

A A Carter  
PO Box 217  
Port Hedland WA 6721

CEO  
Town of Port Hedland  
PO Box 41  
Port Hedland WA 6721

Monday 8<sup>th</sup> June 2015

Dear Mal,

I wish to lodge an objection in conjunction with the attached list of rate payers against the proposed transfer of the Port Hedland Airport, owing to the fact that there have been no financial benefit in relation to the requirement of tender documentation that would benefit this proposed transaction.

It has been notified that the financials will only be available to tenderers for this project. I find this impertinent and non-transparent.

Yours faithfully



A A Carter

ADDITIONAL PAGES

Copy as required with details completed and attached to Petition Cover Page.

We the undersigned electors of the Town of Port Hedland request the Town does not endorse or adopt the long term lease of the Port Hedland International Airport (PHIA) for the following reasons:

1. To ensure the retention of the PHIA operations remain with the Town of Port Hedland.
2. The PHIA is one of the few business operations owned by the Town that has a profitable financial return.
3. The Town cannot ensure a private enterprise will retain the community and stakeholder interests.
4. Costs to the community may increase when the airport is leased.
5. The Town's airport master plan indicates the airport as the transport hub of the North. This should be managed by the Local Government.
6. This facility was transferred from the Commonwealth Government to the people of Port Hedland. Not for private enterprise.
7. There are alternate and better business models for the operations of the airport that would better reflect community and financial benefits.



Name	Address	Signature
J BUVARI	2 SIMMONS ST PT HED	[Signature]
M. Vangelker	40A McPherson St PT HED	[Signature]
N Denerish	A Denman A SH	[Signature]
C BEANCO	18 HAYWARD WAY	[Signature]
J NEWBERY	39 LIMPET CRES. SOUTH HEDLAND	[Signature]
P MARTIN	39 LIMPET CRES SOUTH HEDLAND	[Signature]
P. POTSAI	12 CENTENNIAL LOOP STH HEDLAND	[Signature]
P BAKER	14 WELSH ST SH HEDLAND	[Signature]
K 2h	48 Duggan Place St Hedland	[Signature]
F. Keuben	34 Barramine Loop Sth Hedland	[Signature]
Kerrin Mason	NO 8 Lawson Street Sth Hedland	[Signature]
Raelene Armstrong	7 Koomana Ave SH	[Signature]
Catherine McGurkin	29 Trainee Cres S.H.	[Signature]
Kawena B.	6 Finlay St P.H	[Signature]
N. WURUKI	4 ETRICK CIRCUM	[Signature]
S. Yilmaz	44/233 Collier drw South Hedland	[Signature]
JAN FORB	88 ANDERSON ST PTHEDLAND	[Signature]
Jean Foley	3 Mesley St Port Hedland	[Signature]
Kim Geste	P.O. 455 Port Hedland	[Signature]
Richard K. Green	27 Greatbank Rd Port Hedland	[Signature]
NITA PANCAHAR	27 GRATWICH PT Hedland	[Signature]
Harold Carter	47 MOORE ST Port Hedland	[Signature]
Sam Li	1 The Esplanade	[Signature]
Judith Morris	33 Captains Way S.Hed.	[Signature]
RUSSO L LLOYD	15/2 MCKAY ST. P.H	[Signature]
Des Moloney	2-4 The Esplanade P.H	[Signature]
mick O'Brien	103 ANDERSON PORT	[Signature]
E. Wilson	9/9 Kingsmill Port	[Signature]

**PETITION COVER PAGE**

First page of petition – attach additional pages as required.

To: Mayor  
 Town of Port Hedland  
 13 McGregor Street  
 PO Box 41  
 PORT HEDLAND 6721

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7. There are alternate and better business models for the operations of the airport that would better reflect community and financial benefits.

As the initiator of this petition, my name is Camilo Blanco of 18 Harwell Way Wedgefield and mail can be sent to PO Box 780 Port Hedland 6721. For further information in relation to this matter mobile contact 0427 092 322.

Name	Address	Signature
LINCOLN IANO	PO BOX 2818 STH HEDLAND	
PAUL COLTEN	1 GANNET ST STH HEDLAND	
WAYNE NESS	44 PULLINUM ST PT HEDLAND	
GEORGE DANAAM	15 FRISBY LOT 24 GREENFIELD ST	
Ashley Wells	18 Portree Loop	
DAVE PEARSON	87 SUTHERLAND ST	
Helen Kakariakos	62A Marguerite St P. Hedland	
Victor Evans	" " " "	
Kirk Lenton	93 Star Way Pt Hedland	
Joan Foley	3 Moseley St Pt Hedland	
NALS LEV	9/87 GREENE PLACE STH HEDLAND	
Yanni Lev	" " " "	
Jo Harwell	101 80 Greenfield St	
John Dervall	Lot 80 Greenfield St	
John Gwyn	122 Waverley Sth Hed	
Simon / Leo	" " " "	
AARON GALVIN	11 MUREX WAY STH HED	
N. J. Gwyn	74 Gwy. Mt Pt Hedland	

From: Bill Adams  
Sent: Monday, 8 June 2015 10:26 PM  
To: Records  
Subject: ICR55508 - 30/12/0013 - Comment on Proposal for Long Term Lease of Port Hedland Airport

Dear Mal,

I would like to make the following brief comments with respect to this proposal:

1. The Business Plan is not rigorous enough to provide the community with sufficient detailed information to promote confidence in the Proposal. For example, general statements are made, if at all, with respect to the value of the lease and the profitability to the Lessee, current costs to the ToPH, and revenue gained by ToPH from the management of the airport over the period of the long term lease. Where are the figures (\$) shown to support the Business Plan?
2. I appreciate that the funding of development and maintenance of facilities is problematic for the ToPH in the current economic environment, and the foreseeable future.
3. If perhaps other similar long term leasing models to private enterprise can be assessed for their benefits to the community, for example Sydney Airport, it will become evident that costs have risen substantially for the services to the community e.g. Parking costs! among other services. The leasing of the Port Hedland Airport to private enterprise will inevitably result in increased costs for services to the community. These figures should be quantified in the Business Case... Both pros and cons.

Thank you for the opportunity for comment on the Proposal. I look forward to ToPH's response.

Yours faithfully,  
Bill Adams  
Port Hedland WA 6721

Sent from my iPad

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25 May 2015

M.J. (Mal) Osborne  
Chief Executive Officer  
Town of Port Hedland

Via email: [council@porthedland.wa.gov.au](mailto:council@porthedland.wa.gov.au)

Dear Mr Osborne

### **Proposed long term lease of Port Hedland Airport**

The Chamber of Minerals and Energy of Western Australia (CME) is the peak resources sector representative body in Western Australia funded by its member companies, which generate 95 per cent of the value of all mineral and energy production and employ 80 per cent of the resources sector workforce in the state.

The Western Australian resources sector is diverse and complex, covering exploration, processing, downstream value adding and refining of over 50 different types of mineral and energy resources.

In 2014, the value of Western Australia's mineral and petroleum production was \$114.1 billion. Iron ore accounted for approximately \$65.1 billion of production value to be the state's most valuable commodity. Petroleum products (including LNG, crude oil and condensate) followed at \$25.1 billion, with gold third at \$8.7 billion.<sup>[1]</sup>

Notwithstanding the recent decline in the price of several export commodities, the estimated value of royalty receipts the state received from the resources sector still composed almost 20 per cent of estimated total state revenue in 2014-15, or around \$5.34 billion.<sup>[2]</sup>

As at March 2015, there was approximately \$179 billion in resources sector projects committed or under construction in Western Australia and a further \$118 billion in proposed or possible projects.<sup>[3]</sup>

The provision of timely and appropriate airport infrastructure and punctual, reliable, safe and efficient aviation services is imperative to the continued sustainability and growth of the Western Australian resources sector and the safety of those working in it.

CME commends the Town of Port Hedland's consideration of the long-term lease of Port Hedland Airport. The financial constraints facing many local government-run regional airports, including the limited ability to invest in the required level of infrastructure to support increasing air traffic and aircraft size using these destinations is recognised by industry.

In addition, CME considers some regional airports may lack the skill and resourcing to appropriately manage airports and airport growth, and supports the action to encourage private sector investment in, and management of, regional airports.

As part of the proposed the long term lease arrangements, the Town of Port Hedland must consider suitable contractual or legislative frameworks to prevent abuse of any monopolistic position. Timely access for all users (including access for charter flights) at reasonable commercial rates must be enshrined in any lease or privatisation arrangement.

<sup>[1]</sup> Department of Mines and Petroleum (DMP), *Mineral and Petroleum Industry 2014 Review*, 2015, [www.dmp.wa.gov.au/1525.aspx](http://www.dmp.wa.gov.au/1525.aspx), p. 1

<sup>[2]</sup> Government of Western Australia, *2015-16 Budget, Budget Paper No. 2 Volume 2*, [www.ourstatebudget.wa.gov.au/Budget-Papers](http://www.ourstatebudget.wa.gov.au/Budget-Papers), pp. 541 & 593

<sup>[3]</sup> DMP, *2014, 100: 61*

CME considers the Town of Port Hedland must also ensure the successful lessor regularly considers the infrastructure development and future operational requirements at the airport. As part of this the lessor must regularly update the airport's Masterplan in consultation with resources sector companies to identify and plan for future upgrades, and identify efficiency improvements including airspace management. Timely investment in infrastructure will be essential in optimising airport performance and subsequently, assist to enhance the productivity of resources sector operations.

CME looks forward to further discussing the proposed long term lease of Port Hedland. If you have any further queries regarding CME's submission, please do not hesitate to contact Andrew Winter, Manager – Infrastructure, on (08) 9220 8525 or [a.winter@cmewa.com](mailto:a.winter@cmewa.com).

Yours sincerely



**Nicole Roocke**  
Deputy Chief Executive

# **“Major Land Transaction” for the purposes of the Local Government Act 1955 (WA) (Act)**

A PROPOSAL BY:

**THE TOWN OF PORT HEDLAND**

TO:

**SUBDIVIDE AN AREA OF THE AIRPORT’S  
PRECINCT ONE**

FOR THE PURPOSE OF:

**CREATING A FREIGHT AND LOGISTICS  
COMMERCIAL ZONE**

AND TO:

**DISPOSE OF PROPERTY**

VIA:

**LEASING TO AIRPORT BUSINESSES**

FOR THE PURPOSE OF:

**FREIGHT AND  
AIR FREIGHT OPERATIONS**

**PUBLIC SUBMISSION:**

**8 JUNE 2015**

**PORT HEDLAND COMMUNITY PROGRESS ASSOCIATION INCORPORATED**

**PRESIDENT: ROSEMARY B. VRANCIC**

**SPOKESPERSON: JANETTE E. FORD**

**EXECUTIVE MEMBER: ROGER W. HIGGINS**

**Email: [info@growporthedland.com.au](mailto:info@growporthedland.com.au)**

**Contact: Jan Ford**

## **OBJECTION TO PROPOSAL**

**OFFICIAL COMPLAINT – Process and availability of relevant information**

**PORT HEDLAND COMMUNITY PROGRESS ASSOCIATION INCORPORATED**

### **Details – Summary**

Thank you for the opportunity to lodge a submission regarding the TOPH Proposal to Sub Divide and Dispose of the Land at the Port Hedland Airport, currently held as Freehold, Fee Simple by the Town of Port Hedland.

The Port Hedland Community Progress Association Incorporated is a founding member of ANDEV (Australians for Northern Development Economic Vision) working closely with all levels of Government and Industry to ensure the successful development of Northern Australia for future generations.

The Port Hedland Community Progress Association Incorporated supports the Town's initiative in its Strategic Community Plan 2014-2024, section 2. Supporting a Diverse Economy – Section 2.2. A Nationally Significant Gateway to the North West in its current position. The Development of Ports, both air and sea are integral in the long term population growth, economic diversity, and long term prosperity for future generations.

**The Port Hedland Community Progress Association Incorporated does not Support the Current Business Plan Proposal by the Town of Port Hedland to enter into a Major Land Transaction for the Long Term Lease of Port Hedland International Airport.**



**Local Government Act 1995 (WA)**  
**(Section 3.59)**

**The Port Hedland Community Progress Association Incorporated**

**REASONING**

**1. Introduction.**

The Port Hedland Community Progress Association Incorporated representing a cross section of visionary, and long term leaders, does not support the current business plan with The Airport Group, as advisers to the Town of Port Hedland.

- The 50 Year term is too long.
- Not enough exposure on International level.
- More strategic partners in the long term planning of the Airport.
- The Current Business Plan:
  - Only 9 Pages of content.
  - Lacks critical detail.
  - Lacks objective analysis of data presented.
- Several enquiries have been made to the Town for further details regarding the proposal, however the attached 9 page Business Plan with reference to the 21 page Strategic Community Plan 2011-2024 are the only documents that have been referenced and made available to the public.
- The Port Hedland Community Progress Association Inc. understands the importance of long term decisions and the need for stringent economic analysis and robust debate to ensure the

long term prosperity of the Town of Port Hedland is guaranteed for future generations.

Port Hedland is located in a strategic International transport hub/corridor. Opportunities for long term development working with the provision of a world transport hub international trade. Need to promote international opportunities, around gas, special economic zone, allegiances with trade partners, India, China, and Africa in the future. Premier has identified free trade zones with China, and India, need to be addressed in long term lease. Not stay with a small domestic airport. Port Hedland is not Launceston, Sydney, etc.

PHCPAI welcomes the opportunity to work with TOPH and strategic partners to ensure the best value to Port Hedland. Recommends a longer detailed plan to obtain best value for all for a 50 year plan.

#### **THEREFORE:**

**The Port Hedland Community Progress Association Incorporated**

**Requests:**

- 1. Extension to the Public Submission Period from 8 June 2015 to allow public scrutiny of the proposed Major Land Transaction.**
- 2. Detailed Business Plan prepared by independent qualified professionals including critical data necessary for a Major Land Transaction, including a funding scenario and sensitivity analysis.**
- 3. The complete detailed plan in section 2. be made available to the public for a 60 day submission period.**

4. That any decision to lease the Airport as a Major Land Transaction by Council is supported by all Council members at a Full Public Council meeting.
5. Detailed plan includes all stakeholders eg: sea, port, road, infrastructure, services, water and power.

## Section 1.0

*“The Town has appointed the Airport Group as the advisor who is retained to guide the Town through the Proposed Transaction”*

The Port Hedland Community Progress Association Incorporated seeks the following information prior to supporting any Major Land Transaction.

1. The nature of the Airport Group retained contract.
2. The qualifications of the Airport Group to advise on such a Major Land Transaction.
3. Copy of the contract between the Airport Group and the Town of Port Hedland as an advisor and the services required.
4. Copy of the contract confirming the Airport Group is, or is not also the selling agent for the Airport on behalf of the Town of Port Hedland and entitled to a selling commission by either party.

## Section 2.0

- 2.1. Does not identify the total land area, and how many hectares are included in the proposal.

2.1. a):b):c)

Do not identify how the objectives of the Airport will be met.

2.2. Does the proposal include all of the land including precinct 1,2,3,4,? Plus airside facilities?

2.2. Does the proposal include all current and future income from all 4 precincts? Plus income from airside facilities?

2.3. Please confirm in hectares how much freehold land is included in the proposal to lease/sell for 50 years.

- How will the “Fair Value” be calculated?
- Who will determine “Fair Value”?
- What PUBLIC input or comment is proposed by the Town of Port Hedland and the Airport Group to determine “Fair Value”?
- Will the Public have any final input in the acceptance of “Fair Value”?

2.4.

- What infrastructure is proposed for the Lessee to fund for the next 50 years?
- What redevelopment is proposed that the Lessee would conduct for the next 50 years?
- Who will own the infrastructure?
- What infrastructure is the Town required to fund from the proposed sale of the 50 year lease of the airport land?

- What rights may the Town reserve in relation to land use, planning and potential commercial outcomes?

Section 3.0. Local Government Act 1995 Requirements:

3.1. The Port Hedland Community Progress Association Inc. is disappointed with the lack of detail and supporting evidence in the creation of the current Business Plan.

3.2. Expected Effect on Provision of Facilities and Services by the Local Government 3.59 (3)(a)

The Port Hedland Community Progress Association Inc. is disappointed with the lack of detail and supporting evidence, explanation and calculations to prove the statements in section 3.2 of the creation of the current Business Plan.

3.3. Expected Effect on Other Persons Providing Facilities and Services in the District 3.59 (3) (b)

- How will the FIFO Transient Workers Camps be affected with the proposal?

3.4. Expected Financial Effect on the Local Government 3.59 (3)(c)

Sections 1-7 do not have any supporting evidence or documentation to support statements and claims.

3.5. Expected Effect on Matters Referred to in the local Government's Current Forward Plan 3.59 (3)(d)

The proposal quotes Town of Port Hedland Strategic Community Plan 2014-2024 section 2 supporting a Diverse Economy – 2.2 a Nationally Significant Gateway City and Destination and Developing Port Hedland International Airport as the gateway to the North West.

Please explain how this proposal would meet this requirement?

3.6. Is it best practice to obtain tenders at the same time as advertising for public consultation, prior to identifying any major concerns that would be addressed in a best practice tender process?

The Port Hedland Community Progress Association Inc. believes this process has been rushed. Due to process being undertaken by the Town of Port Hedland and Airport group, the Port Hedland Community Progress Association Inc. has the following concerns:

1. All relevant issues involved in the major transaction have not been fully understood by council staff, council members, or the public.
2. A full understanding of the future town planning has not been achieved by current staff.
3. The Town is operating on Town Planning scheme #5 gazetted in 2002, and under the local government the act is to be revised/updated every 5 years. Town Planning scheme #5 is now 7 years overdue.
4. Many staff involved in the land use Master Plan. Pilbara Cities are no longer involved with planning, many senior planning staff are new and in casual positions, putting them in a major position of responsibility.

5. The Port Hedland Community Progress Association Incorporated and the public have not been able to access independent planning recommendations for a major transaction of this size.
6. This is one of the biggest transactions in Port Hedland's history.
7. Let us not regret this through haste.
8. Let us not repeat the mistakes of 1960'70 with State agreement acts, where Council lost its ability to rate major projects.
9. Let us not repeat the mistakes of the past where all gas royalties leave our shores.
10. Let us not make 50 year decisions in 50 days....!!!!
11. Let us think of our children's children.

Mrs Mary M Attwood,  
[REDACTED]  
PORT HEDLAND WA 6721  
5<sup>th</sup> June 2015

Port Hedland Mayor & Councillors  
Town of Port Hedland  
PO Box 41,  
PORT HEDLAND WA 6721

Dear Mayor & Councillors,

**RE: OFFICIAL COMPLAINT – PROPOSED LEASE OF PT.HEDLAND INTERNATIONAL AIRPORT.**

As a permanent residential rate payer, tax payer, member of the Ratepayers Association in Port Hedland and as such a members of the principal stakeholders in the community owned Port Hedland International Airport I wish to lodge this official complaint in respect to this proposal.

I believe that the Port Hedland Council has not acted in the best interest of the Principal Stake Holders of the Council and subsequently the International Airport and have not complied with Due Process and Due Diligence in the important proposed transaction.

1. On three occasions I have requested information from the Council in order to make an informed decision in respect to this proposal which include:
  - i) A copy of the terms of reference for the disposal.
  - ii) A copy of the last three (3) Profit and Loss statements for the Airport.
2. This information is to allow me and others to ascertain the benefits and disadvantages which will impact on us as rate payers and tax payers directly on our community and services in the longer term.
3. Information is also required to provide us with information so that we, as the principal stakeholders in the Port Hedland International Airport could look at all the available options to us to protect our property rights in this facility and ensure that this major and important asset owned by the community is not being used to profit from short term gains to compound long term disadvantages to the rate payers and tax payers of this community.



4. I understand from recent discussions that the Airport is one of two projects that is currently generating funds which is being used to subsidize other project in the town which are running at a loss.

If this is the case then information relating to the issues raised in item 1 of my submission is substantiated and the Council should carry out a feasibility study to clarify these issues for the Rate Payers and Tax Payers immediately by an Independent Consultant.

5. In view of the importance and time lime implemented by the Port Hedland Council I am requesting an official written response within the next 10 working days to provide me with a response so I can ascertain if any further action is required.

Respectfully Submitted,



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Mary M Attwood  
Rate Payer  
Tax Payer  
Local Resident.

8<sup>th</sup> June 20015

-----Original Message-----

From: Heather Lyttle

Sent: Sunday, 7 June 2015 2:31 PM

To: Records

Subject: ICR55460 - 30/12/0013 - Submission on Hedland Airport Leasing proposal

Dear Mr Osborne and Port Hedland Council,

Re: Proposal re leasing the Port Hedland Airport and surrounding commercial area

Reading through your business strategy, I was struck by how little detail there was in the document. Although I am not averse to a lease situation, I was continually questioning - What is a long term lease? How will the payments be made? At what rate will the area be leased? How does this compare with current and future predicted income i.e. will the town now only make 50% or 20% etc of the net income compared to if it managing it itself.

What are the periods of time for review? What are the alternative options, and pros and cons?

How will effectively handing over the management and profits of this busy airport and surrounding area to another entity be of long term benefit to the town? This does not seem to be clearly documented in the proposal.

What are the drawbacks and losses - i.e. a cost benefit analysis? SWOT analysis?

1. I do get the impression from the short document as currently written that it might solve short term issues, but be a long term regret say in 5 -10 years time, with your council blamed for not having foresight and leadership to save this resource for the town and "selling the family silver".
2. I would suggest that a 'long term' lease be no longer than two terms of council - as we can have a boom bust boom cycle within a short period and incomes and property prices and numbers in the town can fluctuate.
3. Any proposals at this stage for this MAJOR decision on this source of income, or loss of it, for the town should be canvassed widely with councillors putting up their personal opinions and rationale prior to the election later in the year, as to where they stand on this issue.
4. Alternatively as part of the council elections we could hold a referendum on this proposal with the various options presented with benefits and potential losses, in the media, and at public meetings, prior to the council elections.

Thank you for the opportunity to comment,

Yours sincerely,

Pamela Heather Lyttle

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**Qantas Airways Limited**

ABN 16 009 661 901  
Qantas Airways  
Level 2  
Qantas Centre Building B  
10 Bourke Road  
Mascot NSW 2020  
Australia

27 May 2015

M.J (Mal) Osbourne  
Chief Executive Officer  
Town of Port Hedland  
PO Box 41  
Port Hedland WA 6721

**Re: A proposal by the town of Port Hedland to enter into a major land transaction for the long term lease of Port Hedland International Airport.**

Dear Mr Osbourne,

This letter is in response to the request for public submissions for the proposal by the Town of Port Hedland to enter into a major land transaction for the long term lease of Port Hedland International Airport. Qantas welcomes the opportunity to enter a response to this proposal. Please accept this letter as a written submission from The Qantas Group ("Qantas") for the Town of Port Hedland's review and consideration.

This proposal has been discussed with Qantas at a conceptual level over the past year. There are elements of the proposal which may require detailed consideration to ensure the long term sustainability of the proposal. These include;

- The lessee's expectation of the Landing Fees and Passenger Service Charges revenue and the viability of charge increases for sustainable operations;
- The Town of Port Hedland's long term expectations and obligations of revenue from Aeronautical fees and charges;
- The sharing of risk and the obligations for consultation with airport users;
- The provision of services with improved quality and efficiency;
- The \$40m in funds from the lease of the airport land to be used for airport development as intended;
- The use of retained profits and airport reserves for aeronautical use;
- Ability of the lessee to access Government grants for regional airport development;



Qantas Airways Limited ABN 16 009 661 901  
10 Bourke Road Mascot NSW 2020 Australia  
Telephone +61 2 9691 3636

[qantas.com](http://qantas.com)



- The lessee's obligation to adhere to the Government endorsed Aeronautical Pricing Principles intended by the Government to apply to all airports;
- Recognition that Port Hedland International Airport provides an essential community service for the region's economic benefit;
- Provision of land for services essential to airport operations such as Jet fuel facilities, terminal navigation, meteorological, aeronautical rescue and firefighting services at a peppercorn lease rate; and
- Encouragement for the development of non-aeronautical services that complement aviation activities

Qantas understands the intent of the proposal is to provide the increased opportunity to develop the airport lands for the benefit of the Town of Port Hedland and the community. The current local Government laws hinder the active development of commercial interests, and this proposal allows the lessee to access a range of funding options to develop the area. The intent of the proposal is supported by Qantas in order to remove the funding and approvals restrictions for mutually beneficial developments.

Please appreciate Qantas' concerns given privatisations of other airports have resulted in a range of experiences from airline and customers perspective that have been far from ideal. Airports are critical components of the national economic infrastructure and all sectors of the Australian economy rely directly or indirectly on the efficient movement of people and freight through airports. Australian airports possess significant market power and are natural monopolies. With respect to Port Hedland, alternative options for air travel are either many hours by road or via Karratha Airport some 250km away at similar price.

In its annual Airport Monitoring Report for 2013-14, the ACCC found that for the four monitored airports, despite relatively low passenger growth, have continued to report substantial increases in aeronautical revenues and margins, yet there has not been any substantial increase in the overall average quality of service indicators. Thus without any effective regulation and in the absence of local Government laws, there will be little constraint on the lessee's ability to exercise its market power.

Airlines, including larger network airlines such as Qantas, lack any real countervailing power in respect of the use of airport services at major airports. This is because airlines have no choice but to use the services of airports located in the destinations to and from which customers wish to fly. Aviation charges represent a significant cost to the Qantas, constituting approximately ~8-9% of total expenditure.

A number of regional airports particularly those in Western Australia arbitrarily increasing aviation charges by more than CPI, despite passenger activity growth being higher than CPI levels. An outcome which should ordinarily result in reduced, rather than increased, charges to airlines. Since 2010 the passenger volumes at Port Hedland International Airport have increased by 70% and the charges by 41%. Currently Port Hedland has the highest aviation charges in Western Australia



Qantas Airways Limited ABN 16 009 661 901  
10 Bourke Road Mascot NSW 2020 Australia  
Telephone +61 2 9691 3636

[qantas.com](http://qantas.com)



compared with other similar sized airports. Should airlines dispute these increases airports revert to litigation to enforce unilaterally imposed price increases.

In recent years passengers at Port Hedland International Airport have experienced high levels of congestion at peak times. Over the past five years various plans for expansion have been tabled without any progress. Land was leased to mining companies with a sum of \$40m in payments to be used for the development of the airport which were subsequently used as a loan from Airport reserves to build a marina for Port Hedland. It is a concern that passengers and users have been prefunding airport development in Port Hedland and retained profits and airport reserve funds may ultimately not be used for aeronautical purposes.

Any lessee of Port Hedland International Airport should to be aware that cost recovery is an inherently difficult exercise for airlines. The activity profile of Port Hedland routes is such that it is increasingly difficult to match aircraft size with demand. The demand on particular days in one direction is high with the return flight being very low. There is a wide distribution of loads on flights in any given week. This an inefficient operating model from an airline perspective and unsustainable in a tightening market. It cannot be assumed that all costs of services are, or can be, passed on to passengers. Moreover, it has proven increasingly difficult, if not impossible for carriers to recover increased costs through sustainable fare increases on many regional routes without relying on airline network efficiencies. There is, inevitably, a limit to how far airlines can sustain such practices.

Finally, we acknowledge that the Town of Port Hedland are committed to business best practice and will be undertaking a complete reassessment of operations and ongoing cost structures. You have indicated that this will include developing processes to quantify the costs of providing infrastructure and services, and will include a consideration of future charging options. We trust that this process will include consultation with the airlines and the opportunity to develop a mutually agreeable and sustainable methodology for future price setting.

We appreciate the opportunity to provide this written submission to the Town of Port Hedland for consideration prior to entering a major land transaction for the long term lease of Port Hedland International Airport.

We look forward to continuing working with you.

Yours sincerely,

Jean Elverton  
**Head of Strategic Procurement - Fuel, Aviation Charges & Carbon**



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Mr. Ronald G. Attwood

PORT HEDLAND WA 6721

Port Hedland Mayor & Councillors,  
Town of Port Hedland,  
PO Box 41,  
PORT HEDLAND WA 6721

Dear Mayor & Councillors,

**Re: OFFICIAL COMPLAINT- DUE PROCESS AND DUE DILIGENCE IN THE  
THE DEVELOPMENT OF THE PROPOSAL TO LEASE THE PORT HEDLAND  
INTERNATIONAL AIRPORT.**

I was born and raised in Port Hedland and I am a rate payer, tax payer and a member of the Port Hedland Rate Payers Association. As a long term member of Port Hedland community I am also a member of the principal Stake Holders in the Port Hedland International Airport.

I am concerned about the proposed leasing of the Airport for the following reasons:

1. The airport is a major asset of the community which generates economic and financial resources for the community which according to the financial information provided by the Shire in recent times demonstrate that this facility is supporting other projects and facilities in the Shire.
2. The Port Hedland Town Council was elected by the Community to Manage the Council efficiently and effectively. Disposing of assets should not be done until the Council has carried out feasibility studies which focus on the impact of the disposal and impact or advantage of same on the Community at large.
3. Due process includes compliance to the existing
  - (1) Compliance Framework
  - (2) Port Hedland Town Council Goals
  - (3) Port Hedland Regulatory Framework
  - (4) Intent – including

- (a) Demonstrate the Councils commitment to using their powers in a way that is, and importantly is seen to be firm, fair and consistent and,
  - (b) Enhance the transparency of the Port Hedland Town Councils compliance process.
- (5) Compliance Tactic – including Complaint Investigations
4. Despite requests from members of the Rate Payers Association for information relating to the details of the Profit and Loss over the past three years, the Council refused to provide this information.

I am concerned that the Council is not providing information which will facilitate the opportunity for me and others to make an informed decision about the Airport Proposal in the short and longer for the benefit of the Community at large.

5. This issues raises concern that the current Council are making an decision without the relevant information which would a requirement to prevent possible misconduct and fraud.
6. I am concerned about the stated timeframe promoted by the Shire for what I consider to be a major transfer of assets. The first public notice I was made aware of was in the local paper dated 3<sup>rd</sup> June, 2015. The meeting held at the Shire to discuss this proposal was held on Wednesday 27<sup>th</sup> May 2015. My wife attended this meeting which was attended by FIVE (5) rate payers. I do not consider this as being an effective consultation process.
7. I am requesting an official responds to my complaint within the next 10 working days which will provide me the opportunity to review my concerns about this issue.

Respectfully submitted,



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Ronald G Attwood  
Rate Payer

8<sup>TH</sup> June, 2014