

ITEM NO:	17.1 Confidential
MEETING TYPE	Ordinary Council
MEETING DATE:	25 January 2018
SUBJECT:	Review of Confidential Issues under Section 91 of the Local Government Act 1999
FILE NUMBER	F18/47 - CEO Information Report
RECORD NUMBER:	R18/953
AUTHOR:	Joy Hentschke
ATTACHMENT (S):	Attachment 1 - Bay Recycling (R17/15304) Attachment 2 – Streaky Bay Medical Clinic (R17/16841)

LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

KEY RESULT AREA:	1. Governance
STRATEGY:	N/A
ACTION:	N/A

BACKGROUND:

Review of Confidentiality Orders

Section 97(9) of the *Local Government Act 1999* requires that any (confidentiality) orders made under section 90(3) that operate for a period exceeding 12 months must be reviewed at least once every year.

Confidential Minutes on 23 November 2017 to be released:

17.0 **CONFIDENTIAL** – Business and Infrastructure

“356/17

Moved: Cr Gunn, Seconded: Cr Stephens

That Council, having considered Report No 17.1, Bay Recycling – CDL offer of Business and Infrastructure 23 November 2017, agree to:

- a. purchase the plant, equipment and business from Bay Recycling for \$90,000.00 and*
- b. the Deputy Mayor and Chief Executive Officer are authorised to negotiate up to \$95,000.00.”*

Confidential Minutes on 21 December 2017 to be released:

17.0 CONFIDENTIAL

17.2 R17/16489 – Streaky Bay Medical Clinic

“386/17

Moved: Wheaton, Seconded: Trezona

That Council having considered report 17.2 titled ‘Streaky Bay Medical Clinic’, 21 December 2017 resolve that Council commit to purchase the Business known as the Streaky Bay Medical Clinic for the permanent benefit of the district, subject to the existing practice owner/doctor remaining for a further period to assist with transitioning, Council staff continue to investigate an appropriate business model, and that a further report be presented at a Special Meeting, January 4, 2018.

CARRIED”

Recommendation

That Council, having considered Report No 11.53, Review of Confidential Issues under Section 91 of the Local Government Act 1999, 25 January 2018, release Motion No 356/17 and Motion 386/17 which relates to Review of Confidential Issues under Section 91 of the Local Government Act 1999.

ITEM NO:	17.1 Confidential
MEETING TYPE	Ordinary Council
MEETING DATE:	23 November 2017
SUBJECT:	Bay Recycling – CDL offer of Business and Infrastructure
FILE NUMBER	F17/135 - Manager, District Services
RECORD NUMBER:	R17/15304
AUTHOR:	Robyn Nottle
ATTACHMENT (S):	Nil

LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

KEY RESULT AREA:	3. Environment and Planning
STRATEGY:	3.2. Improve service levels and environmental responsibility of waste management practices.
ACTION:	3.2.4 Continue and establish the Streaky Bay Transfer Station and Resource Recovery Centre.

BACKGROUND:

Council have been approached by Julian Kelsh – Manager, Bay Recycling with an offer for purchase of all plant and equipment and business arrangements. This offer has arisen since the purchasers of the land and infrastructure indicated they would not and were not interested in continuing to use the site for recycling purposes.

The settlement of the property will occur on the 1 December 2017 and from this date Streaky Bay residents will no longer be able to dispose of CDL and glass for refund in Streaky Bay.

The table below show the breakdown of the offer.

CAN, PETE, LPB, HDPE			
<i>Description</i>	<i>QTY</i>	<i>Purchase Price</i>	<i>Sale Price (GST excl)</i>
Sorting tables - bins frames	2	\$ 4,000.00	\$ 3,000.00
Cages with wheels and boards	9	\$ 20,000.00	\$ 15,000.00
Bale Cradles	11		Inc
Subtotal			\$ 18,000.00
GLASS HANDLING			
<i>Description</i>	<i>QTY</i>	<i>Purchase Price</i>	<i>Sale Price (GST excl)</i>
Sorting Hopper Bins	8	\$ 10,000.00	\$ 8,000.00
Glass Crusher	1	\$ 5,000.00	\$ 4,000.00
Cullet Bins New galv floors	17	\$ 20,000.00	\$ 13,600.00
Crates, mesh table, JIB	30		Inc
Subtotal			\$ 25,600.00

ADMIN AND PROCESSING			
Description	QTY	Purchase Price	Sale Price (GST excl)
Cash Register	1		\$ 1,000.00
Scales	1		\$ 500.00
Subtotal			\$ 1,500.00
BUSINESS			
See Report for description	1		15000
PLANT			
Description	QTY	Purchase Price	Sale Price (GST excl)
Forklift	1		\$ 25,000.00
Clamp	1		\$ 5,000.00
Subtotal			\$ 30,000.00
All Site Signage			Inc
TOTAL COST (GST Exclusive)			\$ 103,700.00

BUSINESS (description)

- Selling as an ongoing concern which allows the transfer of existing agreements. Preliminary documents to support business concern have been received. Contact has been made by the Recyclers of South Australia Inc.

Bay Recycling have provided a copy of the Profit and Loss for the 2016/2017 financial year. This indicates a Gross Turnover of \$211,000 and Gross Profit after purchase of Goods (cans, Bottles etc) \$95,000.

A summary of current operating expenses at the Streaky Bay Resource Recovery and Transfer Station for the past 3 years is tabled below.

Environment	2016/2017	2015/2016	2014/2015
Transfer Stations			
Transfer Stations-Streaky Bay			
Transfer Stations-Streaky Bay-Wages - Ordinary	\$440.28	\$319.33	\$25.59
Transfer Stations-Streaky Bay-Labour Overheads Allocated - Wages	\$374.24	\$271.43	\$21.75
Transfer Stations-Streaky Bay-Contractors	\$50,265.52	\$45,374.40	\$33,516.70
Transfer Stations-Streaky Bay-Plant & Equipment Hire	\$397.00	\$0.00	
Transfer Stations-Streaky Bay-Materials	\$7,291.75	\$5,000.00	\$1,229.00
Transfer Stations-Streaky Bay-Electricity	\$245.68	\$51.04	
Transfer Stations-Streaky Bay-Water and Sewerage	\$667.44		
Transfer Stations-Streaky Bay-Other Expenditure	\$1,449.81	\$1,335.18	\$37.00
Transfer Stations-Streaky Bay	\$61,131.72	\$52,351.38	\$34,830.04
Transfer Stations-Streaky Bay-costs of transfer			
Transfer Stations-Streaky Bay-costs of transfer - Contractors	\$25,800.00	\$0.00	\$34,404.20
Transfer Stations-Streaky Bay-costs of transfer	\$25,800.00	\$0.00	\$34,404.20
Transfer Stations	\$86,931.72	\$52,351.38	\$69,234.24

A summary with current and estimated operating expense with CDL and glass is depicted below.

Environment	estimated operating
Transfer Stations	
Transfer Stations-Streaky Bay	
Transfer Stations-Streaky Bay-Wages - Ordinary	0
Transfer Stations-Streaky Bay-Labour Overheads Allocated - Wages	0
Transfer Stations-Streaky Bay-Contractors**	60000
Transfer Stations-Streaky Bay-Plant & Equipment Hire	0
Transfer Stations-Streaky Bay-Materials	10000
Transfer Stations-Streaky Bay-Electricity	2000
Transfer Stations-Streaky Bay-Water and Sewerage	1000
Transfer Stations - Streaky Bay - Depreciation	2900
Transfer Stations-Streaky Bay-Other Expenditure	1500
Transfer Stations-Streaky Bay	\$ 77,400.00
Transfer Stations-Streaky Bay-costs of transfer to Cungena	
Transfer Stations-Streaky Bay-costs of transfer - Contractors	\$25,800.00
Transfer Stations-Streaky Bay-costs of transfer	\$25,800.00
Transfer Stations	\$103,200.00

*Note: Figures are indicative, Contract variations are still to be negotiated with current agreement holders.

In summary, by agreeing to offer Council have the ability to source a reliable income that will supplement rate and grants commission revenue which currently supports the provision of the service being the Streaky Bay Resource Recovery and Transfer Station.

OPTIONS:

1. Council agree to:
 - a. purchase the plant, equipment and business from Bay Recycling for \$103,700.00;and
 - b. agree to the Chief Executive Officer entering agreements with recycling bodies to enable Council to set up this new business undertaking and report outcomes to the Waste Management Committee.
2. Council decline the offer

Perceived - Mayor
Cr Wheaton took the chair at 3.55pm

Cr Stephens/Cr Wheaton

That Council resolve:

1. Pursuant to Section 90(2) of the Local Government Act, 1999, the Council orders that all persons with the exception of MJ Hentschke (Chief Executive Officer), RC Nottle (Manager, District Services), K Clark (Corporate Service Manager), PJ Williams (Manager, Community and Economic Development), and JA Childs (Executive Assistants & Governance Officer/Minute Taker) to be excluded from attendance at the meeting for agenda item 17.1, relating to "Offer of Business and Infrastructure".
2. The Council is satisfied pursuant to Sections 90 (3)9a)(b) of the Act, the information to be received, discussed or considered in relation to this agenda item is related to "commercial information of a confidential nature (not being a trade secret) the disclosure of which:
 - a. Could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - b. Would, on balance, be contrary to the public interest.
3. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances.

Recommendation

That Council, having considered Report No 17.1, Bay Recycling – CDL offer of Business and Infrastructure 23 November 2017, agree to:

- a. purchase the plant, equipment and business from Bay Recycling for \$103,700.00;and
- b. the Chief Executive Officer entering agreements with recycling bodies to enable Council to set up this new business undertaking and report outcomes to the Waste Management Committee.

Recommendation

That having considered the agenda item 17.1 relating to "Offer of Business and Infrastructure" in confidence under Section 90(2) and (3)(a)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the minutes, reports considered and discussed in relation to agenda item 17.1 be retained in confidence and not be available for public inspection until negotiations have concluded.

ITEM NO:	17.2 Confidential
MEETING TYPE	Ordinary Council
MEETING DATE:	21 December 2017
SUBJECT:	Streaky Bay Medical Clinic
FILE NUMBER	F17/134 - Chief Executive Officer
RECORD NUMBER:	R17/xxxx
AUTHOR:	Joy Hentschke
ATTACHMENT (S):	Nil

LINKS TO STRATEGIC MANAGEMENT PLAN 2016-2026

KEY RESULT AREA:	4. Community, Culture and Recreation
STRATEGY:	4.10. Promote and encourage provision of adequate health services and aged care accommodation and facilities.
ACTION:	N/A

BACKGROUND:

The future of the Streaky Bay Medical Clinic (SBMC) is uncertain. The resident doctor is leaving the district and finishes his tenure mid-January 2018. The owner and part-time supporting doctor is retiring at the end of January 2018. SBMC is for sale (without a doctor to provide the service) and if there is no sale the staff, client files and associated office equipment will be removed by the owner. The premises are part of the hospital complex and rent is paid by SBMC.

The system of local government declares (Chapter 2, *Local Government Act 1999*), refer to Page 117, Attachment 2(R17/16402) the following:

Section 7 (b) *the functions of a council include: to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities (including electricity, gas and water services, and waste collection, control or disposal services or facilities), health, welfare or community services or facilities, and cultural or recreational services or facilities);*

Council has a responsibility under the Act “*to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area*”.

The Mayor and Chief Executive Officer attended a meeting at SBMC to gain an understanding of the service. In that meeting the owners suggested that Council could purchase the business to assure the continuation of the Practice. The Practice Manager has since provided some information to assist Council.

The summary is below:

Income (Practice only – 1.4 Doctors @6 clients per hour)

Total income (Kits & Flu Vax, Incentives, Service Fee)	\$ 392,000
<u>Expenses:</u>	
Total Expenses	<u>\$ 275,000</u>
Estimated Net Surplus	<u>\$ 117,000</u>

Notes: This summary has been adjusted to reflect Council's possible position.

- Assumes average of 1.4 doctors at 6 clients per hour.
- Retention of current staff – all are casual (2 reception, one Practice Nurse and a cleaner).
- Flu vax has not been ordered for the coming season.
- Incentives are Practice Incentive Payments and a Practice Nurse Incentive Payment.
- Services Fees are a percentage of doctor income (doctor income includes all client fees, a hospital on call fee and a fee for service (public and private patients).)

In lieu of a permanent doctor, the new owner of the Practice could source the appropriately qualified medical practitioners via industry related agencies. Each of these agencies have different methods, conditions and costs. There would need to be consideration regarding the accommodation and access to a motor vehicle for the visiting locums (this is not reflected in the financial estimates.).

SBMC is currently Accredited, expiring 29 June 2019; this is required to access many Medicare benefits and incentives.

The asking price is \$ 50,000 with an offer of the Practice Manager assisting the transition.

Country Health cannot maintain/service the SBMC as it is not able to be Accredited and access the Medicare benefits and incentives. Any other party can, provided doctors can be sourced to provide the medical services.

Council's consideration will require investigation into the purchasing entity model as Council has compliance considerations that may cause an increase in administration amongst other implications. At the time of writing this report, the Mayor and Chief Executive Officer have not contacted other Council's for a full briefing on their experiences.

OPTIONS:

1. Council purchases the business known as the Streaky Bay Medical Clinic for the permanent benefit of the district subject to further investigation of the purchasing entity model.
2. Council purchases the business known as the Streaky Bay Medical Clinic, makes budget provision of \$for an extensive marketing campaign to attract permanent doctors and continues to pursue the sale of the Practice.
3. Council does not purchase the business known as Streaky Bay Medical Clinic, makes budget provision of \$ for an extensive marketing campaign and continues advocacy.

Recommendation

1. That Council resolve:
 - (a) Pursuant to Section 90(2) of the Local Government Act, 1999, the Council orders that all persons with the exception Manager Corporate Services Kristen Clark, Community and Economic Development Manager, Penelope Williams (Minute Secretary) to be excluded from attendance at the meeting for agenda item 17.2, relating to “Streaky Bay Medical Clinic”.
 - (b) The Council is satisfied pursuant to Sections 90 (3)(b) of the Act, the information the disclosure of which - (i) could reasonably be expected to confer a commercial advantage on a person with whom council is conducting, or proposing to conduct, business, or to prejudice the commercial position of council; and (ii) would, on balance, be contrary to the public interest”.
 - (c) The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances.

Recommendation

2. That Council having considered report 17.2 titled ‘Streaky Bay Medical Clinic’, 21 December 2017 – *Council decision*

Recommendation

3. That having considered the agenda item 17.2 relating to “Streaky Bay Medical Clinic” in confidence under Section 90(2) and (3)(b) of the Local Government Act, pursuant to Section 91(7) of the Act orders that the minutes, reports considered and discussed in relation to agenda item 17.2 be retained in confidence until December 2018.