

10.1 McLaren Vale and Fleurieu Visitor Information Centre

Report to Council on the costs and issues associated with the establishment of a single Council Subsidiary for the purposes of managing the McLaren Vale and Fleurieu Visitor Information Centre.

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

General Manager:

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File Reference:

Attachments: 1 (4 pages – Governance Models for Visitor Information Centres)

1 Executive Summary

1.1 Topic

Report to Council on the costs and issues associated with the establishment of a single Council Subsidiary for the purposes of managing the McLaren Vale and Fleurieu Visitor Information Centre.

1.2 Context

At the Special Council meeting of the 22 October 2007 Council resolved as follows:

That Council seek a report with costings on subsidiary charter options 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 for Council for its consideration and approval by 30 November 2007.

A progress report was provided to the Council meeting of 20 November 2007 which resolved as follows:

Council receive and note the progress of research into the establishment of and costs associated with, a single Council subsidiary for the management of the McLaren Vale & Fleurieu Visitor Information Centre.

1.3 Suggested Outcome

In accordance with the recommendation of the McLaren Vale and Fleurieu Visitor Information Centre Task Force, Council manage the McLaren Vale and Fleurieu Visitor Information Centre as part of Council operations and that there be a strategic review of the structure and operations after 3 years.

Given the protracted nature of leasing Council land and the fact that the feasibility study has been based on portion of the property being leased, it is appropriate to seek the authority to negotiate and finalize leasing arrangements in accordance with Section 202 of the Local Government Act 1999.

2 Recommendation(s)

That

1. (a) **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) **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:**
 - (b) **commercial information of a confidential nature (not being a trade secret) the disclosure of which –**
 - (i) **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**
 - (ii) **would, on balance, be contrary to the public interest;**
 - (c) **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. **In accordance with the recommendation of the McLaren Vale and Fleurieu Visitor Information Centre Task Force Council manage the McLaren Vale and Fleurieu Visitor Information Centre as part of Council operations and that there be a strategic review of the structure and operations after 3 years.**
1. **That the Mayor and Chief Executive Officer be delegated the authority to negotiate and finalize leasing arrangements for the McLaren Vale & Fleurieu Visitor Information Centre and that they be authorised to sign and seal any contractual agreements relating to the leasing of Allotments 7, 8 and 9 in File Plan 3532, subject to no substantial objections being received as a result of the community consultation process pursuant to Section 202 of the Local Government Act 1999.**

2. **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

The McLaren Vale and Fleurieu Visitor Information Centre Task Force met on 20 November 2007 to consider among other things, the appropriate governance model for the MV&FVIC. It resolved as follows:

That the McLaren Vale and Fleurieu Visitor Information Centre Task Force recommends to the CEO of City of Onkaparinga and the Chairperson of McLaren Vale Grape Wine and Tourism Association Inc that the direct management model by Council be adopted for the management of the McLaren Vale & Fleurieu Visitor Information Centre and that there be a strategic review of the structure and the operations after 3 years.

This resolution was based on the following research:

Legal advice on the characteristics of a single Council Subsidiary (provided to the Council Meeting of 20 November 2007 as Agenda Item 10.2).

Governance option advice (provided as attachment 1)

Other Council Subsidiaries

Research has shown that currently there is no single Council subsidiary operating a Visitor Information Centre in South Australia and that management of those Centres is through direct management by Council.

In researching other subsidiaries there is evidence that of the ten established single Council subsidiaries since the new Local Government Act 1999 (the Act), four have been wound up, one was never established and one is inactive with no board. Of the four remaining subsidiaries, some have encountered a number of difficulties:

- inability to comply with reporting requirements of the Act;
- difficulty in separate accounting procedures and various accounting practices;
- compliance with Occupational, Health, Safety and Welfare Act; and
- heavy reliance on Council for staff support.

In each case, the Council has had to step in and provide the support to resolve the issues and in some cases has still not met minimum compliance standards. One Council estimates the additional costs to be in the order of \$80,000.

Details of these subsidiaries are shown in the following tables;

Single Council Subsidiaries – Current

Name	Purpose	Council	Commenced
Adelaide Parklands Authority	To advise the ACC and SA Govt on protection, management, enhancement & promotion of Adelaide parklands	Adelaide City Council (ACC)	December 2006
Doctor's House Management Authority	To build & maintain a doctor's house at Tumby Bay	Tumby Bay	March 2002
Gawler Business Development Group	Improve the economic viability of the commercial precincts and businesses generally in Gawler	Gawler	April 2003
Nuriootpa Centennial Park Authority	Manage Centennial Park	Barossa Council	December 2000
Robe Marina Corporation. Board term expired 31/12/06. No current Board	Develop and operate Robe Marina	District Council of Robe	July 2004

Single Council Subsidiaries – Wound Up

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Name	Purpose	Council	Commenced - wound up
Charles Sturt- Digital Precinct Authority	To develop and implement policies for a digital precinct for metropolitan Adelaide	City of Charles Sturt	Established - February 2001 Wound up - December 2001
Fleurieu Reef Management Board – not established	Manage Fleurieu Reef (HMAS Hobart)	DC Yankalilla	Never Established
Monarto Quarries	To manage Monarto quarry	DC Mount Barker	Established - December 2001 Wound up - April 2006
Tantanoola Sports & Showgrounds Management Board	Manage the showgrounds	Wattle Range Council	Established - June 2000. Wound up - September 2004
Unley Street Life Trust	To enhance position of City of Unley in retail and commercial market place	City of Unley	Established - May 2001 Wound up – June 2006

The following table provides a comparison between a fully autonomous Council Subsidiary and a Council operated Visitor Information Centre and also a hybrid model, one where Council provides some resource support while still maintaining it's autonomy. The autonomous and hybrid models have substantial costs of legislative compliance for which Council already has the infrastructure and resourcing. Much of the costing associated with the Council operated model is attributed to existing staffing.

Comparative costings

Description	Subsidiary Autonomous model	Subsidiary Council supported (hybrid)	Council Operated
Set-up costs (one off)			
Business name registration	139	139	139
Lease to be drawn and executed	1,000	1,000	nil
Charter to be drawn – legal fees	1,000	1,000	nil
Charter to be gazetted	1,500	1,500	nil
Set-up fees for accounting	1,500	480	480
Separate accounting procedures, set-up costs, systems and reports	5,000	2,400	2,400

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application for ABN and GST			
Occupational, Health, Safety & Welfare audit, manuals and procedures	3,000	2000	2,000
Total Set Up one off costs	13,139	8,519	5,019
Operational costs (annual)			
Independent Chair fees say 6 meetings @ \$1,000	6,000	6,000	10,000
secretarial fees	2,000	2,000	2,000
Manager of Board (net difference between Council run and subsidiary)	15,000	nil	nil
Directors & officers insurance	493	493	nil
Public liability for Board	1,593	1593	nil
Volunteer insurance	536	536	nil
Board member fees x 3 x \$6,000 6 meetings a year	18,000	18,000	nil
Budget review - costs	1,500	480	480
separate asset register staff fees	1,500	nil	nil
separate auditor – annual fee	7,000	nil	nil
separate accounts, purchasing, reporting	5,000	nil	nil
Independent audit committee independent chair (4 meetings/year)	6,000	6,000	nil
Audit committee fees 3 members 4 meetings per year @\$500 ea	6,000	6,000	nil
meeting expenses (board and audit)	1,000	nil	nil
business plan costs and review legal requirement	2,000	1,000	1,000
annual report preparation costs	2,000	nil	nil
admin and compliance costs .5 PTE	26,560	10,000	10,000

Total Operating	102,182	52,102	23,480
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Transition Issue

As part of the process of negotiating the purchase of the property it is proposed that Council lease part of the premises, being the vineyard and office accommodation to McLaren Vale Grape Wine & Tourism Association Inc. In accordance with Section 202 of the Local Government Act 1999, Council is required to undertake public consultation.