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**I hereby give notice that a Confidential Council Meeting will be held
on:**

Date: Tuesday, 19 November 2019
Time: 6.00 p.m.
Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier

AGENDA

Confidential Council Meeting 19 November 2019

**Andrew Meddle
Chief Executive Officer**

15 November 2019



25.8 OPERATING MODEL SCENARIOS – REPORT NO. AR19/60159

CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except OAM L Martin, Councillors S Mezinac, K Amoroso, M Bruins, C Greco, B Hood, P Jenner, F Morello and S Perryman and Council Officers <Enter Names> be excluded from attendance at the meeting for the receipt, discussion and consideration in confidence of Agenda Item 25.8 AR19/60159 Operating Model Scenarios.

The Council is satisfied that, pursuant to section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is:

- 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

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because Information has been supplied on a confidential basis by a third party..



25.8 OPERATING MODEL SCENARIOS – REPORT NO. AR19/60159

Committee:	Regional Sport and Recreation Centre Committee
Meeting Date:	12 November 2019
Report No.:	AR19/60159
CM9 Reference:	AF18/175
Author:	Judy Nagy, General Manager City Growth
Authoriser:	Andrew Meddle, Chief Executive Officer
Summary:	A report to provide a range of figures associated with potential operating models for the Community and Recreation Hub.
Community Plan Reference:	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

The Committee is satisfied that, pursuant to Section 90(2) & (3) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (d) 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.

REPORT RECOMMENDATION

1. That Regional Sport and Recreation Centre Committee Report No. AR19/60159 titled 'Operating Model Scenarios' as presented on 12 November 2019 be noted.



BACKGROUND

The previous Council received a briefing on the operating model on 15th October 2018. Subsequently, the operating model has been revised and refined taking into account the various changes made which have knock on impacts, e.g. provision of photovoltaics, etc.

At the confidential briefing on 22nd October 2019, an update on the operating model was sought.

DISCUSSION

This report provides a range of scenarios, based upon current information and approaches. The modeller was asked to consider the impact of a range of project costs and linked building element costs and linked borrowing costs from \$39.1m to \$50.0m.

The model is based upon industry standard costs taken from other centres operating in South Australia. It assumes that the Council will be seeking to open the doors from early in the morning (0600hrs) to late at night (2200hrs), seven days a week. Such hours need a significant management and staff cohort to supply all elements of the facility.

The biggest cost elements are the electricity choices (i.e. the operating costs are significantly affected by the provision of 600kW of photovoltaics) and staffing costs, which have been modelled from a sensitivity perspective, with a private operator able to pay less for staff than the Council.

The modeller has observed that Council would be better placed financially if it operated both the gym spaces and the pools itself.

The operating model output can be found as **Attachment 1**, where the figures are \$000's.

CONCLUSION

That Elected Members note the spread of figures and that further work will be undertaken to refine the model further.

ATTACHMENTS

1. Operating Model Output



ATTACHMENT 1

TABLE 1 – MODELLED OPERATING COSTS

Capital Spend (including allowances)	Depreciation expense	Interest expense	Total depreciation	Net Profit After Tax with Labour Cost Saving %				
				0%	-5%	-10%	-15%	-20%
\$39,100	-\$786	-\$292	-\$1,079	-\$1,809	-\$1,708	-\$1,606	-\$1,504	-\$1,402
\$42,000	-\$845	-\$359	-\$1,204	-\$1,934	-\$1,833	-\$1,731	-\$1,629	-\$1,527
\$45,000	-\$905	-\$428	-\$1,333	-\$2,064	-\$1,962	-\$1,860	-\$1,758	-\$1,656
\$50,000	-\$1,006	-\$543	-\$1,549	-\$2,279	-\$2,177	-\$2,076	-\$1,974	-\$1,872
Wholly in-sourced				[N.b. These indicate the potential labour cost savings as the level of out-sourcing increases].				



CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 7.3 AR19/60159 Operating Model Scenarios and its attachments, the discussion and the resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (d) be kept confidential and not available for public inspection until 31 December 2021.
2. Further that Council delegates the power to review, revoke, but not extension of the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

**MINUTES OF CONFIDENTIAL COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT
GAMBIER
ON TUESDAY, 19 NOVEMBER 2019 AT 6.00 P.M.**

PRESENT: Mayor Lynette Martin (OAM), Cr Kate Amoroso, Cr Max Bruins, Cr Christian Greco, Cr Paul Jenner, Cr Ben Hood, Cr Frank Morello, Cr Steven Perryman

OFFICERS IN ATTENDANCE:

Chief Executive Officer	- Mr A Meddle
General Manager Community Wellbeing	- Ms B Cernovskis
General Manager City Infrastructure	- Mr N Serle
General Manager City Growth	- Dr J Nagy
Acting General Manager Council Business Services	- Mr J Zwijnenburg
Manager Development Services	- Mrs T Tzioutziouklaris
Media and Communications	- Mrs A Watson
Executive Administration Officer	- Mrs F McGregor



25.8 OPERATING MODEL SCENARIOS – REPORT NO. AR19/60159**RESOLUTION 2019/346**

Moved: Cr Christian Greco

Seconded: Cr Paul Jenner

CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except Mayor L Martin, Councillors S Meziniec, K Amoroso, M Bruins, C Greco, B Hood, P Jenner, F Morello and S Perryman and Council Officers A Meddle, B Cernovskis, J Nagy, N Serle, J Zwijnenburg, A Watson, T Tzioutziouklaris and F McGregor be excluded from attendance at the meeting for the receipt, discussion and consideration in confidence of Agenda Item 25.8 AR19/60159 Operating Model Scenarios.

The Council is satisfied that, pursuant to section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is:

- 1 commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected:
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The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because Information has been supplied on a confidential basis by a third party.

CARRIED**RESOLUTION 2019/347**

Moved: Cr Ben Hood

Seconded: Cr Max Bruins

1. That Regional Sport and Recreation Centre Committee Report No. AR19/60159 titled 'Operating Model Scenarios' as presented on 12 November 2019 be noted.

CARRIED

RESOLUTION 2019/348

Moved: Cr Christian Greco

Seconded: Cr Kate Amoroso

CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 7.3 AR19/60159 Operating Model Scenarios and its attachments, the discussion and the resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (d) be kept confidential and not available for public inspection until 31 December 2021.
2. Further that Council delegates the power to review, revoke, but not extension of the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CARRIED

