

LKCC Management Model - SCI Submission

Originating Officer	General Manager City Services - Tony Lines
Corporate Manager	N/A
General Manager	General Manager City Services - Tony Lines
Report Reference	GC201208F04

Confidential



Confidential Motion

That pursuant to Section 90(2) and (3)(d) (i) and (ii) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager City Property, Acting Manager City Activation, Manager Corporate Governance, Unit Manager Communications, Unit Manager Governance and Council Support and Governance Officer be excluded from the meeting as the Council receives and considers information relating to LKCC Management Model, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the current EOI process for the management of the Living Kurna Cultural Centre.

REPORT OBJECTIVE

To decide on a response to the Living Kurna Cultural Centre (LKCC) management proposal received from Mr Corey Turner of Southern Cultural Immersion (SCI).

EXECUTIVE SUMMARY

Following more than four years of discussions with Kurna, Council has received a proposal from SCI to manage the LKCC / Warriparinga facility. The proposal looks to further activate the site through additional events, tourism and educational activities to become the leading Kurna tourism location and cultural education space on Kurna Country.

The proposal has a number of positives (including having the site managed by a Kurna person), but also some negatives. The principal disadvantage is that the annual payment sought by SCI for the first three years of operations is approximately \$69 k more than Council's current net cost for the equivalent scope.

SCI also requires modification to the site, including provision of a 60-person education facility through either a new shed (approximately \$150 k) or an upgrade to the existing Coach House (total project say \$1 M, with possible grant contributions).

Recommendation options are presented to either decline the offer or accept it in principle (with or without further negotiation of the annual payment sum).

RECOMMENDATION

That Council:

[select one of the following]



1. Declines the SCI proposal to manage the LKCC and continues to operate the Centre with Council staff (in-house).

OR

2. In principle accepts the SCI proposal to manage the LKCC (including an annual payment of \$250 k for the first three years which would then reduce linearly in subsequent years to \$100 k in year 6); negotiates contract terms and conditions with SCI (e.g. insurances, operational metrics, advisory group); and receives a final report (envisaged for March/April 2021) prior to contract signing.

OR

3. In principle accepts the SCI proposal to manage the LKCC subject to negotiation of a lower annual payment (closer to Council's current net cost of approximately \$181 k p.a. for the first three years which would then reduce linearly in subsequent years to \$100 k in year 6); negotiates contract terms and conditions with SCI (e.g. insurances, operational metrics, advisory group); and receives a final report (envisaged for March/April 2021) prior to contract signing.

OR

4. In principle accepts the SCI proposal to manage the LKCC subject to negotiation of an annual payment no greater than Council's current net cost (approximately \$181 k p.a. for the first three years which would then reduce linearly in subsequent years to \$100 k in year 6); negotiates contract terms and conditions with SCI (e.g. insurances, operational metrics, advisory group); and receives a final report (envisaged for March/April 2021) prior to contract signing.

AND [select one of the following if one of options 2, 3 or 4 are selected above]

5. Allocates \$150 k for consideration in the draft 2021/22 budget for an education shed for up to 60 people (noting that approximately \$15 k of upgraded outdoor seating and artistic woodwork will be delivered through existing City Property budgets).

OR

6. Upgrades the Coach House to operate as an education facility for up to 60 people, including required heritage restoration, allowing it to also function as a Marion museum satellite site (noting that approximately \$15 k of upgraded outdoor seating and artistic woodwork will be delivered through existing City Property budgets). Funding for the Coach House upgrade will be sought through Grant applications and 2021/22-2022/23 Council budgets.

7. In accordance with Section 91(7) and (9) of the Local Government Act 1999, orders that this report, the attachments and any minutes arising from this report having been considered in confidence under Section 90 (2) and (3)(d) (i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.

DISCUSSION

The City of Marion and the Kurna Yerta Aboriginal Corporation (KYAC) have been discussing options for management models of the LKCC since 2016. At the 28 January 2020 General Council meeting, Council considered a progress report on the LKCC Management Model and resolved to request KYAC to provide Council with a proposal for its preferred management model for the Warriparinga / LKCC site by the end of May 2020.

KYAC wrote to Council on 29 May 2020 advising that COVID-19 restrictions meant that the Kurna people could not hold face-to-face meetings to progress a proposal, and requesting a 3 month extension of the due date to 31 August 2020. Council granted that request.



On 31 August 2020 Council received a letter and management proposal from KYAC, and on 29 October 2020 received a further proposal from SCI (refer Attachment 1). Key features of the management proposal are as follows:

1. KYAC has suggested that Southern Cultural Immersion (SCI, a private business run by Kaurna man Corey Turner) operates the LKCC. Mr Turner provides services for DEW at Glenithorne. He has significant experience at Onkaparinga CC, Centrelink, Red Cross, and the Heart Foundation. Mr Turner is also a member of a recently formed Southern Alliance, comprising about ten people from the Williams, Dixon and Turner families.
2. SCI would sign a management agreement with Council that would stipulate key service obligations and expected usage parameters. The agreement would include a Peppercorn Lease arrangement for the duration of the agreement.
3. SCI's vision for LKCC is to create a venue this is clearly identified as the leading Kaurna tourism location and cultural education space on Kaurna Country.
4. SCI expects autonomy over "most operational aspects of the LKCC", including roles and responsibilities, activities, and what events are run on the site. No other Kaurna organisation, parties or individuals (including KYAC) would influence operational decisions. Importantly KYAC supports the autonomy of SCI decision making.
5. SCI would create a detailed marketing plan for the site and proposes to activate the site by performances (including those aligned to the Adelaide Festival and Adelaide Fringe), Aboriginal art and culture markets, musical performances, and broadening tours, workshops and venue hire. SCI would manage all marketing and promotional materials for activities and events and invite collaboration with Council counterparts for large events.
6. SCI would continue the current activities and services operating at the site.
7. Council would be required to pay SCI a management fee to undertake the day-to-day operations of the LKCC, primarily being staff wages (three key staff plus casuals), and that this fee would be fixed at \$250 k per annum for the first three years, and then reduce linearly in subsequent years to \$100 k in year 6.
8. Council would continue to maintain the buildings and grounds, at an estimated cost of \$45 k per annum. This would include the LKCC, Fairford House, Coach House and grounds, and would ensure services are provided.
9. SCI requests that Council funds two site improvements, namely (i) strategically placed designer outdoor seating and artistic woodwork (\$15 k), and (ii) a temporary or semi-permanent building sympathetic to the natural environment to act as a learning space for 60 people (\$30 k). These are both good initiatives, although unfunded. The investment in a learning centre is essentially a condition for SCI. The \$30 k for the learning centre however is underestimated – it would cost significantly more than that. SCI has indicated that the Coach House could be used as the education centre, which would be a better site solution than a new shed. The Coach House would require significant remedial works. There doesn't appear to be any direct investment from SCI/KYAC.
10. SCI is agreeable to have an overseer / advisory board for the operation (not a control group). The group could meet quarterly, consisting of 3-4 people, to consider finance, governance, compliance / KPI goals and general business.
11. SCI intends to pay a percentage of operating surplus (anticipated at 3-5%) to the Kaurna Community trust each year.
12. SCI requires all Council staff to undertake cultural awareness training with SCI at the LKCC.

POSITIVES ABOUT THE SCI PROPOSAL

- The proposal is submitted by a Kaurna person and endorsed by KYAC.
- The proposal complies with Council's Unsolicited Proposal Policy (the offer, the term/financial quantum, and the uniqueness), and can also be considered an extension of the previous Banbabanbalya agreement process.
- SCI wants to double visitation numbers and revenues.
- The input and visibility of an advisory board would be useful.
- The arrangement is likely to cater for the spiritual and social needs (e.g. via an on-site café) of the future Elders Village on Lot 707.



NEGATIVES ABOUT THE SCI PROPOSAL

- SCI has only been in existence for 12 months and undertakes Kaurna tours, training and engagement. The firm would be taking a large step in undertaking this role.
- One Kaurna family running LKCC could result in a political risk to Council and Kaurna re other Kaurna people not supporting the initiative.
- The SCI proposal is more expensive than Council's current net cost. In 2019/20 the LKCC cost Council \$226 k to run (\$298 k operational expenses minus \$72 k in revenues). To compare, the SCI scope needs to remove Council maintenance (\$45 k) = \$181 k for the SCI scope. There has been no further explanation as to why Council should pay an extra \$69 k p.a. for SCI to do this work, other than the business risk to SCI. Note that Section 49 of the LG Act (value for money element) would support a contract with SCI if it is broadly in line with current costs.
- Cultural awareness training for all Council staff could cost Council many \$10's of thousands more than current costs and arrangements.

SUMMARY OF 2019/20 COUNCIL COSTS FOR LKCC

- Labour - \$212 k
- Contractors (e.g. maintenance, weavers) - \$57 k
- Materials (e.g. electricity, water, equipment, consumables) - \$18 k
- Other (e.g. postage, advertising, catering) - \$11 k
- **Total Expenses** - \$298 k
- Revenues (e.g. sales, venue hire)- \$72 k
- Retained CoM Maintenance (included in Contractors above) - \$45 k
- **Net Cost** (Total Expenses – Revenues – Retained CoM Maintenance) = \$181 k

TERMS AND CONDITIONS STILL NEEDING AGREEMENT

- Term, likely 3+3 years.
- Annual KPIs (e.g. financial results, opening hours, visitation numbers, customer satisfaction) and causes for termination.
- The annual payment to SCI (refer Recommendation options). The SCI proposed cost to Council decreases in years 4-6, from \$250 k p.a. in the first 3 years down to \$100 k p.a. in year 6. Depending on the Recommendation selected, Council may need protection in case SCI pulls out of the agreement at the end of year 3.
- Insurances, registrations, police checks / DCSI, legal clearance.
- Availability of site for Council events (e.g. movie nights, Marion Celebrates) as well as general availability for community.
- Confirmation that "a 100% Kaurna Cultural experience" includes other Indigenous peoples using and enjoying the site.
- Cost of cultural awareness training.
- Continuity of existing operational partnerships (e.g. Tauondi College, SONDER, Second Bite, Access 4U, Relationships Australia, Wattlebush Catering, MINDA, yarnning circles).
- Protection of the interests of the Friends of Warriparinga.
- Advisory Board role and participants (possibly Tony Lines, Lew Owens, and others).
- Dispute resolution process.

SUGGESTED TIMEFRAMES

- Council decision: 8 December 2020
- Negotiation with SCI, including legal review: January-March 2021
- Final report to Council for noting: April 2021
- Signing of contract: May 2021
- Establishment of advisory group: May-June 2021
- Commencement of SCI operations: 1 July 2021 (allowing for SCI recruitment and system development / implementation)
- Renovation of Coach House or construction of shed as an educational facility: July 2021 – December 2022

Attachment

#	Attachment	Type
1	SCI Proposal, received 29 October 2020	PDF File



Southern Cultural Immersion

Southern Cultural Immersion (SCI) strives to promote and nurture reconciliation and cultural respect towards the First Nations People within Australia. Working in partnership with local and state governments, agencies, community groups and individuals to create positive outcomes and a shared vision for the future. Cultural training, leading community engagement, project management and cultural tours are all part of our broad portfolio.

Vision

SCI's vision for the Living Kurna Cultural Centre (LKCC) is to create a venue that is identified as the leading Kurna tourism location and cultural education space on Kurna Country. Living Kurna Cultural Centre will encourage and provide a unique opportunity for participants who are seeking a spiritual and cultural experience.

SCI seeks to continue to celebrate Kurna's rich history and connection at Warriparinga, sharing this unique space with the wider Adelaide community, interstate guests and eventually international tourist, while providing cultural programs and experiences and encouraging economic development opportunities for Kurna and the local Aboriginal community.

How we will operate

SCI is committed to ensuring this site is successful and meets its full potential. We will do this by:

1. Developing a sustainable governance model
2. Utilising the maximum potential of the Warriparinga space and LKCC, by developing a well thought business plan and a marketing and promotional plan
3. Meeting key objectives through agreed Key Performance Indicators (KPIs)
4. SCI will sign a management agreement with the City of Marion (CoM) that will stipulate key service obligations and CoM's expectations on usage parameters regarding the site

Other expectations that will require specialised mitigation and attention:

1. Working directly with all interested Kurna people and other Aboriginal businesses, including Kurna Yerta Aboriginal Corporation and the recognised Kurna Trusts, other Kurna tourism operators and cultural care takers to development further opportunity and growth, to upskill individuals to play active roles on site and / or through the governance of the LKCC
2. Develop lasting relationships with Kurna Property Trusts, Indigenous Land Sea Corporation and Community Housing Limited regarding the development and ongoing demands from the Aboriginal Elders Village to be built across the river from LKCC

SCI seeks autonomy over most operational aspects of the LKCC, such as determination of overall roles and responsibilities, how activities are delivered and what events are run on site. SCI will work closely with CoM to ensure transparency and equality of delivery is not compromised.

Operational Structure



SCI envisage that we continue to run LKCC and Warriparinga with 2.7 FTE staffing numbers. Although noting this, we have restructured the proposed staff arrangement and changed the focus to achieve maximum benefit and opportunity to increasing traffic and visitation through aligning to SCI's services and expertise.

General Manager – 1 FTE

As the General Manager, I will:

1. Be the key decision maker and hold responsibility in the day-to-day operations
2. Be the key contact for Warriparinga and will liaise with the CoM directly on matters relating to the site
3. Ensure the SCI team delivers on the key activities relating to the site
4. Be the primary contact in any issue or conflict management between parties

The secondary role of this General Manager position will also act as a Cultural Lead to the site:

1. Ensure there is a 100% Kaurna cultural experience, presence and feel
2. Deliver and coordinate with other Kaurna members a range of cultural tours, art workshops, school activities and events to pursue other strategic business opportunities for LKCC
3. Ensuring meaningful relationships with the Kaurna community and their strategic partners are maintained and well established for full success and productivity

Note that the proposed GM role comes with the added levels of engagement and relationship responsibilities that are far beyond my current business commitments with SCI. The proposed GM wage is dramatically reduced from current costings, this is to ensure that we capture the right person for the Event Director's role (Someone with appropriate skills and qualifications) And this reduction also highlights the point that 40-50% of this GM role is a Community Development and Centre Management role. SCI acknowledge earnings will mitigate this role with the aim that the outlined strategies are fulfilled.

Events Director/Coordinator – 1 FTE

The Events Director/Coordinator position will be responsible for organising and delivering all, including major, events at the grounds and within LKCC throughout the year and reinvigorating the site to be a hub for significant Aboriginal performances, acts and events. This position will:

1. Collaborate with the events and marketing team of the CoM, to bring the site to life and provide exciting and engaging community events
2. They will also work closely with the various State Government Departments, Adelaide Fringe, Adelaide Festival and other major events in Adelaide ensuring Warriparinga is a recognised host location for major events across Adelaide and potentially on a national scale
3. Develop and execute a comprehensive Promotional and Marketing Strategy together with a detailed and staged Action Plan to match

SCI sees this new fulltime dedicated role not only as critical to facilitating and increasing the event schedule and subsequent revenue, but also a key driving force in raising awareness of this incredible space and the opportunity for the wider community to enjoy and experience it.

Administration and Gallery Officer – 0.7 FTE



This part-time role (0.7 FTE) will be responsible for assisting in the day-to-day administrative tasks and operation of the LKCC. This position will also attend to the entrance of the LKCC and oversee the retail and gallery outlet. Welcoming guests, overseeing giftshop orders, taking calls, making bookings, back office responsibilities and invoice processing, etc

FTE Wage Comparison for Warriparinga and the LKCC

CoM current funding costs for Warriparinga			SCI recommend maximum costs for the first 3yrs incl. CPI		
Item/FTE 2.7	Costs	Total	Item/FTE 2.7	Costs	Total
Centre Co-ordinator	90k + 26K on costs	116K	Event Director*	85K + 23K on costs	108K
Administration Officers	71K + 20K on costs	91K	Admin/Gallery Officer (FTE 0.7)*	60K + 15K on costs	75K
Cultural Officer	50K + 13K on costs	63K	General Manager/Cultural lead	55K + 12K on costs	67K
Contractor cultural programs	16K	16K			
		Total			Total
		286K			250K

**It is important to note that SCI will work closely with CoM and Price Waterhouse Cooper and SCI Accountant Taxbiz Aust Pty to determine appropriate award wage for the Job description (Role objectives and operational expectation) of each role.*

Other Income and Expenses

Income/revenue collected from the Gallery and Venue Hire will be used to cover the ongoing costs and associated fees required to run a successful business. Via the Management Agreement with CoM, SCI will be responsible for all operating and the ongoing costs incurred at LKCC. It is also important to note that revenue incurred through the staging of events will be covered by the costs of those events and it is also then appropriate that SCI will front all incurred costs if events are not successful.

The income/revenue collected will go directly in a SCI nominated bank account, where it will be captured as income and where SCI will use this account for general expenses, with monthly processes to reconcile the cash and ensure appropriate monitoring occurs. SCI is in discussion about this process with their accountant Tony Taormina of Taxbiz Aust Pty.

Expenses for the ongoing business operations are calculated to be around \$25-27K per year (as stated in conversation with CoM), will be covered by the income generated.

It is also envisaged that from the 5-6th year (as to be set in the Management Agreement) SCI, LKCC and Warriparinga will be self-reliant and therefore by this time SCI will only require \$100-\$116K for a Community Development Officer from CoM to manage the community development elements of the site under the operational structure of SCI.

SCI reviewed the Actual 3-year budget, 2016 - 2019 to determine profits created from tours, and venue hire as shown in the table below.



**Please note 2019/20 financial year has been significantly impacted by COVID-19. We need to be mindful that businesses are still being impacted by this pandemic due to lack of interstate and international visitors and school excursions being restricted.*

Profit Items as Cost Centre 2315 Warriparinga	2016/17	2017/18	2018/19	Average over past 3 yrs
Cost code 80343 Cultural tours	\$20,657	\$7,800	\$20,414	\$16,290
Cost code 80344 LKCC venue hire	\$20,197	\$20,372	\$15,702	\$18,757
Cost code 90601/6201 & 6202 Fairford House venue hire	\$9,667	\$5,868	\$8,127	\$7,887
Cost code 80345 Gallery	\$5,941	\$4,185	\$2,567	\$4,231
Total actual income average				\$47,165

Profit made year on year will be used to supplement the ongoing expenses, help discounted GM wage in the first instant and then following all other operational distributions 3-5% of profits created over the life of the management agreement with CoM will be distributed back to the Kaurua Meyunna Community Trust for Kaurua's social and wellbeing programs.

Year by Year Projection

Over the first three years SCI aims to significantly increase the number of tours and visitation numbers to the centre. We aim the following KPI to be real, achievable outcomes.

Year 1

- The establishment of a governing body that includes SCI, KYAC, CoM and an independent representation of SCI's choosing
- KPIs identified and included into Warriparinga space and LKCC Management Plan
- Management Plan drafted, signed, and enacted
- Promotional and Marketing Strategic Plan completed and enacted
- Student facility/coach house repair plans are commenced
- Planning for summer calendar

Year 2

- Student facility or coach house completed and in operations
- Summer night program calendar in place and commenced
- Other Kaurua Tour opportunities scoped. Including Mt Lofty/Uribilla tours, Adelaide CBD tours, Kaurua landscape art/3D Coastal Tours and self-guided tours.
- Planning and scoping for Eco tourism in partnership with KYAC on co-management National Parks and Wildlife Parks or selected locations along the Fluerieu Peninsula started.

Year 3

- Extended Tour Mapping and Plan completed and ready for commencement.



- Planning and scoping for Eco tourism in partnership with KYAC on co-management National Parks and Wildlife Parks or selected locations along the Fluerieu Peninsula draft completed.

Year 4

At this point we are hoping that the majority of plans and strategies are in place and that LKCC, Warriparinga and SCI are beginning to show benefit from the returns of three to four years of hard work.

Important Point Moving Forward

SCI feels it is important to have assurance and clarity on the following points:

- CoM recognise that SCI will be seeking a leaner and more business directed approach in the management of Warriparinga.
- CoM understand and acknowledge that the Venue hire, Gallery Space and current Tours are *not* viable in the current structure and a minimum of 3 to 4 years is required before a clearer indication of revenue and profitability of the centre is made to cover the essential operational costs
- CoM acknowledges the current economic climate across the World and Australia. This includes the current dilemma of the COVID-19 pandemic
- All income generated from this site remains within the business structure of SCI and its operations
- SCI seeks a Peppercorn Lease arrangement for Warriparinga for the current term of Management Agreement
- CoM continue the building maintenance for LKCC, Fairford House, the Couch House and Toilets
- CoM continue to support SCI, LKCC and the Kaurna Community by ensuring all CoM staff are to undertake cultural awareness via the new business structure of SCI at the LKCC

Finally, it is understood that the following items are not completed at this stage and do require external specialist advise before a Management Agreement can be signed.

- **The Shed and or the coach house;** further investigates and quoting (shed and or coach house repairs) are required to occur as soon as possible. SCI have sourced some initial quotes (still awaiting) for a shed that is suitable to houses large school groups (minimum of 50-60 children) and small winter/seasonal/community events.
- **Income projections over next 6 years with initial marketing plan;** SCI and their accountant will provide a relatively sound income projection for each year, capturing the 6 years of the Management Agreement.
- **Business expenses for day to day business operations;** Detailed discussions and accounting advise are being sourced from Tony Taormina of Taxbiz Aust Pty, the accountant for SCI.
- **Ensuring staff are employed and paid under appropriate award wage;** Discussion with industry experts and Taxbiz are still occurring and will required further investigations at this stage.