

Please note: These minutes are yet to be confirmed as a true record of proceedings

CITY OF BUSSELTON

MINUTES FOR THE AIRPORT ADVISORY COMMITTEE MEETING HELD ON 2 DECEMBER 2020

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MINUTES

MINUTES OF AIRPORT ADVISORY COMMITTEE HELD IN COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 2 DECEMBER 2020 AT 10.30AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 10.30am.

2. ATTENDANCE

Presiding Member:

Cr Paul Carter

Members:

Cr Kelly Hick
Cr Sue Riccelli
Cr Phill Cronin

Officers:

Mr Mike Archer, Chief Executive Officer
Mrs Naomi Searle, Director, Community and Commercial Services
Ms Jennifer May, Manager, Commercial Services
Mr David Russell, Airport Operations Coordinator
Ms Melissa Egan, Governance Officer

Apologies:

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Airport Advisory Committee Meeting held 16 November 2020

COMMITTEE DECISION

AIR2012/064 Moved Councillor S Riccelli, seconded Councillor K Hick

That the Minutes of the Airport Advisory Committee Meeting held 16 November 2020 be confirmed as a true and correct record.

CARRIED 4/0

6. REPORTS

6.1 BUSSELTON MARGARET RIVER AIRPORT- AIRPORT UPDATE

STRATEGIC GOAL	5. TRANSPORT Smart, connective and accessible
STRATEGIC OBJECTIVE	5.1 Public transport services that meet the needs of the community.
SUBJECT INDEX	Airport Operations
BUSINESS UNIT	Commercial Services
REPORTING OFFICER	Airport Operations Coordinator - David Russell
AUTHORISING OFFICER	Director, Community and Commercial Services - Naomi Searle
NATURE OF DECISION	Noting: the item does not require a decision of Council and is simply for information purposes and noting
VOTING REQUIREMENT	Simple Majority
ATTACHMENTS	Nil

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

AIR2012/065 Moved Councillor P Cronin, seconded Councillor S Riccelli

That the Airport Advisory Committee receives and notes the Airport Operations Report.

CARRIED 4/0

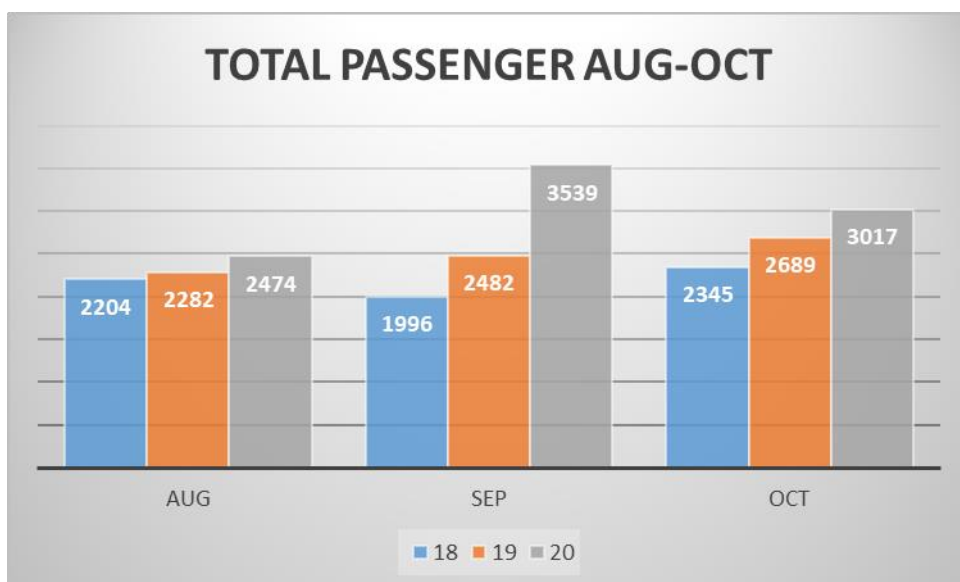
EXECUTIVE SUMMARY

This report provides an overview on the Busselton Margaret River Airport (BMRA) operations and activities for the reporting period 1 August 2020 - 31 October 2020. This includes an update on passenger number trends, aircraft landings, actions relating to COVID-19 and general airport operations.

BACKGROUND

Virgin Australia Regional Airlines (VARA) fly in fly out (FIFO) services from Busselton have returned to above pre COVID-19 frequencies with an increase in the overall passenger numbers compared to the same period in 2019. There has been a total of 9,030 passengers for the 2020 reporting period compared to 7,453 passengers in 2019 and 6,545 passengers in 2018.

A total of 718 aircraft landings were recorded for the reporting period, an increase from the numbers reported for the same period in 2019 (579) and 2018 (624). This increase in aircraft landings from 2019 can be attributed to an increase in Busselton Aeroclub flight training and Tigermoth Adventure flights within the general aviation aircraft (0 to 1999kgs) category, and increases in landings in the 30,000kg+ category aircraft, primarily FIFO charter aircraft during this period. The total number of FIFO services using BMRA is currently 34 flights per week utilising the F100 aircraft.



	Total Arriving & Departing Passengers (Aug – Oct)		
YEAR	2018	2019	2020
TOTAL	6,545	7,453	9,030



	Total Aircraft landings (Aug – Oct)		
YEAR	2018	2019	2020
TOTAL	624	579	718

Carpark

The public car park is available 24 hours 7 days a week for patrons and is equipped with credit card / EFTPOS facilities and CCTV throughout for security. A new swipe card system was implemented in June 2020 for FIFO patrons allowing for a discounted rate for frequent Airport users at a flat rate of \$6.00 per day. There are currently 650 regular car park users using this new system.

Operations

The focus for the reporting period has been on the implementation of the new CASA Manual of Standards 139 introduced in August 2020 as an industry initiative to improve safety at Australian aerodromes, and align standards globally. The new standard has included some physical changes to aerodrome infrastructure, operational procedure changes and requires preparation of the new aerodrome operations manual, to be lodged with CASA no later than May 2021.

Officers have commenced with the physical changes required to meet the new standards, being primarily aerodrome line marking, and continue with airside and landside grounds maintenance prior to the summer fire season.

Hangar Leases

Hangar leases and hire agreements by emergency services and private operators now occupy 10 of the 12 hangars owned by the City of Busselton, with two other hangars being used to store aircraft ground servicing equipment and airport maintenance equipment owned by the City and the ground handling operator. City officers will continue to liaise with emergency services and aircraft owners to secure interest in the existing hangars and new general aviation precinct.

International Alternate Airport

In March 2019, BMRA was designated as an alternate international airport by the Department of Infrastructure, Regional Development and Communications. This allows international aircraft to land at the BMRA when Perth Airport is unavailable due to inclement weather or closure. The City has granted approval for the Qantas Group and Virgin Australia to use BMRA as an alternate to Perth Airport for domestic operations only at this stage. Officers have received a number of enquiries from airlines and private international aircraft operators to use BMRA as an alternate on an ad hoc basis.

DFES Aerial Fire Fighting Capability

City officers are negotiating with the Department of Fire and Emergency Services (DFES) for the use of a section of land adjacent to the southern apron for the storage of fire retardant and equipment to support the use of large air tanker (LAT) operations in the South West during fire season. The use of the BMRA for LAT operations south of Perth has the potential to significantly cut deployment and operational times in responding to fires in the South West. Officers are preparing a licence agreement for a term of 2 -3 years at a peppercorn rate for DFES to store fire retardant equipment and utilise the BMRA for LAT operations. DFES have also requested a lease on an existing hangar in the emergency services precinct for the storage of dry retardant material and support equipment.

Regional Airports Development Scheme (RADS) Grant 2019-21

The Department of Transport (DoT) has been developing an asset and financial management framework for all Western Australian Airports to implement.

The Strategic Airport Assets and Financial Management Framework (Framework) aims to enable a consistent, transparent and documented approach to the management of airports across Western Australia.

DoT has worked with five airports to develop the Framework (including the City of Albany and Greater Geraldton and Shires of Carnarvon, East Pilbara and Wyndham East Kimberly) and are now inviting the next tranche of Airports to participate. The City of Busselton has been allocated up to \$50,000 (exc. GST) for the development of this Framework.

The Framework is developed by a consultant engaged and funded entirely by DoT. Once completed, the Airport Operator is responsible for maintaining and updating the Framework and may be required to provide regular asset and financial reporting to DoT, as well use the Framework when applying for future RADS grants. The Framework will also provide the City with an asset and financial management model that will provide information for budgeting and long term financial planning purposes. Once the City has signed a RADS funding agreement, Officers will submit a budget amendment to reflect the \$50,000 grant funds. This is likely to be through the City's half-yearly budget review process.

Regional Airports Development Scheme 2021-23 (RADS)

The DoT RADS 2021-23 Scheme includes a COVID-19 stimulus initiative to support the State's COVID-19 economic recovery. RADS funding of up to 75% of the total eligible project cost will be considered for projects that can be completed prior to 31 December 2021.

City officers have lodged funding applications for the following projects, with successful applicant announcements expected in December 2020:

- Relocation of the Royal Flying Doctor's Service (RFDS)/St Johns transfer station from the central apron to the emergency services precinct. The total cost of this project is \$188,664 with the City's 25% required contribution of \$47,166.
- Completion of a general aviation (GA) precinct fencing to allow airside / landside access for future hangar owners/tenants. The total cost of this project is \$25,558 with the required City contribution of \$6,390.00.
- Airside drain netting of taxiways A and B drains to improve safety by minimising bird / wildlife presence on the aerodrome. The total cost of this project is \$190,000 with the required City contribution of \$47,500.

If successful the City's contributing funds will be funded through the Airport Infrastructure Renewal Reserve.

Regional Airports Program (RAP) Round 2 grant opportunity

The Federal Government, through the Department of Infrastructure, Transport, Regional Development and Communications has opened the RAP Round 2 grant funding program. The key objective of the RAP is to improve the safety and accessibility of airports or aerodromes in regional areas of Australia by assisting aerodrome owners/operators to undertake essential works, promoting aviation safety and access for regional communities.

As the City falls under the category of an Australian local government agency or body and the total project cost is equal to or less than \$300,000, the Commonwealth funding will cover up to 100% of eligible project costs.

The intended outcomes of the program are to:

- Improve the safety of aircraft, operators and passengers using regional airports or aerodromes.
- Facilitate improved delivery of essential goods and services such as food supplies, health care and passenger air services.
- Improve the connectivity of Australia's regions to domestic and global market opportunities.
- Meet the operational requirements of aeromedical and other emergency services in the region.

Officers are preparing applications for the following:

- Extension of the central apron northern shoulders to facilitate extended taxiing guideline markings and apron edge clearance for A320 and B737 aircraft utilising bay 11 for RPT operations.
- Clearing of airside swale drains to improve water flow and drainage of the runway strip to ensure safe and compliant winter operations.

Closing date for applications is 15 December 2020 and, if successful, all works to be completed by 30 April 2023.

OFFICER COMMENT

FIFO passenger numbers through the BMRA have increased in comparison to previous years and officers expect passenger numbers to continue to increase as FIFO employment recruiting from the South West for the resources sector continues.

Officers continue to liaise with Jetstar executives who have indicated they are very positive about the Busselton - Melbourne flights recommencing once interstate border restrictions have been relaxed. BMRA is operationally ready to commence RPT services with the exception of the security screening contractor's team who need to be redeployed and complete final training.

In October / November, CASA conducted a desktop surveillance event (audit) evaluating required aerodrome documentation and procedures related to the safe and compliant operations of the airport. CASA report found zero (0) safety findings and four (4) non safety recommendations with officers implementing and responding to CASA.

Capital Works

Ongoing capital works and infrastructure improvements for this financial year include:

- Baggage carousel installation for the arrivals building.
- Netting of the existing drains to mitigate against conflict (birdstrike) between aircraft and wildlife.
- Installation of weatherproof shelters for car park entrance/ exit ticket machines.
- Sealing and line marking of the new transport operators car park.
- Dismantling of the departure terminal potable water tank – complete.
- Refurbishment and relocation of training / meeting room (donga) – complete.

Statutory Environment

The BMRA operates in accordance with the following:

- *Aviation Transport Security Act 2004*
- *Aviation Transport Security Regulations 2005*
- CASA Manual of Standards 139
- Council's Transport Security Plan
- City policies and procedures

Relevant Plans and Policies

There are no relevant plans or policies to consider in relation to this matter.

Financial Implications

Airport revenue up to the end of October 2020 totals \$344,845 compared to the amended October 2020 budget of \$589,464. The reason for revenue being less than expected is due to outstanding Virgin Australia Regional Airline's (VARA) passenger fees estimated at \$80,000 for September and October, VARA landing fees of \$70,000 and passenger screening fees for Jetstar services \$54,000.

Carpark usage and revenue has increased from the same period last year due to increased FIFO flights and passengers but is down on year to date budget due to the delay in Jetstar RPT services. The end of October budget was \$127,168 compared to the actual of \$117,246. The same period last year totalled \$84,564.

Expenses to October 2020 were \$286,127 compared to the amended October 2020 expense budget of \$326,069. Lower expenses are attributed to delays in the commencement of some works projects which is reflected in the monthly budget allocation and no passenger screening services expenses due to Jetstar flights not commencing.

Stakeholder Consultation

Consultation has been occurring on a regular basis with Department of Transport, Government agencies, airport stakeholders, Department of Home Affairs, Aviation Marine Security (AMS), Civil Aviation Safety Authority (CASA), Air Services Australia, Virgin Australia Regional Airline, Qantas Group, the Busselton Aero Club, Albany, Esperance, Geraldton Airports and Australian Airports Association, concerning many topics and issues relating to the Airport.

Risk Assessment

An assessment of the potential implications of implementing the Officer Recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

The Airport Advisory Committee may choose not to accept the Officers Report.


CONCLUSION

The airport team is looking forward to an exciting but challenging time during 2021 with the expectation of RPT services to commence post COVID-19 travel restrictions and the importance of maintaining a compliant, and visually pleasing aerodrome. Officers will continue to provide a high level of customer service ensuring the airport is operating safely and security is maintained throughout.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

6.2 BUSSELTON MARGARET RIVER AIRPORT BUSINESS DEVELOPMENT

STRATEGIC GOAL	5. TRANSPORT Smart, connective and accessible
STRATEGIC OBJECTIVE	5.1 Public transport services that meet the needs of the community.
SUBJECT INDEX	Busselton Margaret River Airport
BUSINESS UNIT	Commercial Services
REPORTING OFFICER	Manager, Commercial Services - Jennifer May
AUTHORISING OFFICER	Director, Community and Commercial Services - Naomi Searle
NATURE OF DECISION	Noting: the item does not require a decision of Council and is simply for information purposes and noting
VOTING REQUIREMENT	Simple Majority
ATTACHMENTS	Attachment A BMRA Master Plan - Precinct Plan 

OFFICER RECOMMENDATION

That the Council note the Officer's report and support the top three priorities for business development activities for the Busselton Margaret River Airport:

1. Domestic interstate route development for direct Sydney – Busselton services.
2. Progress the development of the Industrial and commercial precinct, including engaging a consultant to complete a desktop analysis and prepare an expression of interest for commercial investment opportunities.
3. Officers to prepare a proposal to assess options for the development of general aviation hangars to be presented to the Airport Advisory Committee in April 2021.

COMMITTEE RECOMMENDATION

AIR2012/066 Moved Councillor P Cronin, seconded Councillor S Riccelli

That the Council note the Officer's report and endorses the commercial opportunities for the Busselton Margaret River Airport as set out in the below table:

Product/Service	Description	Actions	Timeline
BMRA Route Development	<ul style="list-style-type: none"> Interstate RPT domestic services (Melbourne, Sydney, Brisbane) Intrastate FIFO closed charter operations Intrastate RPT domestic services (Port Hedland, Karratha, Broome, Newman) International RPT services (Singapore) 	<ul style="list-style-type: none"> In partnership with the State Government (TWA), progress new route development opportunities for Sydney, Brisbane and Singapore Continue to promote the BMRA as a FIFO regional base to mining /resource sector (Rio Tinto, BHP, FMG, CME) Negotiations with airlines Federal Govt approvals (Home Affairs, Border Force) 	2021

Alternate landing Site	<ul style="list-style-type: none"> • Alternate airport for international airlines to Perth Airport in the event of inclement weather and/or closure • Business analysis to provide the service including airline pricing structure, aircraft infrastructure and aviation firefighting and rescue services 	<ul style="list-style-type: none"> • Quantify the requirements and costings for the City to provide a full alternate landing site facility • Prepare an appropriate pricing structure for charging international airlines for using BMRA 	Dec 2020 – January 2021
General Aviation 34 lots Code B	<ul style="list-style-type: none"> • Various sizes, with capacity to combine land lots • Fully serviced lots for lease with Code B apron access. • GA focus 	<p>Prepare a report for Council including the following options:</p> <ul style="list-style-type: none"> • Option 1 - advertise and market lease opportunities • Option 2 - prepare business case for Council to lease developed hangar lots (City construct hangars) • Option 3 - enter into a partnership with developer/investor to build and lease hangar lots 	2021 (Q2)
General Aviation 1 x Code C lot	<ul style="list-style-type: none"> • Fully serviced • Size: 3840m² each • Suit aircraft maintenance / servicing / freight / smaller RPT operations 	<ul style="list-style-type: none"> • Advertise commercial lease opportunity, including domestic freight, private charter operations or RPT operations (GA aircraft < 30,000kgs) 	2021 (Q2)

Commercial & Industrial precinct 4 land lots	<ul style="list-style-type: none"> Fully serviced land lots for lease Size: 4864m² each Direct runway access Dedicated airfreight focus for lease by commercial aviation and support businesses 	Prepare an Expression of Interest, including one or more of the options below, to market / advertise the Commercial / Industrial precinct opportunities: <ul style="list-style-type: none"> Option 1 - City advertise and market commercial lease opportunities intrastate and nationally Option 2 – City enter into commercial arrangement on long term lease basis with private developer/investor Option 3 - Approach Airport North Developer and negotiate commercial arrangement for external management of precinct Option 4 - Offer land lots for sale, either individually or as a precinct 	2021 (Q1 – Q2)
Commercial & Industrial precinct 3 land lots	<ul style="list-style-type: none"> 3 fully serviced land lots for lease Size: 2018-3088m² each Aviation / freight focus 		
Commercial & Industrial precinct 10ha undeveloped land	<ul style="list-style-type: none"> ~ 10ha undeveloped (services to lot boundary) land for aviation/ light industrial purposes 		
Advertising	<ul style="list-style-type: none"> Electronic screens in the terminal / arrivals hall Static posters located in the terminal Fences and benches within Carparks Billboard (Neville Hyder Drive) 	<ul style="list-style-type: none"> Electronic screen is available - advertising to be completed Static poster boards to be installed early 2021 – advertising to be completed Following commencement RPT services, landside advertising opportunities (car parks, benches etc.) to be completed 	2020/2021 (Q1)

Landside commercial opportunities	<ul style="list-style-type: none"> • Airport Café/kiosk • Retail / tourism products • Car valeting and storage • Fuel station • Hotel / short stay accommodation 	<ul style="list-style-type: none"> • BMRA café /kiosk license in negotiations now • Retail / tourism product once RPT operations commence (small scale), dependent on new terminal • Car valeting and storage once RPT operations have commenced • Long term opportunities - Fuel stations and hotel sites 	2021
			2022
			+ 2025

CARRIED 4/0

Reasons: Committee requested the inclusion and consideration of all the proposed business development activities to be recommended to Council.

EXECUTIVE SUMMARY

This report outlines the business development activities planned for the Busselton Margaret River Airport (BMRA) over the next 12 to 18 months to capitalise on the potential aviation and economic opportunities and benefits the BMRA can provide to the region.

BACKGROUND

The City of Busselton completed the Busselton Margaret River Airport (BMRA) redevelopment project in March 2018 with construction of airside and landside infrastructure that enables domestic and international air services to destinations such as Melbourne, Sydney, Singapore, Kuala Lumpur, Denpasar and China.

The redevelopment project was funded through Federal, State and the City of Busselton and enabled the construction of significant infrastructure including the following:

- Code 4E Runway: 2520m x 45m to facilitate aircraft such as Boeing 737, Airbus 320 and Airbus 330
- A total of 11 aircraft apron parking bays (Code C / E) and connecting taxiways
- Jet A1 and Avgas fuel facility (Truck & Bowser)
- Two helipads
- Public car parking (422 bays)
- General aviation precinct 34 lots comprising two Code B aprons capable of accommodating up to 34 fully serviced hangars and two fully serviced hangar lots with Code C apron access
- Airfreight hub – Stage 1 of the Commercial and Industrial Precinct with four serviced lots with direct airside access and three landside serviced lots

Following successful negotiations with Jetstar in 2018/19, a new Melbourne – Busselton air route was announced in October 2019, with a commencement date of 25 March 2020. To facilitate the new Melbourne service, the City commenced a terminal expansion project to facilitate passenger and baggage check-in, security screening and passenger processing, including the construction of a new Arrivals Hall. The City also applied to the Department of Home Affairs to upgrade its security classification to Category 3 for passenger and checked baggage screening, including the implementation of X-ray screening equipment and a people scanner. Due to the advent of the COVID-19 pandemic, the Jetstar Melbourne - Busselton services have been deferred, with the expectation that they will commence in 2021 once domestic interstate travel is re-established.

Current, regular or scheduled operations of the BMRA include 16 closed charter fly in fly out services per week operating between Perth, Busselton and north west mine sites such as West Angeles, Boolgeeda and Barimunya, private charter and General Aviation (GA) air traffic, Busselton Aero Club and related activities including flight training, Royal Flying Doctor Service, Surf Lifesaving helicopter operations, Department Fire and Emergency Services firefighting helitac operations and tourism operators such as Tigermoth flights and Busselton Airservices. The BMRA recorded 2,577 aircraft movements and 26,861 passengers through the terminal in 2019/20 and has seen an increasing trend in aircraft movements and passengers for 2020/21 FY to date. However, the COVID-19 pandemic has had significant impacts on the aviation and supporting industries and has made it difficult for Officers to progress commercial opportunities at the BMRA in 2020.

BMRA Business Development

The City of Busselton's Economic Development Strategy identifies the development of aviation related industries as an emerging industry base and as an opportunity to diversify the region's economy. The City's aim is to encourage and attract investment in the Busselton Margaret River Region through the aviation industry as it will provide employment benefits, attract additional investment and trade for local suppliers, and influence decisions of other businesses to relocate or set up in the region.

One of the key aims of the BMRA business unit is to develop the BMRA as a hub for air services by encouraging new competitors to operate from the BMRA, including airlines, freight services, charters and fly in fly out operations, and by stimulating new air routes to new destinations.

Officers are currently preparing a Commercial Strategy and Marketing Plan which will identify opportunities in more detail, including objectives, target markets and audiences, appropriate timings to go to market, methodology and costings. This plan has identified the following commercial opportunities:

Product/Service	Description	Actions	Timeline
BMRA Route Development	<ul style="list-style-type: none"> Interstate RPT domestic services (Melbourne, Sydney, Brisbane) Intrastate FIFO closed charter operations Intrastate RPT domestic services (Port Hedland, Karratha, Broome, Newman) International RPT services (Singapore) 	<ul style="list-style-type: none"> Develop business case for Sydney and Singapore services with State Government (TWA) Continue to promote the BMRA as a FIFO regional base to mining /resource sector (Rio Tinto, BHP, FMG, CME) Negotiations with airlines Federal Govt approvals (Home Affairs, Border Force) 	2021

Product/Service	Description	Actions	Timeline
Alternate landing Site	<ul style="list-style-type: none"> • Alternate airport for international airlines to Perth Airport in the event of inclement weather and/or closure • Business analysis to provide the service including airline pricing structure, aircraft infrastructure and aviation firefighting and rescue services 	<ul style="list-style-type: none"> • Quantify the requirements and costings for the City to provide a full alternate landing site facility • Prepare an appropriate pricing structure for charging international airlines for using BMRA 	Dec 2020 – January 2021
General Aviation 34 lots Code B	<ul style="list-style-type: none"> • Various sizes, with capacity to combine land lots • Fully serviced lots for lease with Code B apron access. • GA focus 	<ul style="list-style-type: none"> • Option 1 - advertise and market lease opportunities • Option 2 - prepare business case for Council to lease developed hangar lots (City construct hangars) • Option 3 - enter into a partnership with developer/investor to build and lease hangar lots 	2021 (Q2)
General Aviation 1 x Code C lot	<ul style="list-style-type: none"> • Fully serviced • Size: 3840m² each • Suit aircraft maintenance / servicing / freight / smaller RPT operations 	<ul style="list-style-type: none"> • Advertise commercial lease opportunity, including domestic freight, private charter operations or RPT operations (GA aircraft < 30,000kgs) 	2021 (Q2)
Commercial & Industrial precinct 4 land lots	<ul style="list-style-type: none"> • Fully serviced land lots for lease • Size: 4864m² each • Direct runway access • Dedicated airfreight focus for lease by commercial aviation and support businesses 	<ul style="list-style-type: none"> • Option 1 - City advertise and market commercial lease opportunities intrastate and nationally • Option 2 – City enter into commercial arrangement on long term lease basis with private developer/investor • Option 3 - Approach Airport North Developer and negotiate commercial arrangement for external management of precinct • Option 4 - Offer land lots for sale, either individually or as a precinct 	2021 (Q1 – Q2)
Commercial & Industrial precinct 3 land lots	<ul style="list-style-type: none"> • 3 fully serviced land lots for lease • Size: 2018-3088m² each • General freight focus 		2021 (Q1 – Q2)

Product/Service	Description	Actions	Timeline
Advertising	<ul style="list-style-type: none"> Electronic screens in the terminal / arrivals hall Static posters located in the terminal Fences and benches within Carparks Billboard (Neville Hyder Drive) 	<ul style="list-style-type: none"> Electronic screen is available - advertising to be completed Static poster boards to be installed early 2021 – advertising to be completed Following commencement RPT services, landside advertising opportunities (car parks, benches etc.) to be completed 	2020/21 (Q1)
Landside commercial opportunities	<ul style="list-style-type: none"> Airport Café/kiosk Retail / tourism products Car valeting and storage Fuel station Hotel / short stay accommodation 	<ul style="list-style-type: none"> BMRA café /kiosk license in negotiations now Retail / tourism product once RPT operations commence (small scale), dependent on new terminal Car valeting and storage once RPT operations have commenced Long term opportunities - Fuel stations and hotel sites 	2021 2022 + 2025

OFFICER COMMENT

Officers are proposing that development of the following two activities are prioritised in early 2021:

- BMRA interstate domestic route development (Sydney services); and
- Industrial and commercial precinct

BMRA Intestate Domestic Route Development

Whilst it is not quite 'business as usual', focus in the first quarter of 2021 will be on establishing the Melbourne – Busselton services. To commence negotiations for a direct Sydney – Busselton service, the City will need to prepare a business case that it can present to airlines and State Government to gain support for the new route. The business case will quantify passenger demand and revenue expectations for negotiations between the City and airlines.

Officers have recently discussed informally, a new direct Sydney – Busselton route with airlines and Tourism WA. Given the impacts on the aviation industry and restrictions that have been imposed on domestic and international travel resulting from the COVID19 pandemic, there is the potential for new opportunities to arise. Officers are proactively liaising with stakeholders to source funding to assist with the development of this business case. Officers will continue to liaise on potential funding support and also seek quotes accordingly.

Alternate Landing Site

On 1 March 2019, the City received confirmation that Busselton Margaret River Airport was designated as an alternate international airport by the Department of Infrastructure, Regional Development and Cities. Since being designated the City has received enquiries from numerous international airlines interested in nominating BMRA as an international alternate airport. Officers have identified a potential commercial opportunity to share in the financial savings made by international airlines if they were to nominate BMRA as an alternate to Perth Airport. In the event of Perth Airport being unavailable to airlines, aircraft could divert, park and refuel at BMRA and continue onto their destination once available.

However, to become a viable alternate the City would need to provide emergency response/aircraft firefighting and rescue services. Currently, the City does not meet the legislative criteria of number of passengers such that this service would be provided by AirServices Australia, the Federal government agency responsible for aviation fire and rescue services. Earlier in 2020, Officers worked with an aviation consultant to determine the high level requirements for an ALS and potential cost savings to airlines and will now complete further, detailed analysis to determine capital and operational costs required for emergency response/aircraft firefighting and rescue services.

Industrial and Commercial Precinct

In the past six to nine months, the City has been approached by a number of private investment / fund managers in regards to joint venture (JV) or partnership opportunities for the BMRA. To date, discussions have been high level and relate to the type of investment partnerships that the City legally might be able to enter into. This has highlighted potential opportunities to work with private investment / developer organisations to explore how best the City can progress development of the industrial and commercial precinct with a key goal to create activity and critical mass, such that investment will follow for other areas for the BMRA like the GA precinct.

Land development and specifically industrial/commercial land development is a specialised area that the City does not have deep knowledge or experience in. To ensure that the City maximises the commercial opportunities for the BMRA, Officers are proposing to engage a third party industrial/commercial development consultancy to complete a high level desktop analysis and prepare an expression of interest to go to market for proposals based on the options presented in the table above.

This will require Officers to prepare a request for quotation (RFQ) which can then be forwarded to relevant organisations to provide cost estimates. An RFQ can be distributed in December 2020 with submissions to be submitted back to the City in late January 2021.

General Aviation (GA) Precinct – Code B

Officers advertised an expression of interest for hangar lot leases in the new GA precinct in 2019. While there was some interest shown, no lease agreements were entered into. Feedback from interested parties at the time indicated that capital funding for hangar construction was difficult to secure and there were concerns relating to the term of the leases (21 years) and no buy-back clauses for any hangar infrastructure at the end of the lease term. The last nine months has seen a continued lack of interest due to COVID19. Officers are of the opinion that further advertising for hangar lot leases only, is likely to attract limited interest.

Two options for consideration are:

1. The City advertise for opportunities to lease hangars for various sizes at improved market rent value and on commitment of signing a lease the City proceed to construct the hangar infrastructure. This approach ensures that the City invests only based on demand for hangars.
2. The City advertise an expression of interest for development opportunities for a third party to lease hangar lots and structures, and to sub-lease the hangars.

Officers are recommending that Council is provided (via the Airport Advisory Committee) with a detailed costing proposal for option 1 above, for consideration at the April 2021 Committee meeting.

General Aviation Precinct – Code C

As part of the Airport redevelopment project, two 50mx50m serviced hangar lease areas with Code 4C apron access were developed. Since this time, the City has utilised one of the hangar lots for the construction of the new Arrivals Hall and hence only one lease area remains available. This lease area has potential for commercial operators for RPT aircraft freight operations, private charter or smaller RPT operations (aircraft less than 30,000kg MTOW) and aircraft servicing or maintenance. However, it is difficult to secure investment with no RPT services operating. Hence officers recommend holding off advertising this commercial opportunity nationally until RPT services are operating.

Landside Commercial Opportunities

Terminal Advertising

The terminal expansion works completed in March 2020 in preparation for the Jetstar Melbourne - Busselton flights included the installation of an electronic advertising screen and static light boxes in the new Arrivals Hall. Once a new date for the commencement of the Jetstar flights has been confirmed, dependent on the Western Australian interstate border restrictions being relaxed, officers will advertise locally for businesses interested in advertising at the BMRA. Other advertising opportunities such as landside car park and street furniture will be considered once the RPT services are established.

Terminal Concessions and Retail

Officers are currently negotiating a licence agreement with a café / kiosk operator for the terminal building that will service both FIFO charter flights and RPT services when they commence. There is potential to have a small retail / tourism product offering based in the terminal / Arrivals Hall however this will be considered once RPT services are operating.

Transport Providers

Officers engaged with transport providers such as car hire companies, coach, shuttle and mini-bus operators and private chauffeur and limousine operators prior to March 2020 and will re-engage once a date has been set for the commencement of RPT services.

Statutory Environment

The BMRA operates in accordance with the following:

- *Aviation Transport Security Act 2004*
- *Aviation Transport Security Regulations 2005*
- CASA Manual of Standards 139
- Council's Transport Security Plan
- City policies and procedures

Relevant Plans and Policies

There are no relevant plans or policies to consider in relation to this matter.

Financial Implications

The adopted 2019/20 Airport Operations Budget has an allocation of \$25,000 for consultancy based activities. To date, a total of \$7,000 has been expended leaving a balance of \$18,000. While there are other activities that will draw on the consultancy budget, there should be sufficient funds to cover the costs associated with Officer Recommendation 2. There are no other direct financial implications associated with the Officer Recommendations in this report.

Stakeholder Consultation

Officers have consulted with the relevant stakeholders in regards to this report, including Airlines, Tourism WA, Margaret River Busselton Tourism Association, Australia South West, aircraft operators and owners and commercial / investment developers.

Risk Assessment

An assessment of the potential implications of implementing the Officer Recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

As an alternative to the proposed recommendation the Council could:

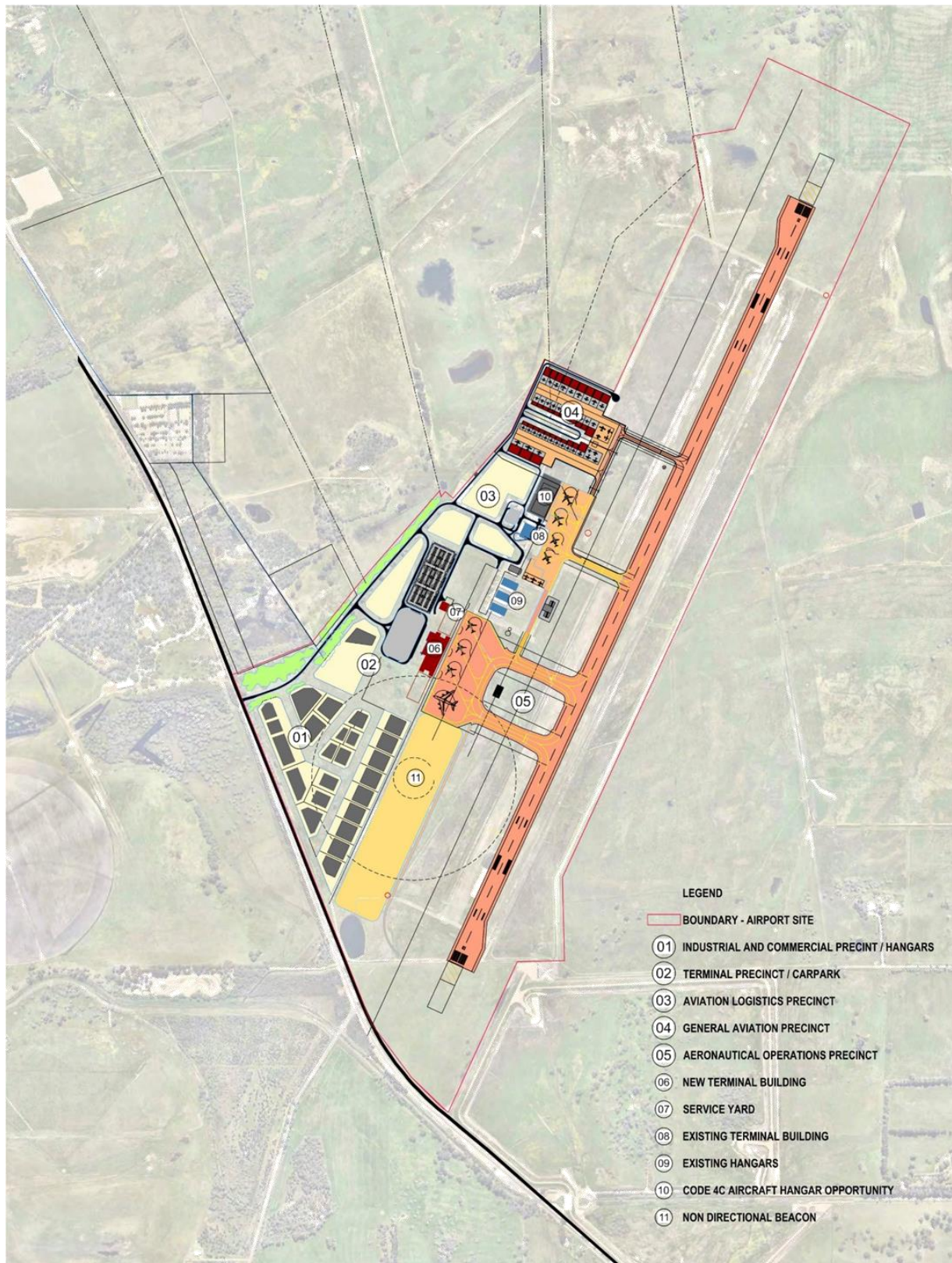
1. Not support business development activities for the BMRA and choose to do nothing.
2. Propose alternative priorities for BMRA Business Development activities for any or all recommendations.

CONCLUSION

Significant commercial opportunities now exist at the BMRA as a result of the completion of the airside and landside developments. Unfortunately, due to the COVID19 pandemic, commercial investment opportunities have slowed and been difficult for Officers to secure. As the COVID19 restrictions begin to lift within Australia and the aviation industry begins its recovery as airlines recommence operations, there is now potential for Officers to market and attract various commercial and investment opportunities at the BMRA.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Officers will implement the Officer Recommendations as outlined in this report.



11.09am: At this time, Mr Archer left the meeting.

11.13am: At this time, Mr Archer re-entered the meeting.

7. GENERAL DISCUSSION ITEMS

8. NEXT MEETING DATE

To be advised.

9. CLOSURE

The meeting closed at 11.49am.

THESE MINUTES CONSISTING OF PAGES 1 TO 20 WERE CONFIRMED AS A TRUE AND
CORRECT RECORD ON _____.

DATE: _____ PRESIDING MEMBER: _____