

Town of
Port Hedland



TOWN OF PORT HEDLAND

MINUTES AIRPORT COMMITTEE MEETING

WEDNESDAY 4 JUNE 2014 AT 12:30PM

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

**“A nationally significant, friendly city, where people
want to live and are proud to call home”**

*M.J. (Mal) Osborne
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
Dr Ken King

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

Bi-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:

- Friday, 13 December 2013
- Wednesday, 15 January 2014
- Wednesday, 5 February 2014
- Wednesday, 5 March 2014
- Wednesday, 2 April 2014
- Wednesday, 4 June 2014
- Wednesday, 13 August 2014
- Wednesday, 1 October 2014

RESPONSIBLE OFFICER

Director Engineering 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.)

ITEM 1	OPENING OF MEETING	6
ITEM 2	RECORDING OF ATTENDANCE AND APOLOGIES	6
2.1	Attendance	6
2.2	Apologies	6
2.3	Approved Leave of Absence	6
ITEM 3	RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE	6
3.1	Questions from Public at the Airport Committee Meeting held on Wednesday 2 April 2014	6
3.2	Questions from Committee Members at the Airport Committee Meeting held on Wednesday 2 April 2014	6
ITEM 4	PUBLIC TIME	7
4.1	Public Question Time	7
4.2	Public Statement Time	7
ITEM 5	QUESTIONS FROM MEMBERS WITHOUT NOTICE	7
5.1	Mayor Howlett	7
ITEM 6	DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING	8
ITEM 7	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	8
7.1	Confirmation of Minutes of the Airport Committee Meeting held on Wednesday 2 April 2014	8
ITEM 8	ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION	8
ITEM 9	PETITIONS/ DEPUTATIONS/ PRESENTATIONS/ SUBMISSIONS	8
9.1	Brett Reiss, Program Director Airport Redevelopment	8
ITEM 10	REPORTS OF OFFICERS	35
10.1	Office of the CEO	35
10.1.1	Port Hedland International Airport Projects Update	35
10.1.2	Port Hedland International Airport Redevelopment Strategy	38
ITEM 11	LATE ITEMS AS PERMITTED BY PRESIDING MEMBER/ Committee	44
ITEM 12	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	44
ITEM 13	CONFIDENTIAL ITEMS	45
ITEM 14	ATTENDANCE VIA TELECONFERENCE	45
ITEM 15	APPLICATIONS FOR LEAVE OF ABSENCE	45
ITEM 16	CLOSURE	45
16.1	Date of Next Meeting	45
16.2	Closure	45

ITEM 1 OPENING OF MEETING

The Presiding Member declared the meeting open at 12:45pm and acknowledged the traditional owners, the Kariyarra people.

ITEM 2 RECORDING OF ATTENDANCE AND APOLOGIES**2.1 Attendance***Elected Members:*

Mayor Kelly Howlett
Councillor Gloria Jacob (Presiding Member)
Councillor Julie Hunt
Councillor Lorraine Butson

Community Member:

Ms Florence Bennett
Dr Ken King

Officers:

Mal Osborne	Chief Executive Officer
Russell Dyer	Director Engineering Services
Eber Butron	Director Planning & Development
Clare Phelan	Director Corporate Services
Eddie Piper	Acting Director Community Development
Brett Reiss	Program Director Airport Redevelopment
Grace Waugh	Minute Taker/ Governance Officer

2.2 Apologies

Mr Serge Doumergue

2.3 Approved Leave of Absence

Councillor Jan Gillingham (Deputy Presiding Member)

ITEM 3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**3.1 Questions from Public at the Airport Committee Meeting held on Wednesday 2 April 2014**

Nil

3.2 Questions from Committee Members at the Airport Committee Meeting held on Wednesday 2 April 2014

Nil

ITEM 4 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 20.3 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 12:49pm.

4.1 Public Question Time

Nil

Presiding Member closed Public Question Time at 12:49pm.

Presiding Member opened Public Statement Time at 12:50pm.

4.2 Public Statement Time

Nil

Presiding Member closed Public Statement Time at 12:50pm.

ITEM 5 QUESTIONS FROM MEMBERS WITHOUT NOTICE**5.1 Mayor Howlett**

As the Shire of Roebourne's flights to the eastern states have been cancelled can the Town look into offering discounted parking at the Port Hedland International Airport or flights between Port Hedland and Karratha?

Presiding Member advised that Port Hedland, Karratha and Newman are holding discussions in relation to interregional routes.

Program Director Airport Redevelopment advised that the Pilbara Airport Group is meeting this afternoon and will be discussing the interregional routes.

Can the Town offer a shuttle service between Karratha and Port Hedland and advertise the flights from Port Hedland to the eastern states?

Program Director Airport Redevelopment advised that this question is taken on notice and will be discussed at the Pilbara Airport Group meeting.

Presiding Member asked that the opportunities investigated be brought back to the next Airport Committee meeting.

Chief Executive Officer advised that as the Airport Committee meetings are bi-monthly the Town will request a meeting with the Shire of Roebourne to discuss possible opportunities before the next Airport Committee meeting.

ITEM 6 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Councillor Jacob	Councillor Butson
Mayor Howlett	Ms Bennett
Councillor Hunt	Dr King

ITEM 7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 Confirmation of Minutes of the Airport Committee Meeting held on Wednesday 2 April 2014

AC201314/051 RECOMMENDATION/ AIRPORT COMMITTEE DECISION

MOVED: CR BUTSON

SECONDED: MAYOR HOWLETT

That Council confirm that the Minutes of the Airport Committee Meeting held on Wednesday 2 April 2014 are a true and correct record.

CARRIED 6/0

ITEM 8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Presiding Member attended the Regional Airport Development Conference in Brisbane where the Town of Port Hedland Program Director Airport Redevelopment, Brett Reiss, gave a presentation on the Port Hedland International Airport. Presiding Member, along with the Chief Executive Officer and Mayor, attended several meetings with Virgin and Garuda in relation to international route opportunities. Presiding Member and the Program Director Airport Redevelopment met with the Director Airport in Newman who is keen in investigating possible routes between Newman and Port Hedland.

ITEM 9 PETITIONS/ DEPUTATIONS/ PRESENTATIONS/ SUBMISSIONS

9.1 Brett Reiss, Program Director Airport Redevelopment

Presentation by Brett Reiss, Program Director Airport Redevelopment.

Port Hedland International Airport program director airport redevelopment update

presentation to airport committee 4 June 2014





overview

- Regional Airport Development conference debrief
- redevelopment strategy
- airport interim improvement program
- projects update



conference debrief





Regional Airports Development conference – Brisbane April 2014

- key themes:
 - local governments struggling with how to fund redevelopments and looking to review governance structures
 - airline development strategies
 - commercial diversification
 - importance of master planning



Regional Airports Development conference – Brisbane April 2014

- tourism's role in aviation and regional development
 - contributes \$42B to GDP ($\frac{2}{3}$ of travel to regional ports)
 - 57% of total expenditure \$27B = visitor economy focus...
what they are doing (tourism/VFR/business/functions/etc)

Regional Airports Development conference – Brisbane April 2014

- from master plan to master action – how Avalon airport is prepared for 2013 – 2033 and beyond
 - state and local planning schemes affect development – making growth planning more difficult
 - Avalon focus on 30+ years planning for ultimate capacity 50M pax/annum... consideration of three runways, light rail/heavy rail interconnections and links to CBD
 - clear focus on revenue diversification with retail uses and other fixed property based income streams being a priority
 - change in governance structure to allow funding via super fund partnerships or public float

A blue banner with a white and green geometric pattern at the top. The text 'Regional Airports Development conference – Brisbane April 2014' is written in white, sans-serif font, oriented vertically.

Regional Airports Development conference – Brisbane April 2014

- exploring the legalities of airport development
 1. airport documentation – needs a coordinated approach to all leases, licences and contracts for all airport business – COU/Service level agreement
 2. development controls to ensure airport vision for expansion is carried out, and the value of the airport is preserved – design guidelines, consistency of development
 3. insurance clauses in contracts and leases and insurance policy wording should be specifically reviewed – quarantining risks
 4. risk and liability - identify all key risks for airport operations and development ensure chain of responsibility is clearly identified
 5. bird striker requires a specific and tailored management strategy to minimise airport liability

A blue banner with white text and a graphic of a stylized mountain or airport terminal in shades of blue and green at the top right.

Regional Airports Development conference – Brisbane April 2014

- capitalising on land by increasing and developing land leasing sites
 - Cairns airport focused on income diversification to de-risk the business
 - principles include: one off capital payment for englobo land lease, annual ground rents, airport direct development in property assets, j/v development with equity partners, develop sell buildings and retain ground rents,
 - commercial uses not necessarily linked to airport – focus on tourism needs – China wants high end retail and gambling – important to have a blended mix as airport support uses very important

A blue banner with white text and a graphic of stylized triangles in blue, green, and yellow at the top right.

Regional Airports Development conference – Brisbane April 2014

- know your customer
 - know your airline customer drivers, what drives route economics and how to meet their needs in developing business cases
 - airlines are our primary customers: give them what they need within reason
- stakeholder engagement – the key to increasing airport traffic
 - consult, consult, consult and agree outcomes that meet your customer’s needs
 - a sense of place very important – welcoming and friendly a place where they want to do business



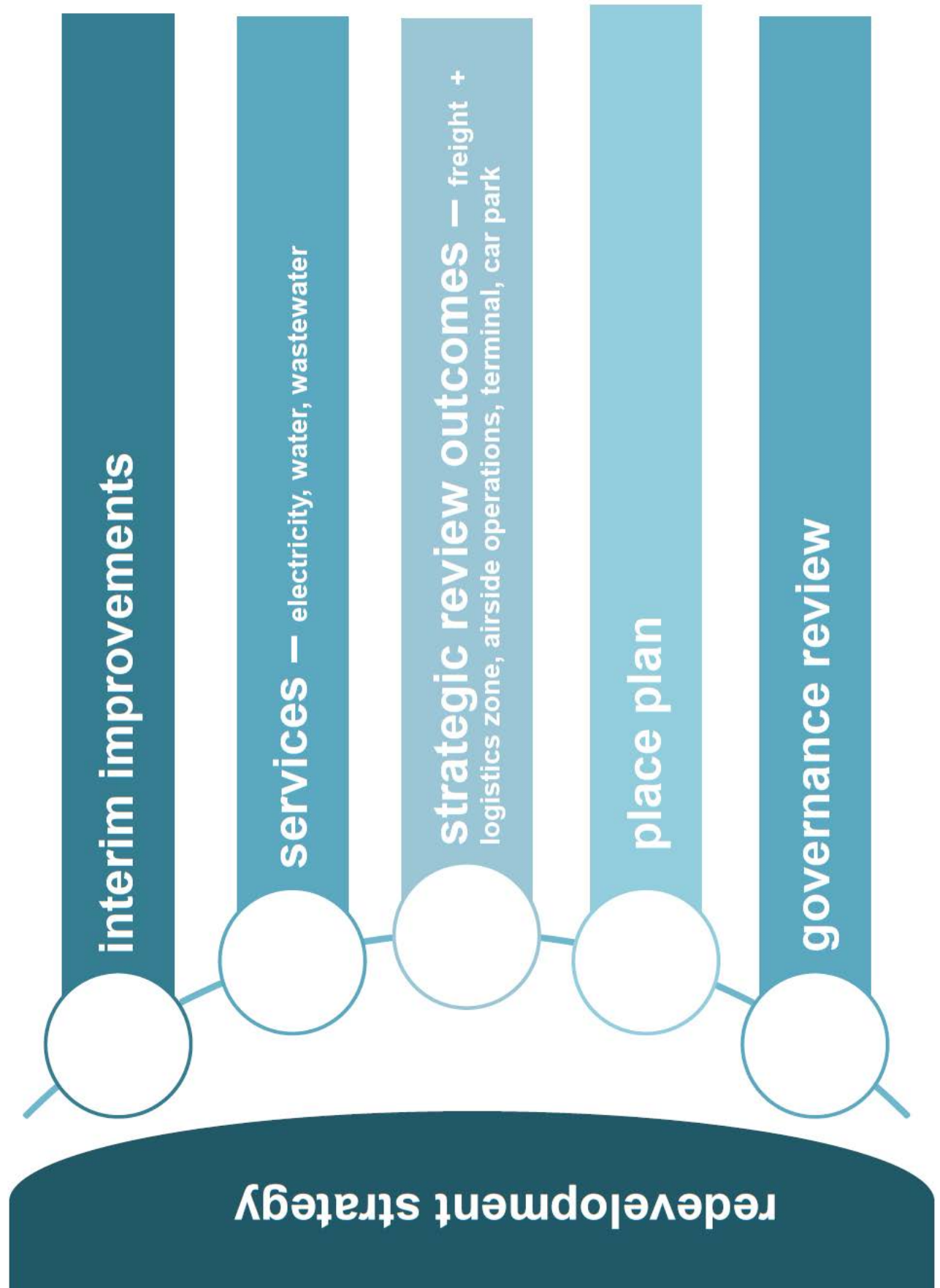
Regional Airports Development conference – Brisbane April 2014

- regional airports in a mining boom climate
 - coping with growth, but not over investing – recognising boom bust nature of mining industry
 - maintaining infrastructure and future cost compliance security staff retention and training maintaining RPT service land use planning around airports
- optimising the FIFO experience
 - economic benefit, social connection, tourism, health, strong relationship between air traffic and economic growth
 - what do FIFO want - free wifi, travel at convenient times aligned with roster, lounge access, healthy food choices, FIFO apps, banking atms



redevelopment strategy







interim improvement program

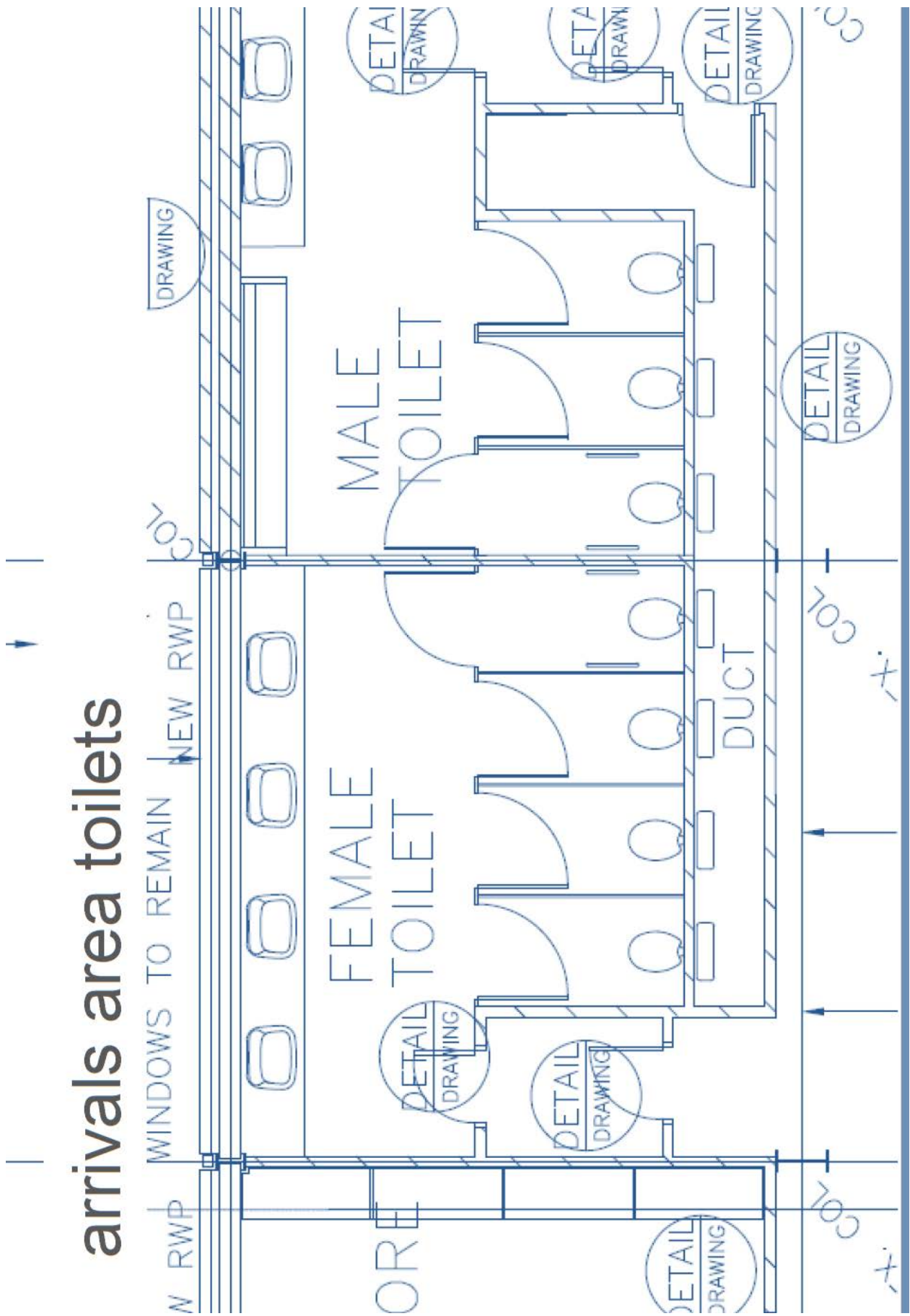


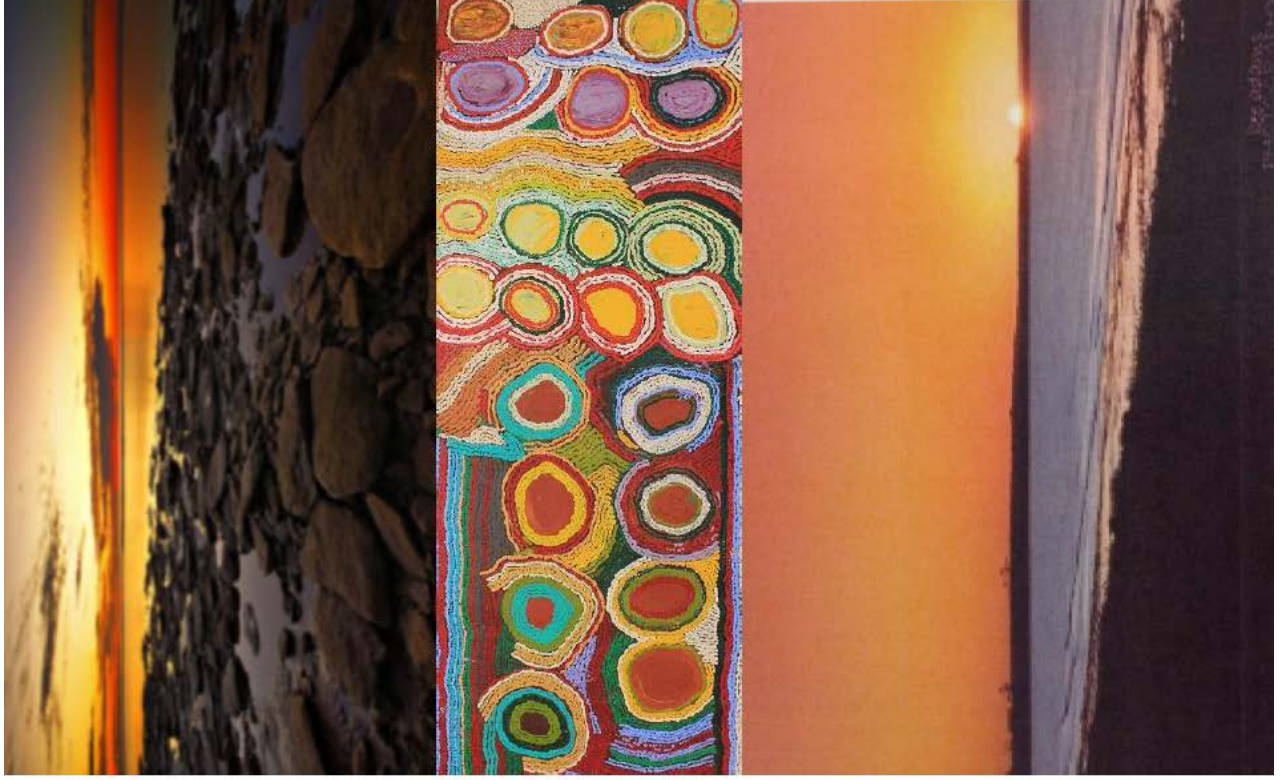


interim improvement program

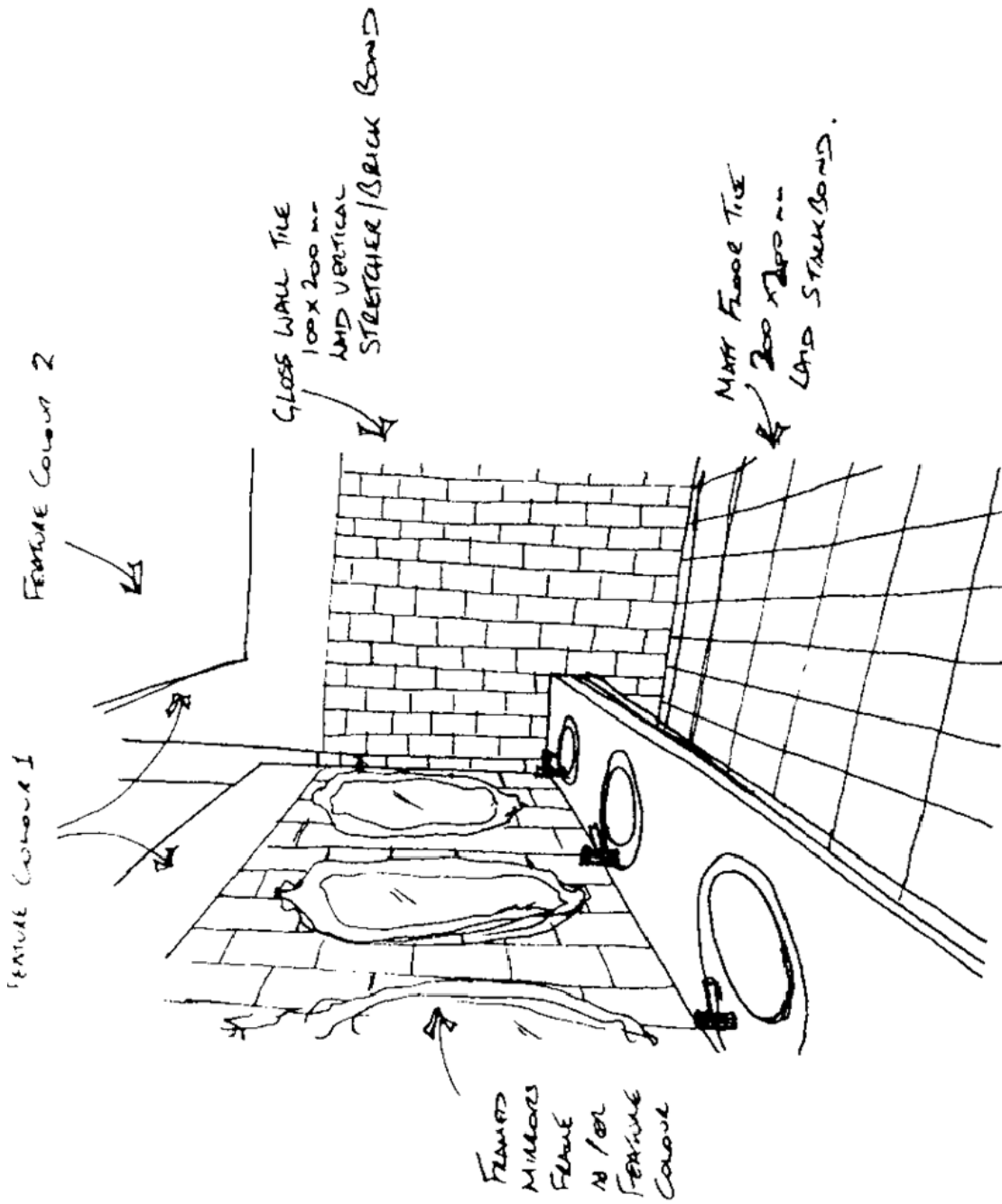
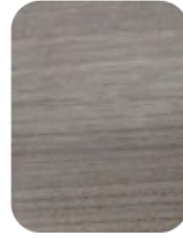
project	status
terminal secure area extension	<ul style="list-style-type: none"> works commence 16 June – 30 August
terminal painting	<ul style="list-style-type: none"> tender in market – close 11 June
public art – art installation wall, terminal exterior, shade sails	<ul style="list-style-type: none"> design brief developed request for proposal to be issued – June
visitor information	<ul style="list-style-type: none"> interim brochure racks installed digital display board being investigated – end June
verge works – landscaping, shade structures, paths	<ul style="list-style-type: none"> scope of works revised for quotation – end June
concrete paths – slip road, long-term car park, hire car offices	<ul style="list-style-type: none"> long-term car park – complete other works to be combined with verge
bus parking	<ul style="list-style-type: none"> materials ordered works to commence end June

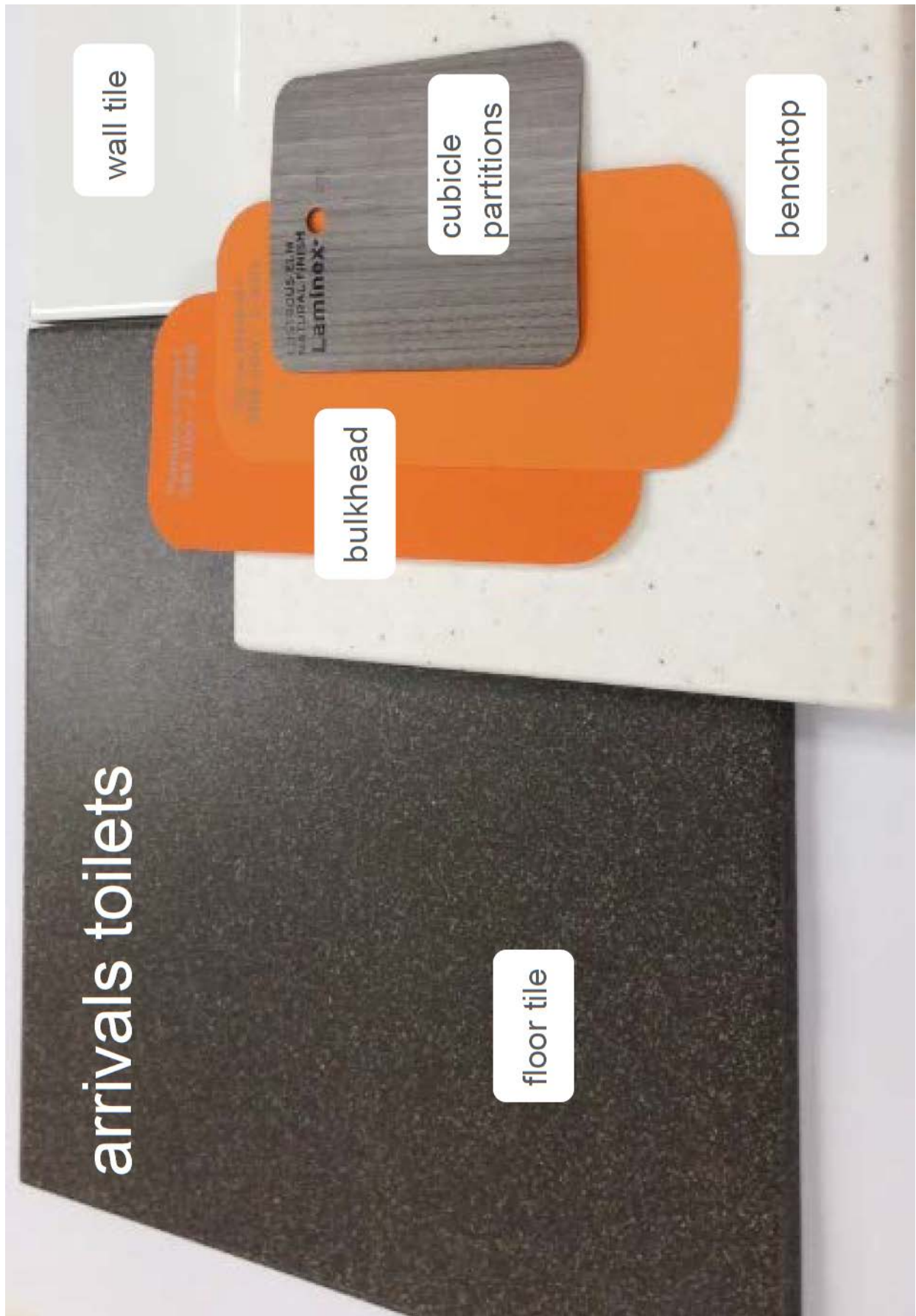
arrivals area toilets





- a burst of colour to awaken the senses in a colour palette reflective of Pilbara's stunning sunsets
- core finishes are neutral yet high in contrast with a dark floor, light walls and mid-tone partitioning
- splash of colour injected in a surprising way, the upper section of walls and the ceiling bulkhead
- the bench top, which is the colour you will interact with most remains light, bright and white







- soft colours that soothe and relax, inspired by the calming light of twilight. think soft sandy dunes and refreshing waves
- the core finishes are neutral and more tonal with only a subtle contrast
- mid toned flooring, light walls and light partitioning
- interest being provided by texture and finish rather than colour
- two options:
 - cool two tone wall in blue hues
 - sandy feature colour wall



ceiling and wall colour

cubicle partitions

feature wall tile

departures toilets

wall tile

floor tile



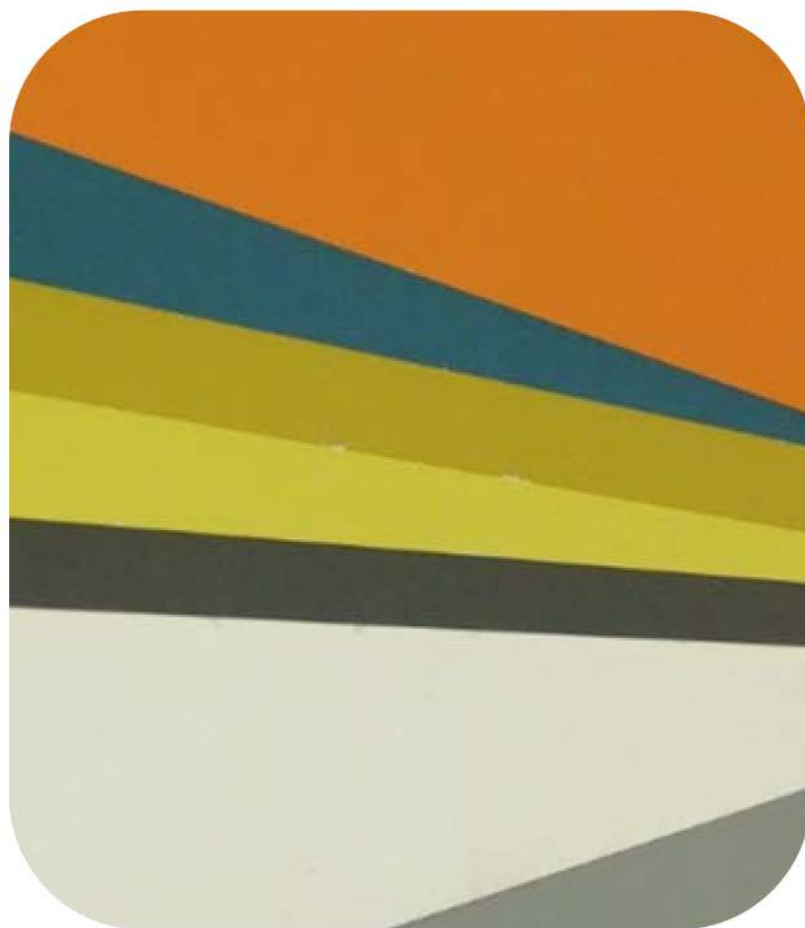
café floor tile

- links with existing vinyl floor
- hard wearing/ easy to clean
- hides dirt




interior paint palette

- crisp white perimeter including all walls and columns
- series of contrasting colours displayed on the various bulkheads to highlight the sculptural nature and the dramatic roofline



links with existing artwork





projects update





projects update

- screening authority transition
 - interim arrangements in place
 - equipment tender
 - services tender
- apron works
- maintenance works



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 10 REPORTS OF OFFICERS**10.1 Office of the CEO****10.1.1 Port Hedland International Airport Projects Update**

Anna Duffield, Airport Development Officer
File No. 08/02/0025

DISCLOSURE OF INTEREST BY OFFICER

Nil

AC201314/052 RECOMMENDATION/ AIRPORT COMMITTEE DECISION

MOVED: DR KING

SECONDED: CR HUNT

That the Airport Committee note the Port Hedland International Airport projects update June 2014 report.

CARRIED 6/0

EXECUTIVE SUMMARY

The Port Hedland International Airport will soon transform into a modern and well-serviced welcoming gateway to Australia's North West.

The proposed redevelopment strategy is being presented to the June Airport Committee Meeting. Major projects are continuing to be progressed, including a series of key infrastructure and interim improvement works.

DETAILED REPORT

The attached projects report outlines key capital works program, progress and associated budget implications.

Interim works, including terminal renovations, are continuing with construction works due to commence in June 2014.

FINANCIAL IMPLICATIONS

The works are continuing within budget allocations.

STATUTORY AND POLICY IMPLICATIONS

The Town's Strategic Community Plan outlines a vision to 'develop the Port Hedland International Airport as a leading regional airport in the area of passenger and freight movements and customer satisfaction'.

ATTACHMENTS

1. Port Hedland International Airport projects update – June 2014

20 May 2014

ATTACHMENT 1 TO ITEM 10.1.1

Airport redevelopment program – June 2014 update

project	2013/14 budget	expenditure/ commitments (May 2014)	project status	expected completion timeframe
airport operations building	\$0	\$0	<ul style="list-style-type: none"> new location identified as part of strategic review program 	<ul style="list-style-type: none"> programmed for design and tender mid-2015
bus parking	\$300,000 (amended as per Q1 budget review)	\$33,912	<ul style="list-style-type: none"> bus facility to be constructed on old Mobil site investigation of significant groundwater issues geotechnical investigations and pavement design complete 	<ul style="list-style-type: none"> materials have been ordered obtaining quotes for construction expect completion end of June
car park/ground transport reconfiguration	\$160,000	\$71,254	<ul style="list-style-type: none"> future 'ultimate' layout developed plus an interim staged approach 	<ul style="list-style-type: none"> program schedule to be developed
electrical ring main (including runway lighting upgrade)	\$2,461,211	\$2,160,312	<ul style="list-style-type: none"> stage two and three considered at May OCM 	<ul style="list-style-type: none"> agenda item to be presented at May OCM works to commence July
main apron extension	\$4,734,464	\$4,817,053	<ul style="list-style-type: none"> apron works complete 	<ul style="list-style-type: none"> changes to airside operations to be considered at future ACM
quarantine incinerator	\$600,000	\$0	<ul style="list-style-type: none"> building repairs in progress 	<ul style="list-style-type: none"> due for upgrade 2014/15
repair runway safety ends	\$350,000	\$204,073	<ul style="list-style-type: none"> ongoing 	<ul style="list-style-type: none"> due for completion end June 2014
resheet runway and apron extensions	\$4,000,000	\$549,378	<ul style="list-style-type: none"> re-sheet works on hold for two years funds to be reallocated to northern apron extension 	<ul style="list-style-type: none"> works to commence end 2014
terminal precinct	\$1,100,000 (amended as per ACM approval for interim works program)	\$737,747	<ul style="list-style-type: none"> future 'ultimate' layout developed plus an interim staged approach interim improvement works continuing, including terminal renovations, painting, verge works 	<ul style="list-style-type: none"> program schedule to be developed, likely construction commence end 2017 terminal renovations commence mid-June
transport and logistics subdivision	\$0 (to be reviewed in Q3 budget review for designs)	\$37,429	<ul style="list-style-type: none"> design modification required as outcome of strategic review process – quotes being obtained services investigation ongoing new WAPC approval required 	<ul style="list-style-type: none"> schedule being scoped as part of redevelopment program construction to commence end 2014
water and sewer service upgrade	\$500,000	\$16,667	<ul style="list-style-type: none"> project implementation package received from Water Corporation reviewing service corridor options and land tenure commencing procurement for design consultant 	<ul style="list-style-type: none"> project to be staged over 2 years, pending approvals from Water Corporation

10.1.2 Port Hedland International Airport Redevelopment Strategy

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

DISCLOSURE OF INTEREST BY OFFICER

Nil

AC201314/053 RECOMMENDATION/ AIRPORT COMMITTEE DECISION

MOVED: CR HUNT

SECONDED: DR KING

That the Airport Committee:

- 1. Endorse the Port Hedland International Airport redevelopment strategy (as per attachment 1);**
- 2. Recommend that Council adopt the Port Hedland International Airport redevelopment strategy; and**
- 3. Request that updates on the redevelopment project components be provided on a regular basis.**

CARRIED 6/0

EXECUTIVE SUMMARY

The Port Hedland International Airport will soon transform into a modern and well-serviced welcoming gateway to Australia's North West. Its redevelopment will include terminal renovations, new freight and logistics zone, revised ground transport arrangements, improved airside operations and new commercial opportunities.

The Town of Port Hedland is committed to being a vibrant meeting place that welcomes travellers to the friendly Port Hedland community and treasures of the Pilbara, coupled with our core business of providing efficient passenger and freight services to the North West.

The Port Hedland International Airport redevelopment strategy – Creating a modern gateway to Australia's North West – articulates how the Town will achieve this vision.

The strategy outlines outcomes from a series of strategic reviews, place guidelines, design concepts, governance review, program sequencing and budget estimates.

DETAILED REPORT

Strategic reviews

The Port Hedland International Airport Master Plan was finalised in March 2012. Given the dynamics of the mining industry and the rapid growth experienced across the town, the plan was reviewed in late 2013. Capital works programming and associated documentation was also reviewed to ensure it is current and relevant to Port Hedland and its current environment.

The Town commissioned Rehbein Airport Consulting to undertake a strategic review of the development proposals in the context of the Master Plan. The principal objective of the review was to ensure that existing plans would meet future growth needs and regional requirements to position Port Hedland as a vibrant city of 50,000 people by 2035.

The review was structured to cover five themes: airside planning, land use, passenger terminal, car park/ground transport and the freight/logistics zone. Specific objectives relating to each aspect of the review included:

- Ensure future growth and regional needs are met
- Verify the timing for infrastructure delivery
- Maximise the economic, social and environmental benefits of the upgrade
- Ensure an integrated, holistic approach
- Provide a sound basis for investment.

The Airport Commission noted the outcomes of Rehbein's strategic reviews at its January 2014 meeting (decision AC201314/040).

The Town also commissioned Village Well to develop a place plan that will guide the airport redevelopment in terms of creating a 'sense of place'. The final report was endorsed at the March 2014 Council meeting (decision 201314/284).

The Airport Group were engaged to review the airport's governance structure. Airport investments were previously funded through a combination of government grants and from the airport capital reserve. The scale of the future investments and increasing pressure on public finances may challenge the ability to completely fund future development from traditional sources. This presents an opportunity to review the future governance structure of the airport business to ensure it remains financially viable.

The key outcomes of the reviews were:

- Airside planning outcomes offered logical, rational and sensible solutions which were appropriate to meet expected future aeronautical requirements – key programs include apron expansion, moving general aviation operations to a separate apron, new taxiway and changing to power-in/power-out aircraft operations
- Nominated land uses were considered to be generally sound with strong stakeholder support to develop an international freight hub

- Existing passenger terminal is undersized and operationally inefficient in peak periods – which provides an opportunity to significantly expand the terminal in its current location, including doubling footprint, creating mezzanine level and building extensive plaza and covered walkways
- Reconfiguration of the ground transport and car parks is recommended – including creating shared zones, a separate bus parking area, expanding the short-term car park expansion, extending existing service roads and creating new two-way access to freight and logistics zone
- Development of a new freight and logistics zone with direct airside access lots is recommended to leverage freight opportunities and relocate hire car operations
- Incorporate a strong sense of place and reflect Port Hedland's unique identity and experience
- Explore an alternative governance structure that is more efficient and economically viable

Passenger forecasts

Revised forecasts of passenger and aircraft movements were developed by Tourism Futures International (TFI) which update previous projections on which the 2012 Master Plan was based.

TFI considers it likely that the mining investment growth phase will peak by 2015 at around 500,000 to 600,000 passengers and stabilise around 400,000 to 500,000 passengers depending on the future mix of resident and fly-in/fly-out (FIFO) employment. Additional mining projects and construction of additional port facilities could increase these passenger numbers by more than 50,000. TFI's upper limit estimate for passenger traffic at Port Hedland by 2033 is 730,000 passengers.

Challenges in accurately forecasting future traffic for Port Hedland and other mining-driven airports are acknowledged within the TFI report. An alternative growth projection based on a compound annual growth rate of 5% per annum was developed by Rehbein to provide a sensitivity check. This growth, if it occurred, would result in approximately 1.36 million passengers by 2033. While this level of traffic may represent a longer-term proposition, it is considered to form an appropriate basis for the planning of passenger terminal facilities when taken in the context of a building life of 40 plus years.

Redevelopment strategy

The Town of Port Hedland has developed an ambitious \$100+ million redevelopment program for the Port Hedland International Airport that will see it transform into a modern and well-serviced welcoming gateway to Australia's North West. The strategy is included at attachment 1.

The Town is committed to being a vibrant meeting place that welcomes travellers to the friendly Port Hedland community and treasures of the Pilbara, coupled with our core business of providing efficient passenger and freight services.

The strategy describes key redevelopment projects for the following elements:

- Land use
- Airside planning
- Passenger terminal
- Ground transport and car park
- Freight and logistics zone
- Apron extensions

Due to funding constraints, redevelopment of the passenger terminal and ground transport has been designed to be constructed in stages.

Further recognising that the redevelopment will not be complete until at least 2018, an interim improvement's strategy was endorsed at the December 2013 Airport Committee. This will see an investment of close to \$2.0 million to improve passenger flow and terminal amenity and start to create a sense of place and welcoming gateway to the Pilbara.

A review of infrastructure services has identified the need to significantly upgrade the existing essential services including electricity, water and wastewater. The Town has commenced discussions with the Pilbara Development Commission about co-funding these upgrades.

The Town is committed to expanding the airport's domestic and international services. International route development will form a key part of commercial discussions with airlines to leverage Hedland's unique geographical position to Asia and Pilbara industry.

Implementation

Based on the reviews and strategy outlined above, officers have developed an overall \$100+ million redevelopment program.

Review outcomes – project sequencing

As the redevelopment of the airport precinct will be undertaken within and around a live operating airport, there are a number of project sequencing issues that need to be addressed.

Due to existing constraints, the redevelopment program has been built in stages. The following are key steps in the development sequence:

- Provision of services (water, wastewater, electricity) and establishment of road access to the proposed lots in the freight/logistics zone
- Construction of the northern GA apron expansion and provision of additional hangar sites, which will enable relocation of existing general aviation tenants within the airport operations zone
- Relocation of the existing freight operations to the new freight hub and rental car facilities to the logistics zone
- Reconfiguration of the short-term car park to accommodate the proposed expansion of the terminal to the north
- Demolition of the existing building to the west of the terminal
- Construction of the proposed terminal extension in stages commencing with a new check-in hall at the eastern end

It is outlined below including provisionally scheduled key milestone dates:

Project	Budget estimate	Estimated Timeline
Terminal	\$44,000,000	commence construction late 2017, completed end 2018
Car park	\$4,000,000	commence construction late 2016
Freight and logistics zone	\$8,500,000	commence construction late 2014, completed mid-2015
Apron extension	\$9,000,000	main RPT apron expansion is complete, northern general aviation expansion completed end 2014
Runway rebuild and runway resheet	\$5,500,000	commence mid-2015
Security fencing	\$1,500,000	scheduled for mid-2014
Water/wastewater services	\$14,000,000	construction commence end 2014, complete end 2016
Electrical network	\$5,500,000	commenced late 2013, complete end 2014
Related infrastructure and upgrades	\$16,000,000	program varies depending on project item

FINANCIAL IMPLICATIONS

A number of funding sources have been identified including:

- airport capital reserve
- revenue (sale and lease) from Kingsford Smith Business Park
- new revenue sources (retail, airfreight, general aviation hangars, uplift to concessions)
- loan funds and additional Town funds

Given the proposed timing and size of the capex program there are a number of challenges associated with the funding task. Over the five to seven year program \$30 million in funding has been budgeted from site rents and lot sales within the Kingsford Smith Business Park Precinct with \$10 million of this funding budgeted to be provided within the first year. However, there have been delays in the issuing of titles, which is impacting on this funding source.

Around \$52 million in surplus funds from future operations and new revenue initiatives have also been identified with \$6.7 million relying on new revenue sources. This also assumes airport revenues will grow at 5% per annum while expenditure only grows at 3.5% per annum.

In terms of municipal reserves potential funding of \$19 million has been assumed which will be coming from airport reserve. Finally, and to achieve a balanced capex to funding budget, a further \$13.5 million would need to be sourced from debt. Given the above it is noted there does exist some funding risks. These risks are being considered as part of the governance review.

This program will be, by its nature, subject to regular and constant review and various elements and amounts may change over time. An indicative five year program and cashflow have been included at attachment 2.

STATUTORY AND POLICY IMPLICATIONS

The Town's Strategic Community Plan outlines a vision to 'develop the Port Hedland International Airport as a leading regional airport in the area of passenger and freight movements and customer satisfaction'.

Port Hedland International Airport is classified as a security controlled airport under the federal *Aviation Transport Security Act 2004*. As owner and operator of the airport, the Town of Port Hedland is required to ensure the security integrity of the domestic and international aviation networks.

ATTACHMENTS

1. Creating a modern gateway to Australia's North West – Port Hedland International Airport redevelopment strategy (Under Separate Cover)
2. Port Hedland International Airport redevelopment – five year cashflow (Under Separate Cover)

20 May 2014

**ITEM 11 LATE ITEMS AS PERMITTED BY PRESIDING MEMBER/
COMMITTEE****AC201314/054 AIRPORT COMMITTEE DECISION****MOVED: CR HUNT****SECONDED: DR KING**

That the Airport Committee, in accordance with section 8.11 'Suspension' of the Town of Port Hedland Standing Orders Local Law, suspend section 8.3 and 8.9.

CARRIED 6/0

1:24pm Presiding Member advised that sections 8.3 and 8.9 of the Standing Orders are suspended.

AC201314/055 AIRPORT COMMITTEE DECISION**MOVED: CR BUTSON****SECONDED: MAYOR HOWLETT**

That the Airport Committee resume Standing Orders.

CARRIED 6/0

1:26pm Presiding Member advised that sections 8.3 and 8.9 of the Standing Orders are resumed.

AC201314/056 AIRPORT COMMITTEE DECISION**MOVED: MAYOR HOWLETT****SECONDED: CR HUNT**

That the Airport Committee:

1. **Send correspondence officially thanking Mr Serge Doumergue for his services on the Port Hedland International Airport Committee;**
2. **Acknowledge the resignation from Mr Serge Doumergue from the Port Hedland International Airport Committee; and**
3. **Recommend that Council request the Chief Executive Officer, or his delegate(s), issue a public notice seeking the appointment of one community member to the Port Hedland International Airport Committee.**

CARRIED 6/0**ITEM 12 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

ITEM 13 CONFIDENTIAL ITEMS

Nil

ITEM 14 ATTENDANCE VIA TELECONFERENCE

Nil

ITEM 15 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

ITEM 16 CLOSURE

Program Director Airport Redevelopment advised that it is the Airport Development Officer, Anna Duffield's, last Airport Committee meeting as she is moving into a new role at the Town of Port Hedland.

Presiding Member thanked Anna for her contributions to the Airport Committee in her time as Airport Development Officer.

16.1 Date of Next Meeting

The next Airport Committee Meeting of Council will be held on Wednesday 13 August 2014 at 12:30pm in Council Chambers.

16.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 1:36pm.