



AGENDA

COMMERCIAL, COMMUNITY AND CORPORATE SERVICES COMMITTEE

14 February 2017

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.

Commercial, Community and Corporate Services Committee

(1) **Functions:** The Committee is responsible for the following functions:

Commercial Services:

Considering and recommending to Council ways to strengthen the local Albany economy.

The delivery of “*Smart, Prosperous and Growing Objectives*” contained in the City of Albany Strategic Plan:

- Foster links between education, training and employment that support economic development.
- Strengthen our region’s economic based.
- Develop and promote Albany as a unique and sought after visitor destination.

Community Services:

The delivery of “*Sense of Community Objectives*” contained in the City of Albany Strategic Plan:

- Build resilient and cohesive communities with a strong sense of place and community spirit.
- Create interesting places, spaces and events that reflect our community’s identity, diversity and heritage.
- Develop and support an inclusive and accessible community.
- Provide advice on effective ways to engage and report progress to the Community.

Corporate Services:

Monitoring and commenting on the financial health and strategies of Council.

The delivery of “*Civic Leadership Objectives*” contained in the City of Albany Strategic Plan:

- Establish and maintain sound governance structures.
- Provide strong, accountable leadership supported by a skilled and professional workforce.
- Engage effectively with our community.
- Governance:
 - Review of Council's policies;
 - Supporting Elected Members in their governance role;
 - Developing amendments to existing, or new, local laws;
 - Consideration of the Council's draft Strategic Plan;
 - Consideration of the Council's draft Annual Report;
 - Matters pertaining to the conduct of the Council's Annual General Meeting;
 - Consideration of the proposed meeting schedule for Council and its Committees;
 - Receiving reports from Council representatives on outside bodies, and from other bodies as determined by Council; and
 - Considering matters not falling within the terms of reference of any other Council committee.
- Service Complaint Internal Review: Responsible for reviewing unresolved service complaints, in accordance with the Service Complaints Policy.

(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) **Membership:** Open to all elected members

(4)	Meeting Schedule: Monthly
(5)	Meeting Location: Council Chambers
(6)	Directorates: Corporate Services, Community Services, Commercial Services
(7)	Executive Officer(s): Executive Director Corporate Services, Executive Director Commercial Services, Executive Manager Community Services
(8)	Delegated Authority: None

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1. DECLARATION OF OPENING

The Chief Executive Officer will call for nominations for the position of Chair and Deputy Chair of the Commercial, Community and Corporate Services Committee.

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	R Hammond
Member	P Terry
Member	C Dowling
Member	G Stocks
Member	J Price
Member	B Hollingworth
Member	N Mulcahy
Member	J Shanhun
Member	S Smith
Member	A Goode JP
Member	A Moir
Member	R Sutton

Staff:

Chief Executive Officer	A Sharpe
Executive Director Corporate Services	M Cole
Executive Director Commercial Services	C Woods
Executive Manager Community Services	A Cousins
Manager Finance	D Olde

Meeting Secretary

Apologies:

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 Corporate Services and Finance Meeting held on 7 December 2016, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

DRAFT MOTION

THAT the minutes of the Economic Development Committee Meeting held on 26 November 2016, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

DRAFT MOTION

THAT the minutes of the Community Services Meeting held on 6 September 2016, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

9. PRESENTATIONS

National Anzac Centre – Operational Update – Manager – Albany Heritage Park

10. UNRESOLVED BUSINESS FROM PREVIOUS MEETINGS

CCCS001: FINANCIAL ACTIVITY STATEMENT – DECEMBER 2016

Proponent : City of Albany
Report Prepared by : Manager Finance (D Olde)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:



RECOMMENDATION

CCCS001: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council RECEIVE the Financial Activity Statement for the period ending 31 December 2016

BACKGROUND

1. The Statement of Financial Activity for the period ending 31 December 2016 has been prepared and is attached.
2. In addition to the statutory requirement to provide Council with a Statement of Financial Activity, the City provides Council with a monthly investment summary to ensure the performance of the investment portfolio is in accordance with anticipated returns and complies with the Investment of Surplus Funds Policy.

DISCUSSION

3. In accordance with section 34(1) of the *Local Government (Financial Management) Regulations 1996*, the City of Albany is required to prepare each month a Statement of Financial Activity reporting on the revenue and expenditure of the local authority.
4. The requirement for local governments to produce a Statement of Financial Activity was gazetted in March 2005 to provide elected members with a greater insight in relation to the ongoing financial performance of the local government.
5. Additionally, each year a local government is to adopt a percentage or value to be used in Statements of Financial Activity for reporting material variances. Variations in excess of \$50,000 are reported to Council.
6. These financial statements are still subject to further yearend adjustments and have not been audited by the appointed auditor.

“Please note that rounding errors may occur when whole numbers are used, as they are in the reports that follow. The ‘errors’ may be \$1 or \$2 when adding sets of numbers. This does not mean that the underlying figures are incorrect.”

STATUTORY IMPLICATIONS

7. Section 34 of the *Local Government (Financial Management) Regulations 1996* provides:
 1. A local government is to prepare each month a statement of financial activity reporting on the source and application of funds, as set out in the annual budget under regulation 22 (1)(d), for that month in the following detail –

- a. annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);
 - b. budget estimates to the end of the month to which the statement relates;
 - c. actual amounts of expenditure, revenue and income to the end of the month to which the statement relate
 - d. material variances between the comparable amounts referred to in paragraphs (b) and (c); and
 - e. the net current assets at the end of the month to which the statement relates.
- II. Each statement of financial activity is to be accompanied by documents containing –
- a. an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
 - b. an explanation of each of the material variances referred to in sub regulation (1)(d); and
 - c. such other supporting information as is considered relevant by the local government.
- III. The information in a statement of financial activity may be shown –
- a. according to nature and type classification;
 - b. by program; or
 - c. by business unit.
- IV. A statement of financial activity, and the accompanying documents referred to in sub regulation (2), are to be –
- a. presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
 - b. recorded in the minutes of the meeting at which it is presented.

POLICY IMPLICATIONS

- 8. The City's 2016/17 Annual Budget provides a set of parameters that guides the City's financial practices.
- 9. The Investment of Surplus Funds Policy stipulates that the status and performance of the investment portfolio is to be reported monthly to Council.

FINANCIAL IMPLICATIONS

- 10. Expenditure for the period ending 31 December 2016 has been incurred in accordance with the 2016/17 proposed budget parameters.
- 11. Details of any budget variation in excess of \$50,000 (year to date) follow. There are no other known events which may result in a material non recoverable financial loss or financial loss arising from an uninsured event.

File Number (Name of Ward)	FM.FIR.2 - All Wards
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CCCS002: LIST OF ACCOUNTS FOR PAYMENT – JANUARY 2017

Proponent : City of Albany
Attachments : List of Accounts for Payment
Report Prepared by : Senior Accounting Officer (P Martin)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:

RECOMMENDATION

CCCS002: RESPONSIBLE OFFICER RECOMMENDATION

That the list of accounts authorised for payment under delegated authority to the Chief Executive Officer for the period ending 15 January 2017 totalling \$13,612,262.29 be RECEIVED.

BACKGROUND

- Council has delegated to the Chief Executive Officer the exercise of its power to make payments from the City's municipal and trust funds. In accordance with Regulation 13 of the *Local Government (Financial Management) Regulations 1996*, a list of accounts paid by the Chief Executive Officer is to be provided to Council.

DISCUSSION

- The table below summarises the payments drawn from the municipal fund for the period ending 15 January 2017. Please refer to the Attachment to this report.

Municipal Fund

Trust	\$56,417.14
Credit Cards	\$29,834.61
Payroll	\$2,403,202.32
Cheques	\$150,020.56
Electronic Funds Transfer	\$10,972,787.66

TOTAL

\$13,612,262.29

- As at 15 January 2017, the total outstanding creditors, stands at \$935,015.17 and made up as follows:-

Current	\$ 425,941.55
30 Days	\$ 507,278.91
60 Days	- \$14.24
90 Days	\$ 1,808.95

TOTAL

\$935,015.17

Cancelled cheques – Nil.

STATUTORY IMPLICATIONS

4. Regulation 12(1)(a) of the *Local Government (Financial Management) Regulations 1996*, provides that payment may only be made from the municipal fund or a trust fund if the Local Government has delegated this function to the Chief Executive Officer or alternatively authorises payment in advance.
5. The Chief Executive Officer has delegated authority to make payments from the municipal and trust fund.
6. Regulation 13 of the *Local Government (Financial Management) Regulations 1996* provides that if the function of authorising payments is delegated to the Chief Executive Officer, then a list of payments must be presented to Council and recorded in the minutes.

POLICY IMPLICATIONS

7. Expenditure for the period to 15 January 2017 has been incurred in accordance with the 2016/2017 budget parameters.

FINANCIAL IMPLICATIONS

8. Expenditure for the period to 15 January 2017 has been incurred in accordance with the 2016/2017 budget parameters.

SUMMARY CONCLUSION

9. That list of accounts have been authorised for payment under delegated authority.
10. It is requested that any questions on specific payments are submitted to the Executive Director Corporate Services by 4pm of the day prior to the scheduled meeting time. All answers to submitted questions will be provided at the Committee meeting. This allows a detailed response to be given to the Committee in a timely manner.

File Number (Name of Ward)	:	FM.FIR.2 - All Wards
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CCCS003: DELEGATED AUTHORITY REPORTS

Proponent : City of Albany
Attachments : Executed Document and Common Seal Report
Report Prepared by : Personal Assistant to the ED Corporate Services (H Bell)
Responsible Officer : Chief Executive Officer (A Sharpe)

Responsible Officer's Signature:



RECOMMENDATION

CCCS003: RESPONSIBLE OFFICER RECOMMENDATION

THAT the Delegated Authority Reports 16 November 2016 to 15 January 2017 be RECEIVED.

CCCS004: QUARTERLY REPORT – TENDERS AWARDED – OCTOBER TO DECEMBER 2016

Proponent : City of Albany
Attachments : Quarterly Report – Tenders Awarded – October to December 2016
Report Prepared by : Procurement Officer (H Hutchinson)
Responsible Officer : Executive Director Corporate Services (M Cole)

Responsible Officer's Signature:	
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RECOMMENDATION

CCCS004: RESPONSIBLE OFFICER RECOMMENDATION

THAT the Quarterly Report – Tenders Awarded – October to December 2016 be RECEIVED.

**CCCS005: ALBANY REGIONAL AIRPORT REGULAR PUBLIC
TRANSPORT PROPOSED FEE STRUCTURE 2017/18**

Proponent : City of Albany
Attachments : Regional Express Correspondence - 1 December 2016
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 received correspondence from Regional Express (REX) dated 1 December 2016 titled "*REX Community fare (\$129) Update*".
- The current \$129 Community Fare and fee waiver on promotional holiday and leisure packaged fares are only available for travel up until 30 June 2017 due to the partnership agreements between REX and the City being applicable only for the 2016/17 period.
- REX are requesting the City extend the existing agreement by three years by applying annual CPI increases to the current 2016/17 period fixed fee arrangement.
- The officer recommendation is to approve the annual fixed fee approach with the increase of CPI, and to continue to waive fees on holiday package airfares for the 2017/18 period only with a review undertaken in February 2018 by the City on future fee increases.
- This approach would be conditional on REX continuing to offer a Community one way fare no greater than the current \$129 fare.

RECOMMENDATION

CCCS005: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council:

1. **APPROVE** the continuation of a fixed annual fee for Albany Airport RPT services for the 2017/18 financial period with the following conditions;
 - a. Payable each month in twelve equal instalments, and
 - b. That Rex continues to offer a Community Fare no greater than the current \$129 rate for the 2017/18 period.
2. **APPROVE** the continuation of the waiver of Albany Airport passenger handling fees on holiday and leisure promotional air fares sold as packages via the travel wholesale distribution system in the 2017/18 period.
3. **ADVERTISE** and **ADOPT** the Albany Airport fees and charges for RPT services effective from 1 July 2017 until 30 June 2018, to be a fixed annual fee of \$1,670,608.80 plus GST calculated using the 2016/17 fixed fee of \$1,645,920.00 plus GST (54,000 multiplied by \$30.48) plus an agreed CPI increase of 1.5% based on the Perth CPI December 2015 to December 2016 figure.
4. **APPROVE** the reduction of the 2017/18 RPT fixed annual passenger handling fees charged to REX by the number of holiday and leisure packaged promotional fares sold via the travel distribution system multiplied by \$30.48 plus GST for the 2017/18 period.

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 approved RPT per passenger fee of \$30.48 plus GST. The rationale of the above was to provide a financial incentive for REX to grow the annual passenger numbers.
5. In August 2016 REX lowered their base line one way fare from \$151 to \$129 called the Rex Promo or Community Fare available for purchase with the conditions being purchases made either within 24 hours or 60 days before flight departure.
6. This fare has been well received by the marketplace with REX reporting in attached letter that *"We have seen a very positive community response to the \$129 community fare and as at mid-November we have seen 3,748 community fares sold in total."* Source: REX letter dated 1 December 2016.

7. The City has also been working with REX to identify strategies to grow new market segments and at the 22 November 2016 Ordinary Council Meeting, Council approved the waiver of Airport passenger handling fees on holiday and leisure air packages sold via the travel wholesale distribution system for the 2016/17 financial period. These packages have only recently being uploaded and available for sale and as such it is too early to determine effectiveness.

DISCUSSION

8. Albany Regional Airport is the largest RPT service airport in the south west of WA and is the major air travel access point to the state's southern coastal region. The airport is a major infrastructure and economic driver for Albany and the region. The Airport serves the needs of the business community, FIFO, local residents, tourists and a vibrant general aviation sector.
9. The City supports the growth in RPT passenger numbers for both the benefit of regional economic growth and to generate sufficient revenue to ensure the Airport remains a financially sustainable business unit that does not require financial subsidy by the Albany ratepayer.
10. The City and REX have developed a mutually beneficial commercial relationship and this collaborative approach has resulted in strong growth in passenger numbers since REX commenced services in late February 2016.
11. The fixed annual fee approach being requested is a continuation of the current financial arrangement between the City of Albany and REX and has provided a financial incentive for REX to increase passengers carried during the 2016/17 period.
12. REX has experienced a 4.6% increase in passengers numbers carried for the first 6 months of 2016/17 (July to December 2016) compared to the same period that Virgin operated in 2015.
13. If REX were to maintain their current 4.6% growth over the full 2016/17 twelve months then this would equate to a total 55,559 RPT passengers carried. Using the \$30.48 per passenger fee the City would have provided an incentive of around \$47,500 by adopting the agreed fixed annual fee based on only 54,000 passengers.
14. Assuming a similar growth rate is achieved in 2017/18 then REX will carry some 58,114 passengers in that year. If the City agrees to CPI increases only on 2016/17 levels then the City will potentially forego additional fee revenue in the order of \$100,728 if a per passenger fee basis was in place.
15. Adopting a fixed annual fee approach provides the City with some benefits including head tax revenue certainty and also ensuring the continued delivery of the low \$129 community fare. The disadvantage is that the City does not share in the financial benefit from any significant gains in future passengers carried.
16. REX have indicated in their letter dated 1 December 2016 that without agreement for a fixed annual fee structure based on 2016/17 fees plus CPI then they will *"need to revert the lowest fare (REX Community fare) to \$172.44 from the current \$128.44"*.

17. Benefits from adopting the officer recommendation include the City;
- continuing to support the growth of the RPT passenger service and delivering improved socio economic benefits to the region,
 - ensuring REX continue to provide a low Community Fare no greater than \$129,
 - supporting and actively promoting growth in new inbound holiday and leisure air travel markets.
 - Maintaining the flexibility to review annually allows the City to better respond to changing circumstances which may impact on the delivery of RPT services,
18. The principal disadvantage of adopting the officer recommendation is that the Airport will not share in any potential financial benefits attached to any significant gains in RPT passenger numbers if achieved.
19. More recently the City has implemented new revenue sources at the airport such as paid parking and rationalised some significant expenses associated with the operation of the Instrument Landing System (ILS). These activities are forecast to improve the operational surplus of the airport by around \$200,000 per annum. These gains work to offset any additional passenger fee revenue that will be lost by adopting the officer recommendation.
20. The City will review the success of the fixed annual fee and holiday packaged airfare incentives and discounts and report back to Council on success of this approach prior to the 2018/19 budget build.

GOVERNMENT & PUBLIC CONSULTATION

21. Current service provider REX has been consulted in the preparation of this paper.
22. The City of Albany has also consulted with the Aviation section of the Western Australian Government's Department of Transport.
23. Council will be presented additional reports and Albany Regional Airport Business Plan during the 2017/2018 budget review process.

STATUTORY IMPLICATIONS

24. Section 6.19 of the *Local Government Act 1995* states:
"If a local government wishes to impose any fees or charges under this Subdivision after the annual budget has been adopted it must, before introducing the fees or charges, give local public notice of —
- (a) its intention to do so; and*
 - (b) the date from which it is proposed the fees or charges will be imposed."*

POLICY IMPLICATIONS

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

RISK IDENTIFICATION & MITIGATION

26. 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 Rex's initiatives to reduce fares is not supported and REX increase the current baseline \$129 fare.</i>	<i>Possible</i>	<i>Moderate</i>	<i>Medium</i>	<i>Financial scenarios and impacts of continuing with a fixed fee approach be considered. Work with Rex Airline to ensure a mutually beneficial arrangement is agreed to.</i>
Financial. <i>By agreeing to CPI increases on the 2016/17 fixed fee level the City could potentially forego up to \$100,000 in additional RPT fee income.</i>	<i>Likely</i>	<i>Major</i>	<i>High</i>	<i>Agree to CPI increase approach for 1 year only and review effectiveness prior to 2018/19 budget build. Offset any foregone revenue by generating new revenue sources and rationalising operational expenses so no net loss to airport operational surplus experienced.</i>

FINANCIAL IMPLICATIONS

27. An agreed fixed annual fee will provide certainty for the Airport in forward planning for the next 12 month period.
28. Combined with new paid parking revenue and rationalised operational expenses associated with the retirement of the ILS, the Airport business unit is forecast to generate an increased operational surplus in 2017/18 in the order of \$200,000 over 2016/17 results.
29. If approved, the City will waive passenger handling fees on all promotional air holiday and leisure 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).
30. 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. 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

31. Nil.

ENVIRONMENTAL CONSIDERATIONS

32. Nil.

ALTERNATE OPTIONS

33. The Rex proposal requests a 3 year commitment to CPI annual increases on the current 2016/17 agreed fixed annual fee approach and shows good faith on their part to continue to grow the Albany Perth air route however the officer recommendation is to only agree to 12 month commitment for the 2017/18 period with a review on effectiveness undertaken prior to any further commitments.

34. Alternate options include:

- Accept the REX 3 year proposal: Agree to the REX proposal as presented in their correspondence dated 1 December 2016. That is, provide a fixed annual airport fee for next 3 years (2017/18 to 2019/20) that is equal to 2016/17 fixed fee plus annual CPI increases.
- Revert back to per passenger fee basis: Reject proposal and revert back to the previous per passenger fee structure.

SUMMARY CONCLUSION

35. The City welcomes the invitation from REX to continue to work collaboratively to increase passenger numbers through delivering lower fares to the City of Albany and surrounding region.
36. REX's correspondence dated 1 December 2016 requests Council commit to continuing the fixed annual fee approach that incentivises growth in passenger numbers.
37. The officer recommendation supports the REX proposal to continue the fixed annual fee for the 2017/18 period based on 2016/17 levels plus CPI with the condition that the community fare remains no greater than the current \$129 level.

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 OCM 29/11/2016 Resolution ED044

CCCS006: ALBANY HERITAGE PARK – QUARTER 2 2016-17 REPORT

Proponent	: City of Albany
Attachments	: • Albany Heritage Park – Quarterly Report • Minutes – National Anzac Centre Advisory Group – 23 November 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.
- To provide Council with the minutes of the National Anzac Centre Advisory Group.

RECOMMENDATION

CCCS006: RESPONSIBLE OFFICER RECOMMENDATION

THAT Council NOTE:

1. The National Anzac Centre operational Report October 2016 to December 2016.
2. The minutes of the National Anzac Centre Advisory Group meeting 23 November 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 (AHP) 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 National Anzac Centre and Albany Heritage Park to ensure the assets continue to evolve and attract both local repeat visitation and visitors from outside the region. The second quarterly meeting was held on the 23 November 2016.
7. The City has budgeted a subsidy of \$250,000 annually for the operations of National Anzac Centre and the Albany Heritage Park 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 National Anzac Centre report template is constantly being reviewed to ensure that the Commercial, Community and Corporate Services Committee (CCCS) and the National Anzac Centre Advisory Group receive all relevant information as to its performance.
9. Ongoing feedback from both the former Economic Development Committee and the National Anzac Centre Advisory Group is encouraged to ensure the report is meeting expectations.
10. The financial performance of the National Anzac Centre during the second quarter of 2016/17 was down on the same period in the previous year. Anecdotally, the wider destination (accommodation, attractions, and providers) also experienced poor visitation and trade during November and December as compared to the previous year.
11. The proportion of local and interstate visitors has increased marginally however the intrastate market continues to provide the majority of visitation. The Forts Store continues to perform well and is meeting targets. The National Anzac Centre continues to deliver economic outcomes to the region with an average visitation over 2 years of operation of 70,000 visitors per annum.

GOVERNMENT & PUBLIC CONSULTATION

12. Not Applicable.

STATUTORY IMPLICATIONS

13. Not Applicable.

POLICY IMPLICATIONS

14. Not Applicable.

RISK IDENTIFICATION & MITIGATION

15. Nil.

FINANCIAL IMPLICATIONS

16. Due to lower than expected visitation, income from National Anzac Centre is down on current YTD budget.
17. Due to high reliance on casual staffing in Q1/Q2 and payment of unbudgeted staff back pay, staffing is currently over budget. Staffing changes were made in Q2 to address this.
18. An operating surplus is currently being achieved despite a budgeted subsidy of \$73,398.00. A subsidy is still being forecast for EOFY as originally budgeted due to unbudgeted staff back pay and a number of projects yet to be delivered.

AS AT 31 DECEMBER 2016	Budget YTD	Actual YTD	Variance
Operating Income	(722,993.00)	(745,040.90)	22,047.90
<i>National Anzac Centre</i>	<i>(505,800.00)</i>	<i>(485,553.30)</i>	<i>(20,246.70)</i>
<i>Forts Store</i>	<i>(199,920.00)</i>	<i>(229,861.50)</i>	<i>29,941.50</i>
<i>Other</i>	<i>(17,273.00)</i>	<i>(29,626.16)</i>	<i>12,353.16</i>
Operating Expenditure	796,391.00	743,364.00	53,027.00
<i>Staffing</i>	<i>311,766.99</i>	<i>459,486.00</i>	<i>(147,719.01)</i>
<i>Operations</i>	<i>422,136.00</i>	<i>250,493.00</i>	<i>171,643.00</i>
<i>Projects</i>	<i>62,488.00</i>	<i>33,174.00</i>	<i>29,314.00</i>
Net Operating Subsidy	(73,398.00)	1,676.90	75,074.90
Capital Expenditure	113,496.00	39,337.00	74,159.00
<i>Buildings</i>	<i>50,000.00</i>	<i>3,472.00</i>	<i>46,528.00</i>
<i>Plant & Equipment</i>	<i>-</i>	<i>3,792.00</i>	<i>(3,792.00)</i>
<i>Furniture & Equipment</i>	<i>2,469.00</i>	<i>3,114.00</i>	<i>(618.00)</i>
<i>Infrastructure</i>	<i>61,000</i>	<i>28,959.00</i>	<i>32,041</i>

LEGAL IMPLICATIONS

19. Nil.

ENVIRONMENTAL CONSIDERATIONS

20. Nil.

ALTERNATE OPTIONS

21. Council may consider it appropriate to request staff to further develop and refine the quarterly reporting tool including both content and frequency of reporting.

SUMMARY CONCLUSION

22. Whilst slightly down on visitor numbers at the same period last year, the National Anzac Centre continues to drive strong visitation numbers, that exceed the original business case. There has been a strong focus on driving local engagement and visitation which has been delivered through marketing and programming of exhibitions and displays at the Princess Royal Fortress.
23. Significant progress has also been made in collaborating with local accommodation providers, resulting in several of them now promoting and selling National Anzac Centre tickets direct to their customers from their own point of sale.
24. Marketing and promotion has been the priority focus over the last quarter with the completion of the new website, a refreshed social media presence and the development of a new television commercial that will air across the south west in the coming months. This advertising campaign will assist with driving local visitation during our off peak visitor months.

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

- 11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 12. MEETING CLOSED TO THE PUBLIC**
- 14. CLOSURE**