



City of  
Mount Gambier

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

**Date: Tuesday, 16 April 2024**

**Time: 6.00 p.m.**

**Location: Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier**

# **CONFIDENTIAL AGENDA**

**Council Meeting  
16 April 2024**

**Sarah Philpott  
Chief Executive Officer  
12 April 2024**

## 23 NEW CONFIDENTIAL ITEMS

### 23.1 VISITOR SERVICING MODEL - UPDATE – REPORT NO. AR24/23696

#### 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 the Mayor, Councillors and (Council Officers) be excluded from attendance at the meeting for the receipt and consideration in confidence of Agenda Item 23.1 AR24/23696 Visitor Servicing Model - Update.

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

- information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is
  - conducting business; or
  - proposing to conduct business; or
  - to prejudice the commercial position of the Council
- 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

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 the information to be considered includes information relating to the personal affairs of persons with whom Council is conducting business including information which is of a confidential commercial nature which, if disclosed, would prejudice the commercial position of the Council and other persons and could potentially confer advantage on a third party with whom Council is or is proposing to conduct business. The public interest in this matter being considered in open is considered to be outweighed by the public interest in protecting the commercial interests of Council and third parties and not conferring unfair advantage on third parties which could affect Council's capacity to achieve best value for the community.





**23.1 VISITOR SERVICING MODEL - UPDATE – REPORT NO. AR24/23696**

<b>Committee:</b>	<b>Council</b>
<b>Meeting Date:</b>	<b>16 April 2024</b>
<b>Report No.:</b>	<b>AR24/23696</b>
<b>CM9 Reference:</b>	<b>AF13/64</b>
<b>Author:</b>	<b>Amanda Stevens, Strategic Development and Visitor Economy Coordinator</b>
<b>Authoriser:</b>	<b>Barbara Cernovskis, General Manager City Infrastructure</b>
<b>Summary:</b>	<b>This Report provides a progress update on securing possession of Engelbrecht Cave Reserve as an initial step of the Hub and Spoke Visitor Servicing model endorsed by Council at the March 2024 Council Meeting.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b> <b>Goal 2: Our Location</b> <b>Goal 3: Our Diverse Economy</b> <b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b> <b>Goal 5: Our Commitment</b>

The Council 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:

- (b) information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business; or proposing to conduct business; or to prejudice the commercial position of the Council
- (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 Council Report No. AR24/23696 titled 'Visitor Servicing Model - Update' as presented on 16 April 2024 be noted.



## **TYPE OF REPORT**

Corporate

## **BACKGROUND**

At the Council Meeting held on Tuesday, 19 March 2024, Members endorsed the proposed concept for a Hub and Spoke visitor servicing model to be progressed concurrently with a business development and implementation plan. In addition, that the Chief Executive Officer, or representative, be authorised to take such action as is considered reasonably necessary to secure possession of Engelbrecht Cave Reserve from 30 June 2024 or such other suitable date negotiated with the tenant/operator.

The receipt of notice to vacate from the Engelbrecht Cave Licensee was the catalyst for presenting Council with the concept of the Hub and Spoke Visitor Servicing Model. Whilst not ideal in terms of timing, the opportunity for Council to commence insourcing our high-profile tourism assets aligns with the Strategic Work Plan and the ability to understand the cost and resourcing for this operational facility is invaluable to inform the model development.

Since the receipt of notice to vacate was received, Council officers have met with the operator on multiple occasions to congratulate and thank her for the 10-year commitment to servicing our travellers, forge an agreement in good faith to conclude her business operations, provide transparency around Council processes moving forward and seek to understand the visitation patterns/figures to develop a considered business development and implementation plan.

Council officers have been advised that on 29 April 2024 current Engelbrecht Cave employees will be notified by the Licensee of their decision to vacate from the Engelbrecht Cave Licence at the end of the financial year. Subsequently, advice will be provided to those employees on Council's recruitment process and timelines as part of Council's procurement policy.

## **PROPOSAL**

Through this report and supplied attachments, Members are provided with an update of the business development and implementation plan for Engelbrecht Cave Reserve. In particular, a proposed transition phasing model inclusive of legal considerations, human resourcing, high-level financial projections, timing of minor plant works to the building asset, development and implementation of an ongoing in-house maintenance schedule, as well as installation of new signage, development of owned media and advocacy of earned media opportunities.

Indicative projections around resourcing and financial considerations have been based off our current visitor servicing operations at the Lady Nelson, as well as supported verbally by the current Licensee. It is proposed that with the progression of this visitor servicing model we will be able to closely measure financial health which will inform our operational procedures moving forward at Engelbrecht and will assist in informing the best way to proceed with other spoke sites.

This Report is updating Council on the progress with securing possession of Engelbrecht Cave Reserve and visitor servicing/tour guiding provision at the site based on the transitional timelines detailed.

## **LEGAL IMPLICATIONS**

Due to current "holding over" arrangements, neither Council nor the tenant/tour operator have continuing legal obligations beyond one month. Noting that Council officers met with the Licensee 13 March 2024 and have verbal agreement to continue with the Licence until 30 June 2024. Council officers are currently in the process of formalising the notice to vacate agreement foreshadowing the formal closing out procedure which will occur closer to the vacation date.

## **STRATEGIC PLAN**

### **2.1 Infrastructure development and managing our current assets**



We will commence working on meeting the community's aspirations for future infrastructure development, whilst managing our existing infrastructure and assets in a manner that demonstrates the pride we take in our environment.

2.1.5 Providing efficient visitor services by making tourism information access easier and more relevant.

### **3.1 Identity, gateways and support for our businesses**

Establish a strong, positive, aspirational identity that includes the message that the City of Mount Gambier is 'open for business'.

### **3.4 Tourism is contributing to a diverse economy and creating opportunity**

Mount Gambier, its surrounding townships and the tourism region are positioned as a unique and desirable activity-based destination for travellers from Adelaide and Melbourne.

3.4.4 Facilitating the provision of quality Visitor Information Services that address face-to-face information needs as well as adapting to trends in online information, booking services and electronic marketing.

3.4.5 Working with other tourism stakeholders to develop dispersal strategies that bring tourists into the region from across South Australia, Victoria and further afield. \

### **A Futures Paper for City Development**

#### **1.6 Desirable/Sustainable Place:**

- Strive to make Mount Gambier a sustainable place in which all citizens are proud to call home.

#### **2.2 Environment:**

- To ensure the ongoing quality of our environment is central in decision-making across the city.

#### **2.9 Assets/Sporting Facilities:**

- Make Mount Gambier a destination for travellers, not just a place that they pass through. \

### **COUNCIL POLICY**

[A900 Asset Management](#)

[Disposal of Land and Assets Policy](#)

[Procurement Policy](#)

[Volunteer Management Policy](#)

### **ECONOMIC IMPLICATIONS**

By Council's intention to activate the Engelbrecht Cave Reserve site through in-house visitor servicing, there are three key areas of positive economic impact for Council to note:

1. By placing our highly influential visitor servicing team at this highly visited spoke site, it will increase the extra economic contributions that travellers make to Mount Gambier businesses. With the understanding that every time a visitor servicing staff member speaks to a traveller, that traveller spends on average an extra, unplanned \$124 in the local community.

2. Acknowledging the potential 'commercial case', Engelbrecht Cave tours in conjunction with other spoke site tour experiences would form a strong global trade export product used strategically to position Mount Gambier on the world stage. The greater hub and spoke proposal, inclusive of Engelbrecht Cave, is attractive to the marketplace and this would inherently open the door to international trade brought directly to Mount Gambier, building our (new) visitor economy. Something



of which our community and our stakeholders have been asking of our region to deliver to meet demand.

3. Securing possession of the Engelbrecht Cave Reserve then activating it through tour experiences and the sale of merchandise would offset costs and enable Council to generate funding to support the land management of our natural tourism assets. By directly facilitating traveller's financial contribution to our green spaces/natural landscape (which are first and foremost places our community loves and values), we will be demonstrating our commitment to sustainable/regenerative tourism which is an expectation of our high-yield travellers.

It is proposed that during the transition phase of the possession and activation of this spoke site, we will be able to closely measure financial health and anticipated positive community economic impact which will inform our operational procedures moving forward at Engelbrecht but will assist in informing the best way to proceed with other spoke sites. Please note that all indicative figures are not inclusive of projected market expansion. Please refer to Attachment 1.

### **ENVIRONMENTAL IMPLICATIONS**

There are no detrimental environmental implications in the context of this report.

### **SOCIAL IMPLICATIONS**

Currently the Licensee is open for 48 weeks of the year (48/52), closed for 4 weeks and is open 6 days during SA school terms. Council's intention is to provide tour experiences and visitor servicing at spoke site Engelbrecht Cave for 364 days of the year (in line with current offering at the Lady Nelson).

Council's ability to deliver a considered and destination worthy tourism experience will not only meet the goals and objectives set out in the Strategic Plan but will also set a successful local industry benchmark.

### **CULTURAL IMPLICATIONS**

There are no detrimental cultural implications associated with the proposal in this report.

### **RESOURCE IMPLICATIONS**

As detailed in the report endorsed by Council on 12 March 2024, as part of a phased implementation, it may be in Council's best interest to initially deploy existing visitor servicing staff to the Engelbrecht Cave Reserve to ensure seamless servicing operations over sites in the first instance of occupation.

This will allow Council time to consolidate, progressively absorb operational matters with an experienced team and understand performance of the site and experience offering to inform future resourcing. As part of the business development and implementation plan, Council officers may explore options for further recruitment after this time to create a sustainable business model and successional planning moving forward.

Indicative costs developed based on the financial information available, expects the resourcing costs to be offset by the revenue generated. Noting that this proposal is far from a start-up venture; that Council is walking into an established business model with existing customer base, a digital presence and online booking system.

### **VALUE FOR MONEY**

With the opportunity of growth of income streams, given the current operator's success, the Engelbrecht Cave Reserve spoke site possession and activation seeks to offer value for money within the first twelve months of operation, and then ongoing. In addition, there will be a rise in extra unplanned spend in our community from our travellers as a natural result of being more visible and accessible.



## **RISK IMPLICATIONS**

With visitation to our city at higher levels than pre-covid, the risks of not employing further resourcing would mean stretching an already under resourced service over an additional site. Potentially impacting other site's opening hours/days and would not be in line with community expectations.

There will be an initial set-up financial commitment to secure items such as security system, new signage (to remove out of date content), minor plant works such as painting to freshen up site, display racks for visitor servicing collateral and stands for best practice merchandising. With the site aesthetics remaining largely untouched by the Licensee over the years, and not addressing this in the opportunistic time frame we are presented with, we may miss the opportunity to update it to maintain relevance and earn positive reviews from our travellers. The acquisition of display stands and appropriate displays/interpretative signage will ensure we are meeting our accreditation through the South Australia Visitor Servicing Network (SAVSN) and can continue to operate and reap the benefits of the associated branding.

As foreshadowed in last months report, the lease for the Umpherston Kiosk is due to reach the end of its 5-year lease arrangement on 19 October 2024 with no right of renewal contained in the lease.

Concurrent to the Engelbrecht Cave Licensee formally advising staff of their decision to vacate from the Engelbrecht Cave Licence, Council Officers will be advising the licensee of Umpherston Kiosk that Council will be seeking handover of vacant possession at the end of the current lease term.

Given the strong community interest in these sites a communication strategy and series of FAQ's are in development to manage the anticipated public and media interest.

## **EQUALITIES AND DIVERSITY IMPLICATIONS**

This proposal and associated activities are aligned with the Reconciliation Plan and the Disability Access and Inclusion Plan.

## **ENGAGEMENT AND COMMUNICATION STRATEGY**

It is our intention first and foremost to acknowledge and celebrate the 10-year operations of our Licensee at Engelbrecht Cave Reserve through a planned media piece, of course after which time that the Licensee has advised her staff of her intention to vacate possession.

With respect to the level of resourcing enquiries may require of Council officers, a website landing page with FAQs on Council's website will be launched soon thereafter to assist in answering any questions our community may have in a timely manner. Council's social media channels will also play a pivotal role in informing both community and our travellers. Furthermore, with Council's new tourism website launching by 1 July 2024, we anticipate that this will assist in providing clear and concise communication regarding bookings and will create a seamless and streamlined approach to the booking of tour experiences.

Council officers will continue to explore engagement and communication strategies (including PR opportunities attached to the spoke activation) as part of the business development and implementation plan.

## **IMPLEMENTATION STRATEGY**

Implementation will be a phased approach and consist of a proposed transition phasing model inclusive of legal considerations, human resourcing, high-level financial projections, timing of minor plant works to the building asset, development and implementation of an ongoing in-house maintenance schedule, as well as installation of new signage, development of owned media and advocacy of earned media opportunities. Please refer to Attachment 1.

The process and outcomes of this initial spoke activation at Engelbrecht Cave Reserve will help inform best practice activation for the Umpherston Sinkhole/Balumbul kiosk, in which the current lease is due to expire 19 October 2024. Also taking into consideration that a Master Plan is currently



a consideration for the Umpherston Sinkhole/Balumbul site, however the priority of this is yet to be determined.

## **CONCLUSION AND RECOMMENDATION**

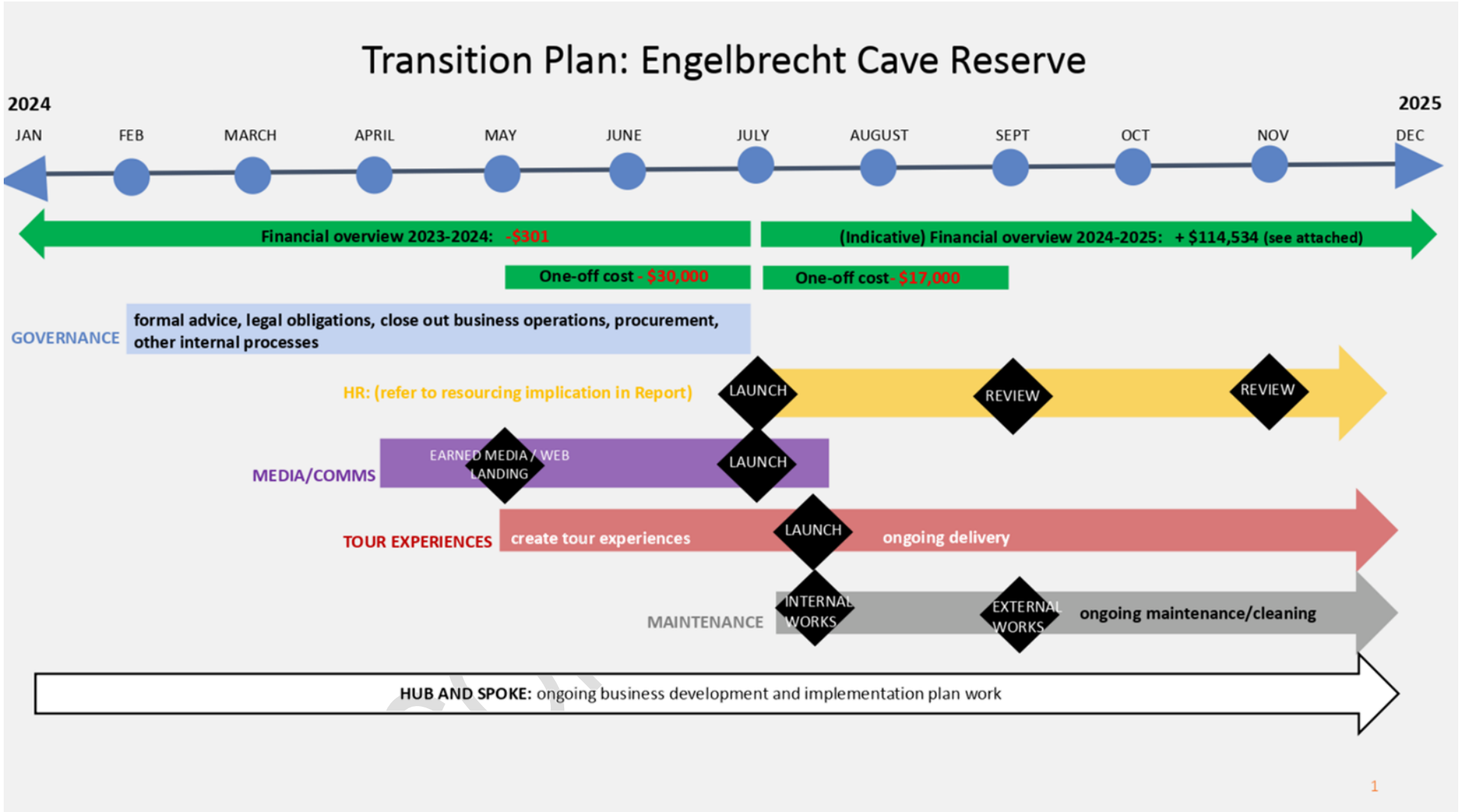
This report seeks to provide Members with an update of the business development and implementation plan for Engelbrecht Cave Reserve relating to the possession and activation of this spoke site by Council. It is important to acknowledge that due to the dynamic nature of the information contained herein and the likelihood of external factors impacting the content and assessments, our business development and implementation plan will evolve over time. Therefore we encourage Council to view this document as a snapshot of progress at this specific time, subject to updates to accurately reflect ongoing development.

As the transition phase of activation progresses, we anticipate that the business development and implementation planning will mature and will additionally capture and measure metrics to monitor performance, demonstrate success or alternatively, areas of opportunity. Something of which is instrumental in any strategic and transformational change initiative to ensure evidence-based and transparent decision-making.

## **ATTACHMENTS**

1. Attachment 1 [↓](#)







ONE-OFF ACTIVATION COST	2023-2024 FY	2024-2025 FY
Site prep/tidy up (paint, clean, maintenance)		\$15,000
Equipment/digital (security system, guiding equipment, intercom, website)	\$5,000	\$2,000
Merchandise (additional batch)	\$10,000	
Displays (brochures, merch)	\$15,000	
<b>TOTAL INDICATIVE COST</b>	<b>\$30,000</b>	<b>\$17,000</b>

### FINANCIAL FORECASTING: 2024 - 2025

indicative only

Analysis	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL per annum
Revenue (merchandise)	\$8,344	\$8,344	\$8,344	\$8,344	\$33,376
Revenue (tours)	\$75,000	\$75,000	\$75,000	\$75,000	\$300,000
<b>TOTAL REVENUE</b>	<b>\$83,344</b>	<b>\$83,344</b>	<b>\$83,344</b>	<b>\$83,344</b>	<b>\$333,376</b>
<b>Costs of goods sold</b>	<b>\$4,172</b>	<b>\$4,172</b>	<b>\$4,172</b>	<b>\$4,172</b>	<b>\$16,688</b>
<b>GROSS PROFIT</b>	<b>\$79,172</b>	<b>\$79,172</b>	<b>\$79,172</b>	<b>\$79,172</b>	<b>\$316,688</b>
<b>Operating Expenses</b>					
Quarterly maintenance & utilities	\$8,557	\$8,557	\$8,557	\$8,557	\$34,228
Salaries / Wages (2 FTE - L2)	\$40,687	\$40,687	\$40,687	\$40,687	\$162,748
Depreciation expense	\$1,295	\$1,295	\$1,295	\$1,295	\$5,178
<b>TOTAL OPERATING EXPENSES</b>	<b>\$50,538</b>	<b>\$50,538</b>	<b>\$50,538</b>	<b>\$50,538</b>	<b>\$202,154</b>
<b>NET INCOME</b>	<b>\$28,634</b>	<b>\$28,634</b>	<b>\$28,634</b>	<b>\$28,634</b>	<b>\$114,534</b>



**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 23.1 AR24/23696 Visitor Servicing Model - Update and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) and (d) be kept confidential and not available for public inspection until each of the matters in the report, attachments, recommendations and resolutions has been fully implemented and settled including any subsequent actions that might arise in association with these activities, with relevant resolutions to be released to affected parties as considered necessary by the Chief Executive Officer in order to give effect to the proposals contained in the report, and other resolutions to be released publicly as determined appropriate by the Chief Executive Officer as the activities in the report are implemented.
2. Further that Council delegates the power to review, revoke, but not extend the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CONFIDENTIAL

**MINUTES OF CITY OF MOUNT GAMBIER COUNCIL MEETING  
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT  
GAMBIER  
ON TUESDAY, 16 APRIL 2024 AT 6.00 P.M.**

**PRESENT:** Mayor Lynette Martin (OAM), Cr Frank Morello, Cr Kate Amoroso, Cr Mark Lovett, Cr Max Bruins, Cr Paul Jenner, Cr Sonya Meziniec, Cr Jason Virgo

<b>OFFICERS IN ATTENDANCE:</b>	Chief Executive Officer	- Mrs S Philpott
	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Manager Governance and Property	- Mr M McCarthy
	Manager Financial Services	- Mrs J Scoggins
	Manager Economy, Strategy and Engagement	- Mrs B Shearing
	Strategic Development & Visitor Economy	- Ms A Stevens
	Strategic Development and Recreation Coordinator	- Mrs E Solly
	Media and Communications Coordinator	- Ms S McLean
	Executive Administrator	- Mrs A Pasquazzi

## 23 NEW CONFIDENTIAL ITEMS

### 23.1 VISITOR SERVICING MODEL - UPDATE – REPORT NO. AR24/23696

#### RESOLUTION 2024/69

Moved: Cr Frank Morello  
Seconded: Cr Sonya Meziniec

#### 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 the Mayor, Councillors and Council Officers, S Philpott, B Cernovskis, J Fetherstonhaugh, M McCarthy, J Scoggins, B Shearing, A Stevens, E Solly, S McLean and A Pasquazzi be excluded from attendance at the meeting for the receipt and consideration in confidence of Agenda Item 23.1 AR24/23696 Visitor Servicing Model - Update.

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

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- commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected:
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- to confer a commercial advantage on a third party

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 the information to be considered includes information relating to the personal affairs of persons with whom Council is conducting business including information which is of a confidential commercial nature which, if disclosed, would prejudice the commercial position of the Council and other persons and could potentially confer advantage on a third party with whom Council is or is proposing to conduct business. The public interest in this matter being considered in open is considered to be outweighed by the public interest in protecting the commercial interests of Council and third parties and not conferring unfair advantage on third parties which could affect Council's capacity to achieve best value for the community.

**CARRIED**

#### **RESOLUTION 2024/70**

Moved: Cr Sonya Meziniec

Seconded: Cr Jason Virgo

1. That Council Report No. AR24/23696 titled 'Visitor Servicing Model - Update' as presented on 16 April 2024 be noted.

**CARRIED**

#### **RESOLUTION 2024/71**

Moved: Cr Mark Lovett

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 23.1 AR24/23696 Visitor Servicing Model - Update and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) and (d) be kept confidential and not available for public inspection until each of the matters in the report, attachments, recommendations and resolutions has been fully implemented and settled including any subsequent actions that might arise in association with these activities, with relevant resolutions to be released to affected parties as considered necessary by the Chief Executive Officer in order to give effect to the proposals contained in the report, and other resolutions to be released publicly as determined appropriate by the Chief Executive Officer as the activities in the report are implemented.
2. Further that Council delegates the power to review, revoke, but not extend 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**

