

Andrew Barr MLA
Deputy Chief Minister, ACT Government
GPO Box 1020
Canberra ACT 2601

Sir,

Re: Williamsdale Airfield, ACT

I refer to the report titled "Williamsdale Airfield Cost Benefit Analysis" prepared by Deloitte Access Economics, May 2011, of which you are in receipt. I wish to request that the ACT Government commit \$1.95 million to the establishment of Canberra's regional airfield, as outlined in that report.

The Williamsdale Airfield report justifies the economic feasibility of establishing a second airfield for Canberra on the basis of income from renting light aircraft hangarage and day visitors to the proposed airfield. The proposal demonstrates that, after initial capital investment, the ongoing cash flow would be sustainable.

There is significant potential to maximise the ACT's commitment to ecologically sustainable buildings through construction of aircraft hangars, office space and a cottage with "green" design that has minimal impact on the environment. The airfield would help re-establish light aircraft pilot training in the region by providing a base for flight training schools that were forced to close down business at the Canberra Airport.

From a pilot's perspective, the airfield is outside controlled airspace, so this advantage opens up access to many hundreds of recreational pilots from interstate who would be able to fly in for day trips to Canberra — so there are obvious flow-on benefits to those outside the ACT region.

Finally, please look at the enclosed article about a proposed regional airfield for Brisbane, which has government support. This has a similar scope to the Williamsdale Airfield, with the same focus on ecologically sensitive environments.

It would be most astute for the ACT Government to commit the initial capital for Williamsdale Airfield, given that it can be touted as a flagship regional project with long-term benefits for tourism as well as being a model for sustainable development.

Thankyou for your consideration.

Regards,

>> Randal McFarlane

Australia's first truly green airport

And as any Brisbane Valley aviator will tell you, 09/27 are the magic numbers in our area because when that South East Queensland sea breeze comes in, nothing else works quite as well.

The Lockyer Valley Regional Council enthusiastically supports the project, but the council is not the developer. The new airport is the brainchild of Brisbane pilot/entrepreneur, Randal McFarlane, owner of VNE Systems. Randal has been involved in aviation for many years. He started his professional life as an RAAF air traffic controller and has been intimately connected with aircraft and flying ever since. Randal is a director of the Australian Warbirds Association. He is a passionate supporter of anyone trying to turn their dreams into reality. Five years ago, he went to the US to buy a twin-engined Douglas A26 Invader and flew this WW2 vintage attack bomber back across the Pacific to its new home at Archerfield himself. Besides the A26, Randal owns a Cessna O1 Bird Dog forward air control aircraft and a Focke-Wulf FW 149D Luftwaffe (post war) training and communications plane. This immaculately maintained Focke-Wulf was at the inaugural Gathering of Eagles Fly-in at Watts Bridge last September. It is a fully aerobatic, four seat, retractable nose-wheel undercarriage, low wing, all metal aircraft, powered by a Lycoming GO 480 motor developing 285hp.

Randal is so keenly involved with vintage aircraft that he intends opening an aviation museum at the new regional airport. There are also plans for the Lockyer Valley Flying Club, a group which was put out of business about a decade ago when the University of Queensland closed its airfield at Gatton Campus, to re-establish itself at the airport. The business entity Randal has put in place to establish the airport is known as Lockyer Valley Regional Airport Pty Ltd.

The project will be financed through the sale of 89 freehold hangar sites and 14 "non-air" sites for aviation businesses. All land title will be freehold and the hangar sites will include 15 metres of apron parking directly in front.

There will be a building covenant to ensure integrated and complementary building designs, sizes and colour schemes. The covenant will exclude residential accommodation and will also mandate that all activities and storage be directly related to aviation.

That means no yachts, no quad bikes, football goal posts, excess furniture, etc. With the establishment of this airport, Randal is hoping to eliminate everything pilots and operators do not like about current GA/RA-Aus airports. A professionally run body corporate will be set up



to administer all operations, and all of the airport's freeholders will be democratically included in the decision making process.

The business will raise about \$30 million through the sale of airport sites. That means each allotment will sell for \$300,000. Given the perennial dissatisfaction of Archerfield owners and tenants, the threatened closure of Heck Field, and growing interest in recreational aviation in the area, there should be no shortage of interested buyers.

Already plans are afoot to base a rescue chopper at the airport, a facility sorely lacking in January last year when the Lockyer Valley flooded with such tragic consequences. On the matter of the floods, however, it should be noted that the airport land was high and dry during that event, so flooding is not seen as a problem for hangars, taxiways or runway.

The airport will, of course, have its own refuelling service. It will cater for both Recreational and GA aircraft up to normal charter category. However, there are no plans for scheduled services, mainly because of the security headache that would bring. So ASIC cards will not be required (how wonderful). Probably, though, all aircraft will be required to be radio equipped.

The decision has been made to exclude parachuting and gliding operations, but with skydiving at nearby Ripcord and gliding at Boonah, this is not seen as much of a disadvantage.

Landing fees will apply for non-owners but are expected to be reasonable. A rigid fly-neighbourly policy will prevail: A good relationship with the local community is a priority.

The airport will also be children-friendly with a playground already planned. As well, the airport will also have one of the most environmentally-aware operations policies ever devised. Randal describes the development as Australia's first truly green airport.



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Economic Development

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<p>Date due with Minister's Office</p>	<p>Date due with CE Office at least 2 working days before Minister's Office</p>	<p>Tracking Numbers BM 11 / 126</p>
<p>Any other critical date and reason</p>		

Subject: Williamsdale Airfield – Proposal by CRAA

Reply to correspondence from:

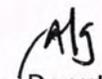
Contact Officer: Chris Beer
Phone: x59889

Cleared by Senior Manager:

Date:

Cleared by Director:

Date:


Cleared by Deputy Director-General: Dan Stewart

Date: 27.09.11


Cleared by Director-General: Cathy Hudson

Date:

28/9/11

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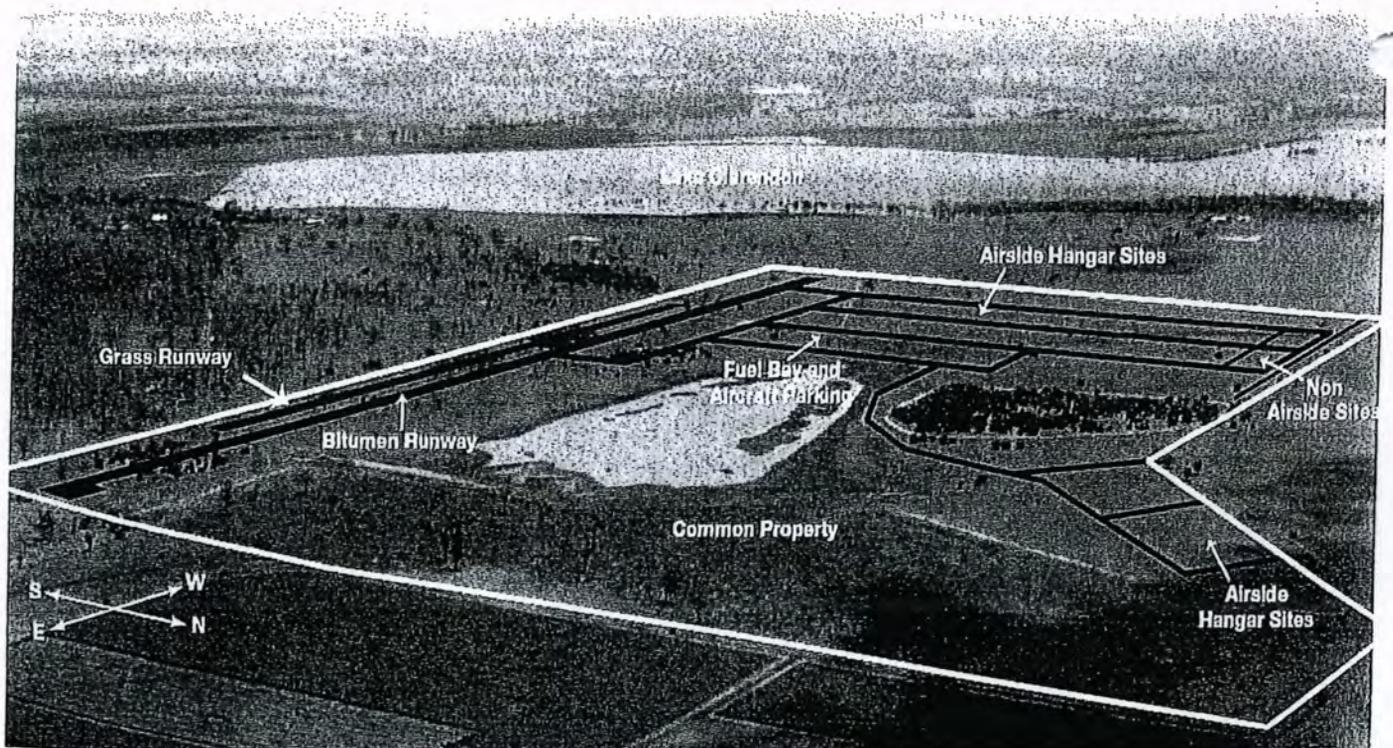
by Arthur Marcel

New Airport for Brisbane

The Brisbane Valley is getting a new regional airport. Strictly speaking, this airport is in the Lockyer Valley, and the name of the new airport is actually the Lockyer Valley Regional Airport.

But let's not split hairs; all roads lead to Rome and all creeks (as we discovered much to our discomfort in January 2011) eventually lead to the River City.

Situated half way between Ipswich and Toowoomba, only six or seven minutes from Gatton, Laidley or Plainlands, and occupying 123 hectares of prime land on the gently sloping shores of Lake Clarendon (see photo), this magnificent new development has a 1250 metre long, 30 metre wide, tar-sealed runway pointing exactly east west.



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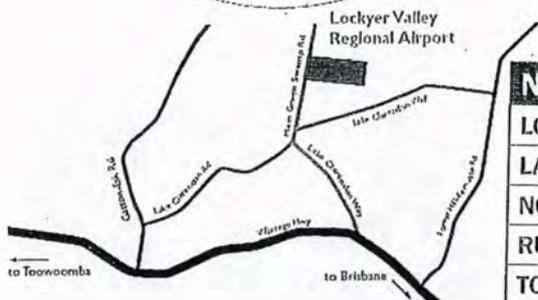
The airport will also be children-friendly with a playground already planned. As well, the airport will also have one of the most environmentally-aware operations policies ever devised. Randal describes the development as Australia's first truly green airport.



New Airport for Brisbane cont'd.

It will have solar lighting, solar power and tank water systems for every building. The sewerage system will employ bio-cycle technology and be completely independent of council infrastructure. The only outside service connections will be for three phase power and NBN communications.

The airport (runway centre) is located 27° 30' 51.52" S, 152° 22' 01.86" E. To get there, drive up the Warrego Highway from Brisbane and, just after Plainlands, turn right at the Big Orange onto Lake Clarendon Way, then right again onto main Green Swamp Road. The airport will be on your right. Well done, Randal McFarlane, and good luck with this wonderful project.



NEW REGIONAL AIRPORT DETAILS

LOCATION	LOCKYER VALLEY, NEXT TO LAKE CLARENDON
LATITUDE AND LONGITUDE	27° 30' 51.52" S, 152° 22' 01.86" E
NO. RUNWAYS	1 SEALED WITH PARALLEL GRASS STRIP
RUNWAY	09/27 (1250M)
TOTAL LAND AREA	123 HA
NO. ALLOTMENTS	89 FOR HANGARS, 14 FOR COMMERCE
COST PER ALLOTMENT	\$300,000
ALLOTMENT SALES BEGIN	FEBRUARY 2012



VM-1

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Ultra Aviation

17 - 18 Chris Drive Lilydale VIC 3140 Email: info@ultraaviation.com.au
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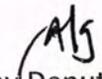
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Date:

28/9/11



E-MAILED
11/10/2011

Andrew Barr MLA

DEPUTY CHIEF MINISTER

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TREASURER

MINISTER FOR ECONOMIC DEVELOPMENT
MINISTER FOR EDUCATION AND TRAINING
MINISTER FOR TOURISM, SPORT AND RECREATION

MEMBER FOR MOLONGLO

Dear

I am writing with regard to the request from the Canberra Region Aviators Association (CRAA) for ACT Government support for the establishment of a general aviation airfield at Williamsdale.

As you are aware, earlier this year the ACT Government commissioned Deloitte Access Economics to examine the financial and economic viability of a dedicated general aviation (GA) airfield in the Canberra region. The report, *Williamsdale Airfield Cost Benefit Analysis*, has now been finalised and will shortly be released on the Economic Development Directorate website – I have included a copy for your information.

The study has determined that there is a relatively strong demand for an airfield at Williamsdale among the ACT aviation community, as is evidenced by the assumptions regarding a positive revenue return from year one of the project and strong growth in patronage over the first three years.

The Deloitte Access report also notes, however, that while the project's internal rate of return is positive (at around 5 per cent per annum), it is not sufficient to attract private sector investment, particularly in light of the estimated establishment costs (including land acquisition) for the development of around \$1.95 million.

Unfortunately, based on this analysis, the Government has decided against providing financial support for the project.

Although the report focuses on Williamsdale as a GA site, there may be opportunities to obtain a suitable site for a private development in NSW. I am hopeful that public release of the Deloitte Access report may act as a stimulus for such a development.

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601

Phone (02) 6205 0011 Fax (02) 6205 0157 Email barr@act.gov.au

000163

I would like to thank you for raising this matter with me and I wish you every success should the CRAA choose to continue to pursue this initiative.

Yours sincerely



Andrew Barr MLA
Minister for Economic Development

- 6 OCT 2011

cc:

Williamsdale Airfield Cost Benefit Analysis

ACT Department of Land
and Property Services

9 May 2011

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Glossary

CASA	Civil Aviation Safety Authority
CIA	Canberra International Airport
CRAA	Canberra Regional Aviators Association
GA	General aviation
HECS	Higher Education Contribution Scheme (a deferred fee scheme)
RA-AUS	Recreational Aviation Australia
SQM	Square meters

Executive Summary

The ACT Government commissioned Deloitte Access Economics to examine the financial and economic viability of a dedicated general aviation (GA) airfield in the Canberra region. The airfield would comprise a 1000 metre grass runway, without lighting, with a paved engine run-up area and refuelling facilities. The proposed site for the airfield is located at Williamsdale (just north of the existing township) and would be primarily for recreational GA activities and emergency services.

Currently, the only facility in the region is Canberra International Airport (CIA). The nearest alternatives are Goulburn and Cooma (Polo Flat). CIA provides high-spec infrastructure for commercial aircraft and a high level of airport security. The strong demand for the available land at CIA causes services (such as hangars) to be less affordable for recreational users. Air traffic control procedures at CIA require a high level of certification and equipment, further adding to the complexity of using CIA for general and recreation aviation. A facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility, using lower-valued land. Being outside controlled airspace, it is also more amenable to training novices.

Williamsdale demand survey

Deloitte Access Economics distributed a survey to local and interstate pilots to help determine the potential demand for a dedicated GA airfield in Canberra airfield located at Williamsdale. The survey was sent to Canberra and local area VH registered pilots and forwarded through Recreational Aviation Australia (RA-Aus) and Canberra Regional Aviators Australia (CRAA).

The survey focussed on determining the potential usage of the airfield from local and interstate pilots, the demand for hangars and grass parking and other facilities that would be required at the airfield to encourage patronage.

In total 175 unique survey responses were received, 107 from the ACT and local surrounding area and 68 from interstate respondents. Response rates are difficult to determine as some aviators may be members of both CRAA and RA-Aus, or have a VH-registered and RA-Aus registered aircraft. That noted, the number of responses was encouraging, given the usual level of responses received from mail-out surveys. Indicatively, around half of all potential users of the new airfield responded. Many survey respondents also made positive and encouraging comments about the proposed airfield.

Of the 107 local survey responses received, 69 (or 64%) indicated that they would be interested in locating their aircraft at Williamsdale Airfield in a private hangar, leasing a T-hangar or using grass parking facilities. The anticipated demand gives potential revenue of around \$133,000 per annum when all 69 aircraft are located at the airfield, which would be expected to occur around the third year of operation, assuming a gradual takeup.

Respondents were also asked to identify potential facilities they would require at the airfield. The main facilities and services identified were maintenance, training and an aero club, with other facilities including general amenities, fuel, private hire, rental cars and lighting also cited.

Several survey respondents indicated an interest in setting up a business at the airfield, to provide maintenance or training or both.

Proposed model

The proposed model for the Williamsdale Airfield is for the ACT Government to provide initial seed funding that would be used to purchase the land and establish the airfield. Once operational, the revenue generated from the airfield would be used to maintain, administer and improve facilities over time, without needing on-going ACT Government support. Given the limited role of Government once the airfield is constructed, the management of the airfield would require the establishment of a Board, possibly on an honorary basis, which would be responsible for oversight, with day to day management and administration undertaken by a caretaker.

In order to reduce expenses for the airfield, a business model could be used where a live-on-site caretaker is responsible for various tasks. A similar business model is used at airfields such as Wedderburn. It is envisaged that a semi-retired caretaker would be sought, to live on site rent free, where they could be provided with a basic two bedroom cottage, maintenance shed and paid a notional salary of (indicatively) \$10,000 per annum. The primary role of the caretaker would include conducting security runs in the evening around the airfield, some administration tasks, and general maintenance such as grass cutting.

Cost benefit analysis

The expected return of the Williamsdale Airfield over the 15 years to 2026 is 5.0% on a stand alone basis, and 11.9% when economic returns to the ACT are included (see Table i). Additional revenue under the economy wide scenario includes visitor spending and consumer surplus.

The cost benefit analysis assumes an initial investment from the ACT Government to construct a grass runway and associated infrastructure such as fencing, electrical works, road works, caretaker cottage, T-hangars, fuel facilities and basic aero club facilities, totalling around \$1.95 million. The subsequent administration and operational costs are assumed to be covered through aircraft and commercial leasing revenue collected by the airfield management.

Under the base case, positive cashflows are generated for the airfield in the first full year of operations (assumed to be 2012, for the purposes of the modelling). On a cashflow basis the airfield breaks even in 2025, four years earlier in 2021 when the returns to the ACT economy are taken into account. The ability to be cash-flow-positive in the first full year of operations is an indication of the strong response to the demand survey conducted by Deloitte Access Economics.

The modelling result includes the construction of T-hangars to house an additional 80 aircraft over the period to 2026, totalling around \$1.95 million in construction costs, funded through revenue generated from the airfield.

The demand for the shared T-hangar concept was especially strong. This would drive the vast bulk of the airfield's revenues. In essence, the main focus of the airfield business would be in T-hangar leasing. Indeed, in the early years, there is likely to be a waiting list

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for space in a T-hangar and the cost of each additional tranche of T-hangar space could be financed by borrowing against pre-commitments made by users entering leases for T-hangar space 'off the plan' before building commences.

Table i: Revenue and expense (\$,000) – Williamsdale Airfield

	2011	2012	2014	2016	2018	2020	2022	2024	2026
<i>Williamsdale Airfield only</i>									
Revenue		121	166	259	334	392	446	494	1558
Expenses	1951	49	49	250	237	198	186	167	183
<i>Net revenue</i>	<i>-1951</i>	<i>72</i>	<i>117</i>	<i>8</i>	<i>97</i>	<i>194</i>	<i>259</i>	<i>327</i>	<i>1375</i>
<i>Cumulative</i>	<i>-1951</i>	<i>-1879</i>	<i>-1668</i>	<i>-1771</i>	<i>-1631</i>	<i>-1283</i>	<i>-801</i>	<i>-189</i>	<i>1521</i>
<i>Economy wide impacts</i>									
Revenue		175	253	385	501	591	674	747	1838
Expenses	1951	49	49	250	237	198	186	167	183
<i>Net revenue</i>	<i>-1951</i>	<i>126</i>	<i>204</i>	<i>135</i>	<i>265</i>	<i>393</i>	<i>487</i>	<i>580</i>	<i>1655</i>
<i>Cumulative</i>	<i>-1951</i>	<i>-1825</i>	<i>-1458</i>	<i>-1329</i>	<i>-874</i>	<i>-144</i>	<i>779</i>	<i>1886</i>	<i>4142</i>

Note: 2026 revenue includes terminal value of land and T-hangars

In addition to airfield revenue, the Williamsdale Airfield will generate a number of short and long term employment opportunities. It is estimated 17 full time equivalent positions would be generated during the construction phase. In addition, any commercial enterprise at the airfield would generate employment on an ongoing basis, possibly in the order of 10 people working in maintenance and training positions based at the airfield.

The construction of Williamsdale Airfield will have a number of linkages with the ACT and interstate economies, therefore, some of the employment generated during the construction phase may be lost interstate. Given the relative size of the ACT, should 60% of the employment benefits be captured in the ACT, 10 full time positions would be generated from the construction phase.

Key success factors

In order for the Williamsdale Airfield to establish itself and generate the level of demand to ensure it can operate on a stand alone basis, a number of key factors have been identified:

- The airfield is capable of being cash-flow-positive in its first full year of operation, provided it is adequately capitalised, so that it has critical mass.
- Building T-hangars as part of the first tranche of development.
 - The high demand for this type of hangarage service will help give the airfield scale and provide revenue from day one. Based on the demand survey, a 20-berth T-hangar could be fully subscribed on the day of opening, and a second 20-berth T-hangar could be leased 'off the plan' soon after.
- Building a caretaker cottage and hiring a part-time / semi-retired caretaker to provide low-cost security and general maintenance of the airfield will help to minimise operational costs.
- Leveraging private investment where possible. For example, a fuel supplier may pay for the installation of the fuelling facility.

- Partnering with the training and aircraft maintenance businesses that have expressed interest, so these can commence immediately (or soon after) the airfield is built. Again, to help create some scale and provide anchor tenants soon after opening.
- Procuring one or two basic rental cars (perhaps operated by the aero club) to base at the airfield for use by visiting aviators to ensure the ACT is able to capture the additional economic benefits from interstate visitors.
 - Travel volume to and from Williamsdale will be too low for a public transport solution. Having one or two basic vehicles available for rent helps to address the distance of the airfield from Canberra for visiting pilots.
- Providing facilities whereby the airfield could potentially be used as a base for aerial fire fighting in the future.
 - Although it is not expected that an aerial fire-fighting base would be relocated to the Williamsdale site in the short term, it provides an alternative runway for 'on-demand' fire fighting should it be required, and over time as facilities are improved the site may be revisited as a possible aerial fire fighting base. This would require the appropriate facilities for basing fire fighting aircraft at the site including a facility to mix retardant, fuel and general aviation facilities.
 - The economic benefit the airfield would generate for the community by providing these additional fire fighting facilities is difficult to determine, however, by their very nature, fire fighting services can provide very high benefits during infrequent events, so assessing 'average annual benefits' will depend on the frequency (probability) and severity of future fire events. The Williamsdale Airfield could assist in fighting fires by providing a facility closer to the south of Canberra for fire fighting aircraft to use if required, potentially reducing the response times for fires in the surrounding area, in particular for regions which are difficult to access by road, and as a back up if visibility at CIA, Cooma or Goulburn is affected by smoke.
- A sensitivity analysis was conducted and showed that the key parameters are the aircraft capture rate, capital expenditure and aircraft leasing charges.
 - The no survey bias results assume that the capture rate of 64% of GA aircraft is reflective of aircraft which were not included in the survey analysis, and forms the base case of the analysis. The survey bias (or 'non-response' bias) scenario assumes that those who did not respond to the survey are less likely to use the Williamsdale Airfield. The sensitivity assumes that the proportion of non-responses that will use the airfield is half those that responded, that is 34% capture rate. Under this scenario the return falls by around 2.0% to 2.97%.
 - If initial construction costs are 10% higher than expected the return is 3.41%, a fall of 1.60%. Should aircraft leasing charges be 10% less than expected the estimated return would fall by 1.31% to 3.69%.

Deloitte Access Economics

1 Introduction

Deloitte Access Economics was commissioned by the Department of Land and Property Services to assess the financial viability of a dedicated general aviation (GA) airfield in the Canberra region. The proposed site for the airfield is located at Williamsdale (just north of the existing township) and would be primarily for recreational GA activities and emergency services.

A core aim of this exercise is to inform the Government on the potential demand for a dedicated GA airfield in Canberra and the ability for the airfield to operate on a stand alone basis. In addition the analysis includes an assessment of the potential economic benefits to the ACT from an airfield at Williamsdale.

Policy context

Currently, the only airfield in the region is Canberra International Airport (CIA). The nearest alternatives are Goulburn and Cooma (Polo Flat). CIA provides high-spec infrastructure and security designed for commercial aircraft, making it less affordable for recreational users. The air traffic control procedures at CIA also require a high level of certification and equipment. A facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility. Being outside controlled airspace has advantages for training novices.

Due to the legal mechanism for obtaining the land needed for a new airfield at the proposed site, and to raise capital for the initial infrastructure works given the legal restrictions over the tenure of that site, it limits the options for private sector involvement, and requires Government involvement in both the acquisition and first stage of development of the airfield. Once established, however, it is envisaged that the airfield would become self-sustaining, and could be operated on a stand-alone basis without requiring ongoing resources from Government.

A cost benefit analysis has been conducted to determine whether or not the full economic costs of the Williamsdale Airfield are outweighed by its full economic benefits — that is, whether the project has a net benefit for society as a whole.

Report structure

Section 2 provides a background and considers the need for a dedicated GA airfield in the Territory. Sections 3 and 4 summarise the consultation process and survey results. Section 5 discusses the proposed model for the Williamsdale Airfield and Sections 6 and 7 detail the cost benefit and sensitivity analysis.

2 Background

2.1 Demand for a general aviation airfield in Canberra

The demand for a GA airfield in Canberra has arisen partly due to there being only one aviation facility in the ACT available for both commercial aircraft such as Qantas, and smaller recreational GA aircraft. Given the commercial demands on CIA, priority is naturally given to the large commercial aircraft using airport facilities, which can lead to delays in take off for recreational GA aircraft as well as more frequent holding patterns. This can potentially limit the actual flight time available to recreational pilots and flight training aircraft.

Controlled airspace also imposes restrictions with only certain pilot licences and aircraft able to use CIA facilities. As a result, many Canberra residents with RA-Aus pilot licenses and particular recreational aircraft are required to use airport facilities located outside of Canberra airspace, for example Goulburn or Polo Flat.

The cost and availability of hangar space for GA aircraft at the CIA have also been identified as potential barriers to Canberra pilots using the airport. The 2009 CIA Masterplan notes that *'Commonwealth Government-imposed aviation security requirements at major airports have unfortunately imposed a significant cost and inconvenience burden on recreational GA operations'*. These cost pressures may also be partly responsible for the closure of flight schools in the region.

Responses to Deloitte Access Economics' Williamsdale demand survey (discussed further in Section 4) indicated a cost of around \$9,500 for the use of a hangar and \$1,700 for grass parking at the CIA. These costs are considerably higher relative to costs proposed of around \$2,750 for space in a T-hangar at Williamsdale. It is noted though that the facilities at the CIA are superior to those that would be constructed at Williamsdale, for example better quality runways and security, which would be partly reflected in the leasing costs.

These cost pressures and restrictions imposed on GA aircraft support the construction of an additional airfield focussed on the GA sector. A facility at Williamsdale would aim to address the demand for the local non-commercial aviation sector, allowing access to all RA-AUS aircraft and licence types and provide an area with less congested airspace and flight restrictions compared to the CIA.

A facility at Williamsdale would also free up capacity and land at CIA, which could be put to other (possibly higher-valued) uses. Even so, the Williamsdale facility would also provide some competitive pressure on CIA, to the benefit of those people who wish to continue locating their general aviation aircraft at CIA once Williamsdale is built.

2.2 Previous studies

2.2.1 Assessment of Williamsdale site

Any dedicated GA airfield in Canberra would need to consider the operations of the CIA, the benefit of replicating aviation facilities in the region and how the two airfields could operate together so as not to adversely affect the operations of either. The 2009 CIA Masterplan stated that the airport *'does not oppose the development of such a facility (secondary airfield in the ACT), provided its location and operations do not interfere in any way with the current and future operations of Canberra Airport and do not direct aircraft noise over residential areas of Canberra and the region'*.

In 2004, a study was conducted by Airport Technical Services into the suitability of Williamsdale as a location for a dedicated GA Airfield. The report, *Williamsdale GA airfield proposal – assessment of operational feasibility*, considered the features of the airfield, surrounding landscape and prevailing wind conditions. Their conclusion was that a 1000 metre grass runway for general aviation would be suitable for single engine and, with some restrictions, light twin engine aircraft.

The subsequent analysis has relied on this study and Deloitte Access Economics has not conducted any further assessment of the technical design of the proposed airfield site and operational characteristics.

2.2.2 Access Economics 2010 preliminary analysis

In 2010, Access Economics conducted a scoping study analysing *the potential for a secondary airfield facility in Canberra*. The report assessed the potential demand in the region relative to other airfields, with consideration given to the local demographic and income distributions, and overall growth in the aviation sector.

The report demonstrated that there is potential (unmet) demand for a dedicated GA airfield. Around 30 to 40 aircraft are currently located at CIA, however, there are 850 pilots in the ACT that hold aviation qualifications and around 200 aircraft registered to owners in the Territory. This suggests that the majority of aircraft currently registered to ACT pilots are operated from airfields outside of the region.

The report also concludes that based on the preliminary financial analysis, a dedicated GA airfield is unlikely to be commercially viable, potentially generating only a small positive return. Given such returns, other ownership models would need to be assessed, particularly related to the not-for-profit sector.

The preliminary nature of the analysis was such that a more detailed assessment was required to better understand the level of demand for the airfield from private aircraft operators, flying schools and other aviation related businesses that may be likely to establish operations on the site. In addition, refinement of the cost estimates for the development of the project, ongoing operational expenditures and appropriate governance models would be needed.

This cost benefit analysis builds on the previous studies by conducting a more in depth analysis of the financial viability and operation of the airfield, and its economic impact on the ACT. In particular, a mail-out survey was conducted to obtain a more accurate understanding of demand for the new airfield.

3 Consultations

In addition to a survey of local aviators, a number of consultations and discussions were held with various parties to determine any additional demand for a GA airfield, including the potential for a flight school to be located at Williamsdale, and identify any key issues or concerns that would need to be addressed in establishing a secondary airfield in Canberra. A summary of the consultations is provided below.

Flight school

Currently all states except the ACT and Northern Territory offer a flight program at university. Previously students were required to cover fees for these courses at the time they were taken, however, students are now able to defer course costs, similar to a HECS scheme. This is conducted through universities as they are classified as a registered training organisation (RTO), a requirement to access the deferred fee structure. This gives universities an advantage relative to private sector flight schools whose students may not be able to access the scheme, such as those previously operated by Brindabella Airlines. In addition, the ability to offer accommodation to students is seen as a key part of attracting students both from interstate and internationally. This has seen demand for flight training courses offered at universities increase considerably over the last couple of years.

The University of Canberra is currently exploring the possibility of establishing a flight school and would consider the Williamsdale site as a potential location. The airfield would be used in conjunction with the CIA so as to provide training both in and out of controlled airspace. The university is, however, in the preliminary stages and it is yet to be determined whether a flight school would fit within their educational framework.

There may also be potential demand for a flight school from international and local students. For example, Tuggeranong College has a flight course with around 50 students, and in the future Gungahlin College will also offer a flight course. However, once these courses are complete there is no real prospect of furthering this in Canberra through practical application in flight training schools.

Canberra previously catered for around six flight schools which indicates there is demand in the ACT for a flight school to operate, if a fit-for-purpose airfield was available. However, as a result of Brindabella Airlines ceasing its flight school operations in 2010, Canberra no longer has a flight school operating in the region. The closure of various flight schools may be partly due to increased costs of operating in the region.

A less costly option of operating out of Williamsdale may encourage others to operate new flight schools and could help establish the airfield and encourage patronage. Indeed two survey respondents expressed an interest in operating a flight school at Williamsdale should the airfield be approved.

Commercial tenants

In addition to a flight school, other commercial tenants, such as aircraft maintenance, would help to establish the airfield and provide additional facilities which could encourage a higher level of patronage. Any commercial tenant would need an appropriate level of demand at the airfield in order for it to be a viable business opportunity. For example, an aircraft maintenance employee would be required for every 20 to 25 serviced aircraft. With around 37% of local survey respondents indicating they would like to have maintenance services located at the Williamsdale Airfield, demand for these types of services does appear to be strong. Initially it may be warranted to offer reduced rental charges for commercial tenants until the level of demand is sufficient to support these businesses.

Commercial tenants are important to the development of the airfield as they provide an anchor tenant. Anchor tenants would assist in generating confidence regarding the long term viability of the airfield and may attract additional aviators to relocate GA aircraft to Williamsdale.

Commercial tenants are also a key source of revenue. This additional revenue can assist cover maintenance, administration and improvements to the airfield over time and help to limit fees paid by pilots, which in turn can encourage patronage. Once the airfield is more established and the level of patronage more certain, other commercial tenants may also be attracted to the airfield, with one survey respondent indicating they would be interested in commencing a sky diving operation from Williamsdale.

Fire fighting

Appropriate aerial fire fighting facilities provide an invaluable asset to the ACT during fire events, particularly in regions which are difficult to access by road. Mountainous regions around Canberra, and indeed near Williamsdale, are areas that would benefit from aerial assistance in the event of a fire. The NSW Rural Fire Service could also make occasional use of the facility, and some of the fires they prevent in NSW could benefit the ACT, and the facility could further promote coordination between the ACT and NSW aerial capabilities.

After the 2003 Canberra fires the McLeod review, *A Nation Charred: Inquiry into the Recent Australian Bushfires*, was conducted and produced a number of recommendations for the ACT's emergency services and fire fighting operations. One of the recommendations referred to aerial water bombing:

Aerial bombing should remain a capability used in the ACT during bushfires, with particular emphasis on using the aircraft for water bombing as an immediate response—as soon as fires are detected. This should be backed up by the use of ground crews.

On a day to day basis aerial fire fighting assets are not required and indeed provide limited benefits. By their very nature, fire fighting services can provide very high benefits during infrequent events, so assessing 'average annual benefits' will depend on the frequency (probability) and severity of future fire events. However, the immediate response of these aircraft, particularly during potentially catastrophic conditions and bad fire seasons, can provide a significant benefit to the community and ground crews by containing fires and assisting in controlling established fires. The Williamsdale Airfield could assist in fighting

fires by providing a facility closer to the south of Canberra for fire fighting aircraft to use if required, potentially reducing the response times for fires in the surrounding area.

The economic benefit the airfield would generate for the community by providing these additional fire fighting facilities is difficult to determine, however the Western Australian Government submission to the 2003 McLeod bushfire review estimated a significant benefit from using fixed wing aircraft.

For the 2002–03 season additional aircraft were required and two additional Dromader fixed wing aircraft and two helitankers were deployed. It was said that the fixed wing aircraft 'proved yet again to be of major benefit in supporting ground forces in containing small fires. These aircraft were particularly effective in restricting initiating wildfires within forest fuels and heathland fuels'. The helitankers were used extensively for asset protection in the urban bushland interface around Perth. The Department estimated that this deployment of fixed wing aircraft and helitankers, which cost in the order of \$1.5 million, resulted in savings of \$40 million in assets and suppression costs.

Given the benefit to the community is partly dependent on the speed at which aircraft are able to respond to fires, additional airfield facilities for use and storage of fire fighting aircraft located around the ACT would help ensure fire fighting crews have the ability to act quickly in regions in south Canberra and areas over the border in New South Wales.

An airfield located at Williamsdale could potentially be used as an 'on demand' base for aerial fire fighting, with a grass runway sufficient for most of fire fighting fixed wing aircraft. The airfield also provides an alternative runway for fire fighting aircraft should CIA or other GA airfields in Cooma and Goulburn not be available for any reason, such as smoke at those other locations causing poor visibility.

Over time as facilities are improved at the airfield the site could establish a commitment from the rural fire services to base aerial fire fighting at Williamsdale. This would require appropriate facilities for fire fighting aircraft to use the site including a facility to mix retardant, fuel and general aviation facilities. The rural fire service currently has fixed wing aircraft at the CIA, aircraft on call for emergencies and two helicopters located at newly built facilities in Hume.

As well as protecting assets (such as avoiding houses and powerlines from being destroyed) there may be, in rare catastrophic fire events, the ability for an improved aerial capability to save lives. It is difficult to speculate about the extent to which an additional airfield at Williamsdale could reduce future fire-related fatalities, but this additional capability at Williamsdale is likely to result in a non-zero (though small) probability of reducing future fire-related fatalities, and a higher probability of reducing future fire-related damage to assets. A dollar value reflecting this benefit has not been included in the cost-benefit analysis, but is noted as potential upside, due to the increased aerial fire-fighting flexibility provided by an additional airfield in the ACT.

Airfield registration

The Williamsdale Airfield would need to be registered with the Civil Aviation Safety Authority (CASA) and be required to meet Manual of Standard (MOS) Part 139. MOS Part 139 standards were designed to ensure aerodrome facilities provide and maintain environments that are safe for aircraft operations. The standards set out the regulatory regime for aerodromes used by aeroplanes conducting air transport, and would require the aerodrome to be audited on occasions.

The previous assessment conducted by Airport Technical Services found that, after discussions with CASA, the proposed 1000 metre runway would be suitable for the range of aircraft that would be expected to use the facility.

Recent and future developments

The airfield needs to consider any recent and future developments, particularly as it is located close to the ACT / New South Wales border, and the potential for aerial fire fighting to be based at the airfield. Given the proximity of the proposed airfield site to the New South Wales border, any future developments within New South Wales in close proximity to the airfield need to be assessed in order to determine whether they encroach on the obstacle limitation surface (OLS), and to limit any issues with noise over residential developments. The OLS was analysed in the previous assessment of the Williamsdale site in 2004, however any new proposals and developments since then would need to be considered.

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4 Williamsdale Airfield survey

Deloitte Access Economics distributed a survey to local and interstate pilots to help determine the potential demand for a dedicated GA airfield located at Williamsdale, and to inform various parameters in the modelling. The survey was sent to Canberra and local area VH registered pilots, as obtained from the CASA registry listings, and forwarded through RA-Aus to its members and through CRAA.

The survey focussed on the potential usage of the airfield from local and interstate pilots, the demand for hangars and grass parking and other facilities that would be required at the airfield to encourage patronage.

Given that not all aircraft owners responded to the survey and the potential for various pilots to have been missed in the survey mail out, the responses are a useful guide as to the lower bound of demand from the recreational GA community.

A copy of the survey is attached in Appendix B.

4.1 Survey results

4.1.1 Pilot qualification

Surveys were distributed to 116 VH registered aircraft owners, around 80 CRAA members and around 100 RA-Aus members in the ACT region. The survey was also posted on some aviation websites. In total 175 unique survey responses were received, 107 from the ACT and local surrounding area and 68 from interstate respondents (see Table 4.1). Response rates are difficult to determine as some aviators may be members of both CRAA and RA-Aus, or have a VH-registered and RA-Aus registered aircraft. That noted, the number of responses was encouraging, given the usual level of responses received from mail out surveys. Indicatively, around half of all potential users of the Williamsdale Airfield responded.

The responses were predominantly from pilots who have completed a private pilots licence (PPL) through CASA or who had a VH registered aircraft, accounting for 61% of responses. RA-AUS registered pilots accounted for 33% of responses with six survey responses received from pilots operating gliders.

Table 4.1: Survey response distribution

Certification	Local	Interstate	Total
VH	63	44	107
RA-AUS	34	23	57
Glider	5	1	6
Not provided	5	0	5
Total	106	67	175

4.1.2 Aircraft ownership and usage

Around 70%, or 124 respondents, indicated that they either owned or were part of a syndicate which owned an aircraft (see Table 4.2). The aircraft were made up of 72 VH registered aircraft, 42 RA-AUS aircraft and 5 gliders.

Table 4.2: Aircraft ownership

	Ownership				Total
	Yes	No	Part share	Not provided	
Local	66	29	7	5	107
Interstate	47	16	4	1	68
Total	113	45	11	6	175

On average, respondents indicated that they flew 57 times per annum for a total of 82 hours. Survey responses show that VH registered aircraft flew an average of seven flights and 23 more hours per annum compared to RA-AUS aircraft (see Table 4.3).

Table 4.3: Aircraft usage per annum

Aircraft registration	Flights	Hours
VH	59	89
RA-AUS	52	66
All	57	82

Note: figures exclude a survey response which indicated an average of 1000 flights and 500 hours of flight time per annum. Average number of flights and flight time including the response were 63 and 85 respectively.

4.1.3 Potential demand

The primary aim of the survey was to help determine the level of demand for a dedicated GA airfield in the Canberra region. As such, respondents were asked whether they would use an airfield located at Williamsdale, if they would store their aircraft at the airfield and what facilities they would require.

Of the 107 local survey responses received, 69 indicated that they would be interested in either building a hangar for an aircraft, leasing a T-hangar or grass parking. Table 4.4 below shows the level of demand for each storage and parking facility identified in the survey, the annual cost and potential revenue associated with each.

Table 4.4: Potential airfield usage and revenue per annum

	Grass parking		Hangar parking		T-hangar	Total
	Large 15m	Small 12m	Large 15m	Small 12m		
Cost	\$750	\$650	\$1,750	\$1,500	\$2,750	
Demand	1	6	19	20	24	69
Revenue	\$750	\$3,575	\$32,375	\$30,000	\$66,000	\$132,700

The demand from survey responses gives potential annual revenue of \$133,000 when the 69 aircraft are located at the airfield, which is expected to occur in the third year operation,

assuming a T-hangar is leased for \$2,750 per annum. An increase in the T-hangar leasing costs to \$3,000 per annum would see revenue increase to around \$137,000 assuming T-hangars for 24 of the 69 aircraft, with the remainder parked on grass.

The T-hangar concept appears to be particularly popular. A key success factor for the new airfield will be to construct a T-hangar as part of the first tranche of development. Such a T-hangar is likely to fill with tenants very quickly, and will give the new airfield some 'traction' by ensuring a large number of aircraft are based at the new airfield soon after opening.

The level of demand identified through the survey needs to be considered alongside the level of non-response. The survey responses from local pilots indicated around 64% would use the airfield to store their aircraft. The base case assumes the level of demand for pilots who did not respond to the survey is reflective of survey results, that is, there is no non-response bias. This is considered further in the sensitivity analysis.

A dedicated airfield in Canberra for recreational GA aircraft may also help to attract a number of new visitors with various interstate survey responses indicating that they would use the Williamsdale Airfield. Some respondents noted that they do not currently use the CIA due to high costs of parking and that the CIA can be difficult to use. In total, the survey results indicated an average of six flights to Williamsdale Airfield per annum or around 340 interstate aircraft landings per annum. This could be assumed as a lower bound given other VH and RA-AUS aircraft which did not respond to the survey may also use the facilities once up and running.

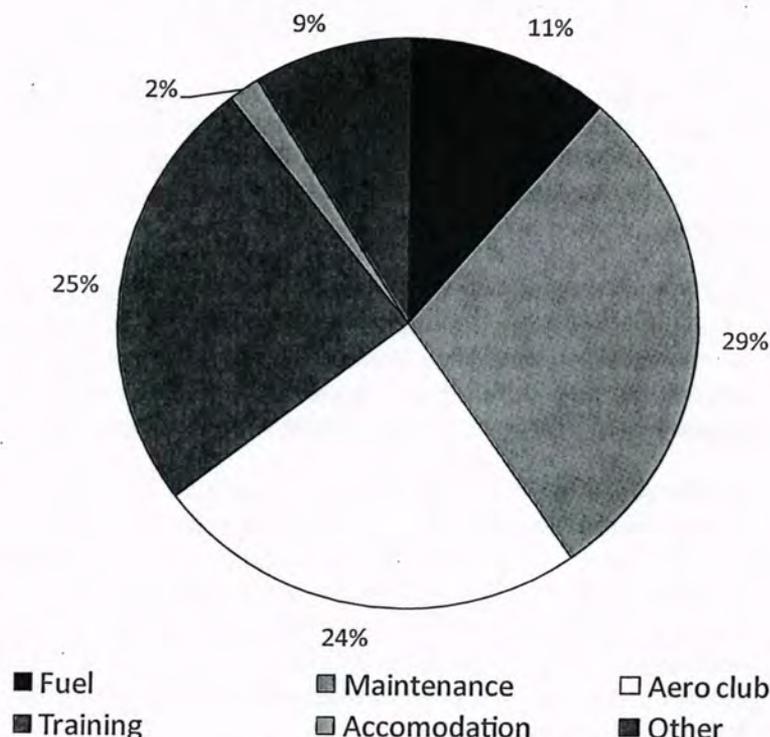
Respondents were also asked to identify potential facilities they would require at the airfield. Table 4.5 shows a count of the number of responses identifying each type of facility or service, with most respondents noting more than one facility.

Table 4.5: Potential airfield facilities

	Fuel	Maintenance	Aero club	Training	Accommodation	Other
Local	15	39	29	31	1	11
Interstate	4	10	12	11	2	4
Total	19	49	41	42	3	15

Chart 4.1 shows the main facilities and services identified by respondents were maintenance (29%), training (25%) and an aero club (24%). The category 'other' includes facilities such as general amenities, private hire, rental cars and lighting.

Chart 4.1: Potential airfield facilities



4.1.4 Other concerns and issues

In addition to specific survey questions, a number of respondents provided comments on specific issues relating to the airfield. In particular, the proposed location at Williamsdale was identified by a number of respondents as a concern due to the surrounding landscape and turbulence associated with wind conditions.

The area is not considered by some to be suitable for aviation, particularly for the smaller light powered aircraft, and hence these respondents would not make use of the airfield. The primary reasoning is the mountainous terrain and high winds. That noted, CIA is close to Mt Ainslie and the whole ACT region is surrounded by mountains, so there are limited options available. Although there were a number of concerns regarding the proposed site, two respondents indicated that they would be interested in operating a flight school from Williamsdale with another interested in conducting sky diving from the airfield if possible.

Deloitte Access Economics has not conducted a technical assessment of the proposed airfield site as it was outside the scope of the project. Rather, we have relied on a previous study conducted by Airport Technical Services in September 2004, *Williamsdale General Aviation Airfield Proposal – Assessment of operational feasibility*. The report considered a 1000 metre runway for general aviation aircraft at Williamsdale as suitable for single engine, and with some restrictions, light twin engine aircraft.

Some responses indicated that a site to the North-West of the ACT would be a better location due to safety concerns, the difficulty in getting into Canberra for those coming for a day trip and the proximity of Goulburn relative to Williamsdale for Canberra’s northern

suburbs. However, it was noted that there is limited suitable land available for the construction of an airfield in the North-West of Canberra.

Deloitte Access Economics has not assessed other potential sites for a GA airfield as it was out of the scope of the project. However, should a suitable site located more centrally within the ACT be identified, potentially to the west of Canberra (due to the footprint of CIA airspace, the only possibilities are probably the Stromlo/Cotter area or Kowen, but these are both hilly locations), we would expect a considerable increase in patronage from both local and interstate residents given the potential for it to be located closer to more suburbs, particularly the northern suburbs, relative to the Williamsdale site and other airfields.

Respondents also highlighted the restrictions on general aviation and the cost of facilities at CIA as key reasons why they support a dedicated GA airfield in Canberra. From survey responses, the average cost of hangar space at CIA is estimated at around \$9,500 with grass parking averaging around \$1,700 per aircraft.

For interstate visitors, the lack of public transport at Williamsdale is a particular concern. Given the distance to central Canberra, it is expected the airfield would require a small number of courtesy cars or low cost rentals for the ACT to capture the potential benefits from interstate visitors.

Other comments included the need for an all weather runway, concerns on what level of security would be available for aircraft parked at the airfield and the need for long term leases for those constructing private hangars.

5 Proposed model

Due to legal restrictions over the land acquisition and tenure, the proposed model for the Williamsdale Airfield is for the ACT Government to provide the initial seed funding that would be used to acquire the land and establish the first tranche of facilities at the airfield. Once operational the revenue generated from the airfield would be used to maintain, administer and improve facilities over time, without needing on-going ACT Government funding. Appropriate governance arrangements would be set up to allocate responsibility for the administration and operational side of the airfield, with the anticipation that once established there would be limited involvement from the Government.

Given the ownership status, the Government would be required to have some involvement with the airfield during the early years, however, it is envisaged this would be limited to oversight and reviews on a periodic basis.

Board

Given the limited role of Government once the airfield is constructed, the management of the airfield would require the establishment of a Board, possibly on an honorary basis, which would be responsible for day to day management and administration.

The Board could be set up on an honorary basis initially, with possible notional salaries of around \$10,000 per annum for the Chair. Should the positions be honorary on commencement, Board member positions could be remunerated for their roles once the airfield is more established and generating sufficient revenues.

The key responsibilities of the Board would include overseeing all operational aspects of the airfield including management of funds, preparation of financial accounts and reporting to the Government as required.

Funding

It is important that the initial funding from the Government be sufficient to provide facilities that will give the airfield sufficient scale and adequate facilities from commencement. This will help avoid a situation where the airfield is under-developed and struggles to build up to a viable critical mass.

Achieving 'critical mass' early on will encourage patronage and give aircraft owners the confidence that the airfield will be operational over the longer term. This confidence will then translate into hangar leases, airfield usage and ultimately, long-term viability. Without adequate funding in the early years it may be difficult to attract pilots and take a long time to reach a sustainable commercial scale. Furthermore, the patronage required to ensure the airfield generates sufficient revenue to operate on a stand alone basis could take years to build up, in the absence of a first stage build of sufficient scale.

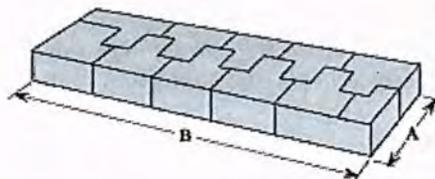
In particular, the key elements of 'critical mass' are: a T-hangar, a caretakers cottage, a refuelling facility and a modest aero club building (which could be part of the T-hangar building).

Responses to the Williamsdale demand survey confirmed this, and indicated some key facilities at the airfield that would encourage patronage, including an aero club, maintenance, a T-hangar, training and fuel. An airstrip which is established with these facilities is likely to generate a higher level of demand from the local aviation community in the short term and provide a strong basis for growth. Due to the effect of compound interest in assessing both financial and economic viability, building up demand quickly in those first few years is essential for generating a viable return on the investment. Without an adequate level of funds and facilities from the outset, pilots may be hesitant to build their own hangars and the airfield may take a number of years to reach the levels of demand needed to ensure the airfield can operate without Government support. The financial and economic rates of return also decline rapidly if patronage is low in the first few years.

Facilities such as ready-for-use T-hangars and provisions for an aero club will demonstrate that the airfield is a long term operation and would give more confidence for parties to build private hangars, in turn increasing patronage and revenue.

Figure 5.1 is a nested T-hangar, a shared hangar that accommodates several aircraft. The "T" refers to the shape of the aircraft, with the aircraft alternating nose-to-tail to make best use of the available space. Several aircraft sharing one T-hangar results in considerable savings on building materials. It has a modular design, so can be built to accommodate a large number of aircraft. Note the "L" shaped area in the bottom right corner of the T-hangar – this 'left over' corner could be used to accommodate the aero club. Similarly, a flight school or maintenance business could lease the other "L" area in the bottom left corner.

Figure 5.1: T-hangar



Source: erect-a-tube.com

To enable these to be built during the initial construction, the government could provide a grant of around \$500,000 to construct the T-hangars which aircraft owners could use immediately, ensuring cashflow is generated from day one. In addition, grass parking areas with tie-downs could also be offered which would further add to revenues. Once established, upgrading facilities and additional hangars would be funded through revenue generated by the airfield.

Adequately capitalising the airfield upfront will also improve the prospects of it becoming self-funding more quickly and its ability to generate positive cashflows from the first year of operation and lessen the risks of it needing ongoing support.

Once the airfield develops a track record of demand and revenue, it may be able to raise capital by borrowing, to finance future stages of development.

Governance and day to day operations

Caretaker

In order to reduce expenses for the airfield, a business model where a live-on-site caretaker is responsible for various duties could be used. It is envisaged that part time / semi-retired volunteers would be sought to live on site rent free, where they could be provided with a basic two bedroom cottage, maintenance shed and paid a notional salary of \$10,000 per annum.

This business model is used at other GA airfields such as Wedderburn, as a low-cost method of maintaining and operating the facility. The live-on-site caretaker also has obvious security benefits with a primary role including security runs in the evening around the airfield, as well as general maintenance such as grass cutting.

A caretaker living on site is expected to save considerable operational expenses for the airfield, in particular for security expenses. Given Williamsdale is in a fairly remote and sparsely populated area, a presence at the airfield during the evening would also give more confidence to aircraft owners for the safety of their aircraft. Indeed security at Williamsdale was a concern raised from some survey respondents.

In terms of being able to attract a person to perform this job, the consultation feedback indicated that there should be no problem finding a semi-retired aviation enthusiast willing to be the caretaker at Williamsdale.

Although the caretaker would be responsible for general maintenance, volunteer labour could also be used to maintain the airfield. This is potentially more important in the early years as the airfield establishes itself. Although volunteer work is not expected to be a significant commitment from members, it provides an option for management help to reduce costs and maintain the condition of the airfield (possibly with a discount on airfield fees for those airfield users that contribute to the 'annual working bee').

Fees and charges

It would be expected that the airfield would generate income through membership fees and leasing charges for commercial tenants, T-hangars, private hangar space and grass parking.

Charges for T-hangars are assumed to be higher than leasing charges for private hangars given the need to recoup the initial construction costs of T-hangars. That is, construction costs for private hangars are incurred by individual members and leasing costs for these hangars would reflect the land use only. The significant investment in private hangars would also require long term leases to be made available to these members to encourage their use.

Should a flight school be established at the airfield, these aircraft may be charged a higher fee due to the greater number of flights from these aircraft relative to individual members. A multiple of the leasing costs may be applied to these tenants. For example, if flight training aircraft conduct 200 flights per annum versus an average of 50 for individual

members, the leasing costs could be twice the standard rate allowing for some 'bulk discount'. The modelling has assumed all aircraft are charged a standard rate.

Deloitte Access Economics also canvassed landing charges for visiting aircraft, but these are likely to be infrequent, making it not cost-effective to administer and collect landing charges. Landing charges are therefore excluded from the analysis.

Wedderburn Airfield

The ownership and operational model proposed for Williamsdale is similar to one which has been successfully implemented at Wedderburn Airport. Wedderburn began with a single grass runway and has since grown considerably in terms of size and quality. It now includes a 950 metre sealed runway and around 100 aircraft hangars. The airfield generates revenue from the lease of hangars, membership fees and fuel sales.

Wedderburn management minimises costs by having an onsite caretaker who is able to provide a security presence and various maintenance services such as grass cutting. Together with social workdays for members, it is a successful model which reduces costs and management are able to administer and operate the airfield without the assistance of the Government. In addition, all improvements to infrastructure are funded through revenue raised through airport operations.

Volunteering plays a role in maintaining the airfield and ensuring members can use the facilities while keeping fees as low as possible. Where a Wedderburn member participates in three out of six social work days, they are refunded \$250 of their annual membership fee. Although volunteering helps to keep costs down, members who do not wish to volunteer simply pay additional membership fees. Therefore, members are able to reduce their annual fees by contributing to workdays, where as others simply pay higher fees.

Following a similar model, the Williamsdale Airfield would initially provide basic aviation services to the local GA community with the aim of providing higher quality services and facilities as the airfield is able to generate sufficient demand and funds.

6 Results

The section below details the results of the cost benefit analysis. The analysis includes estimates for the airfield on a stand alone basis (Scenario 1), as well as the economic impact for the ACT community (Scenario 2). A full list of assumptions used in the modelling can be seen in Appendix A.

The cost benefit analysis assumes an initial investment from the ACT Government to construct a 1000 metre grass runway and associated infrastructure such as fencing, caretaker cottage, T-hangars, fuel facilities and aero club facilities totalling around \$1.95 million. The subsequent administration and operational costs are estimated to be covered through aircraft and commercial leasing revenue collected by airfield management.

The expected return of the Williamsdale Airfield over the 15 years to 2026 is 5.0% on a stand alone basis, and 11.9% when economic returns to the ACT are included. Under the base case, positive cashflows are generated for the airfield in first full year of operation in 2012. On a cashflow basis the airfield breaks even in 2025, four years earlier in 2021 when the returns to the ACT economy are taken into account.

The modelling result includes the construction of T-hangars, after the initial construction phase, to house an additional 80 aircraft over the period to 2026, totalling around \$1.95 million in construction costs. The funding required for the T-hangars is assumed to be provided through net revenue generated from the airfield.

Both the Williamsdale stand alone and economy wide scenarios are discussed below. Detailed cashflow for both scenarios are provided in Appendix B.

Scenario 1: Williamsdale Airfield stand alone

The net return for Williamsdale Airfield is estimated at 5.0%, with airport revenues growing from around \$121,000 in 2012 to \$545,000 in 2026. The revenue is predominantly due to hangar lease charges from aircraft located at the airfield, accounting for around 60% of revenue in 2012 and growing to 90% of revenue in 2025 (see Table 6.1).

Other revenue includes rental income from commercial operations such as a maintenance facility, flight school, margins on fuel sales and annual membership fees of \$50 per aircraft. Revenue from commercial operations reflects the rental value of 500sqm of office and light industrial rental space.

Table 6.1: Revenue and expense (\$,000) – Williamsdale Airfield

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Revenue									
Aircraft		71	114	205	279	335	387	433	484
Other		50	52	54	56	57	59	60	1074
<i>Total revenue</i>		121	166	259	334	392	446	494	1558
Expenses									
Construction & operational	1951	49	49	250	237	198	186	167	183

Williamsdale Airfield Cost Benefit Analysis

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Net revenue	-1951	72	117	8	97	194	259	327	1375
Cumulative	-1951	-1879	-1668	-1771	-1631	-1283	-801	-189	1521

Note: 2026 revenue includes terminal value of land and T-hangars

Scenario 1 generates a positive cashflow from 2012 and breaks even in 2024. The positive cashflows achieved from year one are predominantly due to the construction of T-hangars in the initial development phase which generate annual rental revenue under a capture rate assumption that 38 aircraft will store their aircraft at Williamsdale in the first year, 19 of which would be stored in the T-hangars.

Expenses in the analyses include initial construction costs, day to day operational costs and costs associated with the construction of additional T-hangars, however, other major maintenance works have not been included in the base case. Should they be required in the future it is expected that the annual revenue generated by the airfield should be sufficient to cover these costs, with the possibility of a negative cashflow during particular years. The effect of major maintenance is considered further in the sensitivity analysis.

Scenario 2: Economy wide impacts

The economy wide impacts include the additional economic benefits generated in the ACT from the Williamsdale Airfield. The net return from Williamsdale including economy wide affects is estimated at 11.9%.

Including the community wide benefits, the total economic impact of Williamsdale is estimated to grow from around \$126,000 in 2012 to \$643,000 in 2026. Under the economy wide scenario the proposed airfield generates a positive return from 2021.

Table 6.2: Revenue and expense (\$,000) – ACT economy

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Revenue									
Aircraft		71	114	205	279	335	387	433	484
Other		104	138	180	223	256	287	313	1354
<i>Total revenue</i>		<i>175</i>	<i>253</i>	<i>385</i>	<i>501</i>	<i>591</i>	<i>674</i>	<i>747</i>	<i>1838</i>
Expenses									
Construction & operational	1951	49	49	250	237	198	186	167	183
Net revenue	-1951	126	204	135	265	393	487	580	1655
Cumulative	-1951	-1825	-1458	-1329	-874	-144	779	1886	4142

Note: 2026 revenue includes the terminal value of land and T-hangars

Scenario 2 generates a positive cashflow from 2012. This is based on the capture rate assumption that 38 aircraft will store their aircraft at Williamsdale in the first year.

The higher positive return generated under the economy wide scenario is due to the increased spend in the region from interstate visitors and consumer surplus estimates.

Employment

In addition to airfield revenue, the Williamsdale Airfield will generate a number of short and long term employment opportunities.

Using 2005-06 National Input-Output tables and an initial construction cost estimate of \$1.9 million, we would expect around 17 full time employment positions to be generated in the short term, including around 5 direct and 12 indirect positions. In addition, any commercial enterprise at the airfield would generate employment on an ongoing basis, possibly in the order of 10 people working in maintenance and training positions based at the airfield.

The construction of Williamsdale Airfield will have a number of linkages with the ACT and interstate economies, therefore, some of the employment generated during the construction phase may be lost interstate. Given the size of the ACT, should 60% of the employment benefits be captured in the ACT, 10 full time positions would be generated from the construction phase, around 3 direct and 7 indirect.

Key assumptions

The results assume an initial **construction cost** of \$1.95 million, which includes a \$500,000 grant to the aerodrome for T-hangar construction, and an annual **operating cost** of around \$65,000 per annum. Operational costs include general maintenance, administration activities and notional salaries of \$15,000. The main cost is insurance, estimated at \$20,000 per annum. Salaries increase to \$45,000 in 2016, when 100 aircraft are assumed to be using the airfield for storage and parking, to include a full time administrator/caretaker, increasing operational costs to \$95,000 per annum.

The construction of **fuel facilities** at the airfield would be expected to do slightly better than break even (based on the experience at Wedderburn). Depending on the size of the fuel tank required, which would be based on the level of patronage, the cost of a manual credit card pump is around \$50,000. The cost of the facilities could potentially be reduced should a fuel company cover part or all of the construction costs and subsequently supply the airfield with fuel. The installation of a fuel pump would require an assessment of the site to ensure it was suitable and met Australian standards, however, it is not expected that the Williamsdale site would pose any significant issues for fuel storage.

Fuel facilities gives the airfield the ability to generate additional revenue through fuel mark-ups, but as noted, is expected to be slightly better than break-even. As such, including the installation cost and subsequent revenue generated from fuel sales does not have a significant effect on the financial or economic rate of return. The main impact is indirect, by making the airfield more user-friendly.

The estimated operating costs have been compared against other airfields where financial information was available (see Table 6.3). The range of operating costs varies from \$48,000 to \$80,000 per annum. The operating costs vary due to the size of each airfield, the amount of volunteer labour used and the quality of services and facilities provided. However, noting the differences that may exist between each of the airfields, the estimated annual operating cost of \$65,000 per annum for Williamsdale appears consistent with other smaller airfields.

Table 6.3: Airfield operating costs

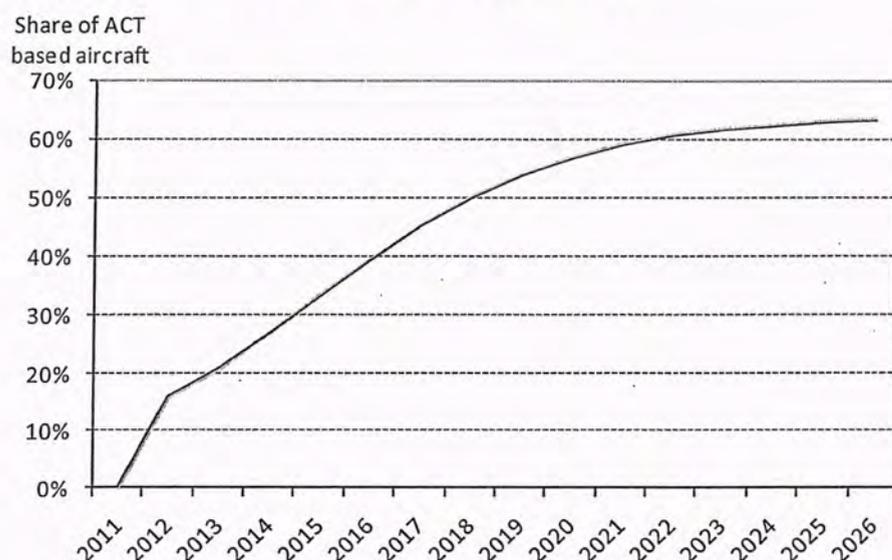
Airfield	Operating cost	Comments
Williamsdale	\$65,000	1000 metre grass runway
Goulburn	\$80,000	Two runways approximately 2000 metres in length. Costs include \$20,000 administration.
West Wyalong	\$48,000	1600 metre asphalt and 780 metre gravel runways
Wedderburn	\$65,000	950 metre sealed runway.
Kempsey	\$70,000	1600 metre bitumen and 650 grass runway

Landing fees for interstate visitors have not been included in the revenue estimates. During consultations various parties indicated that the administration cost of collecting landing fees (expected to be about one visitor per day, on average) is often equal to or greater than the total revenue raised. Therefore, the analysis assumes Williamsdale Airfield will not charge landing fees for interstate aircraft.

Commercial leasing charges are assumed to be \$113 per sqm per annum for office space and \$75 per sqm per annum for maintenance facilities. These charges are based on low end office and industrial lease rates in the ACT. Given the location of Williamsdale and distance from the main industrial area of the ACT, the reported low end rates have been reduced by 25%.

The **capture rate** of locally based aircraft parking at Williamsdale is assumed to be around 18% (38 aircraft) of aircraft in the ACT in 2012, increasing to around 64% (249 aircraft) in 2026, based on survey responses. The effect of the capture rate is analysed further in the sensitivity analysis:

Chart 6.1: Aircraft capture rate



The aircraft using each of the **parking and storage** options is based on survey responses. Those who indicated that they would park their aircraft at Williamsdale selected the

following type of facility – private hangar 55%, T-hangar 35% and grass parking 10%. It is assumed that all T-hangars constructed during the initial phase will be utilised in the first year and that private hangars will be delayed for around two years. Therefore, for the first two years of operation the proportion of aircraft stored at the airfield will be dominated by T-hangars (44%) and grass parking (46%), gradually moving to more private hangars being constructed and matching the results indicated in the survey.

The number of **overnight visitors** to the ACT is expected at around 80 visitors per annum with an additional 260 day visitors, based on survey results, contributing around \$37,000 of expenditure to the ACT economy annually. The expenditure estimates assume 20% of NSW visitors and 100% of other interstate visitors stay over night, and 50% of visitors who do not stay overnight will travel from the airfield into the ACT during their stay.

The analysis assumes one visitor per aircraft and therefore does not include an allowance for aircraft passengers. Should interstate pilots visiting the ACT travel with a passenger, the contribution made to the ACT from interstate visitors would be higher than that assumed in the modelling.

Consumer surplus is derived from the reduction in expense of storing aircraft at Williamsdale relative to various other airfields and the reduced travel time from Canberra to Williamsdale relative to other GA airfields.

The difference in storage or parking costs is scaled down for the quality of facilities at other airfields, for example other airfields may have sealed runways compared to a grass runway at Williamsdale. A factor of 50% has been used to scale down for the difference in quality of facilities.

The benefit generated from reduced travel times is estimated based on the total time saved for a round trip from Canberra to Williamsdale, relative to other airfields used by Canberra residents. Total benefits assume a round trip every two weeks, a saving of 60 minutes in travel times and an hourly saving of around \$19 (Austroads Update of RUC unit values 2005 – Cars Private).

7 Sensitivity analysis

Sensitivity analysis was conducted on key inputs to determine the variability of net costs and revenues over a 15 year period. This includes an analysis of the capture rate of aircraft in the region, capital and operating costs, leasing rates and growth in the recreational aviation sector (see Table 7.1). The analysis shows that the assumed capture rate has the greatest affect on the IRR followed by capital expenditure and aircraft leasing charges.

Table 7.1: Sensitivity analysis of key inputs

Category	Williamsdale Airfield only		Economy wide impacts	
	IRR %	Variance %	IRR %	Variance %
Base Case	5.00		11.86	
Capture rate - No survey bias	5.00	0.00	11.86	0.00
Capture rate - Survey bias	2.97	-2.03	9.12	-2.74
+10% commercial lease charges	5.22	0.22	12.05	0.19
-10% commercial lease charges	4.78	-0.22	11.66	-0.20
+10% leased area	5.22	0.22	12.05	0.19
-10% leased area	4.78	-0.22	11.66	-0.20
+10% operational expenditure	4.68	-0.32	11.58	-0.28
-10% operational expenditure	5.33	0.33	12.13	0.27
+10% capital expenditure	3.41	-1.59	9.92	-1.94
-10% capital expenditure	6.47	1.47	13.63	1.77
+10% aircraft leasing charges	6.24	1.24	12.82	0.96
-10% aircraft leasing charges	3.69	-1.31	10.86	-1.00
Major maintenance work \$150,000 (2019)	4.52	-0.48	11.47	-0.39
Major maintenance work \$300,000 (2019)	4.04	-0.96	11.08	-0.78
+1% GA and RA-AUS growth rate p.a.	5.53	0.53	12.59	0.73
-1% GA and RA-AUS growth rate p.a.	4.63	-0.37	11.33	-0.53

The **capture rate** sensitivity analysis shows the change in the return based on the proportion of pilots who did not respond to the survey that choose to use the Williamsdale Airfield facilities. The *no survey bias* results assume that the capture rate of 64% of GA aircraft is reflective of aircraft which were not included in the survey analysis, and forms the base case of the analysis. The *survey bias* (or 'non-response' bias) scenario assumes that those who did not respond to the survey are less likely to use the Williamsdale Airfield. The sensitivity assumes that the proportion of non-responses that will use the airfield is half those that responded, that is 34% capture rate. Under this scenario the return falls by around 2.0% to 2.97%.

Other significant sensitivities include **capital expenditure** and **aircraft leasing charges**. If initial construction costs are 10% higher than expected the return is 3.41%, a fall of 1.60%. Should aircraft leasing charges be 10% less than expected the estimated return would fall by 1.31% to 3.69%.

The sensitivity of **major maintenance work** has also been tested. The analysis shows that should major maintenance work of \$300,000 be required in 2019, midway through the analysis period, the net result would fall by around 1.0%.

Conclusions

- There appears to be sufficient demand in the Canberra region from the general aviation sector, and potential flight training schools, for an airfield to be established at Williamsdale. The focus on commercial carriers at the CIA and increased cost pressures faced by recreational pilots means a facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility.
- The Williamsdale Airfield is expected to generate a positive return, however, given the low commercial return and significant upfront investment, it is unlikely the airfield would be established if left to the private sector. When considering the potential economic impacts across the Territory, there is an overall net benefit to the ACT.
- It is important that initial seed funding be sufficient to ensure adequate facilities are constructed from the outset to encourage patronage and generate a level of demand to ensure the airfield can quickly reach the scale needed to operate on a stand-alone basis without ongoing government support.
- The sensitivity analysis shows that the key parameters are the capture rate, capital expenditure and aircraft leasing charges.

Appendix A: Assumptions

Table A.1 below details the assumptions adopted for the cost benefit analysis of the proposed Williamsdale Airfield.

Table A.1: Key assumptions

Category	Assumption	Comments
Discount rate	7%	
GA growth rate	1%	GA historical membership
RA-AUS growth rate	10%	RA-AUS historical membership
Williamsdale capture rate	64%	Share of local GA and RA-AUS aircraft
Spend per night in ACT	\$152	TRA National Visitor Survey, excluding airfare and long distance travel
Spend per day in ACT	\$170	TRA National Visitor Survey
Average T-hangar cost per aircraft	\$25,800	Based on quotes received for the slab, materials and construction of hangar
Time travel saving per hour	\$19	Austroroads Technical Report – Update of RUC Unit values to June 2005 – Private Car
Aircraft parking fees		
<i>Grass small</i>	\$650	Land rent charges
<i>Grass Large</i>	\$750	Land rent charges
<i>Hangar small</i>	\$1,500	Land rent charges
<i>Hangar large</i>	\$1,750	Land rent charges
<i>T-hangar</i>	\$2,750	Full leasing charges
Annual membership fees	\$50	
Landing fees	Nil	Landing fees imposed on other airfields include: Goulburn — \$16 Polo flat — Private Nil, commercial \$10 CIA — Daily permit for GA aircraft <2500kgs \$22 per day (1-3 days)

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Table A.2: Capital and operational cost assumptions

Category	Assumption	Comments
Capital costs	\$1.95 million	
<i>Runway including land</i>	\$870,000	
<i>Fencing</i>	\$31,000	
<i>Building</i>	\$61,500	
<i>Roadworks</i>	\$55,000	
<i>Electrical and fuel*</i>	\$235,000	
<i>Grant (T-hangars)</i>	\$500,000	
<i>Caretaker cottage</i>	\$200,000	
Annual operational costs	\$64,750	Assuming part time administration. Increases to \$97,000 under a full time administration position.
<i>Administration salaries</i>	\$16,500	Assuming part time administration. Increases to \$49,000 under a full time administration position.
<i>General administration costs</i>	\$12,750	
<i>Maintenance and repairs</i>	\$11,500	
<i>Insurance</i>	\$20,000	
<i>Other services</i>	\$4,000	

*\$50,000 fuel facility construction costs may not be required should a fuel supplier be prepared to pay for the installation in return for supplying fuel to the airfield on an ongoing basis.

Appendix B: Detailed results

Williamsdale Airfield stand alone (\$,000)																
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue																
Aircraft		71	89	114	168	205	244	279	308	335	362	387	412	433	459	484
Other		50	51	52	53	54	55	56	57	57	58	59	60	60	61	1074
<i>Total</i>		121	139	166	221	259	298	334	364	392	420	446	472	494	520	1558
Expenses																
Construction & operational	1951	49	45	49	332	250	256	237	210	198	198	186	186	167	185	183
Net revenue	-1951	72	94	117	-111	8	42	97	155	194	222	259	285	327	335	1375
Cumulative	-1951	-1879	-1785	-1668	-1779	-1771	-1729	-1631	-1477	-1283	-1061	-801	-516	-189	146	1521

Economy wide (\$,000)																
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue																
Aircraft		71	89	114	168	205	244	279	308	335	362	387	412	433	459	484
Other		104	119	138	159	180	202	223	240	256	272	287	301	313	328	1354
<i>Total</i>		175	208	253	327	385	446	501	548	591	634	674	713	747	786	1838
Expenses																
Construction & operational	1951	49	45	49	332	250	256	237	210	198	198	186	186	167	185	183
Net revenue	-1951	126	163	204	-5	135	190	265	338	393	436	487	527	580	602	1655
Cumulative	-1951	-1825	-1662	-1458	-1464	-1329	-1139	-874	-537	-144	292	779	1306	1886	2487	4142

Note: 2026 revenue for tables above includes terminal value of land and T-hangers

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Appendix C: Survey

A second Canberra airfield at Williamsdale: demand survey and viability study

The ACT Government is considering a second airfield for the ACT at Williamsdale for general aviation, emergency services and recreational aviation purposes. The airfield would have a 1km grass runway, without lighting, with a paved engine run-up area and refuelling facilities.

Access Economics is conducting a study of the economic and financial viability of the proposed airfield for the ACT Government. All survey responses will be kept confidential. Only aggregated results will be reported to the ACT Government.

This survey is being circulated through a number of aviation organisations, to help reach potential users of a new Canberra airfield. If you receive it more than once, please ignore the duplicates.

To ensure confidentiality, please scan and email completed form (by 17 Dec 2010) directly to: williamsdale@accesseconomics.com.au, or, fax to: (02) 6175 2001, or, mail to: Access Economics, PO Box 6334, Kingston ACT 2604

Your name and contact details (in case we need to clarify anything on this survey form)		
Contact name:	_____	
Phone/email:	_____	
Address:	_____	
PILOT QUALIFICATION QUESTIONS		
Qualification issuing organisation (please list if more than one)	_____	
How many hours do you fly, per annum	_____	
Number of flights, per annum	_____	
AIRCRAFT QUESTIONS		
Do you own an aircraft	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Part share: %
<i>If yes, (if a syndicate/shared ownership, please only fill in the rest of the survey once for that aircraft)</i>		
Aircraft type(s)	_____	
Registration type(s). (eg. VH, RA-Aus, other?)	_____	
Aircraft weight(s)	_____	
Where do you currently keep your aircraft?	_____	
<i>If currently kept at another airport or airfield,</i>	_____	
Current fees per annum at that airport (excluding Airservices)?	_____	
What does that fee include (private/shared hangar, hardstand, etc)?	_____	
AIRFIELD USAGE QUESTIONS		
The proposed services available, and indicative cost, at the airfield (including GST) are listed below		
Please indicate which service(s) you would be interested in purchasing at Williamsdale Airfield		
Option	Indicative cost for this option	Option selected
Annual fee including storage of an aircraft on grass (includes unlimited use of runway and GST)		
Large aircraft (15m wide grass parking site), per annum	\$750	
Small aircraft (12m wide grass parking site), per annum	\$650	
Annual fee incl a hangar site, on which to build your own hangar (includes unlimited use of runway and GST)		
Large hangar site (15m wide frontage), per annum	\$1,750	
Small hangar site (12m wide frontage), per annum	\$1,500	
Or, are you interested in renting space in a shared "T" hangar (operated by an aero club)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Any other facilities you'd like? (eg training, aero club, maintenance):		
Or, if not keeping an aircraft permanently at Williamsdale, how often would you visit per annum?		
Number of visits @ \$10 per landing (for non-Annual fee users)	_____	visits p.a.

Please use the space below for any comments. Thank you for completing this survey.

Limitation of our work

General use restriction

This report is prepared solely for the internal use of the Department of Land and Property Services. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of analysing the viability of a dedicated general aviation airfield for Canberra located at Williamsdale. You should not refer to or use our name or the advice for any other purpose.

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Talk straight – when we talk, it's open, regular, honest, constructive two-way communication between our people and our clients.

Empower and trust – we encourage a sense of ownership and pride by giving responsibility and delegating authority.

Continuously grow and improve – we have an environment that respects the individual, rewards achievements, welcomes change and encourages a lifetime of learning – with ourselves and our clients.

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- Recognised in 2008 as an Employer of Choice for Women for the seventh year in a row as well as winning the prestigious award for the Leading Organisation for the Advancement of Women by the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA)

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ACT

Government

Economic Development

Brief to which the letter responds.

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BRIEF

COMPLETED

Ref: C2505/11

SUBJECT: Proposal for a General Aviation airfield at Williamsdale

To: Minister for Economic Development

- Director-General, Economic Development Directorate *D28/8/11*
- Deputy Director-General, Economic Development, Policy and Governance *CWA 26/8*

From: Executive Director, Minister, Cabinet and Policy

Date: 24 August 2011

Purpose

To brief you on the financial feasibility study on the Williamsdale General Aviation proposal undertaken by Deloitte Access Economics and to seek your views on options for the way forward.

Background

Privatisation has led to pricing of General Aviation (GA) activities out of major airports, including Canberra Airport, with the last of six flying training organisations (Brindabella) ceasing flying training activities in 2010. Canberra is the only Australian capital city that does not have an alternative GA airfield and the former Chief Minister was approached on three occasions by delegations from the local GA community requesting that the ACT Government develop a GA airfield as an alternative to Canberra Airport.

The proposal that the ACT Government should develop a GA airfield at Williamsdale was put forward in 2004 by Mr Chris Price. The proposal requires the use of an existing recreation reserve (Block 1648 Tuggeranong), a travelling stock reserve (Block 1647 Tuggeranong) and resumption of Block 1482 Tuggeranong (a rural lease) – see Attachment A. Investigations have not revealed any other site in the ACT suitable for GA activities which include flying training.

The proposal put forward by Mr Price was the first which was based on a business case built around an identified, suitable site. A significant part of that proposal was that development of the airfield at Williamsdale would provide a capability to operate NSW Rural Fire Service fixed-wing fire-fighting aircraft into the northern Monaro and the Tinderry ranges to supplement Canberra's fire-fighting helicopters. Whilst emergency services aircraft have priority at all major airports, operating fixed-wing aircraft from Canberra Airport for fire-fighting activities in the Tinderrys is problematic.

A study commissioned by Chief Minister's Department in 2004 established that GA operations, including flying training, could take place from the proposed site.

In 2010 Access Economics undertook a 'desk top' financial feasibility study of the Williamsdale proposal on behalf of the Canberra Region Aviators Association (CRAA). This study indicated that the proposal was viable, but that returns would be low. The former Department of Land and Property Services commissioned a survey-based study from Access Economics (now Deloitte Access Economics) using the 'desk top' study as a foundation. The report has now been completed. A copy of the report is at Attachment B.

Findings of the Deloitte Access Economics Study

The study determined that there is a relatively strong demand for an airfield at Williamsdale among the ACT aviation community. Establishment costs (including land acquisition) for the development would be \$1.95 million, which would facilitate a development that would have a positive revenue return from Year 1, with patronage growing strongly over the first three years.

The study assessed the net return on investment on both a stand-alone basis and on the basis of broader economic returns to the ACT. On a stand-alone basis, the internal rate of return (IRR) is estimated at 5.0% per annum, and on the broader economic returns basis at 11.86%. It did not estimate a financial benefit to the ACT from improved fire-fighting capabilities. The airfield would break-even (that is, repay the investment) in 2025 on the stand-alone basis, and in 2021 on the basis of broader economic returns.

Sensitivity testing was conducted on a number of the variables. A 10% increase in costs, or a 10% decrease in revenues, resulted in a worst-case outcome reducing the IRR from 5% to 2.97%, or from 11.86% to 9.12% for broader economic returns.

The study found that creating critical mass (i.e. credibility) at Williamsdale is essential to achieving the potential levels of patronage indicated by the survey results, which form the basis of the business case. The capital costs of the development were therefore based on achieving this 'critical mass', the key element being the provision of aircraft hangars for lease from the outset, as income is largely based on leasing fees and the provision of an on-site caretaker for security.

Issues

There is significant interest from the local aviation community in the potential development. The CRAA, which was set up specifically to lobby for this development, is aware of the study as it was required to give its agreement for its 'desk-top' study to be used as a basis for the ACT-commissioned study. CRAA is in frequent contact regarding its progress and has recently met with advisers from your office and the Chief Minister's office, and an official from EDD, to discuss progress and seek access to the final report.

Options

The Access report notes that while the IRR is positive, it is not sufficient to attract private sector investment. In addition, land will need to be resumed and, as the land use will not require a change from 'Rural' to a higher-order use, providing a lease to a private sector operator would be problematic. The report therefore adopts the approach that the development will necessarily be funded and operated by Government through a not-for-profit company or some similar arrangement.

Allow the proposal to lapse

The business case for Government investment in this project does not appear particularly strong given the substantial investment required, the relatively small number of users and the low project IRR. You may wish to consider formally advising CRAA that the Government will not be progressing this project any further at this time – the Deloitte report could be released in support of this decision.

Encourage a private sector development

Whilst the Deloitte report indicates that the rate of return on a GA development at Williamsdale would not be sufficient to attract a private sector development per se, it is possible that the GA community in and around Canberra is enthusiastic enough to fund such a development. However, there are two issues with that approach.

- Development of a runway of the required length (1000m) requires acquisition of Block 1482 Tuggeranong, valued by Deloitte Access Economics at \$500 000, a value confirmed by EDD. The lessees have previously indicated that they have no interest in selling the land as it has been in the family for some generations, although they no longer farm the property. The block would therefore need to be resumed.
 - However, under the Land Act, if land is resumed and does not have a significant variation to its lease purpose clause, it cannot be sold to a third party within seven years without first offering it to the original lessee. As "airfield" is permitted under the current land use, it would be impractical for the Territory to resume the block with the intention of on-selling it to a third party.
- Although the report focuses on Williamsdale as the GA site, the economics of a private sector airfield development would remain similar whichever side of the ACT-NSW border it occurred, and the opportunities to obtain a suitable site for a private development in NSW are significantly greater. Most of the economic returns included in the broader business case would still accrue to the ACT for a development close to, but on the NSW side, of the border, although the additional emergency-services benefits would be less for a development north of the ACT. Public release of the report could possibly act as a stimulus for such a development.

Explore development by the Territory

Although construction is likely to require only a few months, processes leading to a Government decision would require around eighteen months. If the ACT wishes to progress the proposal itself, there are a number of issues which need to be resolved, including: planning; funding; land resumption; environmental clearances, including

the requirements for an EIS; issues of compatibility with the proposed neighbouring solar farm development by ActewAGL; and ESA requirements.

Should you wish to progress the project, EDD proposes to convene an IDC comprising key agencies to consider the development, identify issues and options and provide a recommendation on the way forward.

Consultation

If the decision is to continue with Government consideration of the proposal, internal consultation will be conducted through the IDC, and external consultation through the CRAA. Public consultation would be through an EIS if the project proceeds.

Financial

There are no financial implications until and unless Government makes a decision to proceed with development.

Media

A media statement will be prepared subject to your decision on how to proceed with this matter.

Recommendation

That you:

- note the Deloitte Access Economics report, *Williamsdale Airfield Cost Benefit Analysis* at Attachment B, which finds that development of a General Aviation airfield at Williamsdale will generate a positive rate of return, but not sufficient to attract private sector investment;

NOTED/PLEASE DISCUSS

- agree to release the Deloitte Access Economics report; and

AGREED/NOT AGREED/PLEASE DISCUSS

- agree to advise the Canberra Region Aviators Association (CRAA) that Government will not be providing further support to this project; or

AGREED/NOT AGREED/PLEASE DISCUSS

- agree to advise the CRAA that Government will give further consideration to this matter through the 2012-13 Budget process, with development of a business case to be coordinated through an IDC to be chaired by EDD.

AGREED/NOT AGREED/PLEASE DISCUSS


Dan Stewart

Andrew Barr MLA  6/9/11

Action Officer: Andrew Wilson
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Deloitte Access Economics

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Williamsdale Airfield Cost Benefit Analysis

ACT Department of Land
and Property Services

9 May 2011

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Glossary

CASA	Civil Aviation Safety Authority
CIA	Canberra International Airport
CRAA	Canberra Regional Aviators Association
GA	General aviation
HECS	Higher Education Contribution Scheme (a deferred fee scheme)
RA-AUS	Recreational Aviation Australia
SQM	Square meters

Executive Summary

The ACT Government commissioned Deloitte Access Economics to examine the financial and economic viability of a dedicated general aviation (GA) airfield in the Canberra region. The airfield would comprise a 1000 metre grass runway, without lighting, with a paved engine run-up area and refuelling facilities. The proposed site for the airfield is located at Williamsdale (just north of the existing township) and would be primarily for recreational GA activities and emergency services.

Currently, the only facility in the region is Canberra International Airport (CIA). The nearest alternatives are Goulburn and Cooma (Polo Flat). CIA provides high-spec infrastructure for commercial aircraft and a high level of airport security. The strong demand for the available land at CIA causes services (such as hangars) to be less affordable for recreational users. Air traffic control procedures at CIA require a high level of certification and equipment, further adding to the complexity of using CIA for general and recreation aviation. A facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility, using lower-valued land. Being outside controlled airspace, it is also more amenable to training novices.

Williamsdale demand survey

Deloitte Access Economics distributed a survey to local and interstate pilots to help determine the potential demand for a dedicated GA airfield in Canberra airfield located at Williamsdale. The survey was sent to Canberra and local area VH registered pilots and forwarded through Recreational Aviation Australia (RA-Aus) and Canberra Regional Aviators Australia (CRAA).

The survey focussed on determining the potential usage of the airfield from local and interstate pilots, the demand for hangars and grass parking and other facilities that would be required at the airfield to encourage patronage.

In total 175 unique survey responses were received, 107 from the ACT and local surrounding area and 68 from interstate respondents. Response rates are difficult to determine as some aviators may be members of both CRAA and RA-Aus, or have a VH-registered and RA-Aus registered aircraft. That noted, the number of responses was encouraging, given the usual level of responses received from mail-out surveys. Indicatively, around half of all potential users of the new airfield responded. Many survey respondents also made positive and encouraging comments about the proposed airfield.

Of the 107 local survey responses received, 69 (or 64%) indicated that they would be interested in locating their aircraft at Williamsdale Airfield in a private hangar, leasing a T-hangar or using grass parking facilities. The anticipated demand gives potential revenue of around \$133,000 per annum when all 69 aircraft are located at the airfield, which would be expected to occur around the third year of operation, assuming a gradual takeup.

Respondents were also asked to identify potential facilities they would require at the airfield. The main facilities and services identified were maintenance, training and an aero club, with other facilities including general amenities, fuel, private hire, rental cars and lighting also cited.

Several survey respondents indicated an interest in setting up a business at the airfield, to provide maintenance or training or both.

Proposed model

The proposed model for the Williamsdale Airfield is for the ACT Government to provide initial seed funding that would be used to purchase the land and establish the airfield. Once operational, the revenue generated from the airfield would be used to maintain, administer and improve facilities over time, without needing on-going ACT Government support. Given the limited role of Government once the airfield is constructed, the management of the airfield would require the establishment of a Board, possibly on an honorary basis, which would be responsible for oversight, with day to day management and administration undertaken by a caretaker.

In order to reduce expenses for the airfield, a business model could be used where a live-on-site caretaker is responsible for various tasks. A similar business model is used at airfields such as Wedderburn. It is envisaged that a semi-retired caretaker would be sought, to live on site rent free, where they could be provided with a basic two bedroom cottage, maintenance shed and paid a notional salary of (indicatively) \$10,000 per annum. The primary role of the caretaker would include conducting security runs in the evening around the airfield, some administration tasks, and general maintenance such as grass cutting.

Cost benefit analysis

The expected return of the Williamsdale Airfield over the 15 years to 2026 is 5.0% on a stand alone basis, and 11.9% when economic returns to the ACT are included (see Table i). Additional revenue under the economy wide scenario includes visitor spending and consumer surplus.

The cost benefit analysis assumes an initial investment from the ACT Government to construct a grass runway and associated infrastructure such as fencing, electrical works, road works, caretaker cottage, T-hangars, fuel facilities and basic aero club facilities, totalling around \$1.95 million. The subsequent administration and operational costs are assumed to be covered through aircraft and commercial leasing revenue collected by the airfield management.

Under the base case, positive cashflows are generated for the airfield in the first full year of operations (assumed to be 2012, for the purposes of the modelling). On a cashflow basis the airfield breaks even in 2025, four years earlier in 2021 when the returns to the ACT economy are taken into account. The ability to be cash-flow-positive in the first full year of operations is an indication of the strong response to the demand survey conducted by Deloitte Access Economics.

The modelling result includes the construction of T-hangars to house an additional 80 aircraft over the period to 2026, totalling around \$1.95 million in construction costs, funded through revenue generated from the airfield.

The demand for the shared T-hangar concept was especially strong. This would drive the vast bulk of the airfield's revenues. In essence, the main focus of the airfield business would be in T-hangar leasing. Indeed, in the early years, there is likely to be a waiting list

for space in a T-hangar and the cost of each additional tranche of T-hangar space could be financed by borrowing against pre-commitments made by users entering leases for T-hangar space 'off the plan' before building commences.

Table i: Revenue and expense (\$,000) – Williamsdale Airfield

	2011	2012	2014	2016	2018	2020	2022	2024	2026
<i>Williamsdale Airfield only</i>									
Revenue		121	166	259	334	392	446	494	1558
Expenses	1951	49	49	250	237	198	186	167	183
<i>Net revenue</i>	<i>-1951</i>	<i>72</i>	<i>117</i>	<i>8</i>	<i>97</i>	<i>194</i>	<i>259</i>	<i>327</i>	<i>1375</i>
<i>Cumulative</i>	<i>-1951</i>	<i>-1879</i>	<i>-1668</i>	<i>-1771</i>	<i>-1631</i>	<i>-1283</i>	<i>-801</i>	<i>-189</i>	<i>1521</i>
<i>Economy wide impacts</i>									
Revenue		175	253	385	501	591	674	747	1838
Expenses	1951	49	49	250	237	198	186	167	183
<i>Net revenue</i>	<i>-1951</i>	<i>126</i>	<i>204</i>	<i>135</i>	<i>265</i>	<i>393</i>	<i>487</i>	<i>580</i>	<i>1655</i>
<i>Cumulative</i>	<i>-1951</i>	<i>-1825</i>	<i>-1458</i>	<i>-1329</i>	<i>-874</i>	<i>-144</i>	<i>779</i>	<i>1886</i>	<i>4142</i>

Note: 2026 revenue includes terminal value of land and T-hangars

In addition to airfield revenue, the Williamsdale Airfield will generate a number of short and long term employment opportunities. It is estimated 17 full time equivalent positions would be generated during the construction phase. In addition, any commercial enterprise at the airfield would generate employment on an ongoing basis, possibly in the order of 10 people working in maintenance and training positions based at the airfield.

The construction of Williamsdale Airfield will have a number of linkages with the ACT and interstate economies, therefore, some of the employment generated during the construction phase may be lost interstate. Given the relative size of the ACT, should 60% of the employment benefits be captured in the ACT, 10 full time positions would be generated from the construction phase.

Key success factors

In order for the Williamsdale Airfield to establish itself and generate the level of demand to ensure it can operate on a stand alone basis, a number of key factors have been identified:

- The airfield is capable of being cash-flow-positive in its first full year of operation, provided it is adequately capitalised, so that it has critical mass.
- Building T-hangars as part of the first tranche of development.
 - The high demand for this type of hangarage service will help give the airfield scale and provide revenue from day one. Based on the demand survey, a 20-berth T-hangar could be fully subscribed on the day of opening, and a second 20-berth T-hangar could be leased 'off the plan' soon after.
- Building a caretaker cottage and hiring a part-time / semi-retired caretaker to provide low-cost security and general maintenance of the airfield will help to minimise operational costs.
- Leveraging private investment where possible. For example, a fuel supplier may pay for the installation of the fuelling facility.

- Partnering with the training and aircraft maintenance businesses that have expressed interest, so these can commence immediately (or soon after) the airfield is built. Again, to help create some scale and provide anchor tenants soon after opening.
- Procuring one or two basic rental cars (perhaps operated by the aero club) to base at the airfield for use by visiting aviators to ensure the ACT is able to capture the additional economic benefits from interstate visitors.
 - Travel volume to and from Williamsdale will be too low for a public transport solution. Having one or two basic vehicles available for rent helps to address the distance of the airfield from Canberra for visiting pilots.
- Providing facilities whereby the airfield could potentially be used as a base for aerial fire fighting in the future.
 - Although it is not expected that an aerial fire-fighting base would be relocated to the Williamsdale site in the short term, it provides an alternative runway for 'on-demand' fire fighting should it be required, and over time as facilities are improved the site may be revisited as a possible aerial fire fighting base. This would require the appropriate facilities for basing fire fighting aircraft at the site including a facility to mix retardant, fuel and general aviation facilities.
 - The economic benefit the airfield would generate for the community by providing these additional fire fighting facilities is difficult to determine, however, by their very nature, fire fighting services can provide very high benefits during infrequent events, so assessing 'average annual benefits' will depend on the frequency (probability) and severity of future fire events. The Williamsdale Airfield could assist in fighting fires by providing a facility closer to the south of Canberra for fire fighting aircraft to use if required, potentially reducing the response times for fires in the surrounding area, in particular for regions which are difficult to access by road, and as a back up if visibility at CIA, Cooma or Goulburn is affected by smoke.
- A sensitivity analysis was conducted and showed that the key parameters are the aircraft capture rate, capital expenditure and aircraft leasing charges.
 - The no survey bias results assume that the capture rate of 64% of GA aircraft is reflective of aircraft which were not included in the survey analysis, and forms the base case of the analysis. The survey bias (or 'non-response' bias) scenario assumes that those who did not respond to the survey are less likely to use the Williamsdale Airfield. The sensitivity assumes that the proportion of non-responses that will use the airfield is half those that responded, that is 34% capture rate. Under this scenario the return falls by around 2.0% to 2.97%.
 - If initial construction costs are 10% higher than expected the return is 3.41%, a fall of 1.60%. Should aircraft leasing charges be 10% less than expected the estimated return would fall by 1.31% to 3.69%.

Deloitte Access Economics

1 Introduction

Deloitte Access Economics was commissioned by the Department of Land and Property Services to assess the financial viability of a dedicated general aviation (GA) airfield in the Canberra region. The proposed site for the airfield is located at Williamsdale (just north of the existing township) and would be primarily for recreational GA activities and emergency services.

A core aim of this exercise is to inform the Government on the potential demand for a dedicated GA airfield in Canberra and the ability for the airfield to operate on a stand alone basis. In addition the analysis includes an assessment of the potential economic benefits to the ACT from an airfield at Williamsdale.

Policy context

Currently, the only airfield in the region is Canberra International Airport (CIA). The nearest alternatives are Goulburn and Cooma (Polo Flat). CIA provides high-spec infrastructure and security designed for commercial aircraft, making it less affordable for recreational users. The air traffic control procedures at CIA also require a high level of certification and equipment. A facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility. Being outside controlled airspace has advantages for training novices.

Due to the legal mechanism for obtaining the land needed for a new airfield at the proposed site, and to raise capital for the initial infrastructure works given the legal restrictions over the tenure of that site, it limits the options for private sector involvement, and requires Government involvement in both the acquisition and first stage of development of the airfield. Once established, however, it is envisaged that the airfield would become self-sustaining, and could be operated on a stand-alone basis without requiring ongoing resources from Government.

A cost benefit analysis has been conducted to determine whether or not the full economic costs of the Williamsdale Airfield are outweighed by its full economic benefits — that is, whether the project has a net benefit for society as a whole.

Report structure

Section 2 provides a background and considers the need for a dedicated GA airfield in the Territory. Sections 3 and 4 summarise the consultation process and survey results. Section 5 discusses the proposed model for the Williamsdale Airfield and Sections 6 and 7 detail the cost benefit and sensitivity analysis.

2 Background

2.1 Demand for a general aviation airfield in Canberra

The demand for a GA airfield in Canberra has arisen partly due to there being only one aviation facility in the ACT available for both commercial aircraft such as Qantas, and smaller recreational GA aircraft. Given the commercial demands on CIA, priority is naturally given to the large commercial aircraft using airport facilities, which can lead to delays in take off for recreational GA aircraft as well as more frequent holding patterns. This can potentially limit the actual flight time available to recreational pilots and flight training aircraft.

Controlled airspace also imposes restrictions with only certain pilot licences and aircraft able to use CIA facilities. As a result, many Canberra residents with RA-Aus pilot licenses and particular recreational aircraft are required to use airport facilities located outside of Canberra airspace, for example Goulburn or Polo Flat.

The cost and availability of hangar space for GA aircraft at the CIA have also been identified as potential barriers to Canberra pilots using the airport. The 2009 CIA Masterplan notes that *'Commonwealth Government-imposed aviation security requirements at major airports have unfortunately imposed a significant cost and inconvenience burden on recreational GA operations'*. These cost pressures may also be partly responsible for the closure of flight schools in the region.

Responses to Deloitte Access Economics' Williamsdale demand survey (discussed further in Section 4) indicated a cost of around \$9,500 for the use of a hangar and \$1,700 for grass parking at the CIA. These costs are considerably higher relative to costs proposed of around \$2,750 for space in a T-hangar at Williamsdale. It is noted though that the facilities at the CIA are superior to those that would be constructed at Williamsdale, for example better quality runways and security, which would be partly reflected in the leasing costs.

These cost pressures and restrictions imposed on GA aircraft support the construction of an additional airfield focussed on the GA sector. A facility at Williamsdale would aim to address the demand for the local non-commercial aviation sector, allowing access to all RA-AUS aircraft and licence types and provide an area with less congested airspace and flight restrictions compared to the CIA.

A facility at Williamsdale would also free up capacity and land at CIA, which could be put to other (possibly higher-valued) uses. Even so, the Williamsdale facility would also provide some competitive pressure on CIA, to the benefit of those people who wish to continue locating their general aviation aircraft at CIA once Williamsdale is built.

2.2 Previous studies

2.2.1 Assessment of Williamsdale site

Any dedicated GA airfield in Canberra would need to consider the operations of the CIA, the benefit of replicating aviation facilities in the region and how the two airfields could operate together so as not to adversely affect the operations of either. The 2009 CIA Masterplan stated that the airport *'does not oppose the development of such a facility (secondary airfield in the ACT), provided its location and operations do not interfere in any way with the current and future operations of Canberra Airport and do not direct aircraft noise over residential areas of Canberra and the region'*.

In 2004, a study was conducted by Airport Technical Services into the suitability of Williamsdale as a location for a dedicated GA Airfield. The report, *Williamsdale GA airfield proposal – assessment of operational feasibility*, considered the features of the airfield, surrounding landscape and prevailing wind conditions. Their conclusion was that a 1000 metre grass runway for general aviation would be suitable for single engine and, with some restrictions, light twin engine aircraft.

The subsequent analysis has relied on this study and Deloitte Access Economics has not conducted any further assessment of the technical design of the proposed airfield site and operational characteristics.

2.2.2 Access Economics 2010 preliminary analysis

In 2010, Access Economics conducted a scoping study analysing *the potential for a secondary airfield facility in Canberra*. The report assessed the potential demand in the region relative to other airfields, with consideration given to the local demographic and income distributions, and overall growth in the aviation sector.

The report demonstrated that there is potential (unmet) demand for a dedicated GA airfield. Around 30 to 40 aircraft are currently located at CIA, however, there are 850 pilots in the ACT that hold aviation qualifications and around 200 aircraft registered to owners in the Territory. This suggests that the majority of aircraft currently registered to ACT pilots are operated from airfields outside of the region.

The report also concludes that based on the preliminary financial analysis, a dedicated GA airfield is unlikely to be commercially viable, potentially generating only a small positive return. Given such returns, other ownership models would need to be assessed, particularly related to the not-for-profit sector.

The preliminary nature of the analysis was such that a more detailed assessment was required to better understand the level of demand for the airfield from private aircraft operators, flying schools and other aviation related businesses that may be likely to establish operations on the site. In addition, refinement of the cost estimates for the development of the project, ongoing operational expenditures and appropriate governance models would be needed.

This cost benefit analysis builds on the previous studies by conducting a more in depth analysis of the financial viability and operation of the airfield, and its economic impact on the ACT. In particular, a mail-out survey was conducted to obtain a more accurate understanding of demand for the new airfield.

3 Consultations

In addition to a survey of local aviators, a number of consultations and discussions were held with various parties to determine any additional demand for a GA airfield, including the potential for a flight school to be located at Williamsdale, and identify any key issues or concerns that would need to be addressed in establishing a secondary airfield in Canberra. A summary of the consultations is provided below.

Flight school

Currently all states except the ACT and Northern Territory offer a flight program at university. Previously students were required to cover fees for these courses at the time they were taken, however, students are now able to defer course costs, similar to a HECS scheme. This is conducted through universities as they are classified as a registered training organisation (RTO), a requirement to access the deferred fee structure. This gives universities an advantage relative to private sector flight schools whose students may not be able to access the scheme, such as those previously operated by Brindabella Airlines. In addition, the ability to offer accommodation to students is seen as a key part of attracting students both from interstate and internationally. This has seen demand for flight training courses offered at universities increase considerably over the last couple of years.

The University of Canberra is currently exploring the possibility of establishing a flight school and would consider the Williamsdale site as a potential location. The airfield would be used in conjunction with the CIA so as to provide training both in and out of controlled airspace. The university is, however, in the preliminary stages and it is yet to be determined whether a flight school would fit within their educational framework.

There may also be potential demand for a flight school from international and local students. For example, Tuggeranong College has a flight course with around 50 students, and in the future Gungahlin College will also offer a flight course. However, once these courses are complete there is no real prospect of furthering this in Canberra through practical application in flight training schools.

Canberra previously catered for around six flight schools which indicates there is demand in the ACT for a flight school to operate, if a fit-for-purpose airfield was available. However, as a result of Brindabella Airlines ceasing its flight school operations in 2010, Canberra no longer has a flight school operating in the region. The closure of various flight schools may be partly due to increased costs of operating in the region.

A less costly option of operating out of Williamsdale may encourage others to operate new flight schools and could help establish the airfield and encourage patronage. Indeed two survey respondents expressed an interest in operating a flight school at Williamsdale should the airfield be approved.

Commercial tenants

In addition to a flight school, other commercial tenants, such as aircraft maintenance, would help to establish the airfield and provide additional facilities which could encourage a higher level of patronage. Any commercial tenant would need an appropriate level of demand at the airfield in order for it to be a viable business opportunity. For example, an aircraft maintenance employee would be required for every 20 to 25 serviced aircraft. With around 37% of local survey respondents indicating they would like to have maintenance services located at the Williamsdale Airfield, demand for these types of services does appear to be strong. Initially it may be warranted to offer reduced rental charges for commercial tenants until the level of demand is sufficient to support these businesses.

Commercial tenants are important to the development of the airfield as they provide an anchor tenant. Anchor tenants would assist in generating confidence regarding the long term viability of the airfield and may attract additional aviators to relocate GA aircraft to Williamsdale.

Commercial tenants are also a key source of revenue. This additional revenue can assist cover maintenance, administration and improvements to the airfield over time and help to limit fees paid by pilots, which in turn can encourage patronage. Once the airfield is more established and the level of patronage more certain, other commercial tenants may also be attracted to the airfield, with one survey respondent indicating they would be interested in commencing a sky diving operation from Williamsdale.

Fire fighting

Appropriate aerial fire fighting facilities provide an invaluable asset to the ACT during fire events, particularly in regions which are difficult to access by road. Mountainous regions around Canberra, and indeed near Williamsdale, are areas that would benefit from aerial assistance in the event of a fire. The NSW Rural Fire Service could also make occasional use of the facility, and some of the fires they prevent in NSW could benefit the ACT, and the facility could further promote coordination between the ACT and NSW aerial capabilities.

After the 2003 Canberra fires the McLeod review, *A Nation Charred: Inquiry into the Recent Australian Bushfires*, was conducted and produced a number of recommendations for the ACT's emergency services and fire fighting operations. One of the recommendations referred to aerial water bombing:

Aerial bombing should remain a capability used in the ACT during bushfires, with particular emphasis on using the aircraft for water bombing as an immediate response—as soon as fires are detected. This should be backed up by the use of ground crews.

On a day to day basis aerial fire fighting assets are not required and indeed provide limited benefits. By their very nature, fire fighting services can provide very high benefits during infrequent events, so assessing 'average annual benefits' will depend on the frequency (probability) and severity of future fire events. However, the immediate response of these aircraft, particularly during potentially catastrophic conditions and bad fire seasons, can provide a significant benefit to the community and ground crews by containing fires and assisting in controlling established fires. The Williamsdale Airfield could assist in fighting

fires by providing a facility closer to the south of Canberra for fire fighting aircraft to use if required, potentially reducing the response times for fires in the surrounding area.

The economic benefit the airfield would generate for the community by providing these additional fire fighting facilities is difficult to determine, however the Western Australian Government submission to the 2003 McLeod bushfire review estimated a significant benefit from using fixed wing aircraft.

For the 2002–03 season additional aircraft were required and two additional Dromader fixed wing aircraft and two helitankers were deployed. It was said that the fixed wing aircraft 'proved yet again to be of major benefit in supporting ground forces in containing small fires. These aircraft were particularly effective in restricting initiating wildfires within forest fuels and heathland fuels'. The helitankers were used extensively for asset protection in the urban bushland interface around Perth. The Department estimated that this deployment of fixed wing aircraft and helitankers, which cost in the order of \$1.5 million, resulted in savings of \$40 million in assets and suppression costs.

Given the benefit to the community is partly dependent on the speed at which aircraft are able to respond to fires, additional airfield facilities for use and storage of fire fighting aircraft located around the ACT would help ensure fire fighting crews have the ability to act quickly in regions in south Canberra and areas over the border in New South Wales.

An airfield located at Williamsdale could potentially be used as an 'on demand' base for aerial fire fighting, with a grass runway sufficient for most of fire fighting fixed wing aircraft. The airfield also provides an alternative runway for fire fighting aircraft should CIA or other GA airfields in Cooma and Goulburn not be available for any reason, such as smoke at those other locations causing poor visibility.

Over time as facilities are improved at the airfield the site could establish a commitment from the rural fire services to base aerial fire fighting at Williamsdale. This would require appropriate facilities for fire fighting aircraft to use the site including a facility to mix retardant, fuel and general aviation facilities. The rural fire service currently has fixed wing aircraft at the CIA, aircraft on call for emergencies and two helicopters located at newly built facilities in Hume.

As well as protecting assets (such as avoiding houses and powerlines from being destroyed) there may be, in rare catastrophic fire events, the ability for an improved aerial capability to save lives. It is difficult to speculate about the extent to which an additional airfield at Williamsdale could reduce future fire-related fatalities, but this additional capability at Williamsdale is likely to result in a non-zero (though small) probability of reducing future fire-related fatalities, and a higher probability of reducing future fire-related damage to assets. A dollar value reflecting this benefit has not been included in the cost-benefit analysis, but is noted as potential upside, due to the increased aerial fire-fighting flexibility provided by an additional airfield in the ACT.

Airfield registration

The Williamsdale Airfield would need to be registered with the Civil Aviation Safety Authority (CASA) and be required to meet Manual of Standard (MOS) Part 139. MOS Part 139 standards were designed to ensure aerodrome facilities provide and maintain environments that are safe for aircraft operations. The standards set out the regulatory regime for aerodromes used by aeroplanes conducting air transport, and would require the aerodrome to be audited on occasions.

The previous assessment conducted by Airport Technical Services found that, after discussions with CASA, the proposed 1000 metre runway would be suitable for the range of aircraft that would be expected to use the facility.

Recent and future developments

The airfield needs to consider any recent and future developments, particularly as it is located close to the ACT / New South Wales border, and the potential for aerial fire fighting to be based at the airfield. Given the proximity of the proposed airfield site to the New South Wales border, any future developments within New South Wales in close proximity to the airfield need to be assessed in order to determine whether they encroach on the obstacle limitation surface (OLS), and to limit any issues with noise over residential developments. The OLS was analysed in the previous assessment of the Williamsdale site in 2004, however any new proposals and developments since then would need to be considered.

4 Williamsdale Airfield survey

Deloitte Access Economics distributed a survey to local and interstate pilots to help determine the potential demand for a dedicated GA airfield located at Williamsdale, and to inform various parameters in the modelling. The survey was sent to Canberra and local area VH registered pilots, as obtained from the CASA registry listings, and forwarded through RA-Aus to its members and through CRAA.

The survey focussed on the potential usage of the airfield from local and interstate pilots, the demand for hangars and grass parking and other facilities that would be required at the airfield to encourage patronage.

Given that not all aircraft owners responded to the survey and the potential for various pilots to have been missed in the survey mail out, the responses are a useful guide as to the lower bound of demand from the recreational GA community.

A copy of the survey is attached in Appendix B.

4.1 Survey results

4.1.1 Pilot qualification

Surveys were distributed to 116 VH registered aircraft owners, around 80 CRAA members and around 100 RA-Aus members in the ACT region. The survey was also posted on some aviation websites. In total 175 unique survey responses were received, 107 from the ACT and local surrounding area and 68 from interstate respondents (see Table 4.1). Response rates are difficult to determine as some aviators may be members of both CRAA and RA-Aus, or have a VH-registered and RA-Aus registered aircraft. That noted, the number of responses was encouraging, given the usual level of responses received from mail out surveys. Indicatively, around half of all potential users of the Williamsdale Airfield responded.

The responses were predominantly from pilots who have completed a private pilots licence (PPL) through CASA or who had a VH registered aircraft, accounting for 61% of responses. RA-AUS registered pilots accounted for 33% of responses with six survey responses received from pilots operating gliders.

Table 4.1: Survey response distribution

Certification	Local	Interstate	Total
VH	63	44	107
RA-AUS	34	23	57
Glider	5	1	6
Not provided	5	0	5
Total	106	67	175

4.1.2 Aircraft ownership and usage

Around 70%, or 124 respondents, indicated that they either owned or were part of a syndicate which owned an aircraft (see Table 4.2). The aircraft were made up of 72 VH registered aircraft, 42 RA-AUS aircraft and 5 gliders.

Table 4.2: Aircraft ownership

	Ownership				Total
	Yes	No	Part share	Not provided	
Local	66	29	7	5	107
Interstate	47	16	4	1	68
Total	113	45	11	6	175

On average, respondents indicated that they flew 57 times per annum for a total of 82 hours. Survey responses show that VH registered aircraft flew an average of seven flights and 23 more hours per annum compared to RA-AUS aircraft (see Table 4.3).

Table 4.3: Aircraft usage per annum

Aircraft registration	Flights	Hours
VH	59	89
RA-AUS	52	66
All	57	82

Note: figures exclude a survey response which indicated an average of 1000 flights and 500 hours of flight time per annum. Average number of flights and flight time including the response were 63 and 85 respectively.

4.1.3 Potential demand

The primary aim of the survey was to help determine the level of demand for a dedicated GA airfield in the Canberra region. As such, respondents were asked whether they would use an airfield located at Williamsdale, if they would store their aircraft at the airfield and what facilities they would require.

Of the 107 local survey responses received, 69 indicated that they would be interested in either building a hangar for an aircraft, leasing a T-hangar or grass parking. Table 4.4 below shows the level of demand for each storage and parking facility identified in the survey, the annual cost and potential revenue associated with each.

Table 4.4: Potential airfield usage and revenue per annum

	Grass parking		Hangar parking		T-hangar	Total
	Large 15m	Small 12m	Large 15m	Small 12m		
Cost	\$750	\$650	\$1,750	\$1,500	\$2,750	
Demand	1	6	19	20	24	69
Revenue	\$750	\$3,575	\$32,375	\$30,000	\$66,000	\$132,700

The demand from survey responses gives potential annual revenue of \$133,000 when the 69 aircraft are located at the airfield, which is expected to occur in the third year operation,

assuming a T-hangar is leased for \$2,750 per annum. An increase in the T-hangar leasing costs to \$3,000 per annum would see revenue increase to around \$137,000 assuming T-hangars for 24 of the 69 aircraft, with the remainder parked on grass.

The T-hangar concept appears to be particularly popular. A key success factor for the new airfield will be to construct a T-hangar as part of the first tranche of development. Such a T-hangar is likely to fill with tenants very quickly, and will give the new airfield some 'traction' by ensuring a large number of aircraft are based at the new airfield soon after opening.

The level of demand identified through the survey needs to be considered alongside the level of non-response. The survey responses from local pilots indicated around 64% would use the airfield to store their aircraft. The base case assumes the level of demand for pilots who did not respond to the survey is reflective of survey results, that is, there is no non-response bias. This is considered further in the sensitivity analysis.

A dedicated airfield in Canberra for recreational GA aircraft may also help to attract a number of new visitors with various interstate survey responses indicating that they would use the Williamsdale Airfield. Some respondents noted that they do not currently use the CIA due to high costs of parking and that the CIA can be difficult to use. In total, the survey results indicated an average of six flights to Williamsdale Airfield per annum or around 340 interstate aircraft landings per annum. This could be assumed as a lower bound given other VH and RA-AUS aircraft which did not respond to the survey may also use the facilities once up and running.

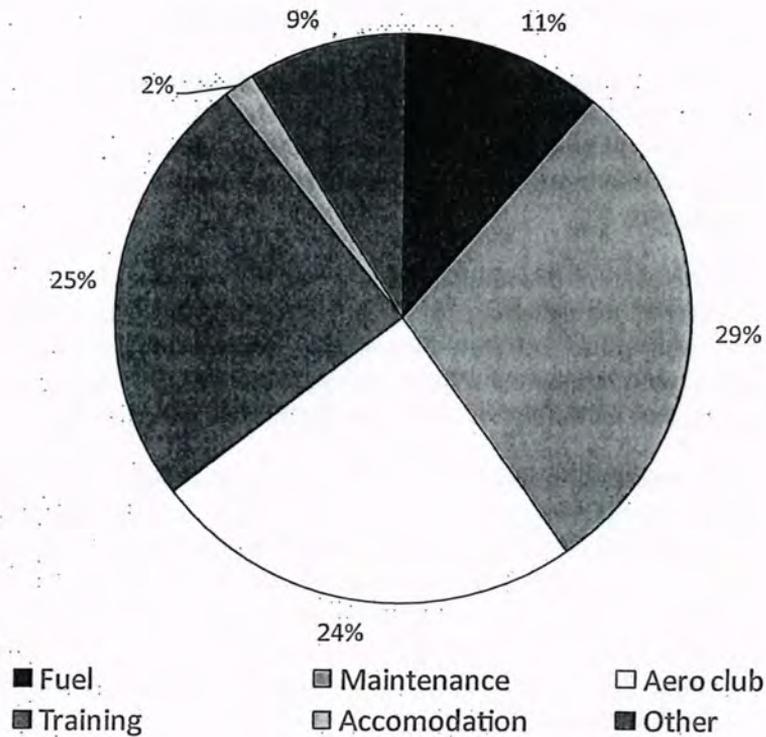
Respondents were also asked to identify potential facilities they would require at the airfield. Table 4.5 shows a count of the number of responses identifying each type of facility or service, with most respondents noting more than one facility.

Table 4.5: Potential airfield facilities

	Fuel	Maintenance	Aero club	Training	Accommodation	Other
Local	15	39	29	31	1	11
Interstate	4	10	12	11	2	4
Total	19	49	41	42	3	15

Chart 4.1 shows the main facilities and services identified by respondents were maintenance (29%), training (25%) and an aero club (24%). The category 'other' includes facilities such as general amenities, private hire, rental cars and lighting.

Chart 4.1: Potential airfield facilities



4.1.4 Other concerns and issues

In addition to specific survey questions, a number of respondents provided comments on specific issues relating to the airfield. In particular, the proposed location at Williamsdale was identified by a number of respondents as a concern due to the surrounding landscape and turbulence associated with wind conditions.

The area is not considered by some to be suitable for aviation, particularly for the smaller light powered aircraft, and hence these respondents would not make use of the airfield. The primary reasoning is the mountainous terrain and high winds. That noted, CIA is close to Mt Ainslie and the whole ACT region is surrounded by mountains, so there are limited options available. Although there were a number of concerns regarding the proposed site, two respondents indicated that they would be interested in operating a flight school from Williamsdale with another interested in conducting sky diving from the airfield if possible.

Deloitte Access Economics has not conducted a technical assessment of the proposed airfield site as it was outside the scope of the project. Rather, we have relied on a previous study conducted by Airport Technical Services in September 2004, *Williamsdale General Aviation Airfield Proposal – Assessment of operational feasibility*. The report considered a 1000 metre runway for general aviation aircraft at Williamsdale as suitable for single engine, and with some restrictions, light twin engine aircraft.

Some responses indicated that a site to the North-West of the ACT would be a better location due to safety concerns, the difficulty in getting into Canberra for those coming for a day trip and the proximity of Goulburn relative to Williamsdale for Canberra's northern

suburbs. However, it was noted that there is limited suitable land available for the construction of an airfield in the North-West of Canberra.

Deloitte Access Economics has not assessed other potential sites for a GA airfield as it was out of the scope of the project. However, should a suitable site located more centrally within the ACT be identified, potentially to the west of Canberra (due to the footprint of CIA airspace, the only possibilities are probably the Stromlo/Cotter area or Kowen, but these are both hilly locations), we would expect a considerable increase in patronage from both local and interstate residents given the potential for it to be located closer to more suburbs, particularly the northern suburbs, relative to the Williamsdale site and other airfields.

Respondents also highlighted the restrictions on general aviation and the cost of facilities at CIA as key reasons why they support a dedicated GA airfield in Canberra. From survey responses, the average cost of hangar space at CIA is estimated at around \$9,500 with grass parking averaging around \$1,700 per aircraft.

For interstate visitors, the lack of public transport at Williamsdale is a particular concern. Given the distance to central Canberra, it is expected the airfield would require a small number of courtesy cars or low cost rentals for the ACT to capture the potential benefits from interstate visitors.

Other comments included the need for an all weather runway, concerns on what level of security would be available for aircraft parked at the airfield and the need for long term leases for those constructing private hangars.

5 Proposed model

Due to legal restrictions over the land acquisition and tenure, the proposed model for the Williamsdale Airfield is for the ACT Government to provide the initial seed funding that would be used to acquire the land and establish the first tranche of facilities at the airfield. Once operational the revenue generated from the airfield would be used to maintain, administer and improve facilities over time, without needing on-going ACT Government funding. Appropriate governance arrangements would be set up to allocate responsibility for the administration and operational side of the airfield, with the anticipation that once established there would be limited involvement from the Government.

Given the ownership status, the Government would be required to have some involvement with the airfield during the early years, however, it is envisaged this would be limited to oversight and reviews on a periodic basis.

Board

Given the limited role of Government once the airfield is constructed, the management of the airfield would require the establishment of a Board, possibly on an honorary basis, which would be responsible for day to day management and administration.

The Board could be set up on an honorary basis initially, with possible notional salaries of around \$10,000 per annum for the Chair. Should the positions be honorary on commencement, Board member positions could be remunerated for their roles once the airfield is more established and generating sufficient revenues.

The key responsibilities of the Board would include overseeing all operational aspects of the airfield including management of funds, preparation of financial accounts and reporting to the Government as required.

Funding

It is important that the initial funding from the Government be sufficient to provide facilities that will give the airfield sufficient scale and adequate facilities from commencement. This will help avoid a situation where the airfield is under-developed and struggles to build up to a viable critical mass.

Achieving 'critical mass' early on will encourage patronage and give aircraft owners the confidence that the airfield will be operational over the longer term. This confidence will then translate into hangar leases, airfield usage and ultimately, long-term viability. Without adequate funding in the early years it may be difficult to attract pilots and take a long time to reach a sustainable commercial scale. Furthermore, the patronage required to ensure the airfield generates sufficient revenue to operate on a stand alone basis could take years to build up, in the absence of a first stage build of sufficient scale.

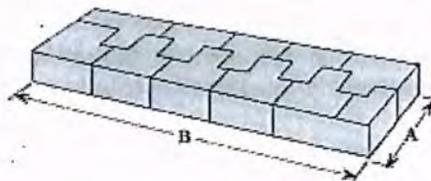
In particular, the key elements of 'critical mass' are: a T-hangar, a caretakers cottage, a refuelling facility and a modest aero club building (which could be part of the T-hangar building).

Responses to the Williamsdale demand survey confirmed this, and indicated some key facilities at the airfield that would encourage patronage, including an aero club, maintenance, a T-hangar, training and fuel. An airstrip which is established with these facilities is likely to generate a higher level of demand from the local aviation community in the short term and provide a strong basis for growth. Due to the effect of compound interest in assessing both financial and economic viability, building up demand quickly in those first few years is essential for generating a viable return on the investment. Without an adequate level of funds and facilities from the outset, pilots may be hesitant to build their own hangars and the airfield may take a number of years to reach the levels of demand needed to ensure the airfield can operate without Government support. The financial and economic rates of return also decline rapidly if patronage is low in the first few years.

Facilities such as ready-for-use T-hangars and provisions for an aero club will demonstrate that the airfield is a long term operation and would give more confidence for parties to build private hangars, in turn increasing patronage and revenue.

Figure 5.1 is a nested T-hangar, a shared hangar that accommodates several aircraft. The "T" refers to the shape of the aircraft, with the aircraft alternating nose-to-tail to make best use of the available space. Several aircraft sharing one T-hangar results in considerable savings on building materials. It has a modular design, so can be built to accommodate a large number of aircraft. Note the "L" shaped area in the bottom right corner of the T-hangar – this 'left over' corner could be used to accommodate the aero club. Similarly, a flight school or maintenance business could lease the other "L" area in the bottom left corner.

Figure 5.1: T-hangar



Source: erect-a-tube.com

To enable these to be built during the initial construction, the government could provide a grant of around \$500,000 to construct the T-hangars which aircraft owners could use immediately, ensuring cashflow is generated from day one. In addition, grass parking areas with tie-downs could also be offered which would further add to revenues. Once established, upgrading facilities and additional hangars would be funded through revenue generated by the airfield.

Adequately capitalising the airfield upfront will also improve the prospects of it becoming self-funding more quickly and its ability to generate positive cashflows from the first year of operation and lessen the risks of it needing ongoing support.

Once the airfield develops a track record of demand and revenue, it may be able to raise capital by borrowing, to finance future stages of development.

Governance and day to day operations

Caretaker

In order to reduce expenses for the airfield, a business model where a live-on-site caretaker is responsible for various duties could be used. It is envisaged that part time / semi-retired volunteers would be sought to live on site rent free, where they could be provided with a basic two bedroom cottage, maintenance shed and paid a notional salary of \$10,000 per annum.

This business model is used at other GA airfields such as Wedderburn, as a low-cost method of maintaining and operating the facility. The live-on-site caretaker also has obvious security benefits with a primary role including security runs in the evening around the airfield, as well as general maintenance such as grass cutting.

A caretaker living on site is expected to save considerable operational expenses for the airfield, in particular for security expenses. Given Williamsdale is in a fairly remote and sparsely populated area, a presence at the airfield during the evening would also give more confidence to aircraft owners for the safety of their aircraft. Indeed security at Williamsdale was a concern raised from some survey respondents.

In terms of being able to attract a person to perform this job, the consultation feedback indicated that there should be no problem finding a semi-retired aviation enthusiast willing to be the caretaker at Williamsdale.

Although the caretaker would be responsible for general maintenance, volunteer labour could also be used to maintain the airfield. This is potentially more important in the early years as the airfield establishes itself. Although volunteer work is not expected to be a significant commitment from members, it provides an option for management help to reduce costs and maintain the condition of the airfield (possibly with a discount on airfield fees for those airfield users that contribute to the 'annual working bee').

Fees and charges

It would be expected that the airfield would generate income through membership fees and leasing charges for commercial tenants, T-hangars, private hangar space and grass parking.

Charges for T-hangars are assumed to be higher than leasing charges for private hangars given the need to recoup the initial construction costs of T-hangars. That is, construction costs for private hangars are incurred by individual members and leasing costs for these hangars would reflect the land use only. The significant investment in private hangars would also require long term leases to be made available to these members to encourage their use.

Should a flight school be established at the airfield, these aircraft may be charged a higher fee due to the greater number of flights from these aircraft relative to individual members. A multiple of the leasing costs may be applied to these tenants. For example, if flight training aircraft conduct 200 flights per annum versus an average of 50 for individual

members, the leasing costs could be twice the standard rate allowing for some 'bulk discount'. The modelling has assumed all aircraft are charged a standard rate.

Deloitte Access Economics also canvassed landing charges for visiting aircraft, but these are likely to be infrequent, making it not cost-effective to administer and collect landing charges. Landing charges are therefore excluded from the analysis.

Wedderburn Airfield

The ownership and operational model proposed for Williamsdale is similar to one which has been successfully implemented at Wedderburn Airport. Wedderburn began with a single grass runway and has since grown considerably in terms of size and quality. It now includes a 950 metre sealed runway and around 100 aircraft hangars. The airfield generates revenue from the lease of hangars, membership fees and fuel sales.

Wedderburn management minimises costs by having an onsite caretaker who is able to provide a security presence and various maintenance services such as grass cutting. Together with social workdays for members, it is a successful model which reduces costs and management are able to administer and operate the airfield without the assistance of the Government. In addition, all improvements to infrastructure are funded through revenue raised through airport operations.

Volunteering plays a role in maintaining the airfield and ensuring members can use the facilities while keeping fees as low as possible. Where a Wedderburn member participates in three out of six social work days, they are refunded \$250 of their annual membership fee. Although volunteering helps to keep costs down, members who do not wish to volunteer simply pay additional membership fees. Therefore, members are able to reduce their annual fees by contributing to workdays, where as others simply pay higher fees.

Following a similar model, the Williamsdale Airfield would initially provide basic aviation services to the local GA community with the aim of providing higher quality services and facilities as the airfield is able to generate sufficient demand and funds.

6 Results

The section below details the results of the cost benefit analysis. The analysis includes estimates for the airfield on a stand alone basis (Scenario 1), as well as the economic impact for the ACT community (Scenario 2). A full list of assumptions used in the modelling can be seen in Appendix A.

The cost benefit analysis assumes an initial investment from the ACT Government to construct a 1000 metre grass runway and associated infrastructure such as fencing, caretaker cottage, T-hangars, fuel facilities and aero club facilities totalling around \$1.95 million. The subsequent administration and operational costs are estimated to be covered through aircraft and commercial leasing revenue collected by airfield management.

The expected return of the Williamsdale Airfield over the 15 years to 2026 is 5.0% on a stand alone basis, and 11.9% when economic returns to the ACT are included. Under the base case, positive cashflows are generated for the airfield in first full year of operation in 2012. On a cashflow basis the airfield breaks even in 2025, four years earlier in 2021 when the returns to the ACT economy are taken into account.

The modelling result includes the construction of T-hangars, after the initial construction phase, to house an additional 80 aircraft over the period to 2026, totalling around \$1.95 million in construction costs. The funding required for the T-hangars is assumed to be provided through net revenue generated from the airfield.

Both the Williamsdale stand alone and economy wide scenarios are discussed below. Detailed cashflow for both scenarios are provided in Appendix B.

Scenario 1: Williamsdale Airfield stand alone

The net return for Williamsdale Airfield is estimated at 5.0%, with airport revenues growing from around \$121,000 in 2012 to \$545,000 in 2026. The revenue is predominantly due to hangar lease charges from aircraft located at the airfield, accounting for around 60% of revenue in 2012 and growing to 90% of revenue in 2025 (see Table 6.1).

Other revenue includes rental income from commercial operations such as a maintenance facility, flight school, margins on fuel sales and annual membership fees of \$50 per aircraft. Revenue from commercial operations reflects the rental value of 500sqm of office and light industrial rental space.

Table 6.1: Revenue and expense (\$,000) – Williamsdale Airfield

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Revenue									
Aircraft		71	114	205	279	335	387	433	484
Other		50	52	54	56	57	59	60	1074
<i>Total revenue</i>		121	166	259	334	392	446	494	1558
Expenses									
Construction & operational	1951	49	49	250	237	198	186	167	183

Williamsdale Airfield Cost Benefit Analysis

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Net revenue	-1951	72	117	8	97	194	259	327	1375
Cumulative	-1951	-1879	-1668	-1771	-1631	-1283	-801	-189	1521

Note: 2026 revenue includes terminal value of land and T-hangars

Scenario 1 generates a positive cashflow from 2012 and breaks even in 2024. The positive cashflows achieved from year one are predominantly due to the construction of T-hangars in the initial development phase which generate annual rental revenue under a capture rate assumption that 38 aircraft will store their aircraft at Williamsdale in the first year, 19 of which would be stored in the T-hangars.

Expenses in the analyses include initial construction costs, day to day operational costs and costs associated with the construction of additional T-hangars, however, other major maintenance works have not been included in the base case. Should they be required in the future it is expected that the annual revenue generated by the airfield should be sufficient to cover these costs, with the possibility of a negative cashflow during particular years. The effect of major maintenance is considered further in the sensitivity analysis.

Scenario 2: Economy wide impacts

The economy wide impacts include the additional economic benefits generated in the ACT from the Williamsdale Airfield. The net return from Williamsdale including economy wide affects is estimated at 11.9%.

Including the community wide benefits, the total economic impact of Williamsdale is estimated to grow from around \$126,000 in 2012 to \$643,000 in 2026. Under the economy wide scenario the proposed airfield generates a positive return from 2021.

Table 6.2: Revenue and expense (\$,000) – ACT economy

	2011	2012	2014	2016	2018	2020	2022	2024	2026
Revenue									
Aircraft		71	114	205	279	335	387	433	484
Other		104	138	180	223	256	287	313	1354
<i>Total revenue</i>		175	253	385	501	591	674	747	1838
Expenses									
Construction & operational	1951	49	49	250	237	198	186	167	183
Net revenue	-1951	126	204	135	265	393	487	580	1655
Cumulative	-1951	-1825	-1458	-1329	-874	-144	779	1886	4142

Note: 2026 revenue includes the terminal value of land and T-hangars

Scenario 2 generates a positive cashflow from 2012. This is based on the capture rate assumption that 38 aircraft will store their aircraft at Williamsdale in the first year.

The higher positive return generated under the economy wide scenario is due to the increased spend in the region from interstate visitors and consumer surplus estimates.

Employment

In addition to airfield revenue, the Williamsdale Airfield will generate a number of short and long term employment opportunities.

Using 2005-06 National Input-Output tables and an initial construction cost estimate of \$1.9 million, we would expect around 17 full time employment positions to be generated in the short term, including around 5 direct and 12 indirect positions. In addition, any commercial enterprise at the airfield would generate employment on an ongoing basis, possibly in the order of 10 people working in maintenance and training positions based at the airfield.

The construction of Williamsdale Airfield will have a number of linkages with the ACT and interstate economies, therefore, some of the employment generated during the construction phase may be lost interstate. Given the size of the ACT, should 60% of the employment benefits be captured in the ACT, 10 full time positions would be generated from the construction phase, around 3 direct and 7 indirect.

Key assumptions

The results assume an initial construction cost of \$1.95 million, which includes a \$500,000 grant to the aerodrome for T-hangar construction, and an annual operating cost of around \$65,000 per annum. Operational costs include general maintenance, administration activities and notional salaries of \$15,000. The main cost is insurance, estimated at \$20,000 per annum. Salaries increase to \$45,000 in 2016, when 100 aircraft are assumed to be using the airfield for storage and parking, to include a full time administrator/caretaker, increasing operational costs to \$95,000 per annum.

The construction of fuel facilities at the airfield would be expected to do slightly better than break even (based on the experience at Wedderburn). Depending on the size of the fuel tank required, which would be based on the level of patronage, the cost of a manual credit card pump is around \$50,000. The cost of the facilities could potentially be reduced should a fuel company cover part or all of the construction costs and subsequently supply the airfield with fuel. The installation of a fuel pump would require an assessment of the site to ensure it was suitable and met Australian standards, however, it is not expected that the Williamsdale site would pose any significant issues for fuel storage.

Fuel facilities gives the airfield the ability to generate additional revenue through fuel mark-ups, but as noted, is expected to be slightly better than break-even. As such, including the installation cost and subsequent revenue generated from fuel sales does not have a significant effect on the financial or economic rate of return. The main impact is indirect, by making the airfield more user-friendly.

The estimated operating costs have been compared against other airfields where financial information was available (see Table 6.3). The range of operating costs varies from \$48,000 to \$80,000 per annum. The operating costs vary due to the size of each airfield, the amount of volunteer labour used and the quality of services and facilities provided. However, noting the differences that may exist between each of the airfields, the estimated annual operating cost of \$65,000 per annum for Williamsdale appears consistent with other smaller airfields.

Table 6.3: Airfield operating costs

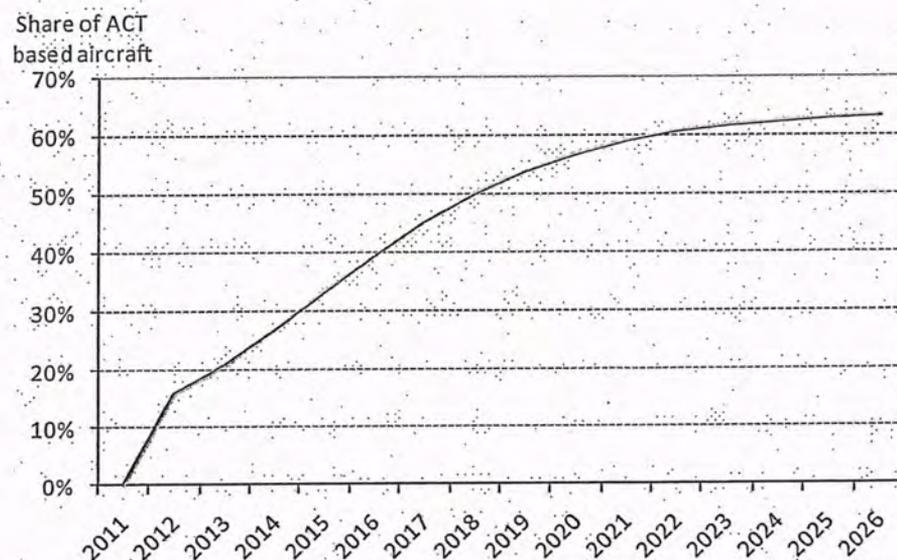
Airfield	Operating cost	Comments
Williamsdale	\$65,000	1000 metre grass runway
Goulburn	\$80,000	Two runways approximately 2000 metres in length. Costs include \$20,000 administration.
West Wyalong	\$48,000	1600 metre asphalt and 780 metre gravel runways
Wedderburn	\$65,000	950 metre sealed runway.
Kempsey	\$70,000	1600 metre bitumen and 650 grass runway

Landing fees for interstate visitors have not been included in the revenue estimates. During consultations various parties indicated that the administration cost of collecting landing fees (expected to be about one visitor per day, on average) is often equal to or greater than the total revenue raised. Therefore, the analysis assumes Williamsdale Airfield will not charge landing fees for interstate aircraft.

Commercial leasing charges are assumed to be \$113 per sqm per annum for office space and \$75 per sqm per annum for maintenance facilities. These charges are based on low end office and industrial lease rates in the ACT. Given the location of Williamsdale and distance from the main industrial area of the ACT, the reported low end rates have been reduced by 25%.

The capture rate of locally based aircraft parking at Williamsdale is assumed to be around 18% (38 aircraft) of aircraft in the ACT in 2012, increasing to around 64% (249 aircraft) in 2026, based on survey responses. The effect of the capture rate is analysed further in the sensitivity analysis.

Chart 6.1: Aircraft capture rate



The aircraft using each of the parking and storage options is based on survey responses. Those who indicated that they would park their aircraft at Williamsdale selected the

following type of facility – private hangar 55%, T-hangar 35% and grass parking 10%. It is assumed that all T-hangars constructed during the initial phase will be utilised in the first year and that private hangars will be delayed for around two years. Therefore, for the first two years of operation the proportion of aircraft stored at the airfield will be dominated by T-hangars (44%) and grass parking (46%), gradually moving to more private hangars being constructed and matching the results indicated in the survey.

The number of overnight visitors to the ACT is expected at around 80 visitors per annum with an additional 260 day visitors, based on survey results, contributing around \$37,000 of expenditure to the ACT economy annually. The expenditure estimates assume 20% of NSW visitors and 100% of other interstate visitors stay over night, and 50% of visitors who do not stay overnight will travel from the airfield into the ACT during their stay.

The analysis assumes one visitor per aircraft and therefore does not include an allowance for aircraft passengers. Should interstate pilots visiting the ACT travel with a passenger, the contribution made to the ACT from interstate visitors would be higher than that assumed in the modelling.

Consumer surplus is derived from the reduction in expense of storing aircraft at Williamsdale relative to various other airfields and the reduced travel time from Canberra to Williamsdale relative to other GA airfields.

The difference in storage or parking costs is scaled down for the quality of facilities at other airfields, for example other airfields may have sealed runways compared to a grass runway at Williamsdale. A factor of 50% has been used to scale down for the difference in quality of facilities.

The benefit generated from reduced travel times is estimated based on the total time saved for a round trip from Canberra to Williamsdale, relative to other airfields used by Canberra residents. Total benefits assume a round trip every two weeks, a saving of 60 minutes in travel times and an hourly saving of around \$19 (Austroads Update of RUC unit values 2005 – Cars Private).

7 Sensitivity analysis

Sensitivity analysis was conducted on key inputs to determine the variability of net costs and revenues over a 15 year period. This includes an analysis of the capture rate of aircraft in the region, capital and operating costs, leasing rates and growth in the recreational aviation sector (see Table 7.1). The analysis shows that the assumed capture rate has the greatest affect on the IRR followed by capital expenditure and aircraft leasing charges.

Table 7.1: Sensitivity analysis of key inputs

Category	Williamsdale Airfield only		Economy wide impacts	
	IRR %	Variance %	IRR %	Variance %
Base Case	5.00		11.86	
Capture rate - No survey bias	5.00	0.00	11.86	0.00
Capture rate - Survey bias	2.97	-2.03	9.12	-2.74
+10% commercial lease charges	5.22	0.22	12.05	0.19
-10% commercial lease charges	4.78	-0.22	11.66	-0.20
+10% leased area	5.22	0.22	12.05	0.19
-10% leased area	4.78	-0.22	11.66	-0.20
+10% operational expenditure	4.68	-0.32	11.58	-0.28
-10% operational expenditure	5.33	0.33	12.13	0.27
+10% capital expenditure	3.41	-1.59	9.92	-1.94
-10% capital expenditure	6.47	1.47	13.63	1.77
+10% aircraft leasing charges	6.24	1.24	12.82	0.96
-10% aircraft leasing charges	3.69	-1.31	10.86	-1.00
Major maintenance work \$150,000 (2019)	4.52	-0.48	11.47	-0.39
Major maintenance work \$300,000 (2019)	4.04	-0.96	11.08	-0.78
+1% GA and RA-AUS growth rate p.a.	5.53	0.53	12.59	0.73
-1% GA and RA-AUS growth rate p.a.	4.63	-0.37	11.33	-0.53

The capture rate sensitivity analysis shows the change in the return based on the proportion of pilots who did not respond to the survey that choose to use the Williamsdale Airfield facilities. The *no survey bias* results assume that the capture rate of 64% of GA aircraft is reflective of aircraft which were not included in the survey analysis, and forms the base case of the analysis. The *survey bias* (or 'non-response' bias) scenario assumes that those who did not respond to the survey are less likely to use the Williamsdale Airfield. The sensitivity assumes that the proportion of non-responses that will use the airfield is half those that responded, that is 34% capture rate. Under this scenario the return falls by around 2.0% to 2.97%.

Other significant sensitivities include capital expenditure and aircraft leasing charges. If initial construction costs are 10% higher than expected the return is 3.41%, a fall of 1.60%. Should aircraft leasing charges be 10% less than expected the estimated return would fall by 1.31% to 3.69%.

(2160)

Williamsdale Airfield Cost Benefit Analysis

The sensitivity of major maintenance work has also been tested. The analysis shows that should major maintenance work of \$300,000 be required in 2019, midway through the analysis period, the net result would fall by around 1.0%.

Conclusions

- There appears to be sufficient demand in the Canberra region from the general aviation sector, and potential flight training schools, for an airfield to be established at Williamsdale. The focus on commercial carriers at the CIA and increased cost pressures faced by recreational pilots means a facility at Williamsdale would fill a niche in the region and provide a more simplified and less costly facility.
- The Williamsdale Airfield is expected to generate a positive return, however, given the low commercial return and significant upfront investment, it is unlikely the airfield would be established if left to the private sector. When considering the potential economic impacts across the Territory, there is an overall net benefit to the ACT.
- It is important that initial seed funding be sufficient to ensure adequate facilities are constructed from the outset to encourage patronage and generate a level of demand to ensure the airfield can quickly reach the scale needed to operate on a stand-alone basis without ongoing government support.
- The sensitivity analysis shows that the key parameters are the capture rate, capital expenditure and aircraft leasing charges.

Appendix A: Assumptions

Table A.1 below details the assumptions adopted for the cost benefit analysis of the proposed Williamsdale Airfield.

Table A.1: Key assumptions

Category	Assumption	Comments
Discount rate	7%	
GA growth rate	1%	GA historical membership
RA-AUS growth rate	10%	RA-AUS historical membership
Williamsdale capture rate	64%	Share of local GA and RA-AUS aircraft
Spend per night in ACT	\$152	TRA National Visitor Survey, excluding airfare and long distance travel
Spend per day in ACT	\$170	TRA National Visitor Survey
Average T-hangar cost per aircraft	\$25,800	Based on quotes received for the slab, materials and construction of hangar
Time travel saving per hour	\$19	Austrroads Technical Report – Update of RUC Unit values to June 2005 – Private Car
Aircraft parking fees		
<i>Grass small</i>	\$650	Land rent charges
<i>Grass Large</i>	\$750	Land rent charges
<i>Hangar small</i>	\$1,500	Land rent charges
<i>Hangar large</i>	\$1,750	Land rent charges
<i>T-hangar</i>	\$2,750	Full leasing charges
Annual membership fees	\$50	
Landing fees	Nil	Landing fees imposed on other airfields include: Goulburn — \$16 Polo flat — Private Nil, commercial \$10 CIA — Daily permit for GA aircraft <2500kgs \$22 per day (1-3 days)

Table A.2: Capital and operational cost assumptions

Category	Assumption	Comments
Capital costs	\$1.95 million	
<i>Runway including land</i>	\$870,000	
<i>Fencing</i>	\$31,000	
<i>Building</i>	\$61,500	
<i>Roadworks</i>	\$55,000	
<i>Electrical and fuel*</i>	\$235,000	
<i>Grant (T-hangars)</i>	\$500,000	
<i>Caretaker cottage</i>	\$200,000	
Annual operational costs	\$64,750	Assuming part time administration. Increases to \$97,000 under a full time administration position.
<i>Administration salaries</i>	\$16,500	Assuming part time administration. Increases to \$49,000 under a full time administration position.
<i>General administration costs</i>	\$12,750	
<i>Maintenance and repairs</i>	\$11,500	
<i>Insurance</i>	\$20,000	
<i>Other services</i>	\$4,000	

*\$50,000 fuel facility construction costs may not be required should a fuel supplier be prepared to pay for the installation in return for supplying fuel to the airfield on an ongoing basis.

Appendix B: Detailed results

Williamsdale Airfield stand alone (\$,000)																
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue																
Aircraft	71	89	89	114	168	205	244	279	308	335	362	387	412	433	459	484
Other	50	51	51	52	53	54	55	56	57	57	58	59	60	60	61	1074
Total	121	139	139	166	221	259	298	334	364	392	420	446	472	494	520	1558
Expenses																
Construction & operational	1951	49	45	49	332	250	256	237	210	198	198	186	186	167	185	183
Net revenue	-1951	72	94	117	-111	8	42	97	155	194	222	259	285	327	335	1375
Cumulative	-1951	-1879	-1785	-1668	-1779	-1771	-1729	-1631	-1477	-1283	-1061	-801	-516	-189	146	1521

Economy wide (\$,000)																
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue																
Aircraft	71	89	89	114	168	205	244	279	308	335	362	387	412	433	459	484
Other	104	119	119	138	159	180	202	223	240	256	272	287	301	313	328	1354
Total	175	208	208	253	327	385	446	501	548	591	634	674	713	747	786	1838
Expenses																
Construction & operational	1951	49	45	49	332	250	256	237	210	198	198	186	186	167	185	183
Net revenue	-1951	126	163	204	-5	135	190	265	338	393	436	487	527	580	602	1655
Cumulative	-1951	-1825	-1662	-1458	-1464	-1329	-1139	-874	-537	-144	292	779	1306	1886	2487	4142

Note: 2026 revenue for tables above includes terminal value of land and T-hangars

Appendix C: Survey

A second Canberra airfield at Williamsdale: demand survey and viability study

The ACT Government is considering a second airfield for the ACT at Williamsdale for general aviation, emergency services and recreational aviation purposes. The airfield would have a 1km grass runway, without lighting, with a paved engine run-up area and refuelling facilities.

Access Economics is conducting a study of the economic and financial viability of the proposed airfield for the ACT Government. All survey responses will be kept confidential. Only aggregated results will be reported to the ACT Government.

This survey is being circulated through a number of aviation organisations, to help reach potential users of a new Canberra airfield. If you receive it more than once, please ignore the duplicates.

To ensure confidentiality, please scan and email completed form (by 17 Dec 2010) directly to: williamsdale@accesseconomics.com.au, or, fax to: (02) 6175 2001, or, mail to: Access Economics, PO Box 6334, Kingston ACT 2604

Your name and contact details (in case we need to clarify anything on this survey form)		
Contact name: _____		
Phone/email: _____		
Address: _____		
PILOT QUALIFICATION QUESTIONS		
Qualification issuing organisation (please list if more than one) _____		
How many hours do you fly, per annum _____		
Number of flights, per annum _____		
AIRCRAFT QUESTIONS		
Do you own an aircraft <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Part share: % _____		
<i>If yes, (if a syndicate/shared ownership, please only fill in the rest of the survey once for that aircraft)</i>		
Aircraft type(s) _____		
Registration type(s), (eg, VH, RA-Aus, other?) _____		
Aircraft weight(s) _____		
Where do you currently keep your aircraft? _____		
<i>If currently kept at another airport or airfield,</i>		
Current fees per annum at that airport (excluding Airservices)? _____		
What does that fee include (private/shared hangar, hardstand, etc)? _____		
AIRFIELD USAGE QUESTIONS		
The proposed services available, and indicative cost, at the airfield (including GST) are listed below		
Please indicate which service(s) you would be interested in purchasing at Williamsdale Airfield		
Option	Indicative cost for this option	Option selected
Annual fee including storage of an aircraft on grass (includes unlimited use of runway and GST)		
Large aircraft (15m wide grass parking site), per annum	\$750	
Small aircraft (12m wide grass parking site), per annum	\$650	
Annual fee incl a hangar site, on which to build your own hangar (includes unlimited use of runway and GST)		
Large hangar site (15m wide frontage), per annum	\$1,750	
Small hangar site (12m wide frontage), per annum	\$1,500	
Or, are you interested in renting space in a shared "T" hangar (operated by an aero club)? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Any other facilities you'd like? (eg training, aero club, maintenance): _____		
Or, if not keeping an aircraft permanently at Williamsdale, how often would you visit per annum?		
Number of visits @ \$10 per landing (for non-Annual fee users)		visits p.a.
Please use the space below for any comments. Thank you for completing this survey.		

Limitation of our work

General use restriction

This report is prepared solely for the internal use of the Department of Land and Property Services. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of analysing the viability of a dedicated general aviation airfield for Canberra located at Williamsdale. You should not refer to or use our name or the advice for any other purpose.

BRIEF



CHIEF MINISTER'S DEPARTMENT

Ref:

C1296/09

Date 4 June 2009

To Chief Minister

- Chief Executive
- Deputy Chief Executive, Business and Projects

cc. A/g Executive Director, Strategic Project Facilitation

From Senior Manager, Strategic Project Facilitation

Subject Williamsdale General Aviation Airfield – proposed study

[Handwritten signature]
4/6/09

Purpose

To brief you on the current situation in regard to the proposed Williamsdale General Aviation facility, and on a study to assist in evaluating its merit.

Background

A study of the public interest elements of the Williamsdale proposal was to have been undertaken in mid-2008, to establish the extent to which the Territory would be justified in facilitating the proposal. Public interest elements include the ability to use ^{the} site as a forward fire-fighting base for fixed wing aircraft, and the extent of economic activity that could be generated by its development.

Prior to that study getting underway, Actew-AGL indicated its intention to develop a gas-fired power station in the vicinity of Williamsdale. Informal discussions with the Civil Aviation Safety Authority (CASA) indicated that whilst this is not seen as a major problem, it will depend to an extent on the size, design and siting of the plant – none of which have yet been decided.

A scoping study for the broader public interest study was undertaken, but was inconclusive.

Recent developments

Issues

The discussions with ActewAGL at officer level were intended to alert ActewAGL to the possible development of the GA facility, to seek its reaction and potential for planning its developments in a way sympathetic to GA operations and, ideally, to establish whether there is any scope for cooperative development. It is likely, however, that it will be some considerable time before ActewAGL is in a position to provide the information required to evaluate aircraft operational issues.

There has been increasing interest in the GA community in the project, with a group formed in early 2009 to see whether it can be progressed. This group includes Jeff Boyd of Brindabella Airlines, Paul Tyrell, CEO of the Regional Airline Association of Australia, and Terry Wesley-Smith, former CEO of Pilatus Australia in the ACT, which moved to South Australia when it was unable to get a lease extension at Canberra Airport.

The way forward

Given the on-going level of interest in the proposal and the likely length of time before ActewAGL's plans are sufficiently developed to evaluate their impact on the Williamsdale GA site, it is proposed to commission a broader study to look at the overall economics of the proposal. This will include evaluating the public interest aspects of the proposal.

We have previously sought aviation consultants with appropriate expertise in other areas to undertake studies. This has proven limiting, particularly in regards to the ability to analyse and quantify public interest considerations. Accordingly, we will seek a consultant with appropriate economic and marketing skills, who will be required to bring aviation expertise 'on board', if and when required. Terms of reference for the study are being developed.

Consultation

ActewAGL.

Financial

It is anticipated that the study will cost around \$30 000.

Media

As there is increasing industry and community interest in this proposal, a media statement will be prepared for your consideration when the consultancy is being finalized.

Recommendation

That you note the above information.

Andrew Wilson
Phone: 70274

Jon Stanhope MLA / /
NOTED/PLEASE DISCUSS



File Ref: C641/10

Agreed

Date 29 September 2010

To A/g Chief Executive *30/09/10*

From Senior Manager, Strategic Project Facilitation

Subject Access Economics study of Williamsdale airfield proposal

Purpose

To obtain your signature on the attached letter requesting a study proposal from Access Economics.

Background

Access Economics undertook a study on the financial viability of a General Aviation development at Williamsdale for the newly-formed Canberra Region Aviators Association. This study is essentially a 'desk top' study, and requires further work to confirm (or otherwise) the findings. In particular, it requires market studies to confirm forecast demand and pricing, and evaluation of the public benefit of Government involvement.

Issues

LAPS has a Budget allocation of \$50 000 for a financial feasibility study on the Williamsdale proposal, including market studies. It is not certain that this budget would be adequate for the scope of work required.

The initial Access Economics study forms a good basis for the ACT study. Access Economics is well-respected and has a high level of professional competence. Initial inquiries indicate that Access has expertise in aviation matters which, combined with its acknowledged expertise in economic analysis indicates that commissioning Access to undertake the work necessary to evaluate the desk-top study represents the best value for money.

The Chief Minister was briefed on the findings of the Access Economics study, and agreed that Access can be approached to do the additional work on a single-select basis.

Recommendation

That you sign the attached letter to Access Economics requesting a study proposal outline.

— Andrew Wilson

George Tomlins / /
AGREED/NOT AGREED/ PLEASE DISCUSS

COPY

Ltr posted 5/10/10
NC



000089
Department of
Land & Property
Services
'Committed to Canberra'

Mr Stephen Brown
Director
Access Economics Pty Ltd
Level 1, 9 Sydney Avenue
BARTON ACT 2600

Dear Mr Brown

I am writing to you in relation to the Access Economics report dated 28 July 2010 titled "The potential for a secondary airfield facility in Canberra", prepared by you for the Canberra Region Aviators Association (CRAA).

The Territory proposes to commission its own study on the financial feasibility of establishing a General Aviation airfield at Williamsdale. The study which you have undertaken for the CRAA examines some of the elements of our proposed study and may provide a suitable basis for extension to meet our needs.

The ACT study will need to include market surveys examining demand and price, and work to identify the extent of the public interest in such a development. You met with Andrew Wilson, Senior Manager, Department of Land and Property Services, on 21 September 2010 to discuss the requirements for extending the study to meet the ACT's needs. A copy of the study brief is enclosed.

I am therefore asking that you provide a proposal for extending the existing study to meet the Territory's requirements. The budget for this study is limited to \$50 000 and will, of course, require that the CRAA agrees to the use of its study as the basis for the extended ACT study.

The contact officer for the study is Andrew Wilson, who can be contacted on 6207 0274, email andy.wilson@act.gov.au.

Yours sincerely

George Tomlins
A/g Chief Executive

30 September 2010

Economic and Financial Study of Proposed General Aviation Airfield

The Chief Minister's Department of the Australian Capital Territory is proposing to commission an economic and financial study on development of a proposed General Aviation (GA) airfield at Williamsdale in the ACT.

The study will be required to:

- Identify a basic design for an airfield on the proposed site;
- Establish the (construction) costs of establishing the airfield;
- Evaluate the market for the airfield, including the revenue which can be anticipated from activities which are likely to occur at the airfield;
- Estimate the likely operating costs of the airfield;
- **Identify the public benefit which will accrue to the Territory from its use as a forward 'on demand' air base for aerial fire-fighting, and from any other activities which provide a public benefit to the Territory;**
- Undertake a benefit/cost analysis of the proposal; and
- Prepare a business case for the proposal.

The major focus of the study is on the economic and financial aspects of the proposal. It is anticipated that a basic design can be readily identified for costing and market evaluation purposes. There is also a body of information which will facilitate examination of the market potential for the proposed airfield.

Some airfield operational expertise will be required to estimate the ongoing operating costs of an airfield development, and commercial opportunities which may be associated with an airfield development and the charging/revenue regimes that are likely to apply to such a development. However, it is anticipated that economic expertise will be the driver in establishing the consultancy.

A written proposal for the study will be requested from the proposed consultant, who will be selected on the basis of demonstrated strengths and value for money. The study has a budget limit of \$50 000.

The proposed study and availability of background information can be discussed in further detail with:

Andrew Wilson
Senior Manager
Department of Land and Property Services

Ph: (02)6207 0274

Fax: (02)6207 0123

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16.7 ha.
Vacant
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<p>Districts</p> <ul style="list-style-type: none">  Districts <p>Divisions</p> <ul style="list-style-type: none">  Division Labels 5-40k  Division Labels 1-10k <p>Sections</p> <ul style="list-style-type: none">  Sections Approved 1-10k labels  Sections Registered 1-10k labels  1-10k Registered  1-10k Approved  1-10k Proposed <p>Railways</p> <ul style="list-style-type: none">  Railway Line <p>Road Infrastructure</p> <ul style="list-style-type: none">  Road Edges  Highway Road Reserves  Rural Arterial Road Reserves  Urban Arterial Road Reserves  Rural Distributor Road Reserves  Urban Distributor Road Reserves  Rural Residential Road Reserves  Urban Residential Road Reserves  Rural Special Road Reserves  Urban Exclusive Road Reserves <p>Carparks</p> <ul style="list-style-type: none">  Carparks <p>Water Features</p> <ul style="list-style-type: none">  Water Features <p>Blocks</p> <ul style="list-style-type: none">  Registered Urban 	<ul style="list-style-type: none">  Registered Rural Labels  Registered Rural  Registered Stratum  Approved Urban  Approved Rural Labels  Approved Rural  Approved Stratum  Proposed Urban  Proposed Rural Labels  Proposed Rural  Occupied Urban  Occupied Rural Labels  Occupied Rural 		
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ACT Planning & Land Authority

BRIEF



000086

3/9/10



Department of
Land & Property
Services
'Committed to Canberra'

Ref:
C2137/10

Date 26 August 2010

To Minister for Land and Property Services

- Chief Executive *D 27/8/10*
- Acting Deputy Chief Executive *alt 27/8*

From Senior Manager, Strategy and Facilitation Division

Subject Williamsdale GA airfield – Access Economics report

Purpose

To brief you on the report prepared by Access Economics on the potential for a General Aviation airfield at Williamsdale.

Background

The ACT has been examining a proposal for development of a General Aviation (GA) airfield at Williamsdale since 2004. A study undertaken in that year indicated that the site was suitable for GA operations, including ab initio flying training.

The need for a facility to handle GA aircraft, separate from the existing Canberra airport, has come about due to the increasing regular public transport activity at Canberra airport, and the commercial building development on the airport. This has led to a marked reduction in the number of GA aircraft based at Canberra airport, and to the closing of five of the six flying training organisations. The sixth organisation will close in October.

The next step in evaluating Williamsdale is to undertake a financial feasibility study. Funding of \$50 000 has been provided in the 2010-11 Budget for this purpose. That study will need to undertake a market survey, and cost the development of a representative airfield at Williamsdale, in order to establish a business case for the proposed development.

In April of this year you met with ?

A). This association was set up to promote the idea of a separate GA facility in the ACT, with a specific focus on Williamsdale.

The CRAA has now forwarded you a copy of a report prepared by Access Economics on the financial feasibility of the development of Williamsdale.

Findings of the Access report

Using reasonably conservative estimates, the Access Economics study indicates that a modest initial development would, over its first ten years, generate an internal rate of return of 1.5%. which would be too low to generate commercial interest. However, without land acquisition costs this rises to 11%, suggesting that an appropriate management structure such as establishing a not-for-profit organisation could be viable, once the land has been acquired. A detailed analysis of the Access report is at Attachment A.