

16.1:MOTION BY MAYOR WELLINGTON-ANZAC

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VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Item 16.1 Motion by Mayor Wellington, be ACCEPTED as an urgent item.

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THAT:

- 1. The City appointed consultant to undertake, as a matter of urgency and before 5 May 2012, business analysis, including financial, risk and asset-management analysis, regarding the City's involvement in and commitment to the Albany-based Anzac Centenary , including scenario planning on business operating models for the proposed Anzac Interpretative Centre.**
- 2. Payment of such business analysis be funded from the City's Anzac Centenary Reserve up to an amount of \$120,000.**
- 3. Outcomes of such business analysis guide Council in its budget allocations for the 2012-13 financial year, and its models of operationalising its commitment to Anzac Centenary, including whether the City can afford to own and operate the proposed Anzac Interpretative Centre.**

Mayor's Reason:

The Council has made a significant commitment in the City's participation in Anzac Centenary. To date, no detailed business analysis has been undertaken regarding such commitment. Similarly, the Council has not sufficiently considered the current and long term resource implications of such commitment nor budgeted for the resource allocation that will likely be required.

Risk analysis undertaken by the City and provided to the last Audit and Finance Committee shows there are many significant risks to the City from its involvement in this Centenary Commemoration. Included in this is the acquisition and management of new infrastructure, including infrastructure at Mts Adelaide and Clarence.

When considering infrastructure ownership and management obligations, the City is very aware of the poor experience it has had in whole-of-life asset planning regarding the Albany Entertainment Centre. It has learnt valuable lessons from the experience, and wishes to ensure that any infrastructure the City acquires as part of the Anzac Centenary Commemoration has rigorous business planning underpinning it, and does not become a burden to ratepayers.

The whole-of-asset life issues for high-technology-based buildings such as the proposed Anzac Centenary Centre at Mt Adelaide should not be underestimated. Governance and management models for such an asset will need determination. The Federal Government representative on the ACAA and has stated that the Federal Government has no firm expectations on whether the City will own and operate the Interpretative Centre.

The construction of the building from a project management perspective is a risk, given the considerable challenges in building into the side of Mt Adelaide, an adequate contingency amount for the project is difficult to gauge, and should construction difficulties be encountered, the budget for the construction could escalate quickly and the amount budgeted for could be insufficient.

As the CEO has been explained to Council members previously regarding general asset-management, the cost of construction of an asset is usually small, when compared to the whole-of-life operating and depreciation costs of such assets. High-technology infrastructure is usually even more expensive to own and or operate because of the continually changing technology environment. Future ownership and management obligations for the Interpretative Centre must be clarified as a matter of urgency.

The business model of operating the Interpretative Centre and the Mounts Precinct generally **MUST** be considered **NOW**. While there is huge opportunity for the City to have a heritage military precinct that is world-class (with the tourism and other economic benefits that that accrues), the design, functionality and broader precinct operating models must be determined, before design and construction is complete. The design of the Interpretative Centre, and particularly ancillary design issues relating to traffic management, pedestrian thoroughfares etc will influence the effectiveness of any operating model.

Further, conversations with the Department of Premier and Cabinet have now commenced regarding funding and managing the Anzac Commemorative Events and associated infrastructure generally. The Department's senior officer has requested that the City provide the Department with as much information as possible regarding the anticipated challenges and costs of the City's involvement in the Anzac Commemorations. To provide this information, a consultant must be engaged to undertake that work, as the CEO has informed me the City has not internal capacity to do that work, without ceasing other priority Council-requested work. The Department has asked for that information within the next 2-3 weeks if possible.

Officer's Comment (CEO F James):

I support the Reasons provided by the Mayor. If the City does not engage a consultant as a matter of urgency, to complete this work before 5 May 2012, the work to be undertaken by the architects for the Anzac Interpretative Centre development will be delayed, and or costs wasted. Knowledge of the operating model for that Centre is essential for the design and construction of the Centre. The timeline for the next step for work by the architects is 10 May 2012. The operating business model for the Centre **MUST** be considered by Council prior to then.

If this work is not undertaken the City will bear extremely high risk in (possible) future asset ownership and management of the Centre. The City must try to minimise that risk now.