

Archives and Records Management and Storage Facility

Background

December 2010 Business Case, as prepared by ACIL Tasman was endorsed by the GVROC and forwarded to the Department Regional Development and Lands (DRDL)

March 2011 Correspondence received from DRDL requesting a Demand Analysis be completed and other further information be provided.

April 2011 The GVROC considered the correspondence received from DRDL and passed the following resolution:

That the GVROC Council:

1. *conduct a demand survey to establish the need for a regional archives, records management and storage facility within the Goldfields Esperance region;*
2. *commit funds of up to \$40,000 from its own resources to fund the employment of consultants to undertake the demand survey;*
3. *request that that City of Kalgoorlie-Boulder coordinate the development of an Expression of Interest to be used in engaging suitably qualified consultants to undertake the demand survey; and*
4. *delegate authority to the Technical Officers Working Group to:*
 - a) *finalise the Expression of Interest to be used in engaging suitably qualified consultants to undertake the demand survey; and*
 - b) *engage suitably qualified consultants to conduct the demand survey providing the cost does not exceed \$40,000.*

Meetings held with GEDC regarding timing and access to funds. GEDC agreed to contribute \$10,000 towards the costs of the Demand Analysis.

May 2011 ACIL Tasman engaged to undertake the Demand Analysis for \$12,100. GEDC advise they can fund the full cost due to interest accruing on their funds.

August 2011 Demand Analysis completed. Copies forwarded to Helen Westcott for distribution and to GEDC.

Demand Analysis and further information forwarded to DRDL.

September 2011 Financial Assistance Agreement between GVROC and DRDL prepared.
 Copy signed by GVROC members on Friday 30 September and
 submitted to DRDL.

Capital Budget

The correspondence received from DRDL in March 2011 advised that the Transport Van, Bins, other miscellaneous equipment, and software establishment and training are disallowed items under the CLGF Guidelines. In order for the project to be approved for funding the Budget needed to be amended accordingly and the Budget that was approved by DRDL is as follows:

Item of Expenditure	Item Cost (\$)	Source of Funds (Specify Regional Group CLGF, Recipient, name of other sources and the amount of funding from each source)
Planning expenses	108,000	CLGF
Building (approx 500 sqm)	770,000	CLGF
Transport Van	45,000	GVROC
Shelving	55,000	CLGF
Commercial business plan contract	33,000	CLGF
Bins & Miscellaneous equipment	20,000	GVROC
Operational establishment (Telecommunications systems, signage, security systems etc)	11,000	CLGF
Software establishment & training	12,000	GVROC
Other (modifications to the storage area e.g. air conditioning)	23,000	CLGF
Total Regional Group CLGF Funding	1,000,000	
Total Recipient Funding	77,000	
Total Other Funding		
Total Cost	1,077,000	

Operating Budget

The Business Case for this project included the following indicative operating costs (revised estimated costings are included further in this report):

Indicative Operating Costs

Labour (including on-costs)	205,000
Maintenance	15,500
Software licence fee	2,200
Utilities	10,000

Other materials	10,000
Administration recovery charge	<u>10,000</u>
Total	\$ <u>252,700</u>

The Business case includes the following two scenarios:

Scenario One

Recovering both the operational cost and providing an appropriate return on the investment of project capital from the CLGF, as well as the participating local government's share of the operational losses in the initial period of operation.

Year one	operating loss \$75,000
Year two	break even
Year three	small surplus
Year four	from year 4 onwards the facility provides a return that justifies the capital investment. The number of boxes and estimated rate of return are:
	3% 34,700 boxes
	5% 37,600 boxes
	7% 41,000 boxes

Scenario Two

Recovering just the operational cost and capital provided by the participating local governments as part of the operational losses in the initial period of operation.

Year one	operating loss \$75,000
Year two	operating loss \$19,000
Year three	small surplus
Year four	from year 4 onwards the facility provides a return that covers operational costs and provides a return to the local governments for the funds provided in the initial years. The number of boxes and estimated rate of return are:
	3% 30,600 boxes
	5% 31,000 boxes
	7% 31,000 boxes

The Demand Analysis found that it would be reasonable to expect the facility to attract approximately 5,000 to 6,000 boxes at inception which could be expected to grow steadily to more than 10,000 boxes within 2 to 3 years. 4,000 of these boxes are from one company, being KCGM.

The facility requires approximately 30,000 boxes to break even (approx \$8 per box p/a) under the structure proposed in the Business Case.

Given that KCGM use of the facility would be almost entirely for archive storage the income received from their 4,000 boxes could be less than \$20,000 per annum ($\$4.68 \times 4,000 = \$18,720$).

Assuming a total of 10,000 boxes with 4,000 from KCGM and 6,000 from other sources ($6,000 \times \$8 = \text{approx } \$48,000$ income), total income at year three could be estimated at approximately \$67,000.

The income in the first year will be approximately \$20,000, increasing to approximately \$67,000 after three years. The indicative annual operating costs, as identified in the Business Case, is \$252,700.

Staffing costs could be reduced by utilising City of Kalgoorlie Boulder staff, charged out on a cost recovery basis, however in order for the facility to attract and retain business a quality service must be provided which can only be achieved with available, competent and appropriately trained staff. At least one staff member must be available during normal business hours and accordingly we will require more than one staff member so that periods of leave can be covered.

The GVROC needs to determine how the costs of the capital expenditure not included in the CLGF Financial Assistance Agreement will be funded (\$77,000) and how the expected operating losses will be funded.

The \$108,000 Planning Expenses included in the Budget being funded by the CLGF is to engage consultants involved with the Hunter Valley facility to assist with the start up of the Goldfields Facility. It is intended that their expertise and experience be engaged to advise of appropriate management and operating guidelines and with the purchase and training of computer hardware and software and fit out of the facility to ensure compliance with relevant records storage best practice.

A set amount of space will be set aside for each local government, at no cost, for storage of records. If any local government chooses not to use the facility then that space can be used for commercial use.

Each participating local government will have access to the Records Facility Manager, for advice on records related matters.

These issues will be incorporated into a Management Plan which will be devised with the assistance of the consultants engaged to advise on the establishment of the facility.

Projected Operating Income & Expenditure					
	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>Year Four</u>	<u>Year Five</u>
Income	20,000	43,500	67,000	90,000	120,000
Expenditure					
Labour (including on-costs)	80,000	88,000	96,000	104,000	112,000
Maintenance	15,500	16,000	17,000	18,000	19,000
Software Licence Fee	2,200	2,300	2,400	2,500	2,700
Utilities	10,000	10,500	11,000	11,500	12,500
Other materials	10,000	10,500	11,000	11,500	12,500
Admin recovery charge	10,000	10,500	11,000	11,500	12,500
	127,700	137,800	148,400	159,000	171,200
Operating Profit / Loss	- 107,700	- 94,300	- 81,400	- 69,000	- 51,200
Capital Expenditure (ROC)	77,000				
Total required to be funded by ROC	184,700	94,300	81,400	69,000	51,200
If shared equally by 10 members	18,470	9,430	8,140	6,900	5,120
<u>If shared based on population</u>					
Coolgardie	18,680	9,537	8,233	6,979	5,178
Dundas	3,440	1,756	1,516	1,285	954
Esperance	46,701	23,843	20,582	17,446	12,946
Kalgoorlie Boulder	95,605	48,812	42,134	35,716	26,502
Laverton	2,335	1,192	1,029	872	647
Leonora	5,153	2,631	2,271	1,925	1,428
Menzies	1,137	580	501	425	315
Ngaanyatjarraku	6,013	3,070	2,650	2,246	1,667
Ravensthorpe	4,348	2,220	1,916	1,624	1,205
Wiluna	1,288	658	568	481	357
	184,700	94,300	81,400	69,000	51,200

Building Asset

The funding received includes \$770,000 for the purchase of a suitable building to be used for the storage of records and archives.

This building asset and the plant & equipment will become the property of the GVROC member Councils and accordingly the GVROC needs to agree on an ownership structure and how the losses in the early years and future profits will be distributed among participating local governments.

The City of Kalgoorlie Boulder has the opportunity to purchase a suitable property at 2/12 Federal Road. Details on this property can be accessed via the link below:

: <http://www.professionalskalgoorlie.com.au/cgi-bin/professionals2/profile.cgi?gid=13438&propertyid=CS3629339>

It is recommended that this, or another suitable property, be purchased in the name of the City of Kalgoorlie-Boulder and an appropriate legal agreement entered into between the GVROC Member Councils. The GVROC cannot own property and it would be impractical for the ten member Councils to all be listed on the title as co-owners.

Any offer to purchase would be subject to agreement by the GVROC Member Councils and inspection by a suitably qualified person to verify its suitability for its intended purpose.