HAWKESBURY CITY COUNCIL

SPECIAL MEETING

Where People Make the Difference!

SPECIAL BUSINESS PAPER

DATE OF MEETING: 25 May 1995

LOCATION: Council Chambers

TIME: 7:30pm

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SPECIAL

Section 4

Reports for Determination

ITEM: 31 REMUNERATION FOR COUNCILLORS AND MAYORS

FILE NUMBER: GA030/001 PT02/GMA

REPORT:

The Local Government Remuneration Tribunal has handed down its decision regarding fees to be paid to Council Members and Mayors for the period 1 July, 1995 to the 30th June, 1996. The following table indicates the figures adopted by the Tribunal with those in brackets being the figures put forward by the Local Government Association following evaluation by an independent consultant.

Category	Councillor/Member fee	Mayoral fee (includes Councillor fee)
S1 Sydney	15,000 - 20,000 (no submission)	65,000 - 95,000 (no submission)
S2 Newcastle Wollongong)	10,000 - 15,000 (21,000 - 25,000)	30,000 - 55,000 (63,000 - 75,000)
Category 1	7,500 - 12,500 (16,700 - 21,000)	22,500 - 42,500 (50,000 - 63,000)
Category 2	5,000 - 10,000 (13,000 - 16,700)	15,000 - 30,000 (39,000 - 50,000)
Category 3	5,000 - 10,000 (9,700 - 13,000)	15,000 - 30,000 (29,000 - 39,000)
Category 4	5,000 - 6,000 (6,700 - 9,700)	10,000 - 18,000 (20,000 - 29,000)
Category 5	5,000 (5,000 - 6,700)	10,000 - 12,500 (15,000 - 20,000)
S3 (Counties)	1,000 - 3,000 (1,000 - 3,000)	3,000 - 8,000 (3,000 - 9,000)

Hawkesbury has been placed in Category 2 where the Council Member fee is to be between $5,000 and $10,000 (whereas the Associations' independent consultant recommended between $13,000 to $16,700) and that for Mayor between $15,000 and $30,000 (whereas the Associations' consultant recommended between $39,000 to $50,000).

This Council has adopted a fee for Deputy Mayor which is included in the Mayor's fee and this can occur for the forthcoming year.

A full copy of the Tribunal's determination has been obtained, it is of 103 pages and available to Members. Hawkesbury is by far the largest area Local Government Council in Sydney providing a wide range of services and facilities and involving a higher level of complexity in much of its decision making.

To add to the workload of Elected Members and to the benefit of the community, the area is undivided. This often requires Members to travel considerable distances at their own expense and to receive representations from a large number of people. This is distinctly different to divided areas where the main focus of Councillors is to their individual Ward.

The increase in fees to the maximum can be contained within the proposed budget for 1995/96 and would amount to a total of $70,000 or .001% of the total budget.

The current Mayoral Allowance is $19,000 of which $3,000 is for the Deputy Mayor. If the Councillor fee is $10,000 then the Mayoral Allowance, which has been unchanged since 1990, only needs to increase $1,000 to reach the maximum of $30,000.

RECOMMENDATION:

Council adopt a fee for Councillors for the 1995/96 period of $10,000, the Mayoral Allowance (excluding Councillor fee) at $20,000 of which an allowance is set for the Deputy Mayor. These allowances being advertised in accordance with the provisions of the Act and reported on with the Management Plan.

ATTACHMENTS:

There are no supporting documents for this report.

FN:OR525SAX.G03 ****** END OF ITEM 31 ******

ITEM: 32 AUSTRALIAN PIONEER VILLAGE - FUTURE OPERATION

FILE NUMBER: GC283/107 PT03/CSV

REPORT:

At the General Purpose Committee Meeting of 28 March, Council considered a report concerning two submissions received for the leasing of Australian Pioneer Village Recreation and Animal Park.

As a result of that meeting, the Council established a working party to discuss with the Friends of Australian Pioneer Village issues raised by them and possible options they may have in respect of the future management of the facility. Consequently, Council resolved to permit an extension of time to allow the Friends to prepare and submit an application in this regard.

The submission is now to hand and has been separately circulated. For Council's information the previous report detailing the two leasing proposals and general strategic plan is reproduced hereunder:

> *Background*
>
> *The Australian Pioneer Village opened in 1970, being owned and operated by its founder, who also operated the adjoining Tropicana Hotel. Following the death of the owner in 1971, the Village was separated from the Hotel in 1984 and was subject to a number of changes of ownership which did not necessarily provide for a period of financial stability.*
>
> *Council purchased the Village in 1985 on the basis that without its intervention, the Village collection would be broken up and the district would lose what was considered to be a unique and outstanding tourist attraction. Capital was injected into the Village to improve the facility.*
>
> *Since the purchase by Council, the Village has operated at an annual loss. Over this period, the operating loss is in the order of $1m. Subsequently, various operational strategies have been utilised to minimise the loss in ensuing years. It is recognised that there is a trade off between reducing expenditure and the level of attendances. The overall strategy has been to reduce expenditure whilst still maintaining overall appeal as reflected in visitor numbers. Whilst it is possible to directly control expenditure levels it is recognised that the Village operates in an economy, which over the previous few years has witnessed cutbacks in discretionary spending, which has seen income levels fluctuate and several similar type tourist attractions cease to trade.*
>
> *One operational strategy to reduce Council's exposure to such operating losses was the calling of expressions of interest for the sale or lease/management of the facility, as resolved by Council at its meeting of 12 November 1991. A number of submissions were received for the lease/management option, however, no submission satisfactorily met the required criteria.*

The Friends of the Australiana Pioneer Village expressed an interest in assuming operation of the Village and discussions were later held. Whilst the Friends were unable to assume operations of the Village, Council at its meeting of 11 August 1992 adopted the recommendation that:-

"1. Council continue to operate the Village for a further period of 3 (three) years, and this commitment be addressed in conjunction with the preparation of the 1993 Estimates.

2. Following the expiration of the period, the Friends of the Australiana Pioneer Village be offered the Management of the Australiana Pioneer Village.

3. The Friends be advised that Council is prepared not to offer the Village for sale for a period of 3 (three) years in order to provide a period of security of ownership."

The three year period expires in August 1995.

In anticipation of the August 1995 deadline, over the past months a strategic plan has been developed by the Village Manager and Promotions Officer. (A copy of the plan is circulated separately to the members). Recently, two unsolicited submissions have been lodged by business interests seeking consideration by Council of the lease of the site and, in accordance with Council's August 1992 resolution, the Friends of the Australian Pioneer Village have been contacted and requested to give consideration to managing/operating the Village.

In accordance with Council's resolution at its meeting of 21 March 1995 being:-

"That the 2 (two) current expressions of interest, together with the Business Plan for the Village, be reported to the Council."

Details on the proposals are now reported for Council's consideration.

Report

It is recognised that the issue of the continuing ownership/management of the Village is one which requires careful consideration and will evoke emotive responses irrespective of any chosen future course of action. There is debate as to whether the Village should be considered to be a commercial operation or be considered as a recreational/community service venue. This then impacts on the financial operation of the venue; that is, should the Village be run on a break even/profit basis or should it be permitted to run at an operating loss. Therefore, there needs to be balanced financial considerations of a commercial lease through the receipt of an income stream and the continuing availability and functional integrity of an affordable historical and recreational venue for the use of the local and wider communities.

1. Management by the Friends

The Friends of the Australian Pioneer Village were requested to consider assuming management of the Village. Whilst the Friends were still expecting to have until August to consider their options, they have advised that at this time they are not in a position to assume management of the Village. In their submission, they also give an overview of their efforts to date which have been considerable. The Friends level of support for a private operator of the Village would most likely be non-existent.

2. Strategic Plan

The strategic plan is submitted on the basis of Council continuing ownership of the Village and therefore cannot be directly compared with the leasing proposals because the plan does not identify, in dollar terms, an income stream as a result of the plan being implemented. However, working within current expenditure levels, the plan which is the culmination of several months work, provides strategies to further reduce the operating loss of the Village in the long term whilst at the same time appealing to new markets which has the effect of broadening the income base by moving away from the traditional reliance on gate takings. Preliminary estimates for income and expenditure for the 1995/1996 financial year indicate a deficit in the vicinity of $70,000. With regard to income estimates, these have been revised in accordance with the current trends in attendance levels; overall there will be a reduction in estimated income over the current period. The projected operating loss for the 1994/95 financial period will be in the order of $55,000. The difference of some $15,000 represents additional building and roadworks proposed for next year.

The success of the strategic plan will be achieved through the creation of business centres within the Village, these focussing on commercial, educational and tourism activities. The continuing existence of any centre being dependent upon the income it generates. This will allow management to change direction at any given time, with very little notice and almost no trouble.

The plan concludes that from an historical standpoint, the future of the Village must be assured with ownership of the Village to be retained in public hands.

3. Leasing proposals

When expressions of interest have been invited previously, their assessment has been conducted in accordance with a specification. That is, there are certain attributes which ideally should be addressed in each submission. This helps to ensure that all applicants meet a standard which is considered to be the minimum to ensure that the Village continues to operate in an acceptable manner having regard to Councils original intent when purchasing the property.

A summary of the key attributes is listed below. The list does not represent a ranking in order of importance.

- *What is the overall concept?*
- *Will the integrity of the venue be retained?*
- *What will happen to the historical artefacts, many of which have been donated or are on loan?*
- *What experience has the potential lessee in operating a business, particularly tourism ventures?*
- *What is the lease term?*
- *What income stream is offered?*
- *What provision is there for rental reviews?*
- *What outgoings are to be borne by the lessee and lessor?*
- *Is there a provision for purchase? If so, what are the terms?*
- *Are capital improvements planned? If so, what are they, how much will they cost, when are they proposed and who will retain ownership at the end of the lease term?*
- *Will existing staff/contractors continue to be employed/hired?*
- *What role will the businesses operating within the Village play?*
- *What arrangements are to be made regarding use of plant and equipment?*
- *What role will the volunteer groups play under the proposed lease?*

The leasing proposals now before Council are unsolicited. The proposers have been granted full access to attendance figures, income/expenditure details and have been provided with a full stock inventory. The proposers are sensitive to the role of the Village in the community and their proposals have been developed having due regard to monetary and non monetary considerations. However, ultimately as a business proposal, their success must be financially based. A precis of each proposal is provided below.

Proposal by Mr Chris Wells and Mr John Stephens

The proposers "believe we can rejuvenate the Village and provide a promising future through investment, new management and by repositioning it in the tourist market by employing different activities. We believe our plan will take three years of hard work, innovation and energy before it will provide any financial return. We want to resurrect the Village and operate it as a business whilst maintaining its current theme and facilities for use by our local community and visitors to the Hawkesbury."

The proposal highlights the greater use of existing buildings and facilities as activity centres rather than as static displays. Some examples include:-

- *Increase baby animal displays and provide hands on experience to children*
- *Increase emphasis on farming heritage*
- *Feature local produce*
- *Add more retailers focused on history and add more local arts/crafts*
- *Re-equip catering facilities and provide more food outlets*
- *Introduce plant nursery specialising in cottage garden and old fashioned plants*

- *Extend hours of operation to encourage functions such as weddings*
- *Provide an all weather facility for functions to accommodate approximately 50 people*

It is restated that "the overall theme will remain `Australian' with a focus on any activity that promotes our local pioneering heritage."

The grounds would be maintained to at least the current standard. More trees would be planted and cottage style gardens would be planted around each cottage. The perimeter fence would be upgraded to provide better security and the upper floor of the Oxboro Inn would be converted for residential use to permit a caretaker to reside on-site. To achieve these goals, an amount of $100,000 will be spent over the initial three year term with the items of capital expenditure to remain the property of Council at the end of the lease term. A detailed schedule of proposed works is submitted. Having regard to the capital injection, which will rejuvenate the Village and give it greater market appeal, the proposers request an initial lease of three years with nil rental to be payable in the first two years. A rental of $15,600 is proposed in the third year. At the end of the initial term there is requested a first option to buy the site at a fixed price of $350,000 or if the option is declined/refused, a lease for a further fifteen years be granted. The proposers indicate they are prepared to meet all outgoings including rates/taxes, and all consumption charges for phone, power and water. Council, as owner of the property, would remain responsible for building insurance and structural responsibility.

With regard to existing staff, there is no commitment to providing full-time employment. The proposers note that if they are to have any chance of success, they must be free to choose their own staff. However, in recognition of the current Manager/Curator's knowledge, there is the offer of part-time employment on a consultancy basis.

Local groups would be encouraged to use the facility and it is intended that they be involved in decisions pertaining to the Village. It is noted that this includes the Friends, the Historical Society and pioneer family groups. There would be a subsidy to groups such as schools, the disabled, the elderly, the Fire Brigade and State Emergency Service.

An executive committee or board of management comprising of local people would be formed to ensure the greatest use and benefit of the Village for the proposers and the local community.

The proposal contains a number of caveats or special conditions required by the proposers.

These include:-

1. *That Council continue to operate the waste water treatment plant at its cost.*
2. *There is the assumption that none of the tenants at the Village have Lease Agreements and further that rental my be reviewed by the proposers, who may also give notice to quit.*

3. *All items on the inventory provided to the proposer shall remain at the Village. Those that are on loan will be returned or an agreement negotiated.*
4. *The proposers will retain the necessary insurances.*
5. *The proposers shall have the right to sub-lease any part of the Village or assign the lease.*
6. *The proposers have free and total control over the activities at the Village save for normal health, safety and building regulations.*
7. *Council will be responsible for repairing flood damage. The proposers will absorb any loss of income caused by floods. Council to initiate timely repairs in the event of flood.*

Proposal by Australian Outback Connection

Operators of the Australian Outback Connection have indicated that they propose to retain the current overall theme of the Village but divide the grounds into three distinct and marketable areas; these being picnic grounds, historic theme park and animal displays including sheep dog trials and sheep shearing area.

The proposers request a 6 (six) by 6 (six) year lease term and in recognition of proposed capital improvement an initial rent free period of one year is sought. Rental in the subsequent years shall be $20,000 per annum plus a percentage of gate takings, this being 10% in the first three years rising to 20% in the following three years. The proposers indicate a weekly gate taking of $2,500. There is an alternative option proposed which involves Council becoming a business partner on a profit sharing basis. However, overall control of the business would remain with Australian Outback Connection.

In regard to staffing, the proposers indicate that they would retain their own staff including an on-site caretaker. Management of the Waste Water Treatment Plant would remain the responsibility of Council. In regard to outgoings, the proposers would meet all usual outgoings, however Council would remain responsible for the payment of rates and taxes and building insurances.

There is recognition of the role of the volunteer groups which operate at the Village and the proposers, if granted a lease, intend to hold discussions with the groups as to a mutually agreeable working arrangement. The future of the retail businesses currently operating in the Village will be subject to assessment within the first three months of operation.

There is also the recognition in this proposal that there needs to be an injection of capital to improve the built structures and to reposition the image of the Village. A comprehensive plan is submitted in regard to the first twelve months operation. For example, in the first three months, internal fencing will occur to separate the three activities and contacts will be made with various tour operators. Daily programs will be organised as will staffing and assessment of the retail facilities currently operating in the grounds. The plan includes the conduct of various ground improvements, staging of events and promotional activities. All existing bookings would be honoured.

<u>Comparison of Proposals</u>

As noted earlier in this report, it is not possible to compare the contents of the strategic plan with the leasing proposals as their methods of operation are not similar. Comparison of the leasing proposals comprises two elements - firstly a financial projection of returns to Council; and secondly an evaluation of non-financial considerations including those by attributes detailed earlier in this report. With regard to these items it is considered that special conditions be incorporated into the Lease Agreement to ensure performance of these items including the provision of a suitable Bank Guarantee.

1. Financial Projections

The following is a simplified financial analysis based on information provided by proposers.

Proposal One - Chris Wells & John Stephens

Year	*$ Rental Income*	*$ Gate Takings*	*$ Rates & Taxes*	*$ Building Insurance*	*$ Saving CapEx*	*$ Total Cash Flow*
1				*(300)*	*33,333*	*33,033*
2				*(300)*	*33,333*	*33,033*
3	*15,600*			*(300)*	*33,333*	*48,633*
4						
5						
6						
Net Income Over Life of Lease						*114,699*
Net Present Value of Lease						*93,167*

Notes

A. Lessee to provide $100,000 of capital improvements over first three years, which contributes to low rental of $300/week (for year 3 only). Note that years 1 - 2 are rent free periods.

B. Option to purchase APV made available in Year 4, or option for 15 year lease with annual rent reviews based on Consumer Price Index movements.

C. Lessee to meet all outgoings other than Building Insurance of $300 per annum, which is to be borne by Council.

Proposal Two - Australian Outback Connection

Year	$ Rental Income	$ Gate Takings	$ Rates & Taxes	$ Building Insurance	$ Saving CapEx	$ Total Cash Flow
1		13,000	(3,000)			10,000
2	20,000	13,000	(3,000)			30,000
3	20,000	13,000	(3,000)			30,000
4	20,000	26,000	(3,000)			43,000
5	20,000	26,000	(3,000)			43,000
6	20,000	26,000	(3,000)			43,000
Net Income Over Life of Lease						199,000
Net Present Value of Lease						131,226

Notes

A. First year of lease to be rent free.

B. Gatetakings based on:

10% for Years 1 - 3) Assuming takings of $2,500 per week
20% for Years 4 - 6)

C. Lessee to meet all outgoings other than Rates and Taxes of $3,000 per annum.

Conclusion

Based on the above information, it is difficult to compare the two proposals. It should be noted, however, that Proposal 1 (Chris Wells) is prepared to provide $100,000 of capital improvements to the APV over the first three years, and this needs to be considered in reaching a decision.

2. Evaluation of Non-Financial Considerations

What is the overall concept?

The Wells/Stephens proposal provides for a similar operation to that which currently exists. The Australian Outback Connection (AOB) proposal diversifies the existing facility through the addition of additional major activities including sheep dog trials and sheep shearing.

Will the integrity of the venue be retained?

Both proposals retain the basic integrity of the Village as an historical theme park and recreation venue.

What will happen to the historical artefacts, many of which have been donated or are on loan?

Both proposals recognise the ownership of the artefacts and display items and have requested consideration be given to reassessing their display and retention. This would be subject to further discussions between the lessee and the owners of each item in question.

What experience has the potential lessee in operating a business, particularly tourism ventures?

Resumes were attached to the proposals. From these it is noted that Chris Wells has local business interests and is active on the Windsor Economic Development Board. From a business perspective, there is a management background and a track record in sales, service and marketing, business development and improving profitability and operating efficiency of organisations in which Mr Wells has been involved.

Mr Stephens has a career in advertising and marketing and has been either director or co-founder of various restaurants. Mr Stephens is also president of the Windsor Economic Development Committee.

The principals of the Australian Outback Connection have had a history of being involved in the tourism industry. They currently operate as part of the Koala Park at West Pennant Hills and previously have been extensively involved in the operation of Tobruk Station. Numerous references accompanying their resumes attest to their activities and successes in these areas.

Will existing staff/contractors continue to be employed/hired?

Both proposals reserve the right to employ their own staff although it is noted that the Wells/Stephens proposal has indicated potential employment for the current Manager/Curator.

What role will the businesses operating within the Village play?

Both proposals recognise the existence of the businesses but reserve the right to reassess their continuing operation, set rental and other lease terms. The businesses currently operate under a licence agreement.

What arrangements are to be made regarding use of plant and equipment?

The AOB proposal requests that various plant and equipment utilised on the site; for example slasher, mowers etc be retained on site, with full maintenance responsibilities to be met by the AOB. Some further discussions would be required as to precisely what items would remain. There is no specific mention in the Wells/Stephens proposal regarding responsibility for the supply and/or maintenance of items of plant.

What role will the volunteer groups play under the proposed lease?

Both proposers indicate a willingness to continue recognition of those groups and incorporate them in future decisions.

General Comments

The strategic plan provides Council with the opportunity to continue ownership and control of the Village. However, initially there will continue to be an operating deficit associated with this proposal which it is anticipated will be reduced in later years.

The lease proposals represent an opportunity for Council to significantly reduce its financial exposure to the operation of the Village in the short term with a positive cash flow in the medium term, although there is a reduction in control of the operation of the Village. The inclusion of special conditions in a Lease Agreement can assist in ensuring that the lessee performs its various tasks and activities to the satisfaction of Council. Whilst the provision of a positive cashflow is appealing, some level of caution must be applied. That is, if Council has not been successful in operating the venue at a break even or profit basis, this begs the question of how another operator can do so and still provide a significant financial return through a rental stream.

Having regard to the details in the submissions received, and balancing the financial return with the items considered in the preceding checklist, the submission lodged by Mr Chris Wells and Mr John Stephens is supported.

RECOMMENDATION

Council lease the Australian Pioneer Village Animal and Recreation Park to Mr Chris Wells and Mr John Stephens on the following terms:-

1. *A lease of 3 (three) years shall apply with a commencement date of 1 July 1995.*

2. *Nil rental will be payable for 2 (two) years.*

3. *Rental in the third year shall be $15,600 (fifteen thousand six hundred).*

4. *Following the expiration of the initial lease term, the lessee be offered first option to purchase the property at a value to be negotiated at that time; the value having due regard to current market forces, capital improvements undertaken during the lease term and the value of stock and fittings. Should the option to purchase be declined, a further lease period of 15 (fifteen) years be offered to the lessee on a 5 (five) by 5 (five) by 5 (five) year basis with rental in the first year of the new term to be assessed at market level.*

5. *The lessee be responsible for outgoings including the consumption of all services separately metered or consumed on the site; power, telephone, water, gas and the payment of all rates and taxes levied on the property.*

6. *The lessor be responsible for outgoings including building insurance.*

7. *The lessee be responsible for building maintenance with Council responsible for items of structural repair.*

8. *The lessee be responsible for all costs associated with grounds maintenance with the grounds to be maintained at all times to Council's satisfaction.*

9. *The lessee be responsible for the payment of insurances including public liability in the amount of $50 million (fifty) and Workers' Compensation Insurance.*

10. *The lessee be responsible for compliance with the licence conditions in respect of the keeping of animals, operation of the miniature train with all costs associated with compliance to be met by the lessee.*

12. *The lessor be responsible for the operation of the Waste Water Treatment Plant and spray irrigation area with all operation and maintenance costs to be met by the lessor. The lessor shall have free right to enter the property and service the plant.*

13. *The lessee be responsible for the payment of legal costs associated with the preparation of the lease documentation.*

14. *A security bond in the amount of $20,000 (twenty thousand) be lodged.*

15. *All necessary documents be completed under the Common Seal of Council.*

With reference to the current submission by the Friends Society, the Society are proposing the ongoing management of the facility by the group's formal establishment as a Committee of the Council pursuant to the provisions of Section 377 Local Government Act 1993. The submission outlines the functional structure of the Committee and proposed membership. It is noted there is Council representation on the Committee.

The document sets out a financial plan for the next three years with the underlying principle of achieving a level of income to return a profit in the third year. For the financial years 1995/1996 and 1996/1997 the Committee are asking the Council to provide financial support by way of subsidising the initial operating loss for these two years, being an amount of $28,900 and $7,500 respectively.

The Council will be aware of the recurrent operating losses for each year of operation since initial acquisition in 1985. As reported at the last meeting of the Council, the projected operating deficit for the current year will be in the order of $89,000. The projection for next year is $70,000. For the Friends to achieve a profit situation in the third year, there are a number of issues that should be highlighted. Firstly, the Friends are proposing to utilise the existing machinery shed which was recently vacated by the former tenant who undertook carriage works. The proposal is to refurbish this facility at no cost to Council to provide a multi-purpose building to be used for a number of functions and activities. It is agreed that same would provide a significant income stream for the Friends and will open up a variety of new markets including weddings, special functions, corporate launches, bushdances etc. The estimated cost of this work is $70,000 and is to be financed independent of the Council. Whilst the works will cost approximately $70,000, the total value is estimated in excess of $100,000 due to the extensive use of the voluntary labour to be utilised on completing the project. These improvements become the property of the Council. Completion of the works is subject to capacity available from the sewerage treatment plant which is located within the Village grounds. The Friends propose to have this facility operational by Christmas 1995 and fully completed within 12 months.

The Council will be aware of the previous submission by Australian Outback Connection for the leasing of the Village. This company have also expressed an interest in utilising the "Bush Theatre" and other areas within the Village for the staging of various exhibitions and activities including sheep dog trials, sheep shows and shearing. The company currently operates at Koala Park, West Pennant Hills and are looking to relocate their show to a more suitable venue and are very keen to utilise the Village. It has been indicated that should the Friends be successful, that this company would enter into a long term arrangement which would basically provide for an income return for the Village in return for allowing them exclusive use of areas as specified for the conduct of their shows and exhibitions. Based on statistics relating to their current operation at West Pennant Hills, this arrangement has the potential to provide a significant income stream for the Village.

It will be seen that in the third year of operation the Friends estimate a profit of $23,500. Basically this is on the basis of income projections being met particularly in relation to the multi-purpose building and the arrangement with the Australian Outback Connection being achieved. The working party established by Council has met on two occasions with representatives of the Friends to discuss the concept of their submission and it is submitted by the Friends to Council that the income figures are conservative on the basis that the Friends are very conscious of the need to retain credibility and therefore have presented what they consider to be a very realistic and achievable arrangement. The proposal provides for an income return in the third and subsequent years with these monies to be retained by the Friends on behalf of Council and utilised for the ongoing development improvement of the facility. It is felt that the Friends as part of their accountability to Council should prepare and submit to Council an annual works program in conjunction with their business plan for Council's endorsement.

Whilst in principle the Friends would receive all income and become responsible for all operational costs associated with the Village, the two existing permanent employees namely the Manager/Curator and Groundsman would continue as employees of the Council with associated costs including on costs being reimbursed to the Council by the Friends. This would allow for continuity of service and accrual of entitlements. Additional casual staff required for grounds and buildings maintenance and promotion will be engaged directly by the Friends.

It is also highlighted that in achieving the anticipated financial situation, there is a reliance on the ongoing volunteer component by the various groups which have been dedicated to the Village and who have given assurances of their ongoing commitment in this regard. Further, it is noted that other resources including the "Community Service Order Scheme Workers' Program", operated by the Department of Courts Administration would continue if the Friends were operating the Village. This program has to date allowed a number of people including skilled and semi-skilled to provide services in the Village in terms of maintenance and improvement in lieu of completing terms of penalty for minor offences.

The Friends have asked that existing grounds equipment, which generally requires upgrading/replacement at this time, be transferred to them. This includes a tractor/slasher, rideon and hand mowers and wipper snippers. They will start to replace/upgrade this equipment progressively commencing the first year.

By way of general comparison, the former report to Council dealing with the two leasing proposals recommended the application by Messrs Wells and Stephens for the leasing of the facility. This was on the basis of a lease period of three years applying in the first instance with nil rental payable for the first two years and rental in the third year in an amount of $15,600. That proposal also provided for capital expenditure in the sum of $100,000 being provided over that 3 year period.

As Council will appreciate, should the Village be leased it would have an obligation to the two existing permanent employees to provide ongoing employment or offer a redundancy package. In terms of the current proposal by the Friends, the staffing cost is included in their calculations and as from the third year of operation the Council is fully reimbursed. The cost of retaining the staff in other employment should the Village be leased to another party would be in excess of the level of subsidy sought for the first two years under the proposal submitted by the Friends. Further, the Friends are proposing substantial capital expenditure to improve the product at no cost to Council.

The future of the Village has been subject to a significant degree of emotion and mixed feelings by a number of interested parties. Whilst it was necessary and indeed a previous resolution of the Council to review the Village operations this year, it has had a destabilising effect in terms of the current tenure and future planning particularly in terms of those directly involved with the Village and its operations including staff, permanent and casual, tenants and the various volunteer groups.

Having regard to all the circumstances, both financial and otherwise, the submission by the Friends of Australian Pioneer Village is supported and recommended accordingly. Additionally, it is felt that with management of the facility by The Friends there is greater potential for community/voluntary support and involvement, corporate support and sponsorship and Federal and State grant funding. The representatives of the Friends have indicated they are in a position to commence operation from 1 July 1995.

Whilst there is no doubting the endeavours of the Friends to protect the assets of the Village it is considered appropriate to enter into a formal agreement to recognise this situation. In terms of the proposed Management Committee, Council's staff member, the Manager/Curator will be appointed. It is now appropriate for the Council to determine its delegate.

RECOMMENDATION:

1. Pursuant to the terms of Section 377 of the Local Government Act 1993, the Council appoint the Friends of Australian Pioneer Village as a Committee of the Council for the purpose of the management and operation of Australian Pioneer Village Recreation and Animal Park.

2. The operation and the management of Australian Pioneer Village Animal and Recreation Park by the Friends of Australian Pioneer Village be effective from 1 July 1995 and subject to the terms and conditions outlined in their submission presented to Council at the Special Meeting on 25 May 1995.

3. Council agree to subsidise the Friends of Australian Pioneer Village and amount of $28,900 (twenty eight thousand) for the Financial Year 1995/1996 and $7,500 (seven thousand five hundred) for the Financial 1996/1997 to assist the Friends in the implementation of their operating strategy and these amounts be provided in Council's respective budgets. These amounts to be payable annually in advance to assist with initial cash flow.

4. Council support an application by the Friends of Australian Pioneer Village for incorporation under the terms of the Incoporations Act.

5. The Friends enter into a Deed of Agreement with Council to recognise their responsibility in preserving all historic equipment and artefacts as well as recognising and enhancing the general integrity of the Village.

6. An annual works program and Business Plan (including budget) be submitted to Council for consideration and endorsement.

7. Quarterly reports as to the financial and general operation of the Village be submitted by the Friends for Council's consideration.

8. Subject to supply of sewerage capacity the proposed multi-purpose shed to be fully completed within a period of 12 months.

9. The existing tenancy agreements for the various shops be assigned to the Friends of Australian Pioneer Village.

10. Items of equipment for grounds maintenance as outlined in this report be transferred to the Friends with future upgrading of same to be their responsibility.

11. Council determine its delegate to the Management Committee.

12. The Common Seal of Council be affixed to all necessary documentation.

ATTACHMENTS:

There are no supporting documents for this report.

FN:OR525SBX.C01 ****** END OF ITEM 32 ******

ITEM: 33 MANAGEMENT PLAN

FILE NUMBER: GM001/002 PT03/FNC

REPORT:

The Management Plans, as required by the Act, have been distributed and it is necessary for these to be publicly exhibited prior to final adoption, including the budget and rating structure. The budget document distributed has been prepared with 2.2% rate increase, except a proposal for a 1% levy for the bushfire capital plant upgrade.

The Local Government Act currently provides that Minimum Rates will not be able to be used by Councils for the 1995/1996 Rating Year. The new Government has indicated that it intends to change the law to enable Minimum Rates to again be used in the rating structure. It is unknown whether the change to the legislation can be achieved before Rates have to be determined by Council for 1995/1996. The Management Plan indicates that Minimum Rates will again be used in 1995/1996 at 2.2% (the Ratepegging limit), greater than 1994/1995. This, however, is subject to the legislative change to the Act and if this cannot be achieved then a zero "Base Rate", with total ad valorem, is proposed for the 1995/1996 Rating Year.

RECOMMENDATION:

The Management Plans be adopted for the purposes of public exhibition.

ATTACHMENTS:

There are no supporting documents for this report.

FN:OR525SBX.F02 ****** END OF ITEM 33 ******

SPECIAL

MEETING

Meeting Filename: OR250595.BIS

END OF BUSINESS PAPER