



AGENDA

ECONOMIC DEVELOPMENT COMMITTEE

1 November 2016

6.00pm

City of Albany Council Chambers

**CITY OF ALBANY
COMMUNITY STRATEGIC PLAN (ALBANY 2023)**

VISION

Western Australia's most sought after and unique regional city to live, work and visit.

VALUES

All Councillors, Staff and Volunteers at the City of Albany will be...

Focused: on community outcomes

This means we will listen and pay attention to our community. We will consult widely and set clear direction for action. We will do what we say we will do to ensure that if it's good for Albany, we get it done.

United: by working and learning together

This means we will work as a team, sharing knowledge and skills. We will build strong relationships internally and externally through effective communication. We will support people to help them reach their full potential by encouraging loyalty, trust, innovation and high performance.

Accountable: for our actions

This means we will act professionally using resources responsibly; (people, skills and physical assets as well as money). We will be fair and consistent when allocating these resources and look for opportunities to work jointly with other directorates and with our partners. We will commit to a culture of continuous improvement.

Proud: of our people and our community

This means we will earn respect and build trust between ourselves, and the residents of Albany through the honesty of what we say and do and in what we achieve together. We will be transparent in our decision making and committed to serving the diverse needs of the community while recognising we can't be all things to all people.

TERMS OF REFERENCE

(1) Function:

The Economic Development Committee is responsible for:

- (a) Considering and recommending to Council ways to strengthen the local Albany economy; and
- (b) Delivering the following Smart, Prosperous and Growing Objectives contained in the City of Albany Strategic Plan:
 - (i) To foster links between education, training and employment that support economic development.
 - (ii) To strengthen our region's economic based.
 - (iii) To develop and promote Albany as a unique and sought after visitor destination.

(2) It will achieve this by:

- (a) Developing policies and strategies;
- (b) Establishing ways to measure progress;
- (c) Receiving progress reports;
- (d) Considering officer advice;
- (e) Debating topical issues;
- (f) Providing advice on effective ways to engage and report progress to the Community; and
- (g) Making recommendations to Council.

(3) Chairperson: Councillor Hollingworth

(4) Membership: All Elected Members

(5) Meeting Schedule: As required

(6) Meeting Location: Council Chambers

(7) Executive Officers: Executive Director Commercial Services

(8) Delegated Authority: The Committee does not have delegated authority from Council.

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1. DECLARATION OF OPENING

2. PRAYER AND ACKNOWLEDGEMENT OF TRADITIONAL LAND OWNERS

“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

“We would like to acknowledge the Noongar people who are the Traditional Custodians of the Land.

We would also like to pay respect to Elders both past and present”.

3. RECORD OF APOLOGIES AND LEAVE OF ABSENCE

Mayor

D Wellington

Councillors:

Member

B Hollingworth (Chair)

Member

R Hammond (Deputy Chair)

Member

A Goode JP

Member

S Smith

Member

R Sutton

Member

J Shanhun

Member

J Price

Member

C Dowling

Member

P Terry

Staff:

Chief Executive Officer

A Sharpe

Acting Chief Executive Officer

C Woods

Manager Tourism Development Services

M Bird

Minutes

C Crane

Apologies:

Member

G Stocks

4. DISCLOSURES OF INTEREST

Name	Committee/Report Item Number	Nature of Interest

5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE –

6. PUBLIC QUESTION TIME –

7. PETITIONS AND DEPUTATIONS

8. CONFIRMATION OF MINUTES

DRAFT MOTION

THAT the minutes of the Economic Development Committee Meeting held on 4 October 2016, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

9. PRESENTATIONS

10. UNRESOLVED BUSINESS FROM PREVIOUS MEETINGS

11. OFFICER REPORTS

ED039: CLIPPER ROUND THE WORLD YACHT RACE EVENT 2017

Land Description	: CONFIDENTIAL
Owner	: City of Albany
Attachment	: CONFIDENTIAL
Report Prepared by	: Manager Tourism Development Services (M Bird)
Responsible Officer	: Executive Director Commercial Services (C Woods)

Responsible Officer's Signature:



CONFIDENTIAL REPORT

It is recommended that if discussion is required in regards to details contained within the Confidential Report, that the matters are discussed behind closed doors, in accordance with section 5.23(2)(c) & (e)(ii) of the Local Government Act 1995, being: a contract which may be entered into and information that has commercial value.

STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023:
 - a. **Key Theme: 1.** Smart Prosperous and Growing.
 - b. **Strategic Objectives:**
 - **1.2** To strengthen our region's economic base.
 - **1.3** To develop and promote Albany as a unique and sought after destination.
 - c. **Strategies:**
 - **1.2.2.** Strengthen our economy by support by supporting business innovation and diversity
 - **1.3.1.** Encourage, support and deliver significant events that promote our region.
 - **1.3.2.** Promote the Albany region as a sought after and iconic tourism destination.

ED040: ALBANY REGIONAL AIRPORT REGULAR PUBLIC TRANSPORT (RPT) HOLIDAY PACKAGE FARES

Proponent : City of Albany
Report Prepared By : Manager Tourism Development Services (M Bird)
Responsible Officer(s) : Executive Director Community Services (C Woods)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item directly relates to the following elements from the City of Albany Community Strategic Plan – Albany 2023 and the Corporate Business Plan 2014-2018.
 - a. **Key Themes:**
 - 1. Smart Prosperous and Growing.
 - 3. A Connected Built Environment
 - b. **Strategic Objectives**
 - 1.2 To strengthen our region's economic base.
 - 1.3 To develop and promote Albany as a unique and sought after destination.
 - 3.1 To advocate, plan and build friendly and connected communities.
 - c. **Strategy**
 - 1.2.2. Strengthen our economy by support by supporting business innovation and diversity
 - 1.3.2. Promote the Albany region as a sought after and iconic tourism destination.
 - 3.1.1 Improve connectedness and traffic flows.

In Brief:

- The City has been working with Regional Express (REX) to grow the inbound holiday and leisure travel market on the Perth to Albany air route.
- The current air travel market is dominated by business, employment, healthcare and local community travel.
- The introduction of a \$99 one way fare will test demand potential from the holiday and leisure air traveller market to Albany.

RECOMMENDATIONS

ED040: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council:

- 1. NOTE the introduction of a \$99 one way fare promoted and sold to attract increased inbound holiday and leisure air travel to Albany.**
- 2. APPROVE the waiver of Albany Airport passenger handling fees (currently \$30.48 plus GST) on all \$99 one way fares sold with the following conditions;**
 - a. Must be sold as part of a travel package that includes the purchase of a minimum of 2 nights accommodation with participating local accommodation operators; and**
 - b. Sold via an accredited third party travel wholesaler.**

BACKGROUND

2. On 13 November 2015 the WA Department of Transport (DoT) awarded Regional Express Airlines (REX) the sole rights to operate Regular Public Transport (RPT) aviation services on the Perth to Albany route for a 5 year period. REX replaced Virgin Australia Regional Airlines (VARA) who did not re-tender for the route.
3. At the 15 December 2015 Ordinary Council Meeting Council resolved to remove security screening and to provide REX with an airport fee structure based on an all-inclusive per passenger fee basis of \$30.48 plus GST effective from 28 February 2016 until 30 June 2017.
4. In response to a request from REX at the 24 May 2016 Ordinary Council Meeting Council approved the introduction of a fixed annual fee for the 2016/17 financial period of \$1,645,920 plus GST based on 54,000 RPT passengers paying the current RPT per passenger fee of \$30.48 plus GST.
5. The rationale of the above was to provide a financial incentive for REX to grow the annual passenger numbers. This approach appears to be working well with REX experiencing a 5% increase in passengers numbers carried for the first 3 months of 2016/17 compared to the same period in 2015/16.
6. In August 2016 REX lowered their base line one way fare from \$151 to \$129 called the Rex Promo available for purchase with the conditions being purchases made either 24 hours or 60 days before flight departure. This fare has been well received by the marketplace.
7. The City has been working with REX to identify strategies to grow new market segments and the opportunity to promote \$99 one way fares is now being considered to grow the inbound holiday and leisure visitor segment to Albany.

DISCUSSION

8. The REX \$99 one way holiday package fare will test the market potential for the air travel holiday and leisure visitor to Albany and surrounding region. The proposed approach is designed to grow new visitor market types rather than appeal to existing travellers on the route.
9. Subject to the City's full waiver of its \$30.48 passenger handling fee REX proposes to offer a \$99 one way fare that would only be promoted and sold as part of a package that includes the purchase of a minimum of 2 nights commercial accommodation.
10. The packages would only be sold via accredited travel wholesalers and most likely on a campaign style basis.
11. It is forecast that for every 100 return fare packages sold (minimum 2 night stay) this will generate an additional \$50,000 of new visitor expenditure into the local economy excluding airfares.
12. The fares would not be sold direct from the REX website.
13. Existing delegated authority exists for the CEO to authorise waiver of fees and charges up to a \$10,000 limit. Assuming the sale of return fares for each package sold, the \$10,000 limit would equate to 164 packages. If more than 164 return fare packages are sold in a year then this waiver of fees will require Council approval.
14. The City will review the success of the fare and report back to Council on a regular basis.

GOVERNMENT & PUBLIC CONSULTATION

15. The City has been working closely with REX, the Department of Transport Aviation section, and major identified travel wholesalers to develop holiday and leisure travel packages with attractive air travel pricing.

STATUTORY IMPLICATIONS

16. The City CEO and Executive Director Commercial Services both have delegated authority to waive fees as stated in the Officer Recommendation as per the Register of Delegations, section 2016:009 – Grant Funding, Donations and Sponsorships of the *Local Government Act 1995* states:

Delegated Power:

1. Authorise donations, grants, sponsorships, financial assistance (waive fees and charges), under the *Local Government Act 1995*, s6.7(2) and s6.12(1)(2)&(3).
3. Waive fees for goods, services and charges.

Condition of Delegation:

This authorisation is subject to:

- Conditions contained in Council Policies;
- Funding being allocated in the City's Annual Budget; and
- Funding/donations limited to \$10,000.

POLICY IMPLICATIONS

17. There are no policy implication related to this report.

RISK IDENTIFICATION & MITIGATION

18. The risk identification and categorisation relies on the [City's Enterprise Risk & Opportunity Management Framework](#).

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Reputational. <i>Negative public perception towards the City may result if initiatives to grow the holiday market by reducing fares is not supported.</i>	<i>Possible</i>	<i>Moderate</i>	<i>Medium</i>	<i>Council to consider financial scenarios and impacts of waiving passenger handling fee on holiday packages. Work with Rex Airline to ensure a mutually beneficial arrangement is agreed to.</i>
Financial. <i>By agreeing to waive passenger handling fees on travel packages sold the City could potentially forego to \$6,000 (assume 100 return flight packages sold) in additional RPT fee income.</i>	<i>Likely</i>	<i>Minor</i>	<i>Medium</i>	<i>Developing travel packages is growing new air travel market for the destination. The nett impact of a successful travel package program could result in an additional \$50k (100 packages multiplied by \$500 avg) visitor spend into the region. The nett ROI on attracting 100 return packages is in the vicinity of \$44k to the Albany destination or an 8:1 ratio.</i>

FINANCIAL IMPLICATIONS

- 19. If approved, the City will waive passenger handling fees on all \$99 air travel packages sold. If it is assumed that 100 return flight packages are sold then the City will forego some \$6,096 in airport fees (100 x 2 x \$30.48).
- 20. For every 100 return air fare packages sold it is forecast that around \$50,000 will be injected into the local economy. This economic benefit estimate assumes minimum 2 night stay in commercial accommodation and excludes air fare costs.
- 21. It can be argued that these additional holiday packages would be all new business and would only be sold if the waived passenger fee and attractive pricing was in place.

LEGAL IMPLICATIONS

22. Nil.

ENVIRONMENTAL CONSIDERATIONS

23. Nil.

ALTERNATE OPTIONS

24. Council can apply an annual financial cap to this \$99 fare program at predetermined levels.

SUMMARY CONCLUSION

25. The introduction of a \$99 one way fare will test demand potential from the holiday and leisure air traveller market to Albany
26. It is forecast that for every 100 return fare packages sold (minimum 2 night stay) this will generate an additional \$50,000 of new visitor expenditure into the local economy excluding airfares.

Consulted References	:	<ul style="list-style-type: none">• <i>Local Government Act 1995</i>• Delegations Register 2016
File Number (Name of Ward)	:	All Wards
Previous Reference	:	OCM 24/05/2016 Resolution ED033

ED041: ALBANY HERITAGE PARK – QUARTERLY REPORT

Proponent	: City of Albany
Attachments	: Albany Heritage Park – Quarterly Report National Anzac Centre Advisory Group Minutes – 31 August 2016 (Confidential)
Report Prepared By	: Manager Albany Heritage Park (M Hammond)
Responsible Officer(s)	: Executive Director Commercial Services (C Woods)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This strategy directly relates to the following elements from the Community Strategic Plan – Albany 2023 and the Corporate Business Plan 2014-2018.
 - a. **Key Theme: 1.** Smart Prosperous and Growing.
 - b. **Strategic Objective: 1.2** To strengthen our region's economic base.
 - c. **Strategic Objective 1.3** To develop and promote Albany as a unique and sought after destination.
 - d. **Strategy 1.2.2.** Strengthen our economy by supporting business innovation and diversity.
 - e. **Strategy 1.3.2.** Promote the Albany region as a sought after and iconic tourism destination.

In Brief:

- To provide Council with quarterly statistical and financial year to date updates on the performance of the National Anzac Centre and Albany Heritage Park.

RECOMMENDATIONS

ED041: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council NOTE

1. the Albany Heritage Park Report July 2016 to September 2016.
2. the Minutes of the National Anzac Centre Advisory Group meeting 31st August 2016.

BACKGROUND

2. The National Anzac Centre is the City of Albany's most significant tourism asset.
3. The National Anzac Centre is a \$10.6 million dollar investment from the Federal and State Government with an additional \$1.5 million invested by Wesfarmers for the construction of the Convoy Walk and Lookout.
4. The City of Albany manages the asset and understands the importance of generating economic outcomes for the region using the National Anzac Centre and the Albany Heritage Park assets to encourage both increased visitation and extended stays to the region.

5. Key stakeholders will also receive this quarterly report in an effort to further develop the relationships and as recognition of their significant investment and commitment to the City of Albany.
6. The City has established an independent National Anzac Centre Advisory Committee for the 2016/17 financial year to assist in the further development of both the NAC and AHP to ensure the assets continue to evolve and attract both local repeat visitation and visitors from outside the region. The inaugural meeting was held on the 31st August 2016.
7. Council has budgeted a subsidy of \$250,000 annually for the operations of NAC and the AHP and has established a reserve on the understanding that any surplus funds will be reinvested and be used to leverage additional grant funding to improve the asset.

DISCUSSION

8. This NAC report template is constantly being reviewed to ensure that the Economic Development Committee and the National Anzac Centre Advisory Group receive all relevant information as to its performance.
9. Ongoing feedback from both the Economic Development Committee and the National Anzac Centre Advisory Group is encouraged to ensure the report is meeting expectations.
10. Officers will provide a more detailed description on the financial variances at the Committee Meeting.

GOVERNMENT & PUBLIC CONSULTATION

11. Not Applicable.

STATUTORY IMPLICATIONS

12. Not Applicable.

POLICY IMPLICATIONS

13. Not Applicable.

RISK IDENTIFICATION & MITIGATION

14. Nil.

FINANCIAL IMPLICATIONS

15. Nil.

LEGAL IMPLICATIONS

16. Nil.

ENVIRONMENTAL CONSIDERATIONS

17. Nil.

ALTERNATE OPTIONS

18. The Committee can further develop and refine the reporting tool as it requires or request changes to the current quarterly reporting timeline.

SUMMARY CONCLUSION

19. The financial performance of the NAC and AHP is tracking in line with targets. Whilst July and August were down on 2015/16, September saw an improvement on the same period in 2015/16. The Forts Store revenue in August and September was up on the previous year and continues to exceed expectations. The National Anzac Centre continues to deliver economic outcomes to the region as is evident from the visitation profiles and accolades announced such as the TripAdvisor number 1 museum in Australia and Tourism Award finalist.

Consulted References	:	Nil.
File Number (Name of Ward)	:	All Wards
Previous Reference	:	Nil.

12. **NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE COMMITTEE -**
13. **MEETING CLOSED TO PUBLIC:**
ED039: CLIPPER ROUND THE WORLD YACHT RACE EVENT 2017
14. **NEXT MEETING DATE:**
15. **CLOSURE OF MEETING: .**