

Shire of Ashburton



Business Plan For proposed Major Land Transaction **ONslow AIRPORT ROTARY WING HANGAR DEVELOPMENT** 2017

CONTENTS

Contents

- INTRODUCTION3**
- PROJECT DETAILS.....3**
- BACKGROUND4**
- LOCAL GOVERNMENT ACT 1995 REQUIREMENTS.....5**
- ONSLow AIRPORT ROTARY WING HANGAR DEVELOPMENT.....5**
 - 1.1 Expected effect on the provision of facilities and services by the Local Government 5**
 - 1.2 Expected effect on the other persons providing facilities and services in the District 6**
 - 1.3 Expected effect on the Local Government..... 6**
 - 1.4 Expected effect on the matters referred to in the Strategic Community Plan and Corporate Business Plan 7**
 - 1.5 Ability of the Local Government to manage the undertaking or the performance of the transaction 7**
- SUBMISSIONS8**

BUSINESS PLAN IN ACCORDANCE WITH SECTION 3.59 OF THE
LOCAL GOVERNMENT ACT 1995

ONSLow AIRPORT ROTARY WING HANGAR DEVELOPMENT

INTRODUCTION

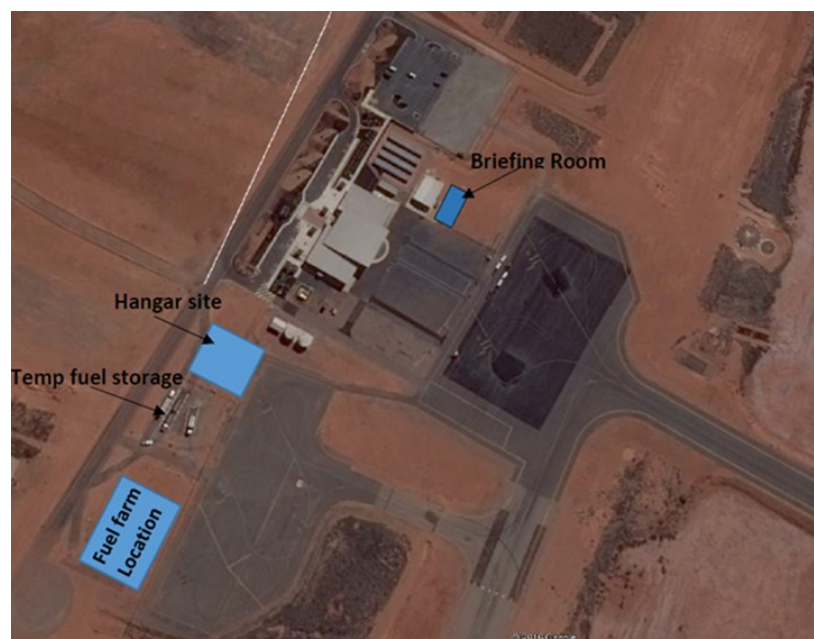
The Shire of Ashburton is proposing to undertake a \$2 million rotary wing hangar development at Onslow Airport. The project qualifies as a major land transaction in accordance with the *Local Government Act 1995* (Act), and therefore a business plan must be prepared and advertised prior to commencement of the project.

The business plan is required to address the expected effects on the provision of facilities and services by the Local Government, other persons providing facilities and services in the District, the finances of the Local Government, the other strategic and corporate priorities of the Council and the ability of the Local Government to manage the undertaking.

This business plan will be advertised for a period of 6 weeks as required by the Act and submissions can be made to the Shire of Ashburton. The Council is required to consider all submissions made before deciding whether to proceed with the major land transaction at the Onslow Airport.

PROJECT DETAILS

The project involves the construction of 42m x 30m aircraft hangar on a serviced, General Aviation allotment to the south of the Airport terminal. The allotment is described as Lot 2B on Part Lot 16 on Deposited Plan 111640 Onslow and is 2,500m².



The hangar is designed to house 2 x S-92 helicopters and will have both airside access to the General Aviation apron plus landside access to the road at the rear of the allotments.

Additionally, a Helicopter Briefing Room will be provided via the relocation of an obsolete Shire transportable building. Provision has been made to undertake the relocation and refurbishment to provide a room where passengers can be screened, tested, weighed, provided safety briefings and fitted with lifejackets. Provision of this facility will alleviate the need to utilize the current terminal's limited office space.

The Briefing Room will be located adjacent to the main apron where the helicopters will load and unload passengers.

The estimated project budget includes:

Hangar construction and ancillaries	\$1.6m
Helicopter Briefing Room	\$75,000

The serviced allotment on which the development is proposed has already been constructed as part of the initial Onslow Airport Redevelopment and whilst its value has been included in the calculations for this Business Plan, the costs associated with the land are not part of the project budget.

BACKGROUND

The Onslow Airport is located approximately four kilometers south of the Onslow Townsite. Onslow Road forms the western boundary of the airport and provides direct access to the Onslow Townsite, ANSIA and connection to the North West Coastal Highway approximately 75 kilometers to the south.

Due to the commencement of both the Macedon and Wheatstone Projects at the ANSIA, air transport to Onslow has increased significantly with a mix of closed and open charter flights operating daily out of the Onslow Airport. Upgrades were required for airport facilities to serve the projected needs of industry and expected community growth.

The Wheatstone State Development Agreement (SDA) committed Chevron Australia Pty Ltd (CAPL) to a capped contribution of \$30 million for an upgrade of the infrastructure at the existing Onslow aerodrome with additional funding coming from the Community Development Fund (CDF) to complete the project.

The Shire of Ashburton commenced the project in June 2013 and the facilities were completed and fully operational in August 2015. On 24 August 2015, these works were completed and the redeveloped Onslow Airport was officially opened four years to complete. The redevelopment was funded by the Shire of Ashburton, Chevron-operated Wheatstone Project and the State Government through Royalties for Regions.

As of July 2015, public seats have been available on 5-7 weekly Virgin Australia return flights between Onslow and Perth, using the service for the Wheatstone Project.

With the expected decline in flights and overall business at the Onslow Airport due to the completion of the Wheatstone Project, it was determined through a Master Planning process that rotary wing operations was a viable diversification to keep the Airport sustainable. Anecdotal informational and other communications with third parties that operate helicopters in the region provide a high degree of confidence that the proposed helicopter facility will be well utilized and economically sustainable.

LOCAL GOVERNMENT ACT 1995 REQUIREMENTS

Pursuant to the requirements of the *Local Government Act 1995*, a process must be followed before a Local Government Authority commences a major land transaction.

Definitions

Land transaction means an agreement, or several agreements for a common purpose, under which a local government is to –

- (a) acquire or dispose of an interest in land; or
- (b) develop land;

Major land transaction means a land transaction other than an exempt land transaction if the total value of –

- (a) the consideration under the transaction; and
- (b) anything done by the local government for achieving the purpose of the transaction, is more, or worth more, than the amount prescribed for the purposes of this definition.

In accordance with Section 3.59 of the *Local Government Act 1995*, before it commences a major land transaction, a Local Government is to prepare a business plan which addresses five matters as identified below.

ONSLow AIRPORT ROTARY WING HANGAR DEVELOPMENT

Expected effect on the provision of facilities and services by the Local Government

As demonstrated in other sections of this business plan, it is not expected that the delivery of the Onslow Airport Rotary Wing Hangar Development will have negative effect on the provision of the facilities and services by the Local Government.

As it is the current airport operator and the development will primarily involve development on the General Aviation apron and adjacent landside lots, the Shire's existing airport operations would be impacted for only a short time during the construction phase. However, the management of the project and the management of the airport will not have an effect on the Shire's ability to deliver the range of facilities and services currently and as forecast through the Strategic Community Plan, Corporate Business Plan and Long-Term Financial Plan (refer "Expected financial effect on the Local Government" and "Ability of the Local Government to manage the undertaking or the performance of the transaction").

The Onslow Airport Master Plan demonstrates that the provision of the rotary wing hangar facilities is capable of being self-sustaining both operationally and capitally in the long term with Onslow's close proximity to offshore oil and gas operations.

Expected effect on the other persons providing facilities and services in the District

This project is unique to Onslow and the surrounding District, therefore there is no local competition for this service. In the broader sense, the project is anticipated to have a significant positive impact on the District with possible 'flow on' effects from rotary wing operations such as additional public flights and employment opportunities for general airport staff, ground handling, screening staff and refuellers.

Expected effect on the Local Government

Between 2013 and mid-2015, the Shire availed itself of significant capital funding arising from the Wheatstone State Development Agreement (SDA) that committed Chevron Australia Pty Ltd (CAPL) to a capped contribution of \$30 million for an upgrade of the infrastructure at the existing Onslow aerodrome.

Additional funding sourced through the Community Development Fund (CDF) enabled additional upgrade works to be completed in order to finalise the project and make the Onslow Airport fully operational to meet the needs of the Wheatstone development and the community.

This capital funding has enabled the Onslow Airport to be fully developed, principally independently of Shire funds with only ongoing operational costs to be met.

Fees and charges applied to the operations at the Onslow Airport provide income that supports the full operation of the Airport including anticipated, significant inputs to an Airport Reserve to cover asset renewals and to support operations beyond the Wheatstone construction.

The fees and charges for operation of the Airport are determined through the regulatory budget process, and are currently set as to achieve the above outcome.

Regular market comparison is carried out against other Airports in the Pilbara and across Australia to gauge relativity, however the unique nature of the location, significant high, short term peak in aircraft traffic and large capital investment in assets needs to be considered to ensure the long term viability of this community asset.

Currently the Airport is servicing the construction phase of the Chevron Wheatstone project with significant aircraft traffic movements. This peak in traffic was anticipated to reduce significantly towards the end of 2016, however the traffic movements are now not anticipated to reduce until later in 2017. These additional flights have realized significantly more income than initially budgeted for and forecast in the Onslow Airport Master Plan.

The proposed development of a rotary wing hangar will be funded by the additional profits from the Onslow Airport Operations and the Onslow Airport Reserve. Commercial leases will realize additional income directly from the lease payments with landing fees and passenger taxes also applied to the services operating from the hangar.

The development is aligned with the Onslow Airport Master Plan that recognizes the significant opportunities that diversification into rotary wing operations presents. Additionally it is believed a development of this type will create confidence and interest from 'downstream' businesses to develop other lots in the precinct.

Expected effect on the matters referred to in the Strategic Community Plan and Corporate Business Plan

As the capital project is to be fully funded from Airport operations and the Airport Reserve, plus the Onslow Airport Master Plan forecasts the Airport to be financially self-sustaining both operationally and capitally in the long term, the project will not have a detrimental effect on any other priorities in the Shire's Strategic Community Plan or Corporate Business Plan. The project will, in fact, realise opportunities highlighted in the Master Plan to expand and diversify the Airport operations beyond the current reliance on CAPL construction traffic.

The project contributes to the achievement of several of the Shire's priorities in the Strategic Community and Corporate Business Plans, including

- Quality public infrastructure
- Work with key stakeholders to improve capacity and quality of airports
- Development of an airport in Onslow
- Increase General Aviation area accommodating light to medium aircraft includes sealed/unsealed apron, aviation support facilities and hangarage.

Ability of the Local Government to manage the undertaking or the performance of the transaction

The Shire of Ashburton is well equipped to deliver the project to develop a rotary wing hangar and also to manage the Onslow Airport in the long term. The recent development of the Onslow Airport using Shire resources and the ongoing successful management of the facility, realising significant surpluses to fund an Airport Reserve is testament to the capacity and capabilities of the Shire. The proposed development is a relatively small scale project that will be managed in-house and no additional, external resources, other than the Contractor appointed to construct the facility, are anticipated.

SUBMISSIONS

Submissions about this business plan can be made to the Chief Executive Officer, Shire of Ashburton, 246 Poinciana Street, Tom Price, WA 6751 until the close of business 6 March 2017.

Submissions in writing can be delivered to PO Box 567, Tom Price, WA 6751 or emailed to the attention of the Chief Executive Officer to soa@ashburton.wa.gov.au

If more information is required prior to making a submission, contact the Onslow Airport Manager, Megan Walsh on 08 9153 2002 / 0448 774 789 or at Megan.Walsh@ashburton.wa.gov.au