Business Case for the Henderson Research and Innovation Hub

3 Amur Close, Henderson
October 2026

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Acknowledgement of Country

The City of Cockburn acknowledges the Nyungar people of Beeliar Boodjar. Long ago, now and in the future they care for Country. We acknowledge a continuing connection to Land, Waters and Culture and pay our respects to Elders, past and present.

Executive summary

The City of Cockburn recommends progressing the Henderson Research and Innovation Hub (HRIH), an industry-led facility supporting research, innovation and commercialisation across the blue economy, defence and technology sectors.

The strategic case for the HRIH has strengthened following the Australian Government's August 2026 announcement confirming the location of the Henderson Defence Precinct (HDP) and anticipated growth in naval shipbuilding, submarine sustainment and related industry activity. The proposed HRIH site is strategically located near the HDP and is viewed as an important component of the Western Defence Forge initiative, which supports the State Government's priority to coordinate defence innovation infrastructure, research capability and industry collaboration.

The HRIH would address a recognised gap by providing a central facility connecting SMEs, defence primes, research institutions and government within the broader Henderson defence, maritime and blue economy ecosystem. Aligned with the 2026 Defence Innovation, Science and Technology Strategy, it could build local capability in subsea robotics, autonomous systems, artificial intelligence, quantum technologies, cyber and climate-change mitigation while supporting employment, innovation, AUKUS participation and sovereign industrial capability.

The concept has an indicative capital cost of approximately $9 million which comprises initial facility construction, land development, selected facility fit out, and soft costs such as approvals, project management, and engineering. It should be noted that a greater demand from industry, both domestic and foreign, may justify higher capital investment based upon secured leases predevelopment. The current funding assumption is an equal contribution from the Western Australian Government, the City of Cockburn and industry.

The proposed funding structure, venture vehicle and return based upon a 31-year peppercorn lease - as well as the project scope, costs, demand, property arrangements, operating model, security requirements and funding commitments - must all be validated through concept design, market testing, cost planning and independent assurance.

It is recommended that Council approve the HRIH business plan for statutory public advertising as a Major Land Transaction and authorise the establishment of a proportionate Project Management Office to complete the development and assurance work required for subsequent Council decisions. This approval would progress consultation and project development but would not constitute a final investment decision.

The scope, configuration, cost, commercial model and delivery model will be refined through the PMO-led options, market, concept-design and assurance work before the proposal returns to Council. Future investment decisions will be subject to:

- consideration of submissions received through statutory public advertising;
- validated tenant under binding commercial heads of agreement;
- an agreed minimum viable scope, property, delivery, governance and operating model for the facilities;
- confirmed funding model and validated viable commercial feasibility and agreed ROI; and
- assurance of project parameters inclusive of design requirements, cost to an Association for the Advancement of Cost Engineering (AACE) class 2 estimate, risk, security requirements and operational management, and schedule.

The HRIH presents a significant opportunity to strengthen Cockburn's defence, maritime and innovation ecosystem, attract investment, create local jobs and build sovereign industrial capability. The project should progress through the recommended staged pathway, maintaining momentum while validating the evidence, safeguards and delivery arrangements required for a final investment decision. Delivery would remain accountable within the City's governance framework, supported by strategic industry guidance from a Steering Committee.

1 Introduction

The purpose of this business case is to provide the City of Cockburn with a structured basis for deciding whether and how to progress the Henderson Research and Innovation Hub (HRIH).

The HRIH is proposed as an industry-led facility supporting collaboration, research, innovation, commercialisation, workforce capability and business participation across the defence, maritime, advanced manufacturing and blue-economy sectors. It is intended to provide a focal point in Henderson where businesses, researchers, education providers, government and industry partners can access facilities, develop projects and progress technologies or services toward testing, adoption and commercial application.

On 10 December 2024, Council approved the establishment of the HRIH and authorised the Chief Executive Officer to purchase, rent or build a facility suited to the Hub and its stakeholders. Subsequent work identified 3 Amur Close, Henderson, as a potential location and developed an initial facility, tenancy and financial concept.

The proposed scope includes:

- flexible office, workshop, laboratory, storage and laydown space;
- shared meeting, training and demonstration facilities;
- facilities and services supporting research, development and commercialisation;
- business-readiness and defence supply-chain support for small and medium enterprises;
- workforce development and industry-linked training;
- a curated mix of tenants and participating organisations;
- an active project-brokerage and collaboration function;
- an outsourced facilities and operational management function; and
- governance through Council-approved arrangements supported by industry, research and training stakeholders.

The immediate decision is to progress the business plan to statutory public advertising as a Major Land Transaction and authorise the establishment of a Project Management Office (PMO) to complete the development and assurance work required for subsequent Council decisions. The scope, configuration, cost, commercial design and delivery model will then be refined through the PMO-led options, market, concept-design and assurance work before the proposal returns to Council.

2 Organisational Objective/Alignment with the Strategic Community Plan

The organisational objective is to strengthen Cockburn's position as a centre for defence, maritime and blue-economy capability by creating a practical pathway through which industry needs can be connected to businesses, researchers, training providers, specialist facilities, funding and potential customers.

The HRIH supports the City's broader goals by:

- encouraging local economic diversification and investment;
- supporting employment, workforce development and business growth;
- improving opportunities for local small and medium enterprises to participate in defence and maritime supply chains;
- strengthening collaboration between industry, education, research and government;
- supporting innovation, commercialisation and sovereign industrial capability;
- leveraging Henderson's established industrial and maritime strengths;
- improving Cockburn's attractiveness as a location in which to work, invest and develop advanced capability; and
- supporting sustainable economic development through blue-economy and marine-technology activity.

The proposal is aligned with the City's values:

- **Customer service:** responding to identified industry and stakeholder needs through accessible facilities, information and support.
- **Safety:** incorporating appropriate workplace, physical-security, cyber-security and defence-related requirements into the design and operating model.
- **Accountability:** applying transparent governance, stage-gate approvals, financial assurance, risk management and performance reporting.
- **Sustainability:** supporting long-term economic resilience, adaptable facilities and innovation in marine and blue-economy sectors.
- **Excellence:** creating a disciplined pathway for collaboration, capability development, testing and adoption rather than relying on co-location alone.

The HRIH should be positioned as part of the wider WA defence and innovation ecosystem and be aligned with the 2026 Defence Innovation, Science and Technology Strategy. Its role must be differentiated from other research and innovation hub initiatives and coordinated with State Government, Defence West, universities, training providers, industry associations, defence primes and existing facilities.

3 Situational assessment and problem statement

Henderson is a nationally significant maritime, shipbuilding and defence precinct, but it does not currently have a dedicated, fit-for-purpose research and innovation hub that integrates flexible industry accommodation with research, training, secure collaboration, business support and active project development.

The principal problems are:

- **Fragmentation:** businesses, research organisations, training providers, government and defence stakeholders operate across separate facilities and programs without a single Henderson-based pathway for collaboration.
- **Barriers for smaller businesses:** small and medium enterprises may lack suitable premises, specialist facilities, connections, accreditation support and access to defence or prime-contractor opportunities.
- **Workforce pressure:** expansion in shipbuilding, sustainment and advanced maritime activity is creating demand for skilled workers and closer alignment between employers, training organisations and education providers.
- **Limited innovation infrastructure:** Henderson lacks a dedicated environment in which industry problems can be matched with researchers, technology providers and pathways for testing, demonstration and adoption.
- **Uncoordinated investment risk:** without an agreed role, operating model and relationship with other initiatives, new facilities could duplicate existing services or fail to convert interest into practical projects and outcomes.
- **Commercial uncertainty:** stakeholder interest has not yet been converted into sufficient documented commitments to confirm the minimum viable facility, service offering or revenue base.

The HRIH is intended to provide:

- a front door for Henderson-based defence, maritime and blue-economy innovation;
- flexible accommodation and shared infrastructure;
- active brokerage to identify industry problems and form collaborative projects;
- pathways for research, training, testing, demonstration and commercialisation;
- business-readiness and supply-chain support;
- stronger links between small and medium enterprises, primes, education providers, researchers and government; and
- a platform that complements, rather than duplicates, other Western Australian initiatives.

The problem is not solved by providing property alone. The HRIH will require a clearly defined mission, differentiated services, accountable governance, a capable operator and measurable pathways from industry need to project formation, testing, external commitment and adoption.

4 Assumptions and constraints

4.1 Assumptions

The current business case is based on the following assumptions. The PMO should record the evidence required to validate each assumption, assign an owner and review date, and identify the decision gate by which it must be confirmed or treated as a risk.

- the site currently identified at 3 Amur Close can be secured on acceptable tenure and commercial terms, subject to confirmation of ownership, availability, site condition, access, servicing, development obligations and permitted use;
- the proposed location and facility can satisfy applicable planning, building, environmental, servicing, access and security requirements;
- the minimum viable facility scope can be defined through concept design and stakeholder validation;
- stakeholder interest can be converted into leases, memberships, projects or other documented commitments;
- external capital or in-kind contributions may be available from the Western Australian Government, industry partners or other eligible funding sources, but the amount, timing, conditions and certainty of these contributions must be confirmed before any final investment decision;
- Investment will require a special purpose vehicle to assure investment returns and remove capital risk;
- the City will define and approve a maximum acceptable financial exposure before any final investment decision;
- commercial subleasing and day-to-day facilities management can be delivered by an appropriately qualified operator with demonstrated capability in tenant management, defence-industry environments, security compliance, facilities operations, performance reporting and stakeholder coordination;
- the HRIH can attract and retain an effective mix of businesses, research organisations, education providers and industry partners;
- targeted market engagement will test whether other tenant opportunities exists in the market beyond what has been contemplated by domestic users;
- subject to Council approval, the City will establish and appropriately resource a proportionate project management office to coordinate HRIH development, manage scope, design, schedule, cost, risk, stakeholder engagement and assurance, and support stage-gate reporting and decision-making;

- capital and operating costs can be validated using contemporary design information, market testing and appropriate contingency;
- the HRIH can be differentiated from other research and innovation initiatives;
- progression will occur through stage-gate decisions rather than a single investment decision; and
- The Council decision sought in October 2026 is approval to publicly advertise the business plan for the proposed Major Land Transaction and to undertake the parallel development and assurance work; it is not approval of an unconditional final investment.

4.2 Constraints

Key constraints include:

- unconfirmed demand to support detailed scoping and costing;
- unconfirmed property, lease and site-development arrangements;
- environmental and approval requirements;
- limited internal project-management and asset-management capacity;
- dependence on external funding and partner contributions; and
- uncertainty about whole-of-life operating costs, including utilities, maintenance, insurance, security compliance, specialist systems, operator fees and asset renewal, and the resulting affordability and subsidy requirements.

5 Target benefits

The HRIH is intended to deliver measurable economic, industry, innovation and workforce outcomes. The PMO should establish a benefits realisation plan that defines each benefit, its baseline, target, measurement method, accountable owner, reporting frequency and expected timeframe.

- increased participation by Cockburn and Western Australian businesses in defence, maritime and advanced-industry supply chains, measured through supplier engagement, contracts awarded, revenue generated and progression toward relevant industry and security requirements;
- stronger collaboration between industry, researchers, education providers, primes and government;
- conversion of genuine industry problems into structured research, innovation and commercial projects;
- increased opportunities for technology testing, demonstration, trial and adoption;
- improved workforce-development pathways aligned with employer needs;
- additional external funding, private investment, collaborative projects and

partner contributions secured for HRIH-related activities, with the source, value, purpose and conditions of each commitment recorded;
- more effective use of Henderson's location within the broader defence and maritime ecosystem;
- increased visibility of Cockburn as a place for advanced-industry investment and capability development; and
- a staged and evidence-based pathway for building sovereign and local industrial capability.

Benefits should be tracked through a connected conversion pathway that shows how qualified industry needs progress into collaborative projects, testing or trials, external commitments and ultimately operational or commercial adoption. The PMO should monitor conversion rates, elapsed time, attrition and barriers between each stage.

1. **Qualified industry problems:** documented needs with an identified problem owner, strategic relevance, a credible pathway to HRIH support and sufficient information to assess potential participants, resources, security requirements and intended outcomes.
2. **Collaborative projects commenced:** qualified problems converted into formally approved projects with defined scope, participants, milestones, resources, governance, security requirements, intended benefits and accountable ownership.
3. **Projects progressing to testing or trial:** projects reaching technical validation, demonstration, prototype testing or operational trial.
4. **External commitment secured:** written confirmation of funding, investment, customer support, procurement intent or partner contributions, including the value, conditions, timing and responsible organisation.
5. **Technology or service adopted:** HRIH-supported outputs being used by an operational or commercial customer.

Economic and workforce benefits should also be measured through jobs created or supported, apprenticeships and training outcomes, workforce participation, business growth, new market entry, contracts secured and investment attracted. Targets should distinguish direct HRIH outcomes from wider economic activity influenced by the Henderson Defence Precinct or other initiatives.

Occupancy, memberships, events, attendance, stakeholder engagement and media coverage may be reported as enabling or activity measures. They should not be presented as evidence of innovation, commercialisation or economic impact unless a demonstrated contribution to the conversion pathway or an agreed benefit measure can be shown.

6 Assessment of risks

The risk table below provides a preliminary assessment only. On establishment, the PMO should develop a detailed risk register using the City's approved risk-management framework and criteria, including risk appetite and tolerance, likelihood, consequence, inherent and residual ratings, control effectiveness and escalation thresholds. The register should be reviewed throughout public advertising, project development and each subsequent Council decision gate.

Each risk record should capture the risk, ratings, controls, treatments, owners, deadlines, escalation threshold and status. The PMO should report material and emerging risks, overdue actions and aggregate exposure.

The PMO should assess risk interdependencies and cumulative exposure rather than considering each risk in isolation. In particular, delays in funding, approvals, scope definition or tenant commitments may combine to increase cost, defer revenue, weaken stakeholder confidence and reduce the project's strategic advantage. Scenario analysis should be used to test these combined effects before each investment decision.

Category	Risk	Description	Proposed controls and treatments
Financial	Demand conversion	Stakeholder interest may not be converted into binding commitments if pricing, lease terms, facilities, security arrangements or tenant mix do not meet expectations.	Issue clear information packs and indicative terms; test willingness to pay; establish a tenant-conversion pipeline; obtain minimum of 60% binding heads of agreement commitments before approving major investment.
Financial	Commercial viability	Lower occupancy, delayed revenue, cost escalation, funding shortfalls or understated operating costs may increase the City's exposure and delay break-even.	Rebuild and independently assure the financial model; apply sensitivity testing and contingency; confirm funding; define an affordability ceiling; use stage-gate approvals.

Operational and financial	Scope and cost definition	An insufficiently defined facility scope may result in inaccurate budgets, scope growth, unsuitable facilities or unplanned lifecycle costs.	Establish an indicative design and scope baseline; document inclusions and exclusions; prepare contemporary cost plans; include contingency and change control.
Operational and governance	Delivery and operating model	Unclear ownership model under funding arrangements. Responsibilities between the City, operator, Steering Committee and partners may create gaps in accountability and decision-making.	Define the investment vehicle structure and the ownership model. Approve a governance framework, decision rights, delegations, operator responsibilities, escalation pathways and performance measures.
Operational and financial	Delivery timeline	Funding, approvals, procurement, design dependencies or unresolved scope decisions may delay implementation and cause prospective participants to pursue alternatives.	Develop an integrated schedule with dependencies, contingencies, owners and go/no-go gates; maintain a live dependency register and regular reporting.
Political, operational and strategic	Ecosystem alignment	HRIH may duplicate or be perceived to compete with other defence, maritime, research and innovation initiatives.	Map related initiatives; consult State Government, Defence West, universities and industry; define complementary roles and referral pathways; review alignment at each stage.
Political, financial and strategic	State Government alignment and funding	State support may not be secured if HRIH's role is unclear or insufficiently aligned with wider defence and innovation priorities.	Develop a clear value proposition and funding case; demonstrate complementarity; engage government early; identify alternative funding and staged-scope options.

Table 1: Preliminary Risk Assessment

7 Identification of Stakeholders

The following stakeholders have been identified.

7.1 Internal stakeholders

- Council;
- Chief Executive Officer;
- Executive Leadership Team;
- Economic Development;
- Finance;
- Strategic Planning;
- Governance and Legal;
- Procurement and Contracts;
- Property and Asset Management;
- Planning and Development;
- Infrastructure and Engineering;
- Information and Cyber Security;
- Communications and Engagement;
- Work Health and Safety; and
- the proposed HRIH project sponsor, project manager and project management office, with responsibilities clearly distinguished between executive accountability, day-to-day delivery coordination and project controls.

7.2 External stakeholders

- WA Government agencies, including DevelopmentWA, Defence West and relevant economic-development, training and planning agencies;
- Australian Government and Defence stakeholders;
- Henderson Defence Precinct stakeholders;
- Henderson Alliance and relevant industry associations;
- defence primes and major maritime-sector businesses;
- local small and medium enterprises;
- universities and research organisations;
- South Metropolitan TAFE and other education and training providers;
- current and prospective tenants, members and project partners, including Australian and US defence-adjacent businesses identified through targeted market engagement;
- facility-management and specialist service providers;
- the landowner, property counterparties, utilities providers, planning authorities and environmental and other regulatory bodies relevant to tenure, access, servicing, approvals and development obligations;

- investors and funding partners;
- local businesses and the wider Cockburn community; and
- related research and innovation initiatives at Henderson, Rockingham, Murdoch and elsewhere in Western Australia.

The PMO should maintain a stakeholder register that records each stakeholder's interests, influence, decision role, information needs, engagement owner, engagement method and required evidence of support or commitment. Stakeholders should be prioritised according to their ability to affect statutory approvals, funding, site access, security accreditation, demand, delivery and benefits realisation.

Engagement should combine the statutory public-submission process for the proposed Major Land Transaction with targeted engagement involving prospective tenants, members, partners, property counterparties, government and regulatory stakeholders. Each engagement activity should have a defined purpose, accountable owner and documented outcome. General support, qualified interest and formal commitment should be recorded separately, with participants given sufficient information about scope, pricing, lease or membership terms, security, operating arrangements and timing to provide an informed response. Material issues, commitments and changes in stakeholder position should be reported through the PMO and reflected in subsequent Council decision papers.

8 Identification, Analysis and Comparison of Options

The options are assessed against strategic alignment, statutory compliance, benefits, demand, whole-of-life cost, affordability, deliverability, risk, flexibility and time to operation. The assessment should distinguish the immediate decision before Council from any later decision to fund, procure or deliver the HRIH.

It should be noted that commercial development and its viability is driven completely by demand. The current preliminary modelling to develop a rough order of magnitude financial assessment for viability is based on a total capital commitment of $9M. However typical commercial developments are not bound by a prescribed capital budget but defined by development return and viability, which is driven by market demand for the commercial product.

The financial analysis supports the development sitting within financial acceptable commercial viability. This warrants a more detailed prefeasibility assessment stage where more detailed demand, design, requirements and associated financial data with less assumption-based modelling occurs. The modelling shows that scale is a significant driver of higher profitability. Demand from the market may suggest that a higher capital investment is warranted and these aspects in the options analysis within the prefeasibility should be conducted. These options would consider aspects such as staged development which would provide risk management against early over capitalization but also has a direct impact on build design and site planning and zoning.

Option 1: Proceed directly to full facility delivery

Description: Commit to the current facility concept and proceed immediately with property, design, procurement and implementation without first completing the further demand validation, options analysis, commercial design, concept design and assurance identified in this business case.

Advantages:

- maintains momentum;
- may secure early positioning within the expanding Henderson defence ecosystem;
- provides a strong signal to industry and government; and
- could accelerate availability of facilities.

Disadvantages and risks:

- scope, cost and demand remain insufficiently validated;
- exposes the City to material financial and delivery risk;

- relies on unconfirmed funding and occupancy assumptions;
- may lock in an unsuitable or oversized facility;
- secure-facility requirements remain unresolved; and
- does not provide adequate assurance for a final investment decision.

Option 2: Progress to public advertising and complete further assurance

Description: Approve the HRIH business plan for statutory public advertising as a Major Land Transaction and establish a dedicated project management office in parallel. The PMO would complete the options analysis, commercial and operating-model design, concept design, demand validation, financial assurance, risk analysis, governance and delivery planning required for a subsequent Council decision. Council would then consider the public submissions and complete analysis before deciding whether, and on what terms, to proceed.

Advantages:

- meets the statutory public-consultation step applicable to the proposed Major Land Transaction;
- provides the community with a formal opportunity to comment before making a final decision;
- maintains project momentum while improving the evidence base;
- establishes clear project ownership, controls and reporting through a PMO;
- allows demand, scope, commercial arrangements, cost and affordability to be tested;
- enables the City to refine the concept and define its maximum financial exposure;
- supports structured engagement with government, industry and prospective tenants; and
- provides formal decision gates before any final commitment.

Disadvantages and risks:

- requires additional time and development expenditure;
- may delay final delivery;
- some prospective participants may seek alternative arrangements; and
- continued stakeholder communication will be required to maintain confidence.

Option 3: Delay while investigating alternative sites or models

Description: Pause the current proposal and assess alternative Henderson sites, property arrangements, delivery partners, staged configurations and operating models against the same strategic, financial, commercial, delivery and risk criteria applied to the current proposal.

Advantages:

- may identify a lower-cost or more suitable option;
- provides additional time to clarify funding and partnerships; and
- may reduce site-specific risk.

Disadvantages and risks:

- may weaken momentum and stakeholder confidence;
- could delay alignment with Henderson Defence Precinct activity;
- does not remove the need for scope, cost and demand validation; and
- suitable Henderson properties may be limited.

Option 4: Do not proceed

Description: Discontinue the HRIH initiative and rely on existing or emerging facilities and programs.

Advantages:

- avoids direct capital and operating exposure;
- avoids delivery and governance obligations; and
- allows resources to be redirected.

Disadvantages and risks:

- foregoes an opportunity to strengthen Henderson's industrial and innovation ecosystem;
- provides no dedicated local pathway for collaboration and project development;
- reduces the City's influence over the development of local capability;
- may disadvantage local businesses seeking access to networks, facilities and support; and
- may result in activity and investment being captured by other locations.

Comparative assessment: Option 1 offers the fastest route to delivery but carries unacceptable uncertainty in scope, demand, cost, funding and security requirements. Option 3 may identify alternatives but would delay the project without removing the need for detailed validation. Option 4 avoids direct exposure but would forgo the strategic and economic opportunity. Option 2 provides the strongest balance of momentum, statutory compliance, evidence development, affordability control and staged decision-making.

Preferred option: Option 2 provides the strongest balance of project momentum, statutory compliance, affordability control and risk reduction. It enables the City to progress public consultation and further project development without committing to delivery before the scope, demand, costs, funding, commercial arrangements and key risks have been validated. Council should consider the public submissions and completed analysis before making any final investment, procurement or delivery decision.

9 Resources – Financial, Human and Technical

The October 2026 business case and supporting financial model provide a preliminary baseline for assessing the HRIH's affordability and funding requirements. Before they inform any final investment decision, the assumptions, calculations and treatment of capital, operating, lifecycle and funding costs should be independently assured.

The current commercial development concept assumes an indicative capital cost of approximately $9 million, comprising approximately $6 million for facility construction and $3 million for site works and fit-out-related requirements. The proposed funding split assumes potential contributions of $3 million each from the City, the Western Australian Government and industry; none of these contributions is confirmed. The commercial vehicle for ownership and the relationship to infrastructure investment where the underlying land is only leased has not been considered in the valuation, investment risk, and ownership return model. These aspects must be designed and defined in the prefeasibility to enable the commercial development to be viable.

There are some significant assumptions in the modelling, none of which have been validated but within an AACE Class 5 estimate are reasonable. Key assumptions are:

- a capitalization rate of 4% which has assumed government leases and major prime leases over a 10-year period as the anchor tenants;
- a peppercorn or otherwise favourable site arrangement. It is noted that commercial development on leased land is undesirable for investors. It requires a high cash return on investment as capital value realization is not achieved;
- the secure zoning functional design works in a design arrangement which

conforms with the Protective Security Policy Framework (PSPF), ISM and any specific defence contracting controls applied to tenants;
- outgoings are recoverable at a minimum of 50%;
- given proximity to the HDP and the uniqueness of the facility it can demand premium rent for product; and
- occupancy commencing at 100% in the first year.

The City needs to commit to the next stage of due diligence, design, commercial analysis and value engineering. This requires an appropriately resourced PMO. The associated costs are included within the $9 million estimate as development soft costs. Soft costs refer to the project management, engineering, approvals, permits, and other owners' costs which contribute to the capital development. Before a final investment decision which commissions construction, the City should:

- establish the project;
- establish a design and scope baseline;
- define more accurate capital and operating cost estimates;
- distinguish base scope from staged enhancements;
- define above-the-line and below-the-line costs;
- design the commercial investment model and special purpose vehicle as the entity which owns the development;
- confirm insurance provisions;
- test occupancy, rental, timing, cost and funding sensitivities;
- define the City's maximum affordable contribution;
- confirm State and industry funding commitments; and
- document the proposed loan or repayment approach, if applicable.

Human resources should include:

- a senior project sponsor accountable for outcomes;
- a project manager for the City and a dedicated PMO responsible for integrated delivery and controls;
- access to commercial and financial support
- planning, property and procurement support;
- design, engineering and quantity-surveying expertise;
- security and cyber-security specialists;
- stakeholder engagement and communications support;
- legal and governance advice; and
- an experienced future facility or program operator.

Technical resources should provide an integrated control environment comprising an approved financial model, requirements and scope baseline, integrated schedule, risk

and assurance registers, stakeholder and tenant pipeline, benefits realisation plan, decision and issues logs, document and records management, change control, cost and schedule reporting, and stage-gate dashboards. The PMO should assign ownership, access controls, update frequencies and version-control requirements for each information set.

10 Implementation strategy

Implementation should proceed through a conventional project delivery lifecycle with controlled stages. Typically, this would see the establishment of the project and associated PMO and the commencement of prefeasibility activities to validate the scope, cost and schedule for the project's whole life. The stages for this project are recommended to be:

1. Prefeasibility: preliminary engineering design and commercial validation;
2. Feasibility: detailed design and procurement;
3. Construction;
4. Commissioning; and
5. Transition to operations.

Significant cost, construction, and schedule risk is removed when the front end of the project is loaded with greater detail. The project has completed a preliminary business case and concept at a Class 5 order of magnitude assessment and now needs to transition into prefeasibility. Progress from each stage should be through a stage gate review process where all aspects of the project are reviewed and challenged to enable the funding approval for the next stage based on certainty gained at the stage gate review. The current basis of estimate used for this business case is at the order of magnitude level and is approximately a Class 4 estimate. At the completion of prefeasibility the estimate would be Class 3, and at the completion of the feasibility stage the final design would provide a Class 1 estimate from which evaluation of construction tenders will be based against. Reference to the AACE classes of estimate is provided below in Diagram 1.

				Expected Range of Accuracy		
AACE Class	ANSI Classification	Typical Use	Project Definition	Low Expected Actual Cost	High Expected Actual Cost	Other Terms
Class 5	Order-of-Magnitude	Strategic Planning; Concept Screening	0% to 2%	-50% to -20%	+30% to +100%	ROM; Ballpark; Blue Sky; Ratio
Class 4		Feasibility Study	1% to 15%	-30% to -15%	+20% to +50%	Feasibility; Top-down; Screening; Pre-design
Class 3	Budgetary	Budgeting	10% to 40%	-20% to -10%	+10% to +30%	Budget; Basic Engineering Phase; Semi-detailed
Class 2	Definitive	Bidding; Project Controls; Change Management	30% to 75%	-15% to -5%	+5% to +20%	Engineering; Bid; Detailed Control; Forced Detail
Class 1		Bidding; Project Controls; Change Management	65% to 100%	-10% to -3%	+3% to +15%	Bottoms Up; Full Detail; Firm Price

Diagram 1: 18R-97: AACE Cost Estimate Classification System

10.1 Prefeasibility

During the Prefeasibility stage the following activities will be conducted:

10.1.1 Council approval for statutory public advertising

- Confirm that the proposal is to be treated as a Major Land Transaction.
- Approve the business plan for statutory public advertising.
- Authorise preparation and issue of the required public notices and supporting consultation material.
- Appoint a project sponsor and authorise establishment of the PMO.
- Approve the resources and objectives for the advertising, development and assurance phase.

10.1.2 Establish the project management office

- Appoint a project manager and proportionate project management office.
- Establish project controls, document management, schedule, risk register and reporting.
- Maintain a single source of truth for scope, cost, risk and stakeholder information.

10.1.3 Scoping and design

- Tenancy engagement and requirement capture.
- Preliminary design and engineering.
- Project (owners) and construction schedule development.
- Cost estimation (owners/soft costs and construction estimate), valuation, value engineering and ROI assessments.
- Commercial design and investment vehicle design.
- Investment engagement and finance development.
- Commence approvals submission documentation for heritage and environment.
- Zone facility preliminary design.
- Development procurement plan.
- Prepare for Feasibility stage gate review.

10.2 Feasibility

- Undertake detailed design.
- Submit remaining construction approvals.
- Detailed cost estimate.
- Finalise cost and work breakdown structures.
- Detailed scheduling.
- Construction risk assessment.
- Security zone approvals.
- Procurement plan finalisation and develop various tender documents and associated scopes of work.
- Potential early works procurement for site development and services reticulation.
- Develop operating concept documentation.
- Final gate review and financial investment decision.
- Conduct procurement for construction contractor.

10.3 Construction

- PMO conducts superintendency functions.
- Quality assurance.
- Scope adherence.
- Variation management.
- Contract management.
- Contractor performance management.
- Progress reporting and payment validation of construction progress claims.

10.4 Commissioning and transition to operations.

- Final acceptance and validation for certificate of occupancy.
- Final progress claims and contractual management.
- Management of operations contractors and transition to operation onboarding and operational ramp up.
- Establishment of facility concierge.
- Onboarding of tenants.
- Transition to business operations under the ownership vehicle.

During the Feasibility stage the PMO will prepare an operational readiness and transition plan covering operator mobilisation, tenant onboarding, security accreditation and security management arrangements, staffing, systems, facilities management, emergency and business-continuity arrangements, benefits reporting, and asset handover. These aspects will inform the commissioning plan and ensure that readiness criteria is verified before occupation or service commencement.

11 Organisational change management

Although day-to-day facilities management will be outsourced, there will be some degree of organisational change within the City.

The change-management plan should define the change objectives, affected stakeholders, required capabilities, accountable owners, implementation schedule, communications and training activities, readiness criteria, dependencies, risks and measures of adoption. It should align with the operational readiness and transition plan and be reviewed at each relevant decision gate.

The City will need to establish:

- an agreed strategic plan for operational certainty;
- clear sponsorship and governance;
- defined Council, executive, project, and operational decision rights;
- internal capacity to oversee the facility and operator;
- contract-management and performance-monitoring arrangements;
- financial, risk and benefits reporting;
- stakeholder and partner-management responsibilities;
- processes for selecting tenants, members and projects;
- security, information-management and access arrangements;
- interfaces with planning, property, procurement, legal, finance and communications functions; and
- a controlled transition from project delivery to business-as-usual oversight,

supported by an approved handover plan, accepted operational responsibilities, verified capability and clearly assigned ownership of residual risks, contracts, assets, security obligations and benefits reporting.

As part of the prefeasibility scope, the PMO should complete a change-impact assessment covering affected business units, processes, systems, policies, delegations, workforce capacity, security responsibilities and interfaces with the future operator. The assessment should identify required changes, accountable owners, timing, dependencies and resource implications.

- identify affected internal teams and external partners;
- define new roles, responsibilities and capability requirements;
- communicate the staged nature of the decision;
- manage stakeholder expectations about timing, scope and commitments;
- provide training and guidance for governance, contract management and benefits reporting;
- establish readiness criteria for each implementation stage; and
- confirm the operating model before facility launch.

Change readiness should be monitored through agreed measures, including completion of role appointments, training, process and policy updates, system readiness, operator mobilisation, security accreditation, tenant onboarding preparedness and closure of critical transition actions. Material readiness gaps should be reported through the PMO and resolved before operational commencement.

The Steering Committee may provide strategic industry advice but should not exercise City governance, project-control or operator-management responsibilities. Its terms of reference should define its purpose, membership, chair, advisory scope, conflicts-of-interest requirements, access to information, reporting obligations and escalation pathways, while reserving formal decisions and delegations to the City and operational accountability to the appointed operator.

12 Recommended option

It is recommended that Council approve the HRIH business plan for statutory public advertising as a Major Land Transaction and authorise the establishment of a Project Management Office to complete the development and assurance work required for subsequent Council decisions. This approval would progress consultation and project development but would not constitute a final investment decision.

To implement these recommendations, Council should:

1. **Approve consultation and establish governance:** endorse the strategic rationale for the HRIH, approve statutory public advertising as a Major Land Transaction, authorise the Chief Executive Officer to give the required public notice and invite submissions, establish and resource a dedicated and proportionate Project Management Office to coordinate the statutory process, project development, assurance and stage-gate reporting.

2. **Define the preferred scope and delivery model:** assess property, delivery, staging and operating-model options against consistent criteria; develop a commercial model covering tenancy, pricing, operations, revenue, partnerships, funding and risk allocation; and prepare an indicative concept design and minimum viable scope, including separate consideration of any secure-facility requirement.

3. **Validate demand and partnerships:** confirm tenant, member and partner requirements, willingness to pay, documented commitments and external funding contributions.

4. **Confirm affordability, risk and implementation readiness:** rebuild and reconcile the financial model using validated scope, commercial and cost information; obtain independent assurance; define the City's maximum acceptable financial exposure; and complete the risk register, integrated implementation schedule, governance framework and operating model, including decision rights, delegations, operator responsibilities, performance measures and escalation pathways.

5. **Return to Council for a final decision:** present the public submissions, preferred option, validated scope and demand, confirmed funding and affordability, independently assured financial model, risk and assurance findings, governance and operating model, implementation plan and final recommendation before any commitment to procurement or delivery.

This is the preferred pathway because it fulfils the public consultation requirements for the proposed Major Land Transaction while maintaining project momentum and reducing the key uncertainties relating to scope, demand, cost, funding, security, governance and delivery. By establishing clear evidence requirements and decision gates, the staged approach enables Council to determine whether the HRIH should proceed, the conditions for progression and the City's maximum acceptable financial exposure.

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