# GENERAL PURPOSE COMMITTEE

## SECTION 3

## ORGANISATION & RESOURCES

******* END OF TABLE OF CONTENTS *******

**ITEM: 35** AUSTRALIAN PIONEER VILLAGE

**FILE NUMBER:** GC283/107 PT04/CSV

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**REPORT:**

Under the terms of the Lease Agreement between Council and the Australian Pioneer Village Management Committee, quarterly operational reports are required to be submitted to the Council.

Attached separately is a detailed overview of the general operations of the Village since commencement of management by the Committee on the 1st July, 1995, together with future financial forecasts. The report, which has been prepared on behalf of the Village Management Committee by Mr Ken McManus, Tourism Consultant, also identifies a number of marketing and business strategies for the future.

It is understood that Mr Ken McManus, Consultant, and Mr Brian McKinlay, Chairman of the Australian Pioneer Village Management Committee, will be attending the General Purpose Committee Meeting to address the Council in relation to their report.

The General Management of the Village has been subject to numerous considerations by the Council since its acquisition over a decade ago. More recently, the Council in March last year considered two unsolicited submissions received from the private sector for the leasing/operation of the Village. Those submissions were from:-

1. Australian Outback Connection.

2. Messrs Chris Wells and John Stephens.

The report which Council subsequently requested on the two submissions favoured the proposal by Messrs Wells and Stephens. It was noted in that report that advice had been received from the `Friends of the Village Society' that, at that time, they felt they were not in a position to assume management of the Village.

In conjunction with the submission of that report to Council, further representations were made by the `Friends Society' and, as a consequence, the Council resolved to establish a Working Party to discuss with the `Friends', issues raised by them and possible options they may have in respect of the future management of the facility. Further, Council resolved to permit an extension of time to allow the `Friends' to prepare and submit an application in this regard.

Subsequently, the two previous submissions from the private sector together with a further submission by the `Friends Society' were considered by Council at a Special Meeting held on 25th May, 1995.

At that meeting Council resolved to appoint the Friends of Australian Pioneer Village as a Committee of the Council for the purpose of the management and operation of the Village. In terms of the submission by the `Friends' to the Council it set out a financial plan for the forthcoming three years with the underlying principal of achieving a level of income to return a profit in the third year. For the financial years 1995/96 and 1996/97 the Committee sought from Council financial support by way of subsidising the initial operating loss for these two years, being amounts of $28,900 and $7,500 respectively. The `Friends' projected an estimated profit of $23,500 for the third year of operation. Critical to the `Friends' submission were two proposals which would principally generate major income streams as referenced in their financial projections. These included (1) a joint venture with Australian Outback Connection, and (2) the provision of a multi-purpose building (being the refurbishment of the existing machinery shed adjoining the main entrance) which would be used for a number of social activities and functions.

With reference to the arrangement between Australian Outback Connection and the Village Management Committee, this agreement has now been terminated and there have been delays in finalising the refurbishment of the Machinery Shed.

Consistent with the terms of the Agreement, quarterly operational reports have been submitted to the Council and, on each occasion, an operating loss has been recorded, however, the Committee were confident of still achieving their financial targets for the first year of operation.

However, the statement of income and expenditure for the period 1st July, 1995, to 4th April, 1996, indicates that there is an operating deficit in the amount of $52,111.39. Basically, the income achieved to date has not been at the level initially projected and this generally seems to be because of the unsuccessful arrangement between the Management Committee and Australian Outback Connection and a general downturn in attendances. These issues are dealt with in the attached report. Generally, the first nine months of operation represents 75% of the financial year and income for that period stands at 61.26% whereas expenditure is 87.13%. It is noted that the income includes the subsidy paid by Council of $28,900. It is further noted that general expenditure is less than it otherwise would be due to the significant contribution given completely on a voluntary basis by the many people associated with the `Friends Society' and the Management Committee.

Mr Ken McManus in his report, on behalf of the Committee has prepared a revised budget for the current financial year. He has projected a "best" result of a deficit of $27,000 for their first year of operation. This is dependent upon a new marketing program and strategies as outlined in that report.

The request now from the Village Management Committee is for the Council to consider ongoing support for the Management Committee and the Village's operations by `carrying' the shortfall until the next financial year by when they expect to be trading profitably and based on amended projections, they hope to achieve an operating surplus of $27,219 at the end of the 1996/97 period. The ongoing projections for the further two years are surpluses of $15,331 and $43,394 respectively. It will be noted that the Committee have offered to pay interest on the deficit to be carried by Council until the deficit is nullified.

In summation, the Management Committee have for the first nine months of operation incurred a deficit of $52,000 more than originally projected. The original projection was $28,900 being subsidy sought from Council. However, the Management Committee is confident of achieving a reduced deficit to an amount in the order of $27,000 by the end of this year based upon new promotional and business strategies detailed in their report.

In terms of canvassing options the alternatives may include:-

1. Supporting the current request from the Management Committee.

2. Giving notice to terminate the arrangement with the Management Committee with a view to calling for public submissions for the purchase and/or leasing of the facility. In order to make the proposal more attractive it may be necessary for the Council to consider supporting a variation as to the current single use so that other recreational or appropriate activities could be introduced while still preserving the historic nature of the facility.

3. Terminate the current arrangements with a view to temporarily closing the facility pending further investigation as to possibilities. However, it should be noted that the Council will incur a financial liability in terms of the ongoing maintenance that will be associated with the facility regardless of whether it is operational or not.

4. Advising the Committee that the Council is not in a position to financially carry the deficit on operations to the extent incurred and that they seek external financing. The likelihood of the Committee achieving same is uncertain and in any case, any lending authority would require a mortgage to secure the debt over the property.

5. For the Council to re-assume responsibility and operation of the facility. This option is not supported for reasons previously reported but simply mean that this Council is not in the business of operating such a facility and is hampered by various restrictions including award provisions etc.

Each time the future management/operation of the facility has been considered, it has become emotive with various views expressed both within the Council and by interested external parties. Of the options canvassed in this report, the two presented for Council's consideration are; Supporting the current request by the Australian Pioneer Village Management Committee for Council to assist it in trading out its current deficit and working towards achieving a financial return by the end of the financial year 1996/97.

**OR**

Calling expressions of interest for the purpose of selling or leasing the facility as outlined in the report.

The matter is now presented for Council's consideration following the presentation to be given by representatives of the Village Management Committee.

**RECOMMENDATION:**

That consideration be given to the future management of Australian Pioneer Village.

**ATTACHMENTS:**

There are no supporting documents for this report.

FN:OG423NAX.C01 ****** END OF ITEM 35 ******

**ITEM: 36** MONTHLY FINANCIAL STATEMENTS - MARCH 1996

**FILE NUMBER:** GF011/005 PT04/FNC

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**REPORT:**

A. CASH EXPENDITURE WARRANT No. 3/1996

SUMMARY - Accounts Paid

| | | | | |
|---|---|---|---|---|
| General Fund Nos. | 41905 | - | 42590 | 7,951,103.11 |
| Trust Fund Nos. | 4553 | - | 4566 | 1,165,343.26 |
| | | | | 9,116,446.37 |

**CERTIFICATE BY RESPONSIBLE ACCOUNTING OFFICER**

This summary Warrant presented above is fully supported by Vouchers and Invoices which have been duly certified as to the receipt of goods and/or rendition of services and as to prices, computations and costings and the amounts shown were due for payment. The detailed Warrant is available upon request.

L M Weatherstone
Director Community Management and Finance

B. STATEMENT OF BANK BALANCES AND GENERAL MANAGER'S CERTIFICATE

STATEMENT OF BANK BALANCES AS AT 31 MARCH 1996

| | |
|---|---|
| GENERAL FUND | CR. 332,349.82 |
| TRUST FUND | CR. 100,382.39 |
| | CR. 432,732.21 |

FORM 2

GENERAL

| | |
|---|---|
| Balance - Cash Account as at 1 March 1996 | CR. 115,214.61 |
| Receipts for period ended 31 March 1996 | DR. 8,022,474.96 |
| | DR. 7,907,260.35 |
| Payments for period ended 31 March 1996 | CR. 8,290,042.34 |
| | CR. 382,781.99 |
| Limit of overdraft arranged with bank | $800,000.00 |

RESPONSIBLE ACCOUNTING OFFICER

I hereby certify that the Cash Book and Bank Statements have been reconciled in all funds as at 31 March 1996.

L M Weatherstone
Director Community Management and Finance

C. INVESTMENTS

Hereunder is the list of amounts invested:

Bank Bills

Interest

| Period | Due Date | Rate | Interest A/C | Amount |
|---|---|---|---|---|

Term Deposits

| | | | | |
|---|---|---|---|---|
| 91 Days | 15.04.96 | 7.52% | General Fund | 1,140,000.00 |
| 91 Days | 15.04.96 | 7.52% | General Fund | 660,000.00 |
| 60 Days | 03.05.96 | 7.54% | General Fund | 780,000.00 |
| 60 Days | 03.05.96 | 7.54% | General Fund | 300,000.00 |
| | 23.05.96 | 7.52% | Sewerage Fund | 1,000,000.00 |
| 94 Days | 26.06.96 | 7.58% | Sewerage Fund | 2,000,000.00 |
| 120 Days | 15.08.96 | 8.05% | General Fund | 850,000.00 |
| 365 Days | 26.08.96 | 7.63% | Sewerage Fund | 2,000,000.00 |
| 181 Days | 04.09.96 | 7.63% | Sewerage Fund | 206,319.84 |
| 190 Days | | | | |
| 190 Days | 04.09.96 | 7.63% | General Fund | 2,293,680.16 |
| 190 Days | 11.10.96 | 7.72% | General Fund | 1,000,000.00 |
| 225 Days | 05.03.97 | 8.00% | General Fund | 2,000,000.00 |
| 371 Days | 26.03.97 | 8.12% | General Fund | 3,000,000.00 |
| 547 Days | 09.05.97 | 8.00% | General Fund | 800,000.00 |
| 547 Days | 09.05.97 | 8.00% | General Fund | 200,000.00 |
| 594 Days | 25.06.97 | 8.00% | General Fund | 1,000,000.00 |

Australian Treasury Corporation

| | | | | |
|---|---|---|---|---|
| | 04.08.97 | 8.45% | Workers Comp Board | 950,000.00 |

| | | | | |
|---|---|---|---|---|
| Short Term Investments | | General Fund | | 3,115,000.00 |
| | | | | $23,295,000.00 |

RESPONSIBLE ACCOUNTING OFFICER

I hereby certify that the investments listed above are the total of all money that have been invested and that the investments have been made in accordance with the Act, Regulations and Council's investment policies.

L M Weatherstone
Director Community Management and Finance

**RECOMMENDATION:**

That the information be received.

**ATTACHMENTS:**

There are no supporting documents for this report.

FN:OG423NBX.F02 ****** END OF ITEM 36 ******