



Mr Peter Gerrand
Merredin Olympic Motel
Lot 5 Great Eastern Highway
MERREDIN WA 6415

Dear Mr Gerrand

Re: Freedom of Information application

I refer to your application received on 14 November 2016 requesting information regarding the Shire's financial contribution or underwriting for the contract with Belgravia Leisure for the Merredin Regional Community & Leisure Centre as discussed at Council's July 2016 meeting.

You would be aware that the matter was considered by Council Behind Closed Doors in accordance with Section 5.23(2)(c) of the *Local Government Act 1995* due to the fact that the matter related to a contract entered into, or which might be entered into. Therefore, legal advice was sought on what information could be provided in response to your request.

That advice concluded that the contract between the Shire and Belgravia Leisure would be an exempt matter under Item 4 Schedule 1 of the *Freedom of Information Act 1992* as its disclosure would reveal information about the business, commercial or financial affairs of a person and could reasonably be expected to have an adverse effect on those affairs if disclosed. Therefore, a copy of the contract document will not be provided to you.

The agenda item relating to the acceptance of tenders also contains exempt matter under Item 4 (business, commercial or financial affairs of a person) and Item 6 (opinion, advice or recommendation for the purpose of deliberative processes) of the *Freedom of Information Act 1992*, however as it is considered that the exempt matter can be deleted from the item, a redacted version has been provided and is enclosed.

I also wish to advise that the questions you posed to Council during Public Question Time at its November 2016 meeting will be addressed in the December agenda due for release on Monday 19 December 2016.

Should you have any further queries please don't hesitate to contact me.

Yours sincerely

GREG POWELL
Chief Executive Officer

14 December 2016

Enc.

CC: All Councillors

19.1 Tender 03-2015/2016
Contract Management of the Merredin Regional & Community Leisure Centre

Community Services



Responsible Officer:	Rebecca McCall, DCEO
Author:	As above
Legislation:	<i>Local Government Act 1995; Local Government (Functions and General) Regulations 1996</i>
File Reference:	Tender 03-2015/16
Disclosure of Interest:	Nil
Attachments:	Nil
Maps / Diagrams:	Nil

Purpose of Report

Executive Decision Legislative Requirement

Background

The Merredin Regional Community and Leisure Centre (MRCLC) commenced operations in 2007. From its opening operational challenges have continued for a variety of reasons. Managing operations to ensure consistent and sustainable service delivery has been difficult largely due to the inability to attract and retain qualified staff. This has resulted in missed opportunities to increase its usage by developing programs to increase the sustainability of the overall operations.

Throughout 2015/16, operations were closely analysed to include the review of service delivery, business plan, management plan and financial performance. Upon completion of the review it was determined that an alternative method of management and operation could be a viable option.

Comment

On the 24th April 2016 the Shire of Merredin advertised Tender 03-2015/16 for the provision of contract management of the MRCLC. At the close of the tender period on Friday, 27th May 2016, one tender was received. That tender has been reviewed and assessed.

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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]

It should be noted that the amounts shown in the above tables do not include maintenance of grassed playing fields which will remain a Council responsibility.

The objective is to ensure the facility and service delivery operates at optimal levels for the betterment of Merredin and its community.

The proposal submitted provides the opportunity to enter into a partnership arrangement to achieve a better outcome for Merredin and its sporting and general community. Through a partnership the community benefits from the areas of expertise available from the tenderer. As can be seen from the tender document, the tenderer has national and international experience in operating a range of leisure based facilities. This would mean that the experience gained, supported by staff, management and administrative operations would be available to Merredin. This could translate into a range of activities tailored to suit the community and a stable management structure to deliver the activities.

Therefore, the benefits that could accrue from accepting the tender could be more than those expressed in financial terms.



Councillors will recall a dispute with the Merredin Fitness Centre in relation to activities at MRC&LC which means that Council agreed not to conduct fitness classes in its own capacity. A legal opinion (available on request) has been received which indicates that if Council accepts this tender it is unlikely to give rise to any successful legal action on the part of the local business.

Policy Implications

Nil

Statutory Implications

Local Government (Functions and General) Regulations 1996

Division 2 – Tenders for providing goods or services (s. 3.57)

Strategic Implications

➤ Strategic Community Plan

Vision Element: Liveable

Strategic Goal: Merredin has the services, facilities, characteristics and heritage that continue to make Merredin a great place to live and contribute to a liveable region.

Key Priority: Key Assets

➤ Corporate Business Plan

Strategy:	SP.L2.2 – Investigate opportunities to consolidate Shire owned facilities and services.
Action #:	1
Action:	Review, implementation and renationalisation options for recreational and community facilities and services.
Directorate:	Community Development
Timeline:	2015/16 to 2018/19

Sustainability Implications

➤ Strategic Resource Plan

The Strategic Resource Plan includes operational allocations to include building maintenance and renewal.

➤ Workforce Plan

Directorate:	Community Development
Activity:	Recreation Services
Current Staff:	3 Full-Time Staff, 1 Full-Time Casual Staff, Casual Bar Staff and Program Instructors
Focus Area:	Alternative Labour Sources – There are opportunities available to the Shire to investigate non-traditional sources of labour as a means of addressing skills shortages. Scope exists to recruit workers from overseas or utilise a more cost effective outsourcing option.
Strategy Code:	ALS2
Strategy:	Undertake service reviews across the organisation to identify the most effective and efficient method to deliver services.
Implications:	If the service was out-sourced to a contractor the positions will become redundant. The contractor may wish to retain existing staff.

Risk Implications

The risks to continue to deliver the service in-house are already identified and factored into the MRCLC Business Plan. The annual operational deficit is factored into the Strategic Resource Plan. However, if Council is able to attract and retain qualified staff there is the likelihood of establishing a more consistent and sustainable service.

The possible risk implications associated to out-sourcing the service are as follows:

- The contractor is unable to deliver to agreed expectations - Low
- The relationship between the two parties is not conducive - Low
- Financial risk if monthly reporting and consultation is not adhered to - Low
- The community do not engage - Medium

Financial Implications



The table under 'Financial Implications' is almost entirely redacted with black bars. Only a small portion of a table grid is visible, showing several rows and columns with some blacked-out cells.

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That Council accepts the non-conforming tender submitted by Belgravia Leisure and enters into a two-year agreement for the provision of contract management of the Merredin Regional Community and Leisure Centre commencing in the 2016/17 financial year on a date to be determined.

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