



AGENDA

Special Meeting of Council

Tuesday 01 October 2013

5.30pm

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.

NOTICE OF A SPECIAL COUNCIL MEETING

Mayor and Councillors and Councillors Elect

The Special Council Meeting of the City of Albany will be held on Tuesday 01 October 2013 in the Council Chambers, North Road, Yakamia commencing at 6.00 pm.

The purpose of the meeting:

- ANZAC Interpretive Centre

G Foster
Chief Executive Officer

SPECIAL COUNCIL MEETING
AGENDA –01/10/2013
** REFER DISCLAIMER **

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I. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS:

II. OPENING PRAYER:

“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.”

III. PUBLIC QUESTION AND STATEMENT TIME:

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

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IV. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED):

Mayor Mayor D. Wellington

Councillors

Breaksea Ward	R Hammond
Breaksea Ward	V Calleja
Frederickstown Ward	C Dowling
Frederickstown Ward	G Stocks
Kalgan Ward	Y Attwell
Kalgan Ward	C Holden
Vancouver Ward	S Bowles
Vancouver Ward	D Bostock
West Ward	D Dufty
West Ward	G Gregson
Yakamia Ward	A Hortin JP
Yakamia Ward	R Sutton

Staff:

Chief Executive Officer	G. Foster
Executive Director Community Services	C. Woods
Executive Director Corporate Services	G. Adams
Executive Director Planning & Development Services	D. Putland
Executive Director Works & Services	M. Thomson
Minutes	J Williamson

Apologies:

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V. DECLARATIONS OF INTEREST:

Name	Committee/Report Item Number	Nature of Interest

6.1: ANZAC INTERPRETIVE CENTRE-PROPOSED BUSINESS PLAN SUMMARY

CONFIDENTIAL REPORT

Land Description	: Princess Royal Fortress
Proponent	: City of Albany
Owner	: N/A
Attachments	: Summary of AIC Business Plan
Responsible Officer(s):	: Chief Executive Officer (G Foster)

Responsible Officer's Signature:

Item covered under Confidential Cover, in accordance with s5.23 (2) (c) and (e, iii) of the Local Government Act 1995, being:

(c) A contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and

(e) a matter that if disclosed, would reveal - (iii) information about the business, professional, commercial or financial affairs of a person, - where the trade secret of information is held by, or is about, a person other than the local government.

STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the [City of Albany Strategic Community Plan 2023](#) and [Corporate Business Plan 2013-2017](#):
 - a. **Key Theme: 5.** Smart Prosperous and Growing.
 - b. **Strategic Objective: 1.3.** To develop and promote Albany as a unique and sought after visitor destination.

RECOMMENDATION

ITEM 6.1: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council ENDORSE the Business Plan for the Anzac Interpretive Centre.

BACKGROUND

2. The Princess Royal Fortress is currently vested in and run by the City of Albany at an annual operating loss of \$250,000.
3. A minimum of \$9.55 million is being invested by the State and Federal governments to build the ANZAC Interpretive Centre (AIC) at the Fortress.
4. Albany currently receives an average of 149,000 visitors per year.

5. The Princess Royal Fortress in its current form is an underperforming tourist attraction, with only 16,000 visitors per year. (Research by GHD indicates that some 40,000 visitors drive up to the gate each year, but that 60% turn around without paying and entering. For comparison, the most successful man made attraction in Albany is Whale World, which sees 45,000 visitors per year).

DISCUSSION

6. The Business Plan summarised below is based on detailed analysis of all costs associated with the operation and staffing of the AIC and Fortress precinct against detailed analysis of revenue generated from a variety of factors, but using very conservative estimates of visitor numbers:
7. The Business Plan demonstrates that if the City of Albany:
 - a. Continues to invest at the same level as currently does (\$250,000 per annum).
 - b. Undertakes to raise corporate sponsorship of \$100,000 per year for the AIC.
 - c. Either with the imprimatur or-or in conjunction with-the RSL develops a “Friends of the Fortress” program with a target amount of \$26,000 in Year 1 rising to \$54,000 in Year 5then it will run at a surplus for four out of the five forward years and will, over those five years, accumulate a total of \$355,000 by the end of Year 5.

Impact of the ANZAC Interpretive Centre

8. Building the AIC at the Fortress will refresh and revitalise the tourism offering. If marketed correctly, the upgrade will drive visitors to the Fortress by providing new visitor experiences and refreshing existing experiences and facilities.
9. Primary market research by Tourism WA indicates that the AIC will position the Fortress as unique and specific to its location and put Albany on the ANZAC pilgrimage trail-important elements of a “good” tourism attraction.
10. Being on the ANZAC pilgrimage trail will not only ensure capacity leisure visitors each ANZAC Day will also attract more visitors to Albany throughout the remainder of the year as the demand for this is growing across all age groups.
11. The ANZAC pilgrimage market is relatively new and growing across Australia, New Zealand and internationally. It includes growth from the youth sector, which its growth should continue for years to come. Consumer research indicates that Albany has the opportunity to become the place to visit before, after or instead of Gallipoli on the ANZAC trail.
12. As well as new visitors to Albany attracted by the ANZAC story, the AIC/Fortress will add a new attraction to existing visitors’ itinerary and their activities when in Albany.
13. Given access to the Fortress precinct will be free it will also attract Albany residents and their visiting friends and relatives (VFR market). Whilst the friends and relatives will pay to enter the AIC and the other interpretive buildings the residents can enjoy the cafe and the other freely accessible aspects of the Fortress if they do not wish to again enter the AIC.

FINANCIAL IMPLICATIONS

Business Model

14. The business model has been developed by the Department of the Premier and Cabinet, Tourism WA and the City of Albany using:
 - A wide range of data;
 - A study by GHD Consultants;
 - An extensive and exhaustive analysis and development plan prepared by an Executive Director from Tourism WA;
 - Primary market research with potential users in both Perth and Albany; and
 - Information and strategic advice from recognised expert operators in hospitality within attractions, tours, merchandising and retail within attractions and other commercially based attractions.

15. The business model developed conservatively estimates that the AIC/Fortress will attract **47,500 paying visitors in its first year of operation** (kick started by the 3 day Convoy Commemoration Event in November 2014, and the 100th Anniversary of Gallipoli on ANZAC Day 2015).

16. Over a five year period the estimate is that **233,300 people will visit the AIC**.

17. Both the above estimates are based on the modelled projections of GHD and are conservative in nature, focusing just on attracting **existing** visitors and local residents to the attraction. New visitors to Albany as a result of the AIC are not factored in, and will be a bonus to the financial viability of the Fortress and the AIC presented here. That additional number will depend on the success of the marketing programs put in place and the new markets for Albany generated through the Centenary of ANZAC 2014-18 (see below for extra expenditure by Tourism WA).

18. **TABLE 1: Five year Summary of Revenue; Expenditure; Other funding sources; and resulting surplus and cumulative surplus**

	Year 1 14/15	Year 2 15/16	Year 3 16/17	Year 4 17/18	Year 5 18/19	5 year total 14/15-18/19
Revenue (Visitors & Lease fees)	\$ 829,085	\$ 873,693	\$ 866,074	\$ 815,873	\$ 696,499	\$ 4,081,224
Expenditure	\$ 1,032,725	\$ 1,095,167	\$ 1,160,690	\$ 1,183,174	\$ 1,197,942	\$ 5,669,699
Subtotal A	-\$ 203,640	-\$ 221,474	-\$ 294,616	-\$ 367,302	-\$ 501,443	-\$ 1,588,474
Corporate Sponsorship	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Friends of AIC (min)	\$ 26,000	\$ 31,200	\$ 37,440	\$ 44,928	\$ 53,914	\$ 193,482
Current Investment by the CoA	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,250,000
Subtotal B	\$ 376,000	\$ 381,200	\$ 387,440	\$ 394,928	\$ 403,914	\$ 1,943,482
Surplus into Trust Account (A+B)	\$ 172,360	\$ 159,726	\$ 92,824	\$ 27,626	-\$ 97,530	\$ 355,007
Cumulative Trust Account Balance		\$ 332,086	\$ 424,911	\$ 452,537	\$ 355,007	\$ 355,007

Boost to the Albany Economy

19. By adding an extra attraction to existing Albany visitors' itineraries, it is expected that average length of stay (for those people who visit the AIC-approximately 30% of all visitors to Albany) will increase by one day (currently 3.6 days on average). This would add **an additional \$5.6 million into the Albany economy** through direct spend on accommodation, food, transport etc. This figure does NOT include any multiplier effect and is purely based on additional visitor spend.

How the Business Model Works

20. The business model for the AIC/Fortress is based on free access to the precinct, including the Wesfarmers funded Commemorative Walk and Lookout, Coastal Gun emplacements, the Café and parklands.
21. Visitors are then charged a single Exhibitions Fee to enter and experience the AIC and other indoor exhibits on the site, including the Barracks Exhibition, the Ellam-Innes Collection and the HMAS Perth Interpretive Centre. Additional exhibits could be developed on the site over time.
22. This charging model was developed to encourage repeat visitation and a feeling of 'ownership' from Albany residents.
23. Direct revenue would be generated from the exhibitions fee, walking tours and merchandise sales, while spending at the café would indirectly benefit the AIC/Fortress through increased rents for a profitable business.
24. Similar indirect revenue would be generated by rent for the Function Centre on site, as well as commissions on walking tours that link the Fortress to Mount Clarence, the ANZAC Peace Park, the Lower Forts and other parts of the town.
25. The business model fully investigated every aspect of the cost of running the AIC and the Fortress in which it sits, and has provided detailed costings.

26. It should be noted that while it is recommended that the AIC/Fortress is owned and run by the City of Albany, the City will be able to access the expertise and experience of key partners such as:

a. WA Museum

The costs in the model include funding for the WA Museum to develop the content and experiences within the AIC as part of the build. Once open, the operations of the AIC/Fortress will fund additional resources at the WA Museum's Albany and Perth offices to cover ongoing curatorial responsibility and input to the exhibits and materials; and public programming of the AIC. It will also include content management for the online component (a unique feature of the experience at the AIC). WA Museum activities will also benefit the broader Fortress precinct.

b. RSL

Discussions are progressing with the WA State President of the RSL and its CEO regarding input from the RSL in both providing its imprimatur to a "Friends of the Fortress" and possibly also underwriting a minimum amount to be raised.

c. Tourism WA

Tourism WA has provided \$290,000 in additional funding for marketing and event development around the kick-off of the ANZAC centenary which is **not included** in the operating budget shown below (which starts once the AIC is opened).

d. All

Tourism WA, WA Museums, the RSL will also participate in a Steering Committee (chaired by the City of Albany) on an ongoing basis to assist the City to maximise the opportunity the AIC and the ANZAC story offers Albany.

ALTERNATE OPTIONS

27. Council can choose not to adopt this Business Plan.

Consulted References	:	•
File Number (Name of Ward)	:	
Previous Reference		

XXII. CLOSURE OF MEETING: