Final Report (V1.0) to
Mount Barker Council

Regional Sports Hub
Part 1 Operating and Governance Model

Endorsed by Council 1 April 2019

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1 Executive Summary

This Report is Stage 1 (of three stages) in the Regional Sports Hub Business Strategy and Governance – Management Model for the Mount Barker District Council. The stages are:

1. Governance and Operating Model
2. Business Strategy and
3. Business Plan

In Stage 1, a range of Governance Models were considered by Council and key stakeholders. The models showed variation across a matrix which included rationale for service delivery (Social, Best Value or Commercial) matched against several management models/groups. The preferred model also took account of the desired levels of control, the level of risk to Council as well and the financial considerations or outcomes sought.

Of course, there is no one model that fits all, but the intent was to ensure that all parties were aware that with many stakeholders there may well be several models within the one ‘facility’.

Stakeholder alignment with the five State Sporting Organisations (SSO’s) - The South Australian National Football League (SANFL), The South Australian Cricket Association (SACA), South Australian Tennis (TSA), Football Federation of South Australia (Soccer - FFSA) and the South Australian Netball Association (SANA) was important to ensure that all the different requirements around the intended use of the facility were logged and that the Governance and Operating Model was well accepted.

The establishment of 17 Key Principles under 4 Recommendations to assist Council and the SSO’s to enter into formal relationships was deemed critical. These Principles were based on:

1. How sports surfaces would be used, managed and maintained
2. How buildings would be used and managed
3. How access to and management of shared ancillary services and spaces was organised and
4. Other principles related to ratepayers interests and large community events

Additionally, there were another 14 recommendations which detailed the formation of an overarching Independent skills-based Board with a supporting Charter and an RSH User Group Sub Committee responsible for operational governance as well as coordination and management through a Precinct Coordinator.

It was our view that there should be clearly outlined a quantification review period of two years from the commencement of Stage 1 leases/licenses and a further review at the end of five years. This is based on the premise that the governance model may require a ‘settling in period’ and can be adjusted accordingly within a given timeframe.

The detailed recommendations (see Section 6) are supported by discussion of governance mechanisms in various sporting precincts elsewhere in SA, feedback through the Project Partners Group and Council Officers as well as research undertaken by Council into various Management Model options.
Contents

1 Executive Summary ........................................................................................................................... 2
2 Background ....................................................................................................................................... 5
   2.1 Introduction ................................................................................................................................ 5
   2.2 Outcomes sought by Council from this work .............................................................................. 6
   2.3 Aims of the Governance and Management Model ...................................................................... 6
   2.4 ISC Methodology ........................................................................................................................ 6
   2.5 Site Layout ................................................................................................................................... 8
3 Governance Models .......................................................................................................................... 9
   3.1 Overview / Models ......................................................................................................................... 9
   Rationale for Service Delivery ........................................................................................................... 10
   Management Models ....................................................................................................................... 11
4 Stakeholder Alignment and Consultations ..................................................................................... 14
   4.1 Project Partners Group ................................................................................................................ 14
5 Summary of Opportunities .............................................................................................................. 15
   5.1 Establishment of Principles Council will apply to formal arrangements ..................................... 15
   Sports Surfaces ............................................................................................................................... 15
       Buildings 16
       Ancillary Surfaces and Space ....................................................................................................... 16
   5.2 Discussion of optimal governance arrangements ....................................................................... 18
6 Recommendations and Next Steps ................................................................................................. 22
   6.1 Approval of Governance principles ............................................................................................. 22
       Overarching Governance – Independent Board and Council ....................................................... 24
       Operational Governance – RSH User Sub-Committee ................................................................ 25
       Coordination and Management .................................................................................................. 26
       Quantification Review .................................................................................................................. 26
   6.2 Next Steps .................................................................................................................................. 28

Appendix 1 – Sporting Precinct Examples .......................................................................................... 30
7.1 Sporting Precinct Examples ......................................................................................................... 30
   7.1.1 Central Oval Precinct: City of Port Augusta ......................................................................... 30
   7.1.2 The Glenunga Hub: City of Burnside .................................................................................... 32
   7.1.3 Marion Sports and Community Club: City of Marion .......................................................... 34

Appendix 2 – Stakeholder Alignment .................................................................................................. 35
7.2 Project Partner Group Meetings

7.2.1 South Australian National Football League (SANFL)

7.2.2 South Australian Cricket Association (SACA)

7.2.3 South Australian Tennis (TSA)

7.2.4 Football Federation of South Australia (Soccer - FFSA)

7.2.5 South Australian Netball Association (SANA)

Appendix 3 – Management Model Options

Option 1 – Council Operated – Independent Board under s 41

Option 2 – Council Owned Subsidiary – Independent Board under s 42

Option 3 – Contract whole operation through a Management Agreement
2 Background

2.1 Introduction

The Mount Barker District Council (Council) area is located between 20 and 45 kilometres south-east of Adelaide and covers 595 square km. The district is on the cusp of significant change. Demographic studies suggest the population growth over the next 20 years in Mount Barker will see it expand into a small city, the second biggest in South Australia behind the City of Adelaide. By 2035 the population of the district will be more than 50,000.

The Mount Barker 2035 District Strategic Plan recognises the challenges to ensure the high level of liveability is maintained and progress is made to ensure the community remains inclusive, interesting, vibrant and safe. Integral to regional living is the provision of facilities to support sporting and recreational pursuits - often the glue which binds the community together and enhances regional lifestyles.

To that end, Council is pursuing the construction of a Regional Sports Hub including sports and other associated community and commercial infrastructure on Council owned land (38 hectares) bordered by Bald Hills Road and Springs Road in Mount Barker.

Figure 1: Regional Hub Site
2.2 Outcomes sought by Council from this work

The Regional Sports Hub planning has been some time in the making and implementation is now in full swing. Council has developed a Business Case, has secured significant funding from Federal and State Governments and is planning a Stage 1 build in the coming years. A key aspect of the planning is the development of an optimal Operating and Governance Model for the precinct. Council has determined that this model is to be underpinned by relevant benchmarking data, to enable the preparation of detailed policy/ recruitment/tender/contracts, including:

- governance including skills based independent board/committee and executive support (staff member)
- stakeholder communications and engagement framework
- facility management / administration/facility hire/booking fees and processes
- facility lease/licence arrangements and fees
- marketing and sponsorship strategy and targets
- canteen/kiosk management (soccer building and Aussie Rules/Cricket building in stage 1)
- facility users rights, opportunities (such as club fundraising options) and obligations
- management staffing model and salary
- maintenance, cleaning, waste, security, procurement and work health and safety requirements

2.3 Aims of the Governance and Management Model

The Governance and Management model will:

1. Maximise participation in sport and recreation at the RSH
2. Optimise the user experience
3. Minimise maintenance costs
4. Maximise equitable hire revenue (user pay contributions are appropriate and fairly/consistently applied)
5. Efficiently and fairly facilitate club income generation opportunities

2.4 ISC Methodology

Methodology for this project is as follows:

1. Stage 1 Project Familiarisation and Preparation
2. Stage 2 Governance and Operating Models (including recommended Governance Model)
3. Stage 3 Business Strategy (based on Governance and Operating Model)
4. Stage 4 Business Plan (including financial management plan and asset management data, including maintenance and renewal projections)

Development and documentation of the Recommended Operating and Governance Model for the RSH is presented in this Report (Stages 1 and 2 above).
Detailed methodology for stages 1 and 2 were as follows:

### Stage 1: Project Familiarisation and Preparation

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>By</th>
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<tbody>
<tr>
<td><strong>1.1</strong> Project Manager Meeting (PM Mtg) #1</td>
<td>Early Aug 18</td>
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<tr>
<td>Start-up meeting with the Project Manager to initiate the project, understand activities to date and future, confirm expectations, outcomes and timeframes.</td>
<td></td>
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<tr>
<td><strong>1.2</strong> PCG Mtg #1</td>
<td>Early Aug 18</td>
</tr>
<tr>
<td>Meet with the PCG to provide an overview of the project and provide guidance on the political climate and council expectations from the study.</td>
<td></td>
</tr>
<tr>
<td><strong>1.3</strong> Site and Facility Familiarisation</td>
<td>Early Aug 18</td>
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<tr>
<td>After the initial PM meeting, tour the council area / site to familiarise with key locations, destinations and facilities</td>
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<tr>
<td><strong>1.4</strong> Engagement and Communications</td>
<td>Mid Aug 18</td>
</tr>
<tr>
<td>In collaboration with Council’s communications team and in preparation for the PPG; establish a communications framework for communications.</td>
<td></td>
</tr>
<tr>
<td><strong>1.5</strong> Strategic Document Review</td>
<td>Mid Aug 18</td>
</tr>
<tr>
<td>Collect and review strategic documentation related to the project for review</td>
<td></td>
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<tr>
<td><strong>1.6</strong> PPG Mtg #1</td>
<td>Mid Aug 18</td>
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<tr>
<td>First meeting with the Project Partner Group (PPG) to introduce the team, highlight the project outcomes and methodology and confirm expectations</td>
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**PPG = Project Partners Group**  **PCG = Project Control Group**

### Stage 2: Governance and Operating Model

<table>
<thead>
<tr>
<th>Stage 2</th>
<th>By</th>
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<tr>
<td><strong>2.1</strong> Governance Research and Benchmarking</td>
<td>Mid Aug</td>
</tr>
<tr>
<td>Conduct desktop research and telephone contact in order to document the successful governance models of Regional Sporting Hubs operating elsewhere in Australia with priority research on skills based independent Boards/Committees, executive support structures and successful management models.</td>
<td></td>
</tr>
<tr>
<td><strong>2.2</strong> Individual Stakeholder Consultations</td>
<td>Mid Aug</td>
</tr>
<tr>
<td>Prepare for and conduct individual consultations with Stakeholders to get alignment on Governance and Operating Models.</td>
<td></td>
</tr>
<tr>
<td><strong>2.3</strong> Draft #1 Key Findings and Recommendations</td>
<td>Late Aug</td>
</tr>
<tr>
<td>Documentation of final preferred Governance and Operating model and preparation of a Board Charter and TER documentation arising from activities defined above.</td>
<td></td>
</tr>
<tr>
<td><strong>2.4</strong> PCG Mtg #3</td>
<td>Week beginning 27 Aug</td>
</tr>
<tr>
<td>Prepare for and present draft recommended Governance and Operating Model to the PCG</td>
<td></td>
</tr>
<tr>
<td><strong>2.5</strong> PPG Mtg #2</td>
<td>Week beginning 27 Aug</td>
</tr>
<tr>
<td>Second meeting with the PPG to highlight findings and opportunities for a proposed governance model</td>
<td></td>
</tr>
<tr>
<td><strong>2.6</strong> Governance Model Report</td>
<td>Week beginning 27 Aug</td>
</tr>
<tr>
<td>Refine the draft options into a Governance model report and prepare for Council presentation / sign off</td>
<td></td>
</tr>
<tr>
<td><strong>2.7</strong> Council Presentation</td>
<td>Sept 17th</td>
</tr>
<tr>
<td>Present the report and proposed Governance Model to council for in principle sign off to proceed with stakeholder involvement of the business strategy and plan</td>
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**PPG = Project Partners Group**  **PCG = Project Control Group**
2.5 Site Layout

Below is a schematic of the endorsed site and concept design of the RSH as at 7th June 2018.

Earlier concept plans were prepared in 2015 and 2017. Following extensive stakeholder input, including feedback from the Community Information Session on 7 March 2018, a recommended site layout was presented to Council at the 3 April 2018 meeting. Council unanimously endorsed the site layout.

Figure 2: Concept Design
3 Governance Models

3.1 Overview / Models

Governance models associated with sporting and community infrastructure should be viewed no differently to any other service a Council delivers to its community. That is, Council generally has three choices to either:

1. directly deliver the service through its own resources (in house)
2. outsource to a community based or not for profit group or
3. outsource to a third-party private provider for a fee for service or partnership.

The decision as to which model suits best is multi-faceted and can be explained diagrammatically below. This model is based on initially having a clear understanding or rationale as to why the service is being delivered in the first instance, followed by assessing broad management options, the financial contribution or risk Council is willing to accept, the type of management group that would normally be involved, and the level of control Council would or desires to have with the actual service itself.

Figure 3: Management Options
There is of course no one model that fits all and whilst a standalone service such as waste collection or a community facility such as an aquatic centre for example may have one vertical line of management in the above model, sporting precincts or facilities with several stakeholders may have many models within the one ‘facility’. However, before governance models for the Regional Sporting Hub at Mount Barker are discussed the following provides a more in-depth description of the model to assist in developing the best options for governance at the Regional Sporting Hub in Mount Barker.

**Rationale for Service Delivery**

Three options are posed when assessing the rationale for why a service is being delivered, namely:

**Social**: if the intent of the facility or service is to primarily meet the needs of a community where there is a gap in provision or service need, then the management option may reflect a more socially orientated approach. Whilst this ensures a collaborative input from stakeholders, these types of facilities or services are normally heavily subsidised by Council, e.g. parks, libraries, community houses and some smaller recreation and aquatic centres etc.

**Commercial**: These types of facility are normally based on a user pays model whereby the service is not deemed core to Council's delivery but may offer a broader service to the community. These arrangements could include private recreation facilities which complement overall services rather than meeting a gap in provision. Examples may include large scale centres with leisure pools; gymnasiums or facilities that have a large regional catchment.

**Best Value**: A more common approach to public facility management is the notion that facilities should primarily meet the needs of the intended user whilst being available to a broad range of users, uses and becoming as financially viable as possible. That is the facility should aim to become cost neutral or at the least the subsidy reduced whilst still meeting a community need.

Whilst the notion of ‘Best Value’ stems from a statutory requirement of local government in the UK in the 90’s and later in Australia in the early 2000’s; its premise is still relevant today. As a replacement for Compulsory Competitive Tendering (CCT), or the Purchaser, Provider Split as it was commonly referred to in Australia which saw services tendered, competed and measured against financial outputs;

Best Value (BV) attempts to balance provision against four key indicators of:

i. **Strategic Objectives**: why the service exists and what it seeks to achieve.

ii. **Service Delivery Outcomes**: how well the service is being operated in order to achieve the strategic objectives.

iii. **Quality**: the quality of the services delivered, explicitly reflecting users' experience of services, and

iv. **Fair access**: ease and equality of access to services.
In summary the Best Value approach assumes that services must be delivered and managed in a way that reflects the rationale for service delivery (social or commercial outcome) and the quality of service delivered in a manner that reflects the end users’ needs.

**Management Models**

Given the thought process behind the rationale for the service delivery, a number of scenarios are available to include:

**Lease or Licence**

Driven from more of the ‘social’ principle is to wholly offer a facility / site to an individual agency or group to utilise for its own activity or service. Effectively this passes the operational onus onto one group but also means the loss of control over the operational aspects of the facility /site for Council. Key considerations of this are:

- A legal agreement between two entities, i.e. the parties must be incorporated legal entities.
- The lessee has rights and responsibilities over the facility for a specific time in return for rent and facilities at a certain standard.
- The owner has no control of policy and direction and forfeits all involvement in day-to-day management except as expressed in the lease or in breach of terms.
- The lease is usually for a long period with an option for renewal. Community leases in South Australia provide the lessee with right for a maximum of 21 years but are normally for five-year periods plus options.
- It is difficult for the lessor to withdraw from a lease without the approval of the lessee. Within the terms of the lease, the lessee has the freedom to manage the site / building as the lessee sees fit within the terms of the agreement.
- Once the lease has been signed, the terms cannot be changed without the consent of both parties except where expressly stated in the terms.
- This is not a strong option if Council wishes to include the service provider in services development or strategic growth of the whole service and can isolate groups to focus on their own needs rather than the general good of the community.
- A licence (or often referred to as a permit), allows for exclusive use for a specific use at a designated time and/or period. This is commonly used where the user does not require full access to a site or facility at all times, but determined a specific time and date which outside of this time can then be ‘licensed’ or ‘hired’ to other users for access.
- Casual hire agreements – suitable for ad-hoc and regular but infrequent users. Similar to a licence, set out the terms of the hire and obligations of both parties. Normally for a few hours up to a few days (e.g. suitable for general bookings of sports facilities, might suitable for a carnival or event if the level of detail of a licence is not needed).
Opportunity does exist to have an anchor tenant model and within the lease arrangement explicitly state the intent for sub lessees and their rights. This could include an agreed allocation of takings from centre/facility activities such as programming, bar, catering etc. and include rights for shared programmed use of the site and facilities.

**Committee of Management**

Balancing more centrally but still to the left of a commercial venture is a Committee of Management which is a common model particularly for facilities and precincts whereby a number of groups are located. Section 41 of the Local Government Act of South Australia allows for individual committees to form and oversee specific projects or manage facilities on its behalf, with other models including direct lease arrangements with incorporated associations to administer some council functions. Key aspects of management include:

- A legal agreement between the owner and the Association is formulated.
- Owners have little or no control over the day-to-day management of the site.
- Profits from the site are retained within the Community Association.
- The owner usually underwrites the association by annual lease or licence.
- The individual Community Associations usually require some assistance with cash flow funding in the short term to enable them to function. Individual user groups may, over time, come to exert a high degree of influence over the operation of the centre.
- Some associations employ professional contract managers or groups and oversee their day-to-day management.
- Any profit made from the year-end stays within the Committee and is reinvested by the Board in local community provision (normally within the centre or community).

**In House**

Also termed ‘Direct Service of Management’ the benefits of in-house management are that the owner (Council) retains full control of all aspects of the business. In South Australia this is a common approach to managing recreation facilities whereby managers are employed by Council and normally sit within a ‘provider’ department such as community services or facility management.

Traditionally facilities managed in house have been required to at least break even; however, a balance between social and commercial objectives ensures the facility meets its primary aim of serving its immediate community whilst being financially accountable.

**Contract**

Perhaps one of the more common approaches is an arrangement whereby a facility and/or service are outsourced to a third party (normally a commercial operator) to operate for a fee for service arrangement for a given period of time.
This is more common when recreation centres are considered whereby specific knowledge and experience is required to ensure optimal access and use of public facilities. Downfalls include some loss of control and additional management fees, however these can be negotiated and considered within a tight procurement and contractual process that identifies, roles, responsibilities and both social and commercial KPI’s.

**Commercial Partnership (Public Private Partnership)**

A commercial partnership is a process whereby the private sector and government enter into an agreement to construct, manage and deliver services. Also commonly known as BOOT Schemes (Build, Own, Operate & Transfer), such agreements are normally undertaken when:

- A developer agrees to provide a service or facility in lieu of or to support a commercial venture or
- A commercial gain is envisaged that can fill gaps in an area of identified need.

This approach differs from the fully outsourcing approach as it implies that both parties are committed to, and work towards achieving common key strategic outcomes.

### 3.2 Sporting Precinct Examples

In Australia, sporting precincts are becoming the norm whereby Councils and governments are encouraging the centralisation of facilities and sports grounds to ensure optimal use whilst reducing the dependency on volunteers.

**Appendix 1** provides a brief overview of some facilities in South Australia and what can be learned for the proposed model at Mount Barker.
4 Stakeholder Alignment and Consultations

4.1 Project Partners Group

Several meetings were held by our team with the Project partners Group (PPG) which Council had previously formed to provide feedback and advice on what the optimum Governance mechanism might be. The members of the PPG were State Sporting Organisations (SSO’s) which would be facility user groups of the RSH. They were:

- The South Australian National Football League (SANFL)
- The South Australian Cricket Association (SACA)
- South Australian Tennis (TSA)
- Football Federation of South Australia (Soccer - FFSA)
- South Australian Netball Association (SANA)

Appendix 2 provides the detail of individual consultations with each of the five facility user groups of the RSH.

The members of the PPG were individually asked to comment on their views of the following key issues:

- Intended Use of the RSH Site and its Facilities
- Preferred Management Model
- Financial Contribution and Revenue Opportunities
- Management Group
- Control Level

While there were different requirements around the intended use of the facility, there was some common alignment among the individual SSO’s on their views of the above key issues.
5 Summary of Opportunities

Given the Regional Sporting Hub is to be developed on a greenfield site and noting what has been discussed in this report along with the learnings of many successful, and in some instances not so successful models around the State and Australia, Council is in a good position to develop a strong governance model that could be showcased nationally as one of good practice.

The learnings guide a set of principles for the site which are followed by what we see as opportunities for a sustainable governance model that will encourage optimal use, shared resourcing, community access and long-term viability for a Regional Sporting Hub in Mount Barker.

5.1 Establishment of Principles Council will apply to formal arrangements

Before governance options are discussed, establishing principles of use will ensure all stakeholders understand the ‘Rationale for Service Delivery’ and how each of their needs will align with its overall intent.

As stated previously and in line with other governance models discussed in 3.2, no one model fits all and what may work for one organisation or user group may not for another. However, establishing principles will assist both Council and the user groups to enter into formal arrangements and are recommended to be based on:

1. **How sports surfaces** will be used, managed and maintained

2. **How buildings** will be used and managed including appropriate means of optimising use during off peak periods, access by the broader community and sharing centralised facilities and services such as food and beverage.

3. Access to and management of shared **ancillary services and space** such as car parking, open space and other site amenities that contribute to the overall site and its users.

The following are summarised **proposed principles** for the site which have been workshopped across User Groups and Council staff and once endorsed by Council will form the basis of the proposed governance and operating model with each of the different user groups.

*Sports Surfaces*

1. **Sports surfaces must be optimally utilised within their carrying capacities.** This will vary for turf versus synthetic versus hard. Optimal use may be through one or more sports (formal and informal, or other events) but each playing surface will be assessed for its optimal carrying capacity.

2. **User groups must state their intended level of use** for each playing surface and enter into management agreements for this period. Should one sport have capacity to optimally utilise the playing surface, a lease arrangement and appropriate management fee will be negotiated.
3. **Council will control access to sports surfaces** through direct management agreements with all user groups within the parameters of each sports surface carrying capacity.

4. **Council acknowledges the social value of Sport and may provide a level of subsidy for some playing surfaces.** This assumes some sports will target and service the regional community of Mount Barker and where feasible, allow for recreational use and access of playing surfaces outside of structured sporting events, training and competitions.

5. **The difference between the cost to maintain a sports surface minus Councils agreed subsidy will determine the level of fees** to be recuperated and borne and apportioned by user groups according to their level of use.

6. **Each sport will negotiate with Council the level of maintenance it is able and willing to undertake**, and this will be considered in the final management agreement and cost for use of the sports surface.

7. **User groups’ management agreement(s)** will provide the facility users with rights, as negotiated, **to raise revenue** during their occupancy e.g. gate takings.

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**Buildings**

8. **All buildings remain the property of Council** and as such are community assets that should be designed and managed in a manner that allows access to ‘communal areas’ by external groups and individuals outside lessee programmed use.

9. As with sports surfaces, **user groups should negotiate with Council their intended hours of use** and management agreements commensurate with this, agreed between both parties.

10. Additional **use and access to common areas** outside of lessee use, will be the responsibility of Council who will manage and monitor.

11. Buildings should be **managed in a manner that reduces the dependency on volunteers** and where appropriate and feasible, have shared resourcing between groups that access facilities during the same seasons.

12. The **commercial aspects of facility management should be supported** and agreements with sporting organisation’s commercial units considered. This should however align with the best value principles and cost and access balanced.

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**Ancillary Surfaces and Space**

13. The site must be viewed as **accessible to the broader community** outside of structured sporting use whilst protecting the integrity of each playing surface.

14. Council will assume overall control and responsibility for the **maintenance and upkeep of ancillary areas and open space** for the site.

15. Council may apply an overall subsidy for ancillary services and associated maintenance with a percentage **on cost applied to all user groups** for site management and access. This will be commensurate with the level of use.
16. Formalised use of public open space and amenities will be treated the same as a management agreement for sports surfaces and permits of use will be required. This includes things such as training, fitness or events.

The detailed Principles are documented in the Recommendations Section 6.1.
5.2 Discussion of optimal governance arrangements

The current planned placement and size of facilities within the RSH has been driven by the topography, demand for amenity to be close to and centrally located between each codes’ sporting surfaces, the requirement for regional standard facilities, funding (quantum and timeframes). The resulting layout favours less centralised services (albeit common maintenance, cleaning, utilities and canteen services can be implemented if desired) and as such guides the recommended governance structures.

The Governance Options available to Council fall into three distinct models:

1. **Option 1 which is Council Operated – Independent Board under Section 41 of the Local Government Act**
   
   This model would be implemented through delegations to a skills-based independent Board, under section 41 of the Local Government Act, with support staff, to undertake the strategic and business planning for the Regional Sports Hub. They would liaise with representatives of each regular user group via a sub-committee structure.

   Option 1 provides Council maximum control over the facility but also creates the most political exposure for Council. That is, there is possibly more risk exposure that individuals and/or particular stakeholders endeavor to leverage their preferred outcomes.

2. **Option 2 – Council Owned Subsidiary – Independent Board under Section 42 of the Local Government Act**
   
   Council could establish a Section 42 subsidiary to own and operate the hub facilities on behalf of the community. The section 42 should have a skills-based board which can fairly and impartially implement business practices to achieve the objectives the Council sets for it in the Charter.

   Option 2 provides Council with directive control over the facility through the Charter that it sets. Through a subsidiary, Council creates a separate entity more capable of pursuing commercial opportunities to subsidise the community facilities it is managing. Ongoing costs for this model are greater than option 1.

   With regard to Option 2, in the initial years of operation of the Regional Sports Hub, unless there is a specific commercial requirement that cannot be undertaken under the other models, there is unlikely to be any requirement to establish as section 42 subsidiary.
3. **Option 3 – Contract whole operation through a Management Agreement**

Council could undertake an expression of interest and/or tender process to lease out the management of the whole of the Mount Barker Regional Hub, similar to the Recreation Centre contract.

This process could include a requirement to invest in the capital development of the Hub and to realise an income stream to subsidise the operating costs of providing the community facilities within the Hub. A well-established sport and recreation facility operator or association could tender for such an opportunity.

Option 3 provides Council the greatest opportunity to operate the Hub as a stand-alone business entity the potential to attract commercial income to subsidise the community facility costs. Council daily responsibility and control is reduced through a detailed management agreement specifying the outcomes Council requires from the contract. Contractor assumes some risk for financial success of the Hub for a fee and is unlikely to accept all risk given this is a new facility with no known operating costs.

Likewise, with Option 3, this option may be more attractive once the Regional Sports Hub has been operating for several years and costs, income and market interest in possibly commercial activities is known.

**Option 1 is recommended** with a skills based Independent Board appointed under section 41 with a user group sub-committee, and supported by Council resource for administrative and contract support.

**Appendix 3** describes the key features, advantages, disadvantages and risks of the three models.

It is also suggested that all parties not think that the governance model will be airtight and void of complications particularly in the ‘settling in period,’ but use this as an opportunity to develop a structure which can be adjusted accordingly within a given timeframe, and secondly be as independent as possible from potential internal politics of both sporting associations or Clubs and Council itself.

In our discussions with the various user groups there has been an overwhelming view that no one Club or Association would or should be the anchor tenant of the RSH.

An independent overarching governance mechanism is optimal, and this group be an independent strategic driver of the site as a whole.

In turn, a site coordinator (most likely an employee of Council) could act as the conduit between this group and site users whilst also coordinating use and access by casual hirers and user of the site outside of structured times.

Our experience suggests that the user groups themselves are not best placed, nor have the desire or resources to optimise use outside of their own activities. It is therefore essential that any in house independent staff person also acts as the conduit for these groups, the overarching governance group and Council itself. Potentially this site coordinator would benefit by being privy to the strategic discussion of the higher-level independent governance group.
With regard to the governance arrangements, a settling in period may therefore be wise and a quantification review established whereby management agreements and operational aspects can be reviewed within an agreed time period of precinct operations.

Given the above, the following are suggested opportunities for the precinct:

- Council should require a **relatively high level of control** and input over the site to enable the most strategic use as a regional sports precinct and optimise its usage for the whole of the Community. Our experience with a range of different sports precincts suggests that this is important to fulfil Council’s aims for the precinct.

- To facilitate this, the appointment of an entity such as an **Independent Board** reporting to Council to oversee the strategic and governance aspects of the site and provide high level advice to Council would seem to be an advantage. This Independent skills-based Board would report directly to Council as and when required under section 41 of the Local Government Act.

- The composition of the Board (membership and skill sets), frequency of Board meetings, objects and purpose, powers, functions, delegations and other governance related issues would be detailed in a Board Charter (to be developed). The Independent Board does not need to have a large membership and would function most efficiently as a small entity with the right skills sets.

- Notwithstanding, the operational aspects of the precinct will need to be (and want to be dealt with by user groups) at a level below the strategic Board level. Hence, the Board should form an **RSH User Sub-Committee** which reports to and advises the Independent Board and manages the operational aspects of the RSH. Discussions with the Project Partners Group have indicated that they each see this as an important mechanism for proper management of the RSH.

In simplified form the Governance and management model could be represented as such:

**Governance and Management Model for RSH**

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**RSH Key Objectives:**

- Maximise participation in sport and recreation at the RSH
- Optimise the user experience
- Minimise maintenance costs
- Maximise equitable hire revenue
- Efficiently and fairly facilitate Club income generation opportunities

**Figure 3:** Simplified Governance and Management Model
• Council will enter into management agreements directly with State Sporting Organisations (SSO’s) or their Regional Associations who will coordinate local and regional sports and users

• Each member of the RSH User Sub-Committee or their Regional Associations to identify their sports surface and facility requirements in entering into a management agreement with Council. The members of this group would likely be more operationally focussed and liaise directly with an appointed precinct manager / coordinator on a daily basis.

• The Independent Board (and ultimately Council) as the owner of the facilities could consider commercial arrangements with SSO business arms to optimise returns to the precinct

• In any event there should be clearly outlined a quantification review period of two years from the commencement of Stage 1 management agreements and a further review at the end of five years.
6 Recommendations and Next Steps

It is recommended that a Governance and Management model for the Regional Sports Hub (RSH) is established to achieve the following Key Objectives:

- Maximise participation in sport and recreation at the RSH for all *user groups and the community in general
- Optimise the user experience
- Minimise maintenance costs
- Maximise equitable hire revenue
- Efficiently and fairly facilitate Club income generation opportunities

* User groups refers to the various State Sporting Organisations (SSO’s) or their Regional Associations

6.1 Approval of Governance principles

It is recommended that the Council approve the following principles which will be applied to the discussions/negotiations for the use of the RSH facilities with each of the user groups:

1. Principles relating to Sports Surfaces

- **Sports surfaces must be optimally utilised within their carrying capacities.** This will vary for turf versus synthetic versus hard. Optimal use may be through one or more sports but each playing surface may be assessed for its optimal carrying capacity.

- **User groups must state their intended level of use for each playing surface** and enter into management agreements for this period. Should one sport have capacity to optimally utilise the playing surface, a lease arrangement and appropriate management fee will be negotiated.

- **Management agreements** to control access to sports surfaces may be made with all user groups and based on the following:
  - The issuance of leases and/or licences to user groups.
  - The agreements may be altered from time-to-time based upon the level of usage and contribution toward maintenance and renewal of the surfaces.
  - Agreements should reflect the parameters of each sports surface carrying capacity.
  - The agreements should be made directly with the user group and should exclude any sub-lease arrangements.

- **Council acknowledges the social value of sport and may provide a level of subsidy for playing surfaces.** This assumes some playing surfaces will create the opportunity for reasonable use by the local community of Mount Barker and where feasible, allow for recreational use and access of playing surfaces outside of structured sporting events, training and competitions.
In establishing the fees applied to any user group, the following should be taken into consideration:

- There should be appropriate levels of transparency to ensure the process to establish the fee is evident to the community and demonstrates the value the community derive from the facility.

- Any level of subsidy applied to the fee should be benchmarked to ensure it is comparable with similar facilities across the state.

- The level of subsidy should also recognise and take into account the level of capital investment to establish the facility and the cost of maintenance to manage and maintain the asset service standards of the facility.

- Each user group may negotiate the level of maintenance it is able to undertake and the agreed cost of this will be deducted from the fee.

- The fee charged to any user group should also take into account the capital cost of replacement of the playing surface. Income generated for this purpose should be reserved for the purposes of a sinking fund for future capital replacement works.

- The capacity of the facility to generate revenue for the user group and the financial capacity of the user group to pay. Financial capacity of the user group may take account of factors such as player numbers, supporter base, funding and sponsorship associated with the user group.

- User groups’ management agreement(s) will provide the facility users with rights, as negotiated, to raise revenue during their occupancy e.g. gate takings.

2. Principles relating to Buildings

- **All buildings remain the property of Council** and as such are community assets that should be designed and managed in a manner that allows access to ‘communal areas’ by external groups and individuals outside user programmed use.

- The fee charged to any user group should also take into account the operational cost of maintaining and repairing the building infrastructure used by each user group. As with sports surfaces, **user groups should negotiate with Council their intended hours of use** and management agreements commensurate with this, agreed between both parties.

- **Additional use and access to common areas outside of lessee use**, will be the responsibility of Council who will manage and monitor.

- **Buildings should be managed in a manner that reduces the dependency on volunteers** and where appropriate and feasible, have shared resourcing between groups that access facilities during the same seasons.

- **The commercial aspects of facility management should be supported** and agreements with sporting organisations commercial units considered (e.g. Tennis World). This should however align with the best value principles and cost and access balanced.
3. **Principles relating to Ancillary Surfaces and Space**

- The **broader community** should be actively encouraged and supported to have access to and to optimise the use of the facility outside of structured sporting use and whilst protecting the integrity of each playing surface.

- Council will assume overall control and responsibility for the **maintenance and upkeep of ancillary areas and open space** for the site.

- Council may apply an overall subsidy for ancillary services and associated maintenance **with a percentage on cost applied to all user groups** for site management and access. This will be commensurate with the level of use understanding the fine balance between the need to have the facility well utilised vs cost recovery.

- **Formalised use of public open space and amenities** will be treated the same as a management agreement for sports surfaces and permits of use will be required. This includes things such as training, fitness or events.

4. **Other Principles**

- The interests of the community (rate payers and general public) as well as regular users of the facility will be recognised in the management and operation of the RSH.

- For all structured sporting events, large community events and user group activities, consideration should be given to the cost of remediation of any area of the facility and this should be included in all management agreements.

*Overarching Governance – Independent Board and Council*

**It is recommended**

5. The Council appoint an **Independent skills-based Board** under section 41 of the Local Government Act to have responsibility for the strategic, financial and governance aspects of the site and to be accountable to Council. The Board will set the strategic direction and management framework for the RSH facilities in order to meet the key objectives of the RSH. The Board will provide regular reporting on the operational and financial performance of the RSH and, if required, provide high level advice to Council on matters concerning the facilities and adjacent developments.

6. The Independent Board and its sub-committee operate the RSH in accordance with legislative requirements, Council’s policies, the Charter and any other directions by Council.

7. Council establish and appoint the Board at least 12 months prior to the opening of the facility, at latest, by mid-2019.
8. If necessary, Council appoint an Interim Board as soon as practical. An interim Board could commence the important work of negotiating and documenting the management agreements with the user groups and in determining the level of subsidy applied to each user group.

9. A Charter for the establishment and operation of the Independent Board be developed as soon as practicable.

10. The Independent Board consist of 3 members with an Executive Officer to support the Board functions:

   - An Independent Chair with broad commercial, local or state government experience and connections (as well as broad governance background), high level commercial acumen and financial management skills, AICD qualifications and preferably with an interest or background in community development and/or sports management and administration.

   - At least one Board Member with high level commercial acumen, contract management and financial management skills, AICD qualifications and with significant experience or past involvement in the management and growth of sports facilities or in master planning or in leisure or recreation.

   - At least one Board Member with AICD qualifications and with significant experience or past involvement in the management of community events and/or the provision of community / disability / public health services and with a sound understanding of the importance of a whole of community focus for the facility.

   - The Executive Officer is not a member of the Board and is a Council Management representative with broad experience and/or portfolio of responsibilities ranging across strategy, communications, operations, facilities, leases and licences, asset management or facility maintenance.

11. The Independent Board (and ultimately Council as the owner of the facilities) consider commercial arrangements with State Sporting Organisations (SSO’s) business arms to optimise returns to the precinct.

Operational Governance – RSH User Sub-Committee

It is recommended

12. The Independent Board be required to form and regularly convene an RSH User Sub-Committee which reports to the Board and comprises the State Sporting Organisations (SSO’s) (the current Project Partners Group) or their delegates from local league/associations to provide input to the RSH Board on the operational aspects of the RSH.
13. A Terms of Reference for the establishment and operation of the RSH User Sub-Committee be developed which includes objects and purpose, frequency of meetings, (bimonthly initially, reducing to quarterly by year 2-3 plus special meetings as required), powers, functions, duties of the Chair, strategic and operational planning and reporting obligations including performance indicators, the option for delegation of some operational responsibilities to their Regional Associations and other matters. To include option for expansion of range of responsibilities as the regional hub is developed.

14. The Chair of the RSH User Sub-Committee be the Executive Officer for the Independent Board of the RSH.

15. Council enter into agreements directly with State Sporting Organisations (SSO’s) or their Regional Associations (i.e. members of the RSH User Sub-Committee) who will coordinate local and regional sports and users.

Coordination and Management

It is recommended

16. To ensure the effective coordination and operations of the facility for both sporting and whole of community use, a Precinct Coordinator / Manager should be engaged by Council. The role could be an existing position within Council currently (but with an expanded role) or it could be a new resource. Tasks would include:
   - Executive and administrative support to the board
   - Administrative support to sub-committee
   - Contract administration
   - Maintenance
   - Marketing

The hours of duty for this role(s) should take into consideration the regular after-hours and weekend use of the facility. It will be important for this person to be an employee of Council with access to established connections and Council resources. The employment of a Star Club Field Officer through the Office of Recreation Sport and Racing should be considered.

Quantification Review

It is recommended

17. There be a quantification review conducted after a settling in period from the commencement of Stage 1. The process to be undertaken will be as follows:
   - Quantification review will occur after a settling in period of 2 years.
   - Quantification review will be undertaken by an independent consultant
   - Notification period for the quantification review will occur in a timely manner
Quantification review will include consideration of governance arrangements, management agreements and operational aspects including the coordination and management of facilities.

The quantification review outcomes will be communicated with Council and all user groups.

18. There should be a **five-year review** undertaken with similar terms of reference.
6.2 Next Steps

Part 1 Operating and Governance Model feedback received from the Project Partners Group (PPG - the five State Sporting Organisations) as well as the Project Control Group (PCG – Council) indicated general agreement with the Governance Model Principles and the recommendations for Governance and Management provided in this Report. It is important that this governance model is clearly understood and owned by all concerned prior to moving to the next stage.

In particular, the initial work done with the PPG as key stakeholders, can now to be built on. Finalising the Operating and Governance Model has been critical to the development of sound Business Strategy which is Stage 2 of this work.

The process for the development of the Business Strategy will include research and benchmarking with other successful Regional Sports Hubs which include both commercial and community uses.

Key assumptions and constraints will be reviewed and assessed as to whether they are realistic, and the key aspirations tested in a Workshop environment. A range of potential opportunities (both community and commercial) will be considered and a high-level cost benefit analysis undertaken for consideration.

The final product of the Stage 2 work will be a Draft Business Strategy which will provide the incoming Independent Board and Management with a draft high-level plan to drive the success of the Mount Barker Regional Sports Hub.
APPENDICES
Appendix 1 – Sporting Precinct Examples

7.1 Sporting Precinct Examples

In Australia, sporting precincts are becoming the norm whereby Councils and governments are encouraging the centralisation of facilities and sports grounds to ensure optimal use whilst reducing the dependency on volunteers. The following provides a brief overview of some facilities in South Australia and what can be learned for the proposed model at Mount Barker.

7.1.1 Central Oval Precinct: City of Port Augusta

The Central Oval Precinct is the premier sporting and recreation destination for the City of Port Augusta located on the Augusta Highway and includes:

- A Full-sized oval
- 11 netball courts
- Hancock Stadium 1 Indoor court facility (freehold land)
- 3 court two-story multi-use stadium.

Directly to the north of the site is Crown land under Councils’ ‘care and control’, comprising a separate management arrangement with the Port Augusta Tennis Association. To the North West is the Braddock Oval, owned and managed by the Department for Education & Child Development. On that site sits an indoor 1 court facility used by several groups including volleyball and basketball but outside of the jurisdiction of Council.

Council has direct management agreement with the following groups to use and access the precinct and Central facility:

- The Port Augusta Netball Association (PANA)
- The Port Augusta Basketball Association (PABA)
- The Spencer Gulf Football League (SGL)
- South Augusta Football Club. (SAFC)
Ground and Court use is on a peppercorn lease arrangement with the above groups, except for South Augusta that leases space for a reduced commercial rate for their clubrooms on the second storey of the central facility. A number of other groups have permits of use for the site and Council has a 1.4FTE staffing structure permanently located within the stadium to manage bookings and events but not broader social programming.

In return for the reduced lease fees, Council takes all gate takings for each sport including basketball and Netball (stadium and external courts) and football on game days. During a 2 year ‘review period’, Council committed to reimbursing groups any difference in loss of income.

The only group to claim this was the SGL who believe their income capacity has been severely affected. This amounts to approximately $36,000 per annum but remains a contentious issue between Council and the Association who wish to enter a lease agreement for the oval for a fee similar to that in Port Pirie which is approximately $12,500 per annum and control all gate takings.

This poses some challenges given netball and football are played at the same time and a premise of the development was a centralised facility accessible to all. Netball previously charged a $2 entry fee at their old site and the SGL $7. This was evened out by Council at $4 which was seen acceptable by Netball given they received much better facilities and lower maintenance costs.

Figure 4: The Central Oval Precinct & Central Facility
The loss in income for football was the basis of their annual subsidy but the Association still wishes to control the gate which would require fencing and restricting access to the whole site when football is being played.

In addition to the above, Council entered into an agreement with South Augusta for it to manage all licenced areas and for the Central Augusta FC to manage the canteen through an outsourced management agreement.

Both of these pose some problems with distribution of funds across user groups and the ability of a volunteer-based organisation to manage a commercial component of the facility in that the cafeteria is not always open at times when other groups may require it.

A quantification review was recently undertaken for governance options with recommendations to centralise all services in house and lease out space and sports surfaces directly to user groups for a flat fee for access (lease).

7.1.2 The Glenunga Hub: City of Burnside

The Glenunga Community Hub is a new high use community and sporting facility that was developed and as a key component of the Glenunga Reserve Master Plan adopted by Council on 23 July 2013 which included a recommendation to consolidate infrastructure into a centralised facility that would:

- Cater for the needs of all formal user groups of the site
- Meet broader community needs during off peak times, particularly during weekday periods
- Be multi use in purpose and able to be used and accessed for all age groups.
- Serve as a facility to meet the needs of recreational visitors to the reserve

The facility is home to a number of user groups with direct leases with Council to include:

- Glenunga Football Club;
- Old Ignatians Soccer Club;
- Eastern Districts Little Athletics Club; and
- Glenunga Cricket Club

Council has 1 FTE staff at the centre who is responsible for bookings and general day to day management of community spaces. Individual clubs used to come under the umbrella of the Glenunga Sports and Social Club comprising the four groups, but given a heavy bias towards football, this model was disbanded and now each club has their own direct management agreement (lease) with Council.

The clubs have however, shared use of the community space when required and during the day and at other times Council has the capacity to book out communal space for other community uses such as fitness groups, educational programmes, conferencing and general community hire.
The centralised kitchen is shared, and the bar has an independent manager contracted by the four sports who oversees and manages the licenced facilities and food and beverage (F and B). Clubs are remunerated according to their level of consumption and all stock centralised under the one agreement with Council.

Figure 5: Glenunga Reserve Master Plan
7.1.3  Marion Sports and Community Club: City of Marion

The Marion Sports and Community Club (MSCC) was formed in 1908 through a financial contribution by local people and established businesses with its objectives:

- To develop and maintain, recreational and community facilities and amenities;
- To promote, recreational and community sporting activity on the ovals.

The Club boasts modern well-equipped community function and meeting rooms, five bars, dining room, TAB, Lotteries and 40 gaming machines and whilst in 1908 was home only to football, now has 17-member groups including:

- Marion Rams Football Club
- South Adelaide Basketball Club
- Marion Tennis Club
- South City Chiefs American Football Club
- Arista Marion Korfball Club
- Marion Cricket Club
- Sturt Marion Womens Soccer Club
- Sturt Marion Thunder Soccer Club
- Marion Croquet Club
- Marion Bowls Club
- Glenelg Rebels Softball Club
- SA Senior Cricket Association
- Diving SA
- Marion Marlins Master Swimming
- Atlantis Master Swimming Club
- Marion Swimming Club
- SA Hawks Supporters Club

The club is an Association model with each of the formal users having representation on the Committee. The Association has the direct lease with Council for the site and facilities and manages all functions through both paid centralised staff. Each club administers its own sporting aspects and shares office space and centralised meeting rooms in the club as necessary.

Figure 5: Marion Sports Centre
Appendix 2 – Stakeholder Alignment

7.2 Project Partner Group Meetings

Several meetings were held by our team with the Project partners Group (PPG) which Council had previously formed to provide feedback and advice on what the optimum Governance mechanism might be. The members of the PPG were State Sporting Organisations (SSO’s) which would be facility user groups of the RSH. They were:

- The South Australian National Football League (SANFL)
- The South Australian Cricket Association (SACA)
- South Australian Tennis (TSA)
- Football Federation of South Australia (Soccer - FFSA)
- South Australian Netball Association (SANA)

7.2.1 South Australian National Football League (SANFL)

Our team met with Matt Duldig, the representative of the SANFL on Friday 17th August 2018 and subsequently with Matt Duldig (SANFL), Malcolm Williams (CEO of Hills Football League), Graham Hughes (President, Mount Barker Football Club), Scott Filmer(Committee Member, Mount Barker Football Club) and Brian Clancy (DCE Mount Barker Council) to discuss the views of the SANFL and their affiliated association and clubs regarding the governance of the RSH.

The SANFL have very good relationships with the Hills Football League (HFL) and believe it is of critical importance to bring the HFL and its Clubs on the journey with the formation and future operations of the RSH.

The SANFL recognise the criticality of this venue to the HFL who seek to lease office space at the RSH providing there a suitable commercial arrangement that is roughly equivalent to their current arrangements, particularly in relation to the financial returns it and its Clubs have with the current programming of games and importantly the HFL finals series.

The SANFL and the HFL have a common view of the RSH as a community facility and regional venue for both playing sport and for more general recreation purposes.

The SANFL currently run junior football and Auskick programs in the Mount Barker region with a key aim to increase the current participation rate in AFL from approximately 20% (somewhat surprisingly measured as low by SANFL standards) up to around 30% participation of the population age group. All parties recognise the need to improve the current low participation rates in junior football activities and to have a stronger focus on building grass roots football in the region.

This is seen as particularly important when over the next 20 years Mount Barker will see population numbers expand to a level where it will be the second biggest City in South Australia behind the City of Adelaide.
A key strategic initiative of the SANFL is to introduce another separate football club into the Mount Barker area to achieve the desired participation rate in a timelier manner. Ideally, the SANFL would prefer for both the premier turf and the second (synthetic preferred) ovals to be made available for immediate use by Australian Rules Football activities and events.

The Mount Barker Football Club (MBFC) were also consulted in this meeting regarding the potential for a second Mount Barker team in the future. The MBFC would prefer to support a second football club based in Littlehampton which has a primary school with 450 children as a strong base from which to build a viable and sustainable club. They have concerns that creating a second football club in Mount Barker could cause the Echunga and Macclesfield Clubs to be severely compromised in numbers and ongoing viability.

The SANFL are fully supportive of the Council plans for the RSH and seek either direct representation or for the HFL to provide indirect representation of the SANFL on a Governance Committee responsible for operational coordination and the day-to-day running of the sports facilities at the RSH.

The HFL seek control of the Game Day operations with gate takings for “home game” Clubs on the day during the home and away fixtures of the football season. The HFL may look to delegate Game Day operations to the individual Clubs on the day. The HFL want control of the Game Day operations and gate takings for Finals fixtures or any other Regional event. The SANFL would similarly seek to have control of the Game Day operations and gate takings for those fixtures conducted at the RSH on behalf of the SANFL and/or the AFL.

The SANFL strongly support the ongoing engagement of volunteers for the staffing and management of football activities at the RSH.

However, there are concerns about the need for the appropriate fencing and car parking surrounding the football ovals planned for the facility. There is limited provision for car parking around the current ovals and this traditionally forms a strong part of the culture of the Hills and Country football patronage.

In addition, the current plans for the building facilities adjacent the football oval does not provide for an adequate shelter and viewing platform for spectators of a larger scale event. The SANFL urges the Mount Barker Council to address this as a critical need for the design of the facility.

The HFL seek involvement and input into the coordination of the usage of the ovals and facilities but recognise that a Stadium Management Authority (SMA) governance model would be best suited to a community facility such as the RSH.

While it is the responsibility of Council to decide on the governance model and arrangements, our team sought to gain the views of the PPG Stakeholders on what they viewed as their preferred model and arrangements.
It is our understanding that the governance model and arrangements preferred by SANFL are as follows:

1. **Intended Use of the RSH Site and its Facilities**
   a. The SANFL seek use of the RSH site and its facilities on behalf of the HFL and MBFC.
   b. The SANFL seek use of the RSH site and its facilities for the establishment of office space for at least 2/3 x People.
   c. The HFL seek use of the RSH site and its facilities for the conduct of Australian Rules Football “home and away game” fixtures, and for HFL finals fixtures and for regional fixtures each year during the 6 months comprising April through to September.
   d. The HFL also seek use of the RSH site and its facilities for the establishment of office space for at least 2 x People.
   e. The MBFC seek use of the RSH site and its facilities for the conduct of Australian Rules Football fixtures for their “home game” fixtures for their Senior Teams.

2. **Preferred Management Model**
   a. The overall governance of the RSH and the broader precinct should be conducted by an Independent Board.
   b. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee comprising the representatives of the key sporting group stakeholders – State Sporting Organisations (SSOs), i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA.
   c. An initial two (2) year lease/licence arrangement between the Council and the SANFL/HFL would be acceptable to the SANFL. This would entail a 6 monthly (April – September) sub-leasing / licensing arrangement conducted over a two (2) year period with the HFL / MBFC to use and operate the Australian Rules Football sporting surfaces and buildings at the RSH.

3. **Financial Contribution and Revenue Opportunities**
   a. The financial contribution of the SANFL, HFL, and any other Australian Rules Football Club or entity using the facilities of the RSH is by subsidy but there must be recognition of the fact that the RSH operates on a Not-for-Profit basis.
   b. The financial contribution of the specific entity using the facilities of the RSH should be based on a time (hours) usage model relative the total annual cost of the facilities and in consideration of reasonable community usage of the facilities.
c. The financial contribution of the specific entity using the facilities of the RSH should take into consideration any capital funding provided or facilitated by the SSO to the capital cost of the RSH prior to the design and construction phase and/or contributed to operational expenditure on an annual or one-off basis.

d. The specific entity responsible for using the facilities of the RSH during their allocated period would be entitled to revenue opportunities from the RSH through the receipt of gate takings, catering and other sources of revenue for game day activities as agreed in the terms of agreement.

4. Management Group

a. While the coordination of sporting activities at the various sporting surfaces should be managed by a Committee representative of the key sporting group stakeholders, i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA, the SANFL would be likely to nominate the HFL to stand-in as their proxy representative Association on this Committee to coordinate the fixtures and oval use for the winter football season.

b. It is the view of the SANFL that individual Clubs should not be given any specific role on the governance of the RSH.

5. Control Level

a. Overall, the SANFL favour a Medium Level of Governance Control of the RSH, utilising outsourced Community and sporting associations and their volunteers, together with input and representation of an appropriate and senior member of staff of the Mount Barker Council.
7.2.2 **South Australian Cricket Association (SACA)**

Our team met with five (5) representatives of the SACA, including Alicia Clutterham (State Infrastructure Manager, SACA) along with Kate Jessep (Mount Barker Council) on Thursday 16th August, 2018 to discuss the views of the SACA regarding the governance of the RSH.

The SACA are strongly committed to the project and wish to re-locate their Administration Offices from Woodside to the new RSH and have a requirement for 3 x Office spaces. SACA is considering opportunities to develop the administration of the sport within the region subject to funding for staff support.

SACA would be the anchor tenant of the facility as none of the individual clubs are of sufficient size or scope to manage the overarching lease and management of operations on this site. Given the specialised nature of ground maintenance and turf cricket pitch curation, SACA would prefer to have responsibility for these activities at their own cost.

As part of this activity, they also require appropriate storage facilities for their mowers, rollers and ground keeping equipment and protection of the turf wicket and irrigation infrastructure for an extended period beyond their 6 month lease of the ovals and facilities. It is our understanding that the governance model and arrangements preferred by SACA are as follows:

**1. Intended Use of the RSH Site and its Facilities**
   
   a. **The SACA seek use of the RSH site and its facilities on behalf of the AEHCA, HCA and TVCA.**
   
   b. **The SACA seek use of the RSH site and its facilities for the establishment of office space for 3 x People.**
   
   c. **The SACA seek use of the RSH site and its facilities for the conduct of Cricket “home and away game” fixtures, and for finals fixtures and for regional fixtures each year during the 6 months comprising October through to March, including assurances for the protection of the turf wicket and irrigation infrastructure for an extended period beyond this 6 month period.**

**2. Preferred Management Model**

   a. **The overall governance of the RSH and the broader precinct should be conducted by an Independent Board.**
b. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee comprising the representatives of the key sporting group stakeholders – State Sporting Organisations (SSOs), i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA.

c. An initial two (2) year lease/licence arrangement between the Council and the SACA would be acceptable to the SACA. This would entail a 6 monthly (October – March) leasing/licensing arrangement conducted over a two (2) year period with the SACA to use and operate the Cricket Oval sporting surfaces and buildings at the RSH, including assurances for the protection of the turf wicket and irrigation infrastructure for an extended period beyond this 6-month period.

3. Financial Contribution and Revenue Opportunities

a. The financial contribution of the SACA and any other cricket club or entity using the facilities of the RSH is by subsidy but there must be recognition of the fact that the RSH operates on a Not-for-Profit basis.

b. The financial contribution of the specific entity using the facilities of the RSH should be based on a time (hours) usage model relative the total annual cost of the facilities and in consideration of reasonable community usage of the facilities.

c. The financial contribution of the specific entity using the facilities of the RSH should take into consideration any capital funding provided or facilitated by the SSO to the capital cost of the RSH prior to the design and construction phase and/or contributed to operational expenditure on an annual or one-off basis.

d. The specific entity responsible for using the facilities of the RSH during their allocated period would be entitled to revenue opportunities from the RSH through the receipt of gate takings, catering and all other sources of revenue for game day activities.

4. Management Group

a. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee representative of the key sporting group stakeholders, i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA.

b. It is the view of the SACA that individual Clubs should not be given any specific role on the governance of the RSH.
5. **Control Level**

   a. *Overall, the SACA favour a Medium Level of Governance Control of the RSH, utilising outsourced Community and sporting associations and their volunteers, together with input and representation of an appropriate and senior member of staff of the Mount Barker Council.*

7.2.3 *South Australian Tennis (TSA)*

Our team met with Brett Hidson, General Manager – Venues & Government Relations, Tennis SA, on Tuesday 14th August, 2018 to discuss the views of the Tennis SA (TSA) regarding the governance of the RSH.

It is the view of TSA that it is critical for TSA to maintain a strong presence on this site and to maintain its footprint in a central location. While the proposed design plans are welcomed and supported by TSA, the current plan for 6 courts is clearly insufficient for the future demands of tennis players in the region.

Professional tennis coaching is the key activity that drives participation in the sport of Tennis. For example, Little Hampton and Mount Barker did not have Tennis Coaches, however, now that they do have coaches, they have been able to grow participation rates in tennis for the region.

TSA will have a tennis coach located at the RSH site on a regular basis for 6 months of the year. It is our understanding that the governance model and arrangements preferred by TSA are as follows:

1. **Intended Use of the RSH Site and its Facilities**

   a. *TSA seek use of the RSH site and its facilities on behalf of its affiliated Clubs and/or Associations.*

   b. *TSA do not seek the use of any office space.*

   c. *TSA seek use of the RSH site and its facilities for the conduct of Tennis “home and away game” fixtures, and for finals fixtures and for regional tournament fixtures each year during the 6 months comprising October through to March.*

2. **Preferred Management Model**

   a. *The overall governance of the RSH and the broader precinct should be conducted by an Independent Board.*
b. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee comprising the representatives of the key sporting group stakeholders – State Sporting Organisations (SSOs), i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA.

c. An initial two (2) year lease/licence arrangement between the Council and TSA would be acceptable to TSA. This would entail a 6 monthly (April – September) leasing / licensing arrangement conducted over a two (2) year period with TSA to use and operate the Tennis sporting surfaces and buildings at the RSH.

3. Financial Contribution and Revenue Opportunities

a. The financial contribution of the TSA and any other sporting club or entity using the facilities of the RSH is by subsidy but there must be recognition of the fact that the RSH operates on a Not-for-Profit basis.

b. The financial contribution of the specific entity using the facilities of the RSH should be based on a time (hours) usage model relative the total annual cost of the facilities and in consideration of reasonable community usage of the facilities.

c. The financial contribution of the specific entity using the facilities of the RSH should take into consideration any capital funding provided or facilitated by the SSO to the capital cost of the RSH prior to the design and construction phase and/or contributed to operational expenditure on an annual or one-off basis.

d. The specific entity responsible for using the facilities of the RSH during their allocated period would be entitled to revenue opportunities from the RSH through the receipt of gate takings, catering and all other sources of revenue for game day activities.

4. Management Group

a. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee representative of the key sporting group stakeholders, i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, SANA, and FFSA.

b. It is the view of the TSA that individual Clubs should not be given any specific role on the governance of the RSH.
5. Control Level

a. Overall, TSA favour a Medium Level of Governance Control of the RSH, utilising outsourced Community and sporting associations and their volunteers, together with input and representation of an appropriate and senior member of staff of the Mount Barker Council.

7.2.4 Football Federation of South Australia (Soccer - FFSA)

Our team met with Michael Carter, the CEO of the Football (Soccer) Federation of South Australia on Tuesday 14th August 2018 to discuss the views of the FFSA regarding the governance of the RSH.

FFSA expressed their strong commitment to the project as evidenced by their success in obtaining a $2.5m funding grant (subject to Council matching funding) to contribute to the construction of the facility. FFSA view the site as critical to facilitating the growth trajectory of soccer and the participation rates in the region.

FFSA have multiple clubs operating in the region such as the Adelaide Hills Junior Soccer Association, Mount Barker Soccer Club and Hahndorf Soccer Club. The preference of FFSA would be to assume responsibility for a head lease or license arrangement in a manner similar to which they will control facilities usage at other venues such as West Beach, Marion and the Parks.

FFSA have a management and volunteer support structure to coordinate the fixtures for the soccer pitches and to manage the operations of canteen and catering facilities and for the ongoing maintenance of the soccer pitches. They also recognise the need to have a sinking fund allocated to the future replacement of the synthetic pitch surfaces.

FFSA seek to minimise any financial contribution required of them by Council for the purpose of the lease arrangements by providing all of the above services to the facility. It is our understanding that the governance model and arrangements preferred by FFSA are as follows:

1. Intended Use of the RSH Site and its Facilities

a. The FFSA seek use of the RSH site and its facilities on behalf of their affiliated junior, senior and women’s soccer Clubs (Mount Barker Soccer Club and Hahndorf Soccer Club) and Associations (Adelaide Hills Junior Soccer Association) and for their “Mini-Roos” mass participation programs for junior soccer players.

b. The FFSA seek use of the RSH site and its facilities for the establishment of office space for 1 x Office for shared use by an on-site Coach and on-site facility manager (part-time).

b. The FFSA seek use of the RSH site and its facilities for the conduct of Football (soccer) “home and away game” fixtures, and for finals fixtures and for regional fixtures each year for 12 months of the year. The site will also be used for training sessions and for coaching of both coaches and players as part of their Talented Pathways Program.
2. **Preferred Management Model**

   a. The overall governance of the RSH and the broader precinct should be conducted by an Independent Board.

   b. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee comprising the representatives of the key sporting group stakeholders – State Sporting Organisations (SSOs), i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, NSA, and FFSA.

   c. An initial two (2) year lease/licence arrangement between the Council and the FFSA would be acceptable to the FFSA. This would entail a year-round leasing/ licensing arrangement conducted over a two (2) year period with the FFSA to use and operate the Soccer sporting surfaces and buildings at the RSH.

3. **Financial Contribution and Revenue Opportunities**

   a. The financial contribution of the FFSA and any other soccer club or entity using the facilities of the RSH is by subsidy but there must be recognition of the fact that the RSH operates on a Not-for-Profit basis.

   b. The financial contribution of the specific entity using the facilities of the RSH should be based on a time (hours) usage model relative to the total annual cost of the facilities and in consideration of reasonable community usage of the facilities.

   c. The financial contribution of the specific entity using the facilities of the RSH should take into consideration any capital funding provided or facilitated by the SSO to the capital cost of the RSH prior to the design and construction phase and/or contributed to operational expenditure on an annual or one-off basis.

   d. The specific entity responsible for using the facilities of the RSH during their allocated period would be entitled to revenue opportunities from the RSH through the receipt of gate takings, catering and all other sources of revenue for game day activities.

4. **Management Group**

   a. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee representative of the key sporting group stakeholders, i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, SANA, and FFSA.

   b. It is the view of the FFSA that individual Clubs should not be given any specific role on the governance of the RSH.
5. **Control Level**

   a. Overall, the FFSA favour a Medium Level of Governance Control of the RSH, utilising outsourced Community and sporting associations and their volunteers, together with input and representation of an appropriate and senior member of staff of the Mount Barker Council.

7.2.5  **South Australian Netball Association (SANA)**

Our team met with Ben Scales, the CEO of the South Australian Netball Association (SANA) on Friday 17th August, 2018 to discuss the views of the SANA regarding the governance of the RSH.

While the SANA is committed to this project and seek use of the netball facilities, their main hub of operations and significant netball facilities are to remain located at Woodside. There are two current Netball Clubs operating from Mount Barker and they would be the primary users of the facilities for both training sessions and regular home and away fixtures as part of the Mid Hills Netball Association. It is our understanding that the governance model and arrangements preferred by NSA are as follows:

1. **Intended Use of the RSH Site and its Facilities**
   
   a. The SANA seek use of the RSH site and its facilities on behalf of the Mid-Hills Netball Association (MHNA) and its 16 member clubs. SANA view the RSH as a regional hub for netball from which to grow participation in netball through the existing MHNA and its member clubs.

   b. The SANA do not have any need for office space, they have current facilities at Main Road, Woodside.

   c. The SANA seek use of the RSH site and its facilities for the conduct of netball “home and away game” fixtures, and for finals fixtures and for regional fixtures of MHNA each year during the 6 months comprising April through to September for both senior and junior teams.

   d. The SANA seek use of the RSH site and its facilities for the conduct of netball “training” during week nights each year during the 6 months comprising April through to September for both senior and junior teams of the two current Mount Barker Netball teams (Mount Barker United Netball Club and Mount Barker Lutheran Netball Club).

2. **Preferred Management Model**

   a. The overall governance of the RSH and the broader precinct should be conducted by an Independent Board.
b. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee comprising the representatives of the key sporting group stakeholders – State Sporting Organisations (SSOs), i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, SANA, and FFSA.

c. An initial two (2) year lease/licence arrangement between the Council and the SANA would be acceptable to the SANA. This would entail a 6 monthly (April – September) sub-leasing/licensing arrangement conducted over a two (2) year period with the MHNC and the two Mount Barker Netball teams to use and operate the netball surfaces and buildings at the RSH.

3. Financial Contribution and Revenue Opportunities

a. The financial contribution of the SANA and MHNC any other netball club or entity using the facilities of the RSH is by subsidy but there must be recognition of the fact that the RSH operates on a Not-for-Profit basis.

b. The financial contribution of the specific entity using the facilities of the RSH should be based on a time (hours) usage model relative the total annual cost of the facilities and in consideration of reasonable community usage of the facilities.

c. The financial contribution of the specific entity using the facilities of the RSH should take into consideration any capital funding provided or facilitated by the SSO to the capital cost of the RSH prior to the design and construction phase and/or contributed to operational expenditure on an annual or one-off basis.

d. The specific entity responsible for using the facilities of the RSH during their allocated period would be entitled to revenue opportunities from the RSH through the receipt of gate takings, catering and all other sources of revenue for game day activities.

4. Management Group

a. The coordination of sporting activities at the various sporting surfaces should be managed by a Committee representative of the key sporting group stakeholders, i.e., the Project Partners Group, comprising, SANFL, SACA, TSA, SANA, and FFSA.

b. It is the view of the SANA that individual Clubs should not be given any specific role on the governance of the RSH.
5. **Control Level**

   a. Overall, the SANA favour a Medium Level of Governance Control of the RSH, utilising outsourced Community and sporting associations and their volunteers, together with input and representation of an appropriate and senior member of staff of the Mount Barker Council.
Appendix 3 – Management Model Options

Mount Barker Regional Hub

Prepared by Mount Barker District Council

Management Model Options Paper

Extract (options only) Sep 2018
References

- Local Government Act 1999
  - Fact Sheet 1 – Understanding Sustainable Management (copy attached)
  - Fact Sheet 2 – Creating a Sustainable Management Environment (copy attached)
  - Fact Sheet 3 – Choosing the Right Management Model (copy attached)

Option 1 – Council Operated – Independent Board under s 41

Council could operate the range of community facilities to be provided within the Regional Sports Hub using a licence, permit and/or hire options and in-house or external booking, contract maintenance and cleaning services. This model would be implemented through delegations to a skills-based Independent Board, under section 41 of the Local Government Act, with support staff, to undertake the strategic and business planning for the Regional Sports Hub. The Board would liaise with representatives of each regular user group via a sub-committee.

Key Features

- Retain full control over operations through the Board, directly employed staff and operational/maintenance contracts.
- Regular user groups represented on the section 41 sub-committee
- Major decisions subject to Council decision
- Full control over asset management
- Full control over budgets, pricing, programming, staffing, operating hours etc
- Board responsible for marketing and asset optimisation
- Full flexibility over inclusion or removal of other events and community/social programs
- Opportunities for commercial undertakings within the limits of the Local Government Act.

Advantages

- High degree of control over day to day operations:
  - Facility bookings undertaken by Council staff within the policy set by the Board, within Council delegations.
  - Asset maintenance and cleaning undertaken by Council staff or contractors supervised by Council staff.
- Complete financial control.
• Potential to generate some commercial income (subject to legislative constraints including competitive neutrality obligations).
• Increased perception of community ‘ownership’ of the facility.
• Reduced establishment costs (compared to a subsidiary).
• Regular reporting to Council.
• High-level of stakeholder (regular user group) liaison and engagement.
• Highly transparent and accountable to the community.

**Disadvantages**

• Possibly less opportunity or incentive to pursue commercial income.
• Operational / day to day involvement and potential for Council to get involved in ‘user group’ politics.

**Risks**

• Financial performance – 100% Council risk but greatest control.
• Operational performance – 100% Council risk but greatest control.
• Increased exposure to political control and possible interference.
• Increased capacity for community user groups to apply pressure for additional subsidies.
• Lack of staff with particular experience and skills sets e.g. premier turf oval and wicket curations; commercial facility operation; and marketing (can be recruited / developed or contracted).
• New services commenced without clarity regarding staffing roles and responsibilities (to be managed through business planning and preparation prior to opening of stage 1).
• Dependency on small number of key personnel (could be partially mitigated by cross-team capacity building with existing Council staff).

**Summary**

Option 1 provides Council maximum control over the facility but also creates the most political exposure for Council. That is, there is possibly more risk exposure that individuals and/or particular stakeholders endeavor to leverage their preferred outcomes. However, this is core business for Council and not a unique situation. Furthermore, acknowledging the significant new community services to be delivered with the creation of the Regional Hub, Council is able to resource the establishment of the new service with existing staff, new staff and/or contracts as relevant under the guidance and direction of a skills-based independent Board convened under section 41 of the Local Government Act. Key stakeholders / regular user groups will be represented through the Board’s sub-committee.

**Option 1, skills based independent board appointed under section 41 with a user group sub-committee, Council resource administrative and contract support is recommended.**
Option 2 – Council Owned Subsidiary – Independent Board under s 42

Council could establish section 42 subsidiary to own and operate the hub facilities on behalf of the community. The section 42 should have a skill-based board which can fairly and impartially implement business practices to achieve the objectives the Council sets for it in the Charter. The Board would liaise with representatives of each regular user group via a sub-committee.

Key Features

- Independent entity (corporation) owned by Council to deliver the community outcomes as directed by Council
- Charter approved by Council and the Minister for Local Government
- Strategic plans, Annual Business Plan and Budget subject to Council approval as well as any other matters specified in the Charter
- Skill-based independent members on board
- Dedicated staff and/or contracts engaged specifically to meet the needs of the Regional Hub
- Can include commercial undertakings (subject to Charter and competitive neutrality obligations)
- Visibility to Council via Subsidiary agendas, minutes and reporting.

Advantages

- Potential to generate commercial income to subside the operating costs of the sporting facilities
- Day-to-day operations managed by a dedicated team employed/contracted by the Subsidiary.
- Strategic financial control – Subsidiary responsible for financial management within Council approved budget.
- Clarity of management for future users and all stakeholders.
- Regular reporting to Council.
- Council has control over board membership.
- Greater use of external expertise.
- High-level of stakeholder (regular user group) liaison and engagement
- Transparent and accountable to the community
- Council maintains ownership of facility on behalf of community and through complimentary branding this can be seen by the community.

Disadvantages

- Increased establishment costs (once off).
- Increased operating costs.
- Full local government compliance applies (increased overheads) for example:
  - Annual Business Plan and Budget
  - Annual Report including audited financial statements
  - Audit Committee
- Strategic Plans
- Record keeping
- Agendas, minutes and all associated governance
- Policies and procedures.

- May not be able to generate more commercial opportunities than a section 41 structure could.

**Risks**

- Subsidiary success reliant on recruitment of quality, skills-based, board members.
- Council is still financially liable for success or failure of the subsidiary.
- Council is still operationally liable for success or failure of the subsidiary.
- Greater cost to operate only worthwhile if a significant commercial outcome can be identified and managed by the subsidiary to provide an overall cost-benefit.
- Lack of staff with particular experience and skills sets e.g. premier turf oval and wicket curations; commercial facility operation; and marketing (can be recruited / developed or contracted)
- New services commenced without clarity regarding staffing roles and responsibilities (to be managed through business planning and preparation prior to opening of stage 1).
- Dependency on small number of key personnel/contractors.

**Summary**

Option 2 provides Council with directive control over the facility through the Charter that it sets. Through a subsidiary, Council creates a separate entity more capable of pursuing commercial opportunities to subsidise the community facilities it is managing. Council’s political involvement in the Regional Hub is as a governing body only. Council is able to risk manage the outcomes through the Charter and appointment of a skills-based board. Ongoing costs for this model are greater than option 1.

Option 2. In the initial years of operation of the Regional Sports Hub, unless there is a specific commercial requirement that cannot be undertaken under the other models, there is unlikely to be any requirement to establish as section 42 subsidiary.

**Option 3 – Contract whole operation through a Management Agreement**

Council could undertake an expressions of interest and/or tender process to lease out the management of the whole of the Mount Barker Regional Hub, similar to the Recreation Centre contract. This process could include a requirement to invest in the capital development of the Hub and to realise an income stream to subsidise the operating costs of providing the community facilities within the Hub.
The Management Agreement could require regular liaison with a user group committee. A well-established sport and recreation facility operator or association could tender for such an opportunity.

**Key Features**

- Council staff member assigned to supervise the contract management.
- Council requirements are incorporated into the Management Agreement.
- Tender selection subject to Council Decision.
- Less flexibility over changes to daily operations and outcomes.
- Variations to the management agreement will require agreement of the Contractor and a Council decision.
- Control over the asset management and sustainability written into the management agreement.
- Contractor fully responsibility for marketing and asset optimization in accordance with the management agreement.
- Success of the precinct incentivised by profit sharing as negotiated in the management agreement.
- Operating loss is 100% Contractor Risk unless otherwise shared within the agreement.
- Reporting to Council as specified in contract.

**Advantages**

- Contractor responsible for delivery of daily operations to meet agreed service standards
- Contract performance measures reported to Council
- Reduced legislative burden compared to options 1 and 2
- Potential for a win-win-win (Community-Council-Contractor) outcome (subject to market)
- Business approach to operations with incentive to achieve financial sustainability for the precinct
- Contractor has degree of responsibility for financial success or failure of the Hub (degree depends on structure of contract, but note that greater risk to contractor = greater cost).
- Contractor has degree of responsibility for operational success or failure of the Hub (degree depends on structure of contract, but note that greater risk to contractor = greater cost).

**Disadvantages**

- Less control over daily operations
- Risk assessment and negotiation of the management agreement is in advance of known performance outcomes (likely to increase cost).
- My not be an acceptable response from the market to the tender process.

**Risks**

- Inadequate contract supervision (Management Agreement must clearly articulate service standards, reporting and key performance indicators and must be clearly articulated and enforced – contract supervision must be resourced)
- Contract time frame and options to renew are too short (doesn’t attract sufficient market interest)
• Contract time frame too long – locked-in without opportunities to review and evolve contract arrangements as the community grows.
• Inadequate tenders – subject to the state of the market at the time of tendering
• Poor quality contractor selected

Summary
Option 3 provides Council the greatest opportunity to operate the Hub as a stand-alone business entity the potential to attract commercial income to subsidise the community facility costs. Council daily responsibility and control is reduced through a detailed management agreement specifying the outcomes Council requires from the contract. Contractor assumes some risk for financial and operating success of the Hub for a fee and is unlikely to accept all risk given this is a new facility with no known operating costs. A well-structured management agreement contract can be successful, with the ability to achieve a good outcome significantly increased once operating costs are known (i.e. after 1 or 2 full years of operation have been completed).

Option 3. This option may be more attractive once the Regional Sports Hub has been operating for several years and costs, income and market interest in possibly commercial activities is known.