

Town of
Port Hedland



TOWN OF PORT HEDLAND

AIRPORT COMMITTEE MEETING MINUTES

WEDNESDAY 1 APRIL 2015 AT 12:30PM

**COUNCIL CHAMBERS, MCGREGOR
STREET, PORT HEDLAND**

**“A nationally significant, friendly city that people are
proud to call home”**

*Sid Jain
Acting Chief Executive Officer*

TERMS OF REFERENCE - AIRPORT COMMITTEE OF THE TOWN OF PORT HEDLAND COUNCIL**AIM/PURPOSE**

The Airport Committee is established to ensure that the Port Hedland International Airport is recognised as a leading regional airport in the area of passenger and freight movements and customer satisfaction and to:

- Develop a comprehensive Airport Master Plan and commence implementation of key initiatives that are identified;
- Actively pursue the generation of income from a variety of sources at the Airport including through leases, rentals, advertising, freight and any other means; and
- Upgrade terminal facilities including baggage screening and departure lounges.

MEMBERSHIP*Elected Members:*

Mayor Kelly Howlett

Councillor Gloria Jacob - Presiding Member

Councillor Jan Gillingham - Deputy Presiding Member

Councillor Julie Hunt

Councillor Lorraine Butson

Community Members:

Ms Florence Bennett

Mr Brad Pawlenko

Mr Jason Green

Mr Chris McMahon

Deputy Members:

Councillor David Hooper

Councillor Troy Melville

QUORUM

The quorum for the Committee is to be a minimum of 50% of its membership.

DELEGATION

- i) To determine whether a tender is required to be sought or not as specified in LG (F&G) Reg 11F.
- ii) To choose tenderers for products services on behalf of the local government in accordance with LG (F&G) Reg 18.

TENURE

Ongoing

MEETING FREQUENCY

Monthly

DATES OF MEETINGS

The following dates have been set and advertised in accordance with the Local Government Act 1995 for Airport Committee Meetings to be held at 12:30 pm in Council Chambers:

- Wednesday, 11 March 2015
- Wednesday, 1 April 2015
- Wednesday, 13 May 2015
- Wednesday, 3 June 2015
- Wednesday, 1 July 2015
- Wednesday, 12 August 2015
- Wednesday, 2 September 2015
- Wednesday, 7 October 2015
- Wednesday, 4 November 2015
- Wednesday, 2 December 2015

RESPONSIBLE OFFICER

Director Works and Services

(Terms of Reference adopted by Council at its Ordinary Meeting held 25 January 2012.

Meeting dates adopted and membership amended by Council at its Ordinary Meeting held on 14 March 2012.

Additional community members appointed by Council at its Ordinary Meeting held on 9 May 2012.

Dates of Meetings amended by Council at its Ordinary Meeting held on 24 October 2012.

Dates of Meetings amended by Council at its Ordinary Meeting held on 23 January 2013.

Terms of Reference amended by Council at its Ordinary Meeting held 26 June 2013.

Terms of Reference amended by Council at its Ordinary Meeting held 23 October 2013.

Terms of Reference amended by Council at its Ordinary Meeting held on 30 April 2014.

Terms of Reference amended by Council at its Ordinary Meeting held on 26 November 2014.

Terms of Reference amended by Council at its Ordinary Meeting held on 25 February 2015.)

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ITEM 1 OPENING OF MEETING

The Presiding Member declared the meeting open at 12:35pm

ITEM 2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS

The Presiding Member acknowledged the traditional owners, the Kariyarra people.

ITEM 3 RECORDING OF ATTENDANCE**3.1 Attendance**

Elected Members:

Mayor Kelly Howlett

Councillor Gloria Jacob - Presiding Member

Councillor Julie Hunt

Community Members:

Ms Florence Bennett

Mr Jason Green

Mr Chris McMahon

Officers:

Sid Jain

Acting Chief Executive Officer

Chris Linnell

Acting Director Community and Development Services

Geoff Byrnes

Acting Director Works and Services

Brett Reiss

Program Director Airport Redevelopment

Peter Kocian

Manager Financial Services

Jenella Voitkevich

Manager Infrastructure Development

Sara Bryan

Manager Property and Asset Strategy

Nathaniel Santagiuliana

Terminal Duty Manager PHIA

Eleanor Whitley

Compliance and Operations Manager PHIA

Grace Waugh

Minutes Taker/ Governance Officer

3.2 Apologies

Councillor Lorraine Butson

Mr Brad Pawlenko

3.3 Approved Leave of Absence

Councillor Jan Gillingham - Deputy Presiding Member

ITEM 4 RESPONSE TO PREVIOUS QUESTIONS**4.1 Questions from Public at Airport Committee Meeting held on Wednesday 11 March 2015**

Nil

4.2 Questions from Committee Members at Airport Committee Meeting held on Wednesday 11 March 2015**4.2.1 Councillor Jacob**

What is the timeframe for the Wi-Fi installation?

Program Director Airport Redevelopment advised that the Wi-Fi will be installed by the end of the financial year.

ITEM 5 PUBLIC TIME

Important note:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is also reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so.'

Presiding Member opened Public Question Time at 12:37pm.

5.1 Public Question Time**5.1.1 Mr Bob Neville**

I think the Airport Committee should take a long hard look at the decision regarding the Airport Café. The other one [coffee cart in the arrivals area] was not staffed and others have also told me it's hardly ever staffed, and it is a long way from the departure area.

Program Director Airport Redevelopment advised that there was a period where the Esplanade found it difficult to staff the café due to two café staff resigning with no notice. The coffee station is required to be staffed when there are scheduled flights and has the same opening times as the main café. The café is now fully staffed and the coffee station has been opening in accordance with the required opening times.

In relation to Lock Boxes perhaps the Committee could also justify why should the ratepayer be concerned with non-residents leaving their keys in their company vehicles. That's for the companies to resolve not the ratepayer.

Program Director Airport Redevelopment advised that the Town of Port Hedland as a community based organisation is concerned with the minimisation of criminal activity and any initiative it can put in place to minimise crime risk is considered as a positive outcome for the community. The Airport is considering the implementation of a user pay system for lock boxes, which would potentially be revenue positive, but no final decision has been made. One system under consideration is a combination padlock system which locks the car keys inside a secure compartment which is then secured to the motor vehicle. This could actually be sold by the Airport café to potential users. The Airport café currently has an arrangement with the FIFO workers to hold their keys in an envelope. This isn't ideal as the keys are not secure which poses a risk.

Councillor Hunt asked whether there is a risk to the Town of Port Hedland with the Airport café holding onto the FIFO workers keys in an envelope.

Program Director Airport Redevelopment advised that there is no risk to the Town at the moment as the arrangement between the FIFO workers and the Airport café doesn't involve the Town at all.

Presiding Member closed Public Question Time at 12:43pm.

Presiding Member opened Public Statement Time at 12:44pm.

5.2 Public Statement Time

Nil

Presiding Member closed Public Statement Time at 12:44pm.

ITEM 6 QUESTIONS FROM MEMBERS WITHOUT NOTICE

6.1 Councillor Hunt

Can the Town send out publicity on the Airport status, advertise that the stained glass windows have been installed at the Airport and provide an update on the international routes? This information could go into the newspaper.

Presiding Member asked that an update on the communication strategy for the Airport be provided.

Program Director Airport Redevelopment advised that there have been internal meetings between the Airport staff and the Marketing team on the communication strategy. The Infrastructure Development team is responsible for the Airport website and the Marketing team is responsible for the Town's Facebook page. The Marketing team facilitates and determines the public relations campaign however the Airport and Infrastructure Development teams are responsible for providing information.

Presiding Member asked whether the Town is adequately resourced to implement the communications strategy.

Acting Chief Executive Officer advised that he is reviewing the current processes and believes the Town is adequately resourced to deliver the communication strategy. External resources will be used if required.

Manager Infrastructure Development advised that her team is responsible for the weekly Airport project updates which are then uploaded onto the Airport website. The Town will be sending out further communication on key highlights at the Airport including the new Bali service that will be in operation this weekend.

Presiding Member asked whether there will be any marketing on the international flights.

Acting Chief Executive Officer advised that communication will be distributed.

Program Director Airport Redevelopment advised that a statement on the new service has been sent to the marketing team to be distributed. Virgin have also been contacted by the Town to understand why they haven't sent communication out on the new Bali service.

Presiding Member asked that an update on the communication strategy be included in the monthly Airport Management report.

6.2 Councillor Jacob – Presiding Member

Can an update on the belt system at the Airport be provided?

Program Director Airport Redevelopment advised that a meeting was held with Glide Path, the service provider, about the belt operation and maintenance. It was agreed that there were two parts of the belt system that could be improved as there is a drop from one belt to another which causes the luggage to fall off. Glide Path will be obtaining quotes to have the two parts fixed. During the meeting the window system at the check in area was also discussed; it is not working in an ideal way as it results in suspension of check in at the Virgin end of the belt whilst bags are cleared. The feedback from Glide Path was that if they could get the window working correctly then the system should operate adequately during peak times. Glide Path's IT specialist is coming to Port Hedland and will review the operation of the belt and window system and make adjustments as required.

What is the timeline for way-finding signage at the Airport?

Program Director Airport Redevelopment advised that there is currently no budget in 2014/15 for way-finding signage at the Airport. The Terminal Duty Manager will be the project lead for the way-finding project in the next financial year.

6.3 Mr Jason Green

Has the Town considered local business sponsorship for the way-finding signage at the Airport?

Program Director Airport Redevelopment advised that the Town will investigate sponsorship for way-finding signage.

ITEM 7 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

| | |
|-------------------------------------|------------|
| Mayor Howlett | Ms Bennett |
| Councillor Jacob – Presiding Member | Mr Green |
| Councillor Hunt | Mr McMahon |

ITEM 8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 Confirmation of Minutes of the Airport Committee Meeting held on Wednesday 11 March 2015

AC201415/024 RECOMMENDATION/ AIRPORT COMMITTEE DECISION**MOVED: CR HUNT****SECONDED: MAYOR HOWLETT**

That Council confirm that the Minutes of the Airport Committee Meeting held on Wednesday 11 March 2015 are a true and correct record.

CARRIED 6/0**ITEM 9 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

Presiding Member advised that she attended the Regional Airport Development 2015 Conference in Brisbane with the Chief Executive Officer and the Compliance and Operations Manager of the PHIA. Presiding Member advised that it was the third time she had attended the conference and believes it was the most relevant as there were speakers from small and large airports. There were operator speakers, speakers from small Council owned airports, private owned airports and long term lease airports. Presiding Member will provide a report and the presentations from the conference to Committee Members.

Compliance and Operations Manager of the PHIA advised that the conference was very relevant to Port Hedland and that there were many great ideas on a number of topics including communication and the redevelopment from small to large airports.

ITEM 10 PETITIONS/ DEPUTATIONS/ PRESENTATIONS/ SUBMISSIONS**10.1 Mr Alexis Guillot, Deputy CEO, Pilbara Regional Council, Pilbara Enterprise Zone**

The following YouTube video from the Pilbara Regional Council was played
<https://www.youtube.com/watch?v=6xqcmTmQNM4&spfreload=10>

Mr Guillot provided information on the proposed Pilbara Enterprise Zone after the video and answered Committee Members questions.

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items on this evening's Agenda in which they may have an interest, until formal notification in writing by the Town has been received. Decisions made at this meeting can be revoked, pursuant to the Local Government Act 1995.

ITEM 11 REPORTS OF OFFICERS**11.1 Office of the CEO****11.1.1 Airport Management Report**

Brett Reiss, Program Director Airport Redevelopment
Eleanor Whitely, Manager Compliance & Operations PHIA
Jenella Voitkevich, Manager Infrastructure Development
Nathaniel Santagiuliana, Terminal Duty Manager
File No. 08/02/0025

DISCLOSURE OF INTEREST BY OFFICER

Nil.

AC201415/025 RECOMMENDATION/ AIRPORT COMMITTEE DECISION

MOVED: CR HUNT

SECONDED: MR GREEN

That the Airport Committee notes the Airport Management Report.

CARRIED 6/0

EXECUTIVE SUMMARY

This report provides the Airport Committee with a consolidated update on the management of the Port Hedland International Airport, specifically regarding capital projects, business development, operations, security, stakeholder management and customer service.

DETAILED REPORT**General Manager Airport Report****Business Development***Aeronautical Growth*

Passenger growth has been slightly softer in the December period with a 1.2% drop in numbers being experienced over the prior comparable period. However the financial year-to-date figures remain positive with the airport experiencing 4.7% growth over the prior financial period.

Aircraft movements have been slightly firmer in the December period with a 2.5% increase in movement numbers being experienced. However the financial year-to-date figures still remain negative with the airport experiencing a 5% drop in growth over the prior comparable period.

It should be noted that given we are still experiencing some passenger growth, this drop in aircraft movements has resulted in an increase in aircraft load factors, which is detailed later in this report.

While the above passenger numbers are still encouraging we are expecting a further softening in these numbers over the coming months.

Commercial Opportunities

The Virgin Australia and Border Agency meetings for the commencement of the new 737/800 international Bali service has continued throughout this period, with further refinements to the final layout of the terminal building being agreed. Virgin Australia continues to remain committed to the commencement of the new Bali service from 4 April 2015. With the new services commencing in such a short period of time the stage two terminal works have continued as a matter of urgency and are being progressed as an ongoing priority. While every effort is being made to complete the programmed works prior to the 4 April deadline, there will be some minor works to be completed in the following week after the commencement of the new RPT services on 4 April, but prior to the next scheduled service on 11 April.

Financial

An application for Federal funding through the National Stronger Regions Fund was submitted for the airport's sewer and water upgrade projects, which totalled \$13.9m. This application was submitted in December 2014 and the requested funding was for 50% of the total project cost being \$6.95m. A response to our application is due in May 2015.

An agreement has been reached with one of our major airline customers over previously disputed aeronautical charges, which will result in all outstanding charges being repaid by 30 June 2015. This agreed outcome is as a direct result of our now implemented airline relationship management program, and it is pleasing that this outstanding matter has been amicably resolved.

Stakeholder Communications

The CEO, Deputy Mayor and the Airport's Manager Compliance and Operations have recently attended the Regional Airports Conference in Brisbane, and it is anticipated that the outcomes of this conference will be provided at the next Airport Committee Meeting.

The CEO and Deputy Mayor also scheduled meetings with Virgin and Qantas while they were on the east coast. These meetings are held quarterly as part of our abovementioned airline relationship management program. These recent meetings were productive and aimed at continuing to cementing our newer stronger relationship.

With the terminal redevelopment reaching the closing phases of the stage two works the stakeholder updates, website and Facebook updates have continued on a weekly basis.

Given the issues highlighted in earlier reports in relation to the current airconditioning issues ongoing terminal tenancy updates have continued to be circulated detailing our planned rectification program.

People and Culture Report

The preferred applicant for the General Manager' position has regrettably been unable to commence in the position due to personal circumstances. Brett Reiss shall be acting in the position until further notice.

The airport currently has one vacancy in the airport administration position and two vacancies for the Airport Reporting Officer (ARO) positions. Temporary staff has been deployed to undertake these roles and Airport Management are working closely with People and Culture on strategies to fill these positions on a more permanent basis as soon as possible.

These strategies include a review of all airport operational areas as part of a consolidation plan, it being noted there are two opportunities to recruit internally for the administration role and one of the ARO roles. With there also being an opportunity to recruit an external ARO position from the temporary staff pool.

Operations, Safety and Security

Maintenance programmes have escalated with drainage and runway strip regrading works commencing.

The report into the terminal air conditioning is expected to be received in the coming week and will be assessed by the Town as a matter of urgency. As most of the current issues are IT related the Manager Technology is taking a lead role in the rectification process, and has helped established an acceptable level of operational performance, while we wait for the report recommendations.

The Pavement inspection report has been received by Airport Management and is being assessed and actioned as a priority with recommendations being implemented as part of the works programme.

One safety incident occurred during the period with a Virgin Australia flight having to perform a missed approach due to Qantas being unable to exit the runway as ARO did not vacate the required taxiway in a timely manner.

FINANCIAL AND BUSINESS PERFORMANCE REPORT

Passenger traffic report

Actual passenger numbers for FYE14 were 504,659 and projected passenger numbers for FYE15 are currently 518,920. This represents a projected increase in passenger numbers of 14,261, or 2.8%.

Aircraft movements report

Actual aircraft movements for FYE14 were 5,754 and projected aircraft movements for FYE15 are currently 5,580. This represents a projected decline in aircraft movement activity of 174, or 3%.

Aircraft load factors

Actual passenger aircraft load factors for FYE14 were 67% and projected passenger aircraft load factors for FYE15 are currently 72%. This represents a projected increase in passenger aircraft load factors of 4%.

Note: the above load factors are based on an estimate of landed seats and are an indicative indication of the current aircraft passenger load factors.

Airport Operational Budget

The current figures for the airport operational budget will be tabled at the meeting.

AIRPORT OPERATIONAL REPORT

Aviation Security & Compliance

Compliance

There have been three security incidents reported for the period March-April which were reported to the Office of Transport Security as per regulatory requirements. The matters related to procedural protocol matters and have been addressed.

Security

White Knight Industries have been engaged to conduct random patrols at the airport following a couple of incidents in the hire car overflow parking area. Long term preventative solutions are being investigated by the Compliance and Operations Manager.

Bird & Animal Hazard Management

| | |
|---|---|
| • Reported bird strikes – Actual | 0 |
| • Reported bird strikes but unsubstantiated | 0 |
| • Reported bird strikes – Near miss | 0 |
| • Reported animal strikes – Actual | 0 |
| • Reported animal strikes – Near miss | 0 |
| • Reported aircraft damage | 0 |

Commentary

The Airport's Bird & Animal Hazard Management consultant conducted a site visit in the second week of March and carried out the annual review of the management plan. Overall the airport is managing the hazards well and the consultant advised that the whole of Town approach to managing the bird risk by changing practices at the landfill and sewerage pond relocations is to be commended. Management of the Corella populations is required and airport management are pursuing a culling and habitat removal programme which will commence shortly.

TERMINAL OPERATIONAL REPORT

Customer Service

Apart from intermittent air-conditioning matters which are being attended to, terminal operations are proceeding smoothly.

Maintenance and Operations

Air-conditioning

MPS have been commissioned to provide a report which is due to be received shortly of the system which will advise: the state of the system, what is working/not working, what are the recommendations to have a suitably functioning system and an action plan to implement the recommendations.

Facilities

Approval has been given for the installation of a baby change table in the disabled toilet in the arrivals area and will be installed shortly.

Café

Cafe and Airport Management are working together to address a few matters arising from a recent inspection of the premises

Tenants

Nil to report in this period.

AIRPORT INFRASTRUCTURE REPORT

Manager, Compliance and Operations is working closely with the Manager Technology to ensure that Maintenance and Service Level Agreements are in place for all critical infrastructure. Investigation on the relocation of Airport Lighting Cubicle will be commencing with review of the airport lighting system to commence March 2015.

Airside Pavements

Incidents or matters arising during the reporting period

The recommendations of the engineers report are being implemented with budget allocations being reviewed in line with priorities. Ongoing maintenance is being carried out in accordance with the works plan.

AIRPORT CAPITAL EXPENDITURE PROGRAM

The PHIA capital program has progressed well this month with the following key highlights:

Stage 2 of the Terminal Expansion project

The departure lounge airside expansion is progressing well and is on schedule for completion of the operational requirements prior to the first Virgin RPT Denpasar flight on 4 April.

The stained glass murals have also been reinstalled between the screening point at Gate 1 in the departures lounge. These were previously located in the wall that separated the café from the departures lounge and have historical significance to the Airport.

To close out stage 1 of the terminal expansion project we have completed the independent building surveyor's final inspection. A certification will be issued within the next 2 weeks. This includes confirmation that all ablution facilities are compliant.

Landside Improvements

Cardno has been engaged to prepare civil and landscaping designs for this project. A draft landscaping plan was presented to the Committee in March and has been provided to the designers. Concepts have also been received for the shade structure along the front of the terminal. Due to the value of quotes received the procurement of the shade structures will need to be done through a tender process.

The landscaping and shade structure final designs will be considered in conjunction with the themes and colour palette of the public art project. Submissions for public art have been short listed and presented to the selection panel.

Capital Infrastructure Projects February 2015

| Project | Project Budget | FYE15 Budget | Expenditure / Commitments | Project Status | Completion Timeframe |
|--|----------------|--------------|---------------------------|--|--|
| Terminal precinct – stage 1 (café, departures, ablutions, verge landscaping, shade structures) | \$1,910,000 | \$1,638,584 | \$1,407,699 | <ul style="list-style-type: none"> - Terminal building certification complete, pending receipt of certificate - Landscaping concept plan and shade structures to be considered in conjunction with public art project and civil upgrades | Landscaping and shade due for completion FYE15, pending public art and procurement process |
| Terminal precinct – stage 2 (airside expansion and landside offices) | \$1,000,000 | \$1,000,000 | \$977,822 | <ul style="list-style-type: none"> - Confirmed OTS approval on track - All concrete and demolition work complete - Steel framing construction commenced - New ablutions block arrived - Services installation commenced | Sterile area completion 4 April. Other areas end May. |
| Car park/ground transport reconfiguration | \$1,000,000 | \$1,000,000 | \$191,919 | <ul style="list-style-type: none"> - Design contract issued to Cardno - Cardno site visit and project initiation 16 March | Construction contracts to be awarded FYE15 |
| Electrical ring main | \$5,538,789 | \$2,538,800 | \$3,534,517 | <ul style="list-style-type: none"> - Substation 2 construction award issued to TEC Services | All work expected to be completed and commissioned FYE15 |
| Perimeter fence security upgrade | \$1,500,000 | \$1,500,000 | \$2,916 | <ul style="list-style-type: none"> - Delay in tender advertising due to resources (resignation of Airport Project Officer) - To be advertised end April | Pending award of tender, expect to be completed early FYE16 |
| Security access and CCTV upgrade | \$500,000 | \$500,000 | \$2,916 | <ul style="list-style-type: none"> - Compliance requirement, scope includes installation of new access control system to doors and gates (swipe card) and CCTV upgrades - Project plan currently being developed | Likely to carry through to FYE16 due to procurement process timeframes |
| Transport and logistics subdivision | \$8,360,000 | \$4,252,570 | \$488,976 | <ul style="list-style-type: none"> - Design modification required as outcome of strategic review process – consultants due to complete works end March | Construction tender will be ready to issue in April, however this is |

| | | | | | |
|---------------------------------|--------------|-------------|----------|--|---|
| | | | | - Substation 2 construction award issued to TEC Services | pending outcomes from the long term lease review |
| Water and sewer service upgrade | \$13,900,000 | \$2,675,000 | \$47,128 | - Scoping report for water upgrade approved by Water Corporation for approval - Developer agreement received from Water Corporation, to be executed - RFQ process underway for detailed design | Project to be staged over 2-3 years, pending approvals from Water Corporation |
| Apron extension | \$4,000,000 | \$4,000,000 | \$47,195 | 2014/15 extension of northern apron extension programming under review in consideration of potential changes required to international lounge as this affects the priority of programming | Project scope and timeframes are under review. |
| Apron lighting upgrades | \$1,300,000 | \$1,300,000 | \$5,422 | Scope to be reviewed pending outcome of apron extension project | Project scope and timeframes are under review |
| Drainage strategy | \$100,000 | \$100,000 | \$2,916 | Consultant to be engaged to prepare stormwater drainage modelling and strategy for improvements | Project scope and timeframes are under review |
| Quarantine incinerator | \$600,000 | \$600,000 | \$0 | Project scope under review | Project scope and timeframes are under review |

FINANCIAL IMPLICATIONS

The Airport capital expenditure program is currently under review in consultation with the new airport team. The review is based on project priorities, asset management and cash flow. This may involve a reallocation of expenditure between projects, therefore it's not expected that the 2014/15 overall capital budget will be impacted. Further information will be presented to the Airport Committee once finalised.

As noted above there is an application for Federal funding through the National Stronger Regions Fund for the airport's sewer and water upgrade projects, for \$13.9m. The application was for \$6.95m, and a response is due in May 2015. The outcome from this application will have a significant impact on our current year's budgeted Airport Reserve balance if it is successful.

STATUTORY AND POLICY IMPLICATIONS

The Town's Strategic Community Plan (section 2.2 A nationally significant gateway city and destination) outlines the goal to develop the Port Hedland International Airport as a leading regional airport in the area of passenger and freight movements and customer satisfaction.

Section 4.1 further outlines the goal to deliver responsible management of infrastructure, assets, resources and technology.

All procurement processes to deliver the Airport capital program and operational requirements are in accordance with the Council's Procurement Policy 2/007, Tender Policy 2/011 and Regional Price Preference Policy 2/016. Tenders are administered in accordance with the Local Government Act (1995) section 3.57 and the Local Government (Functions and General) Regulations 1996 part 4, division 2.

ATTACHMENTS

Nil.

20 March 2015

11.1.2 Air Services Development Proposal

Brett Reiss, Program Director Airport Redevelopment
File No. 08/02/0025

DISCLOSURE OF INTEREST BY OFFICER

Nil

AC201415/026 RECOMMENDATION/ AIRPORT COMMITTEE DECISION

MOVED: CR HUNT

SECONDED: MR MCMAHON

That the Airport Committee notes the Three Consulting engagement letter which has been provided for its review.

CARRIED 6/0

EXECUTIVE SUMMARY

The Pilbara as well as neighbouring areas in North Western Australia have received unprecedented airport traffic growth over the past decade. Most of this growth materialised in the form of fly-in fly-out (FIFO) passenger traffic, triggered by the recent resources boom.

Whilst overall traffic development in the area has eclipsed performance at other Australian ports and Australia overall, passenger growth and airline competition have failed to deliver a broadening of respective route networks. As far as North Western Australia is concerned, airline schedule and network development appear to be 100% driven by the requirements of the resources industry, leading to substantial movement peaks during mornings on weekdays, primarily, or, almost exclusively to and from Perth (PER).

In summary, even though North Western Australia leads the rest of the country in terms of passenger growth, the larger area lacks:

- adequate access to places other than PER, as well as
- adequate access to affordable air fares.

Given this context Port Hedland International Airport sought specialist help in the analysis of the Pilbara's potential aviation market, the creation of an aviation strategy and engagement of airlines to improve the larger area's access to domestic as well as international markets. Three Consulting was therefore engaged mid last year to prepare an air service development strategy for the Town's consideration.

DETAILED REPORT

Approach and Scope:

Three Consulting in its attached engagement letter proposed a four-tiered approach to air service development in North Western Australia:

- Stage One: Alliance building between airports

- Stage Two: Information collection and market research
- Stage Three: development of an aviation strategy
- Stage Four: Development of an airline business case and airline engagement

It is noted in Three Consulting's proposal that if Three Consulting were to progress with one Town or Shire then a stand-alone price would apply. It was also noted that the benefit of having other Towns and Shires participate in the project was that, not only would the increased participation increase the likelihood of ultimate success of the project, but it would also reduce the costs for each participating Town or Shire.

FINANCIAL IMPLICATIONS

There is currently no budget allocation for this project and should the Town wish to further investigate an airline development strategy along the lines of this proposal a budget allocation for \$100,000 would need to be provided for in the Town's budget in 2014/15 or 2015/16 depending on the timing of the project.

STATUTORY AND POLICY IMPLICATIONS

The Town's Strategic Community Plan (section 2.2 A nationally significant gateway city and destination) outlines the goal to develop the Port Hedland International Airport as a leading regional airport in the area of passenger and freight movements and customer satisfaction.

All procurement processes to deliver on a potential airline development strategy will be undertaken in accordance with the Council's Procurement Policy 2/007, Tender Policy 2/011 and Regional Price Preference Policy 2/016. Tenders are administered in accordance with the Local Government Act (1995) section 3.57 and the Local Government (Functions and General) Regulations 1996 part 4, division 2.

The attachment is confidential in accordance with section 5.23 (2)(e) of the Local Government Act 1995 as it contains commercial in confidence information.

ATTACHMENTS

1. Confidential: Three Consultants letter (Under Separate Cover)

27 March 2015

**ITEM 12 LATE ITEMS AS PERMITTED BY PRESIDING MEMBER/
COMMITTEE**

Nil

ITEM 13 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

ITEM 14 CONFIDENTIAL ITEMS

Nil

**ITEM 15 APPLICATIONS FOR LEAVE OF ABSENCE FOR THE NEXT
AIRPORT COMMITTEE MEETING**

Nil

**ITEM 16 ATTENDANCE BY TELEPHONE/ INSTANTANEOUS
COMMUNICATIONS**

AC201415/027 AIRPORT COMMITTEE DECISION

MOVED: MAYOR HOWLETT

SECONDED: CR HUNT

That the Airport Committee recommend that Council approve Councillor Jacob's attendance at the Airport Committee Meeting being held on Wednesday 13 May 2015 via way of teleconference whilst in Perth, Western Australia.

CARRIED 6/0

ITEM 17 CLOSURE

17.1 Date of Next Meeting

The next Airport Committee Meeting of Council will be held on Wednesday 13 May 2015 at 12:30pm.

17.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 1:45pm.