

**SUBJECT: CCL 28/03/17 - STOCKTON BEACH HOLIDAY PARK  
EXTENSION OF CONTRACT**

**REPORT BY: CORPORATE SERVICES**  
**CONTACT: DIRECTOR CORPORATE SERVICES / MANAGER  
COMMERCIAL PROPERTY**

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## **PURPOSE**

For Council to approve a new short term contract for seven months under Section 55 (3)(i) of the Local Government Act (Act).

## **RECOMMENDATION**

- 1 To authorise, without inviting tenders, a short term contract to extend the current management services of Australian Tourist Park Management (ATPM) at Stockton Beach Holiday Park (SBHP) for a period of seven months to 30 June 2018, on the basis of the following extenuating circumstances:
  - i) The Newcastle 500 Supercars event coincides with the termination date of the current contract and the peak summer tourism season commences immediately after the termination date of the current contract. SBHP is heavily booked throughout this period.
  - ii) Undertaking a tender process in the lead up to the events outlined in (i) above poses an unacceptable commercial and reputational risk to Council should Council change service providers during this period. A change in service providers will result in changes in staff and management systems, which presents an increased risk of service disruption, and booking continuity and integrity issues.
  - iii) The proposed short term extension of tenure for the current service providers is not considered to propose any significant commercial or reputational risk and is expected to result in a superior outcome for both the SBHP patrons and the wider community.
- 2 That Council Officers invite tenders to provide management services at SBHP to take effect at the expiry of the short term contract referred to above.

## **KEY ISSUES**

- 3 The current contract for management services of the SBHP with ATPM (2011/481T) expires on 30 November 2017. Council's Legal Services have advised that:
  - i) there is no provision in Contract 2011/481T for a further extension beyond the current term;
  - ii) there is no holding over provision; and
  - iii) any extension of tenure would need to be by way of a new contract referencing the terms of the current Contract.

- 4 The proposed short term contract with ATPM is subject to the requirements of Section 55 of the Act. Ordinarily section 55(1) of the Act would require Council to invite tenders for the management of the SBHP. However, Section 55(3)(i) of the Act provides that tenders are not required for a contract where, because of extenuating circumstances Council resolves that a satisfactory result would not be achieved by inviting tenders. This is the subject of this report.
- 5 The expiry of Contract 2011/0481T on 30 November 2017 coincides with Newcastle hosting the Newcastle 500 Supercars event. This event is expected to be well attended and demand for accommodation will be high. Undertaking a tender process in the lead up to this high profile event will create uncertainty regarding the ongoing tenure for the current managers and the wider community.
- 6 If the tenure of the current service provider is not extended it may require a transition to a new service provider. This is likely to require the implementation of a new reservation management system and implementation of new operating procedures as well as management and staff changes. Undertaking these activities during the Newcastle 500 Supercars Event is considered to present unacceptable reputational, operational and commercial risks to Council.
- 7 The peak summer season for bookings at SBHP runs from December through to Easter/Anzac Day. For the reasons outlined in paragraphs 6 and 7 above it is also considered that undertaking both the tender process and a transition to a new service provider during this period will present unacceptable reputational, operational and commercial risks to Council.
- 8 Undertaking a tender process and subsequent transitioning to a new service provider during the quieter months of April, May or June is considered to present significantly lower risk to Council. It is proposed that the tendering process will commence as soon as practicable after the conclusion of the summer peak season in order to ensure that a new contract is in place for commencement on 1 July 2018.
- 9 Council does not have the internal resources or expertise to manage SBHP. Accordingly it is critical that there is continuity of management services beyond the current contract expiry date of 30 November 2017 to ensure there is no disruption to park patrons or the wider community.

#### **FINANCIAL IMPACT**

- 10 Staff costs associated with completing a new short term contract under the conditions of Contract 2011/481T would be met from existing operational budget.
- 11 There will be no direct impact as the revenue generated from the SBHP is already included in the budget for the full financial year.

- 12 The financial impact of any disruption that may arise by running a tender process and transitioning to a new service provider during the peak booking periods have not been quantified.

### **COMMUNITY STRATEGIC PLAN ALIGNMENT**

- 13 Enabling the continuation of tourist accommodation and facilities aligns with the Community Strategic Plan objectives for vibrant and activated public places and smart and innovative city and operational objectives of maximising revenue from the SBHP whilst maintaining high levels of customer satisfaction.

### **IMPLEMENTATION PLAN/IMPLICATIONS**

- 14 If approved by Council a contract will be entered into with the current service provider on the same terms and conditions as the current contract. The proposed term will commence on 1 December 2017 and terminate on 30 June 2018. It is anticipated that a tender process for a longer term contract will commence during the first quarter of 2018.

### **RISK ASSESSMENT AND MITIGATION**

- 15 In not endorsing the recommendation, transition to a new service provider may have ongoing financial and reputational impacts for the SBHP, its patrons, the Council, the wider community and Newcastle's reputation as a tourist venue and major event host.

### **RELATED PREVIOUS DECISIONS**

- 16 At the Ordinary Council Meeting held on 18 October 2011, Council resolved:
- 1 *The confidential attachment relating to the matters specified in s10A(2)(d) of the Local Government Act 1993, be treated as confidential and remain confidential until Council determines otherwise.*
  - 2 *Council accepts the tender of Australian Tourist Park Management in the amount of 42% of the Principle Revenue at the Tourist Park for Provision of Management Services at Stockton Beach Tourist Park for Contract No. 2011/481T.*

### **CONSULTATION**

- 17 The current service provider at SBHP has indicated they are agreeable to extending their tenure for a further seven months as that would coincide with the SBHP's quieter months of operations.

### **OPTIONS**

#### **Option 1**

- 18 The recommendation as at Paragraphs 1 – 2. This is the recommended option.

## **Option 2**

- 19 Council resolves not to approve the issue of a new short term contract for seven months. This decision would have significant implications as outlined in the report. This is not the recommended option.

## **BACKGROUND**

- 20 A contract for provision of management services of the SBHP was entered into with ATPM commencing on 1 December 2011. The Contract Period was for a period of three years with an extension for a further three years at Council's option and sole discretion. This option to extend was exercised on 16 May 2014, resulting in an expiry date of 30 November 2017.

## **REFERENCES**

## **ATTACHMENTS**

Nil