

## REPORTS OF OFFICERS

**Report Title:** Melrose Caravan & Tourist Park – Future Operations – Proposal

**Item No:** 8.1

**Date of Meeting:** 29 November 2022

**Author:** Jacqui Kelleher, Director Community & Corporate

**Attachments:** 1. Proposal received from Mr ME Fillery & Julieanne Ramsey through the Expressions of Interest process - Business Sale Agreement/Lease

**Officer Direct or Indirect Conflict of Interest:**  
*In accordance with Section 120 of the Local Government Act*

Yes      No

**Status:**  
*Information classified confidential under Section 90(2) of the Local Government Act*

Yes       No

### Confidentiality Clause:

That Pursuant to Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of Sam Johnson (Chief Executive Officer), Brenton Daw (Director Infrastructure and Regulatory) and Kathryn Crisp (Executive Assistant/Records Officer), be excluded from the meeting as Council considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business or to prejudice the commercial position of the Council (namely, information regarding an expression of interest process related to the operation of the Melrose Caravan & Tourist Park which if made public could negatively impact the expression of interest process) and would, on balance be contrary to the public interest.

*(for resolution after consideration of the matter)*

1. In accordance with Section 91(7) and (9) of the *Local Government Act 1999*, Council orders that this report item 8.1 - Melrose Caravan & Tourist Park – Future Operations, the attachments to this report, discussion at the meeting and resolution pertaining to this item having been considered in confidence under Section 90(2) and (3)(b) of the Act be kept confidential and not available for public inspection on the basis that it contains information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the Council (namely, information regarding an expression of interest process related to the operation of the Melrose Caravan & Tourist Park which if made public could negatively impact the expression of interest process) and would, on balance, be contrary to the public interest. This order is to remain in force until further order of the Council, noting that it will be reviewed at least annually in accordance with the *Local Government Act 1999*.

2. Pursuant to Section 91(9)(c) of *the Local Government Act 1999*, the Council delegates to the Chief Executive Officer the power to revoke this order and any other orders made by the Council under Section 91(7) in relation to the Melrose Caravan & Tourist Park – Future Operations in whole or part. This delegation may be exercised by the Chief Executive Officer for any purpose including, but not limited to, the of publishing information as part of the public consultation processes approved by Council at this meeting.

## 1. EXECUTIVE SUMMARY

This report seeks a decision of Council affecting the future operations of the Melrose Caravan & Tourist Park (MCTP) following a public expressions of interest process undertaken calling for proposals for the sale of the lease of the MCTP.

In March 2022 the previous Council considered two expressions of interest received at that time, and determined to accept an offer from a party which for personal reasons subsequently withdrew from the process. Since that time, Council's appointed Broker (Murray Fielder) has continued to seek further expressions of interest.

It should be noted that a public consultation was also undertaken during the previous exercise of considering the offers received from two previous interested parties, in regard to Council's *Community Land Management Plan – Melrose Caravan & Tourist Park* in order to facilitate any potential sale of the lease. As that body of work has been done and Council adopted the revised Plan at its Special Meeting on 24 March 2022, no further public consultation is required on the Plan when considering this new offer as presented.

The Park is currently managed by Council's Administration through the engagement of contracted services of relief managers through Caretakers Australia [Our Story - Caretakers – Do you need relief or permanent Managers? \(caretakersaustralia.com.au\)](https://www.caretakersaustralia.com.au).

## 2. RECOMMENDATION

That Council:

1. receives and notes the report;
2. authorises the Chief Executive Officer to:
  - a) negotiate the business sale and lease agreement with Mr M Fillery and Julieanne Ramsey, such proposed sale and lease to be subject to community consultation and final approval by the Council;
  - b) undertake public consultation in accordance with the Local Government Act 1999 on the proposed lease commencing at 9.00am on Wednesday 30 November 2022 and concluding at 9.00am on Tuesday 13 December 2022 and results of the consultation be tabled at the 13 December Ordinary meeting for consideration; and
3. request that, following the completion of the process outlined in clause 2 above, the 13 December 2022 meeting of Council receive a report regarding:
  - a) the actions taken by the Chief Executive Officer;
  - b) the outcomes of the public consultation process, and
  - c) any further recommendations as necessary for Council decision.

### 3. RELEVANT CORE STRATEGIES/POLICIES

#### DCMR Community Plan 2021-2031

- 3.3 Support Local Business & Industry
- 4.1 Partner with Tourism Stakeholders
- 4.2 Develop our District Tourism Proposition
- 4.3 Develop our Tourism Infrastructure
- 5.4 Improve the Efficiency and Effectiveness of Council Services
- 6.3 Enact Strong Governance
- 6.4 Provide Financial Sustainability
- 6.5 Develop Organisational Capability

Community Land Management Plan – Melrose Caravan & Tourist Park – [Caravan-Parks.pdf \(mtr.sa.gov.au\)](#)

Community Consultation Policy [https://www.mtr.sa.gov.au/data/assets/pdf\\_file/0032/174686/04.21-Public-Consultation-Policy.pdf](https://www.mtr.sa.gov.au/data/assets/pdf_file/0032/174686/04.21-Public-Consultation-Policy.pdf)

### 4. BACKGROUND

In 2020/2021 Council reviewed the current operations, management and potential ownership of the MCTP. Following consideration of the review, in July 2021 Council resolved to appoint caravan park broker (Murray Fielder) to manage an expressions of interest process for the sale of the leasehold business of the MCTP.

On 16 November 2022, Members received a confidential briefing on the background to this matter. This report provides Members with information regarding an offer received from an interested party (Mr Mark E Fillery and Julieanne Ramsey). A copy of the offer received is provided at Attachment 1 to this report and Council's direction on this matter is now required.

### 5. DISCUSSION

The proposed sale of the leasehold of the MCTP will provide operational savings to Council as well as providing a one off capital injection through the sale price and ongoing income associated with the lease fee.

The proposal received outlines the details of the offer as well as the experience and management capabilities of the Interested Party (Mr M E Fillery and Julieanne Ramsey) as summarised below:

	<b>Mark Fillery and Julieanne Ramsey</b>
	A couple who are residents in Mildura. Mark operates a building company, Julieanne is a bank manager. They will operate the business as owner operators.
<b>Interested Party:</b>	
<b>Price Offered:</b>	\$1,200,000, increased by negotiation from \$1,150,000.
<b>Deposit Payable:</b>	\$60,000 (5%) payable after full signing of the Sale Agreement.
<b>Proposed Settlement:</b>	February 6, 2023 or other date as mutually agreed.
<b>Rent Payable:</b>	\$80,000 plus GST in Year 1. Payable monthly in advance.
<b>Rent Review:</b>	CPI annually and Market Review at commencement of each term.
<b>Lease Term Request:</b>	35 years
<b>Rights of Renewal:</b>	Initially 5 years plus 6 x 5 years.
<b>Conditions Precedent:</b>	Subject to Finance and signing a suitable lease agreement.
<b>Capacity to Finance:</b>	Yes. Purchasers have a substantial property asset base.

**Experience to Operate:**

**Other Matters:**

Yes, they are experienced business operators, albeit not a caravan park. They have close relatives who are very experienced operators and keen to assist.

14 day training/handover period

Discussion re power supply into the park. We await a response from SAPN. This is a recent question. Discussion re rubbish bin collection. This is a recent question

## **Requirement for Public Consultation on Sale of Lease**

Should Council resolve to accept the offer of the Interested Party as presented, such sale of lease is subject to community consultation in accordance with Council's public consultation policy. It is proposed that public consultation to be undertaken include:

- advertisement in the Plains Producer (occurring in week 2 of the consultation phase due to timings of the newspaper production deadlines) and a copy of the advertisement will be placed on Council's website and promoted via email communications to all community groups and other relevant parties via Council databases; and
- Facebook posts (2 per week).

Following the two (2) week public consultation period, the 13 December Ordinary Meeting of Council will receive a report to enable consideration of the results of the consultation and to make further resolutions accordingly. As the proposed consultation period will close at 9am on 13 December (ie the date of the Ordinary Meeting of Council), feedback received from the community will be tabled at the meeting.

## **6. ANALYSIS OF OPTIONS**

### **Option 1:**

That Council:

1. receives and notes the report;
2. authorises the Chief Executive Officer to:
  - a) negotiate the business sale and lease agreement with Mr M Fillery and Julieanne Ramsey, such proposed sale and lease to be subject to community consultation and final approval by the Council;
  - b) undertake public consultation in accordance with the Local Government Act 1999 on the proposed lease commencing at 9.00am on Wednesday 30 November 2022 and concluding at 9.00am on Tuesday 13 December 2022 and results of the consultation be tabled at the 13 December Ordinary meeting for consideration; and
3. request that, following the completion of the process outlined in clause 2 above, the 13 December 2022 meeting of Council receive a report regarding:
  - a) the actions taken by the Chief Executive Officer;
  - b) the outcomes of the public consultation process, and
  - c) any further recommendations as necessary for Council decision.

This option allows Council to proceed with negotiations for the sale and lease of the Melrose Caravan & Tourist Park and undertake the required public consultation process.

**Option 2:**

That Council receives and notes the report.

This option does not bring into effect proceeding with the offer received from Mr ME Ellery and Julianne Ramsey for the sale of lease of the MCTP.

**7. RECOMMENDED OPTION**

Option 1 is the recommended option.

**8. POLICY IMPLICATIONS**

**8.1 Financial/Budget**

Broker fees (5% GST) plus preparation of legal / lease documents.

**8.2 Legislative/Risk Management**

<b>Primary Risk Type</b>	Financial		
<b>Inherent Risk</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
	Medium	Medium	Medium
<b>Controls</b>	Broker and Administration has reviewed contractual arrangements.		
<b>Residual Risk</b>	Low	Low	Low

**8.3 Staffing/Work Plans**

Accommodated within existing workplans of the Director Community & Corporate and the CEO.

**8.4 Environmental/Social/Economic**

Positive economic impacts to the broader district and the community are anticipated through the sale of the lease as outlined within the proposal received. A significant investment in the business and assets is being proposed by the Purchaser which will translate into greater visitor experience.

**8.5 Stakeholder Engagement**

Not applicable – noting confidentiality provisions.

**9. REPORT CONSULTATION**

Members received an overview of this matter at a confidential briefing held on 16 November 2022.

**10. REPORT AUTHORISERS**

Sam Johnson	Chief Executive Officer
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