initiate a proper constructed and costed business plan upon acceptance of this broad proposal for change;
- that industry groups operating out of the Centre be encouraged and supported to develop their product and strategies in growing their respective specialist sectors of the market which may include training possibilities;
- that the City of Onkaparinga acknowledge that the Centre will become a focal starting point for nature, adventure and tourist based products for the region;
- that the City of Onkaparinga acknowledge that the Centre must continue to focus on growing and developing existing and alternative income strategies, eg:
 - souvenirs;
 - bookings and fees; and
 - on-line sales.
- that the VIC consider the establishment of a café/refreshment area for subsequent future commercial out-sourcing;
- that the City of Onkaparinga create an immediate spending proposal for potential and secured grant monies in respect of the general report's recommendations and ensure that such funding initiatives meet the required criteria for the provision of such funds, ie. National Tourism Accreditation and maintenance for accreditation;
- that the City of Onkaparinga undertake investigations into the most appropriate governance model. This is addressed later in the report.

The consultant's recommendations are premised on the following:

- the VIC is ideally operated as one entity with Council best placed to manage the centre; and
- A financial plan based on 5 functions:
 - community space (office, meeting space, arts display);
 - visitor servicing;
 - retail (Souvenirs, accommodation booking commission, confectionary);
 - café (Coffee, cakes, snacks); and
 - food and wine experience (Fleurieu Peninsula providore goods, food and wine display, special events, tastings, industry development and training).

With each function being operated and coordinated by one entity it is expected that the required subsidy for the VIC is within the \$120,000 per annum tolerance outlined above and referred to in the Council report of 2 October 2007.

Detailed financial projections are provided as attachment 2.

Risk Assessment/Risk Management

Risk	Risk Mitigation
Financial plan based on too optimistic assessment of visitor numbers.	Sensitivity analysis, based on more conservative visitor number estimates, undertaken. Prepare marketing program for the VIC and develop a clear signage strategy for the facility.
Financial projections for the feasibility study are based on unknown variables.	Confirm all variables and allow for contingency plans
Unknown commitments related to the property.	Purchase contingent on financial and business operation due diligence.
Community resistance to the sale of the VIC.	MVGW&TA to consult with the community to explain the new direction.
MVGW&TA member resistance to the sale of the VIC.	MVGW&TA to consult with its members to explain the new

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	direction.
Operating all of the functions in the VIC not part of Council core business.	Establish Council subsidiary comprising a small skills based board (5 maximum) with expertise related to the operations of the VIC.

<p>Financial projections not being realised due to the ‘newness’ of the governance entity.</p>	<p>Preparation of detailed business and governance plans and procedures in conjunction with the establishment of the Council subsidiary.</p> <p>Prepare a management transition plan with existing operator (MVGW&TA).</p> <p>Monitor progress through reporting structure to subsidiary.</p>
<p>Lack of support from the key industry groups.</p>	<p>Working relationships be developed with industry sectors and operators in developing strategies for the use of the Centre to stimulate community usage, tourism growth and visitation in the region.</p> <p>Ensure alignment with Fleurieu Peninsula Region Integrated Strategic Tourism Plan.</p>
<p>Structural problems with the building.</p>	<p>Building audit and secure external funding to rectify backlog maintenance.</p>

Governance

Further investigations have been undertaken into governance options by Angela Hazebroek and is provided as Attachment 3. The Task Force considers that the establishment of a Council subsidiary is preferred for the following reasons:

- the disadvantages outlined in Option 2 are manageable;
- Council precedent is to outsource the management of commercially based enterprises; and
- a Council subsidiary provides Council with sufficient capacity to ‘manage’ its investment through a performance agreement based on an agreed business plan.

Budget Implication

There is no current provision within the Major Project Fund (MPF) for the purchase of the VIC. However, a review of the allocation of projects in the

MPF indicates there is the capacity to fund the purchase this financial year should Council resolve to do so.

Funds have been allocated in this year's budget to fund an operating deficit in the order of \$120,000 should Council resolve to purchase the VIC.

Council has allocated a budget of \$235,000 (externally funded by South Australian Tourism Commission) for any capital upgrade for the VIC.

Conclusion

The project brief directing the consultant in the review of the VIC has a strong commercial emphasis as well as a focus on determining appropriate governance arrangements. Both having been proven to be weaknesses in the past operation of the VIC. The conclusions indicate to a reasonable degree of certainty that the VIC can be operated within the financial parameters which appear comfortable for Council.

The report will be accompanied by a detailed presentation on the Scoping/Feasibility Study at the Special Council Meeting.