

Issues

The Territory needs to undertake its own study to validate or otherwise the Access study. As indicated above, funding has been provided in the Budget, and this study should examine the market for an airfield (through a market survey), establish a typical airfield design and obtain accurate costings for this, and examine the basis for operational income and costings in greater detail. It would also examine the additional economic benefits to the ACT which were not included in the Access analysis.

An issue to date in commissioning the ACT's financial feasibility study has been to identify an organisation with credible skills in both aviation and economic analysis. The Access report is a very useful first stage of identifying the framework for financial evaluation of the proposal. Access Economics has the economic credibility, it has already established the framework and undertaken the academic research required in this report, and the involvement to this point of [redacted] has provided the necessary aviation expertise.

It is therefore proposed to undertake a single-select tender process to commission Access Economics to undertake the ACT's financial feasibility study. It is considered that a broader tendering process will not result in better value for money, particularly as the \$50 000 budget for the study is relatively low for the work required.

[redacted] will not be involved in the further study. His role in developing the necessary aviation framework for the study is complete, and Access will ensure that its own reputation for probity is maintained by ensuring that he takes no part in development of the ACT's study.

Financial

The financial feasibility study will cost \$50 000, which is provided in the 2010-11 Budget.

Media

The CRAA has placed the report on its web-site but has not made a public release of the report. LAPS will prepare a media release, in conjunction with a release by the CRAA, stating that the ACT Government is to commission a study which will undertake market-testing and cost verification of the findings of the report.

Recommendation

That you:

- Note the findings of the Access Economic report and the proposal for its release; and
- Agree that Access Economics be engaged to undertake the next stage of the financial feasibility study.

NOTED/PLEASE DISCUSS

AGREED/NOT AGREED/ PLEASE DISCUSS

Andrew Wilson

Jon Stanhope MLA / /

Findings of the Access Economics Study

The Access Economics report is a 'desk-top' study prepared by Mr Monck in his capacity as a senior analyst with Access Economics. The report has passed the Access Economics internal review procedures and consequently can be viewed as an 'official' Access Economics report.

The report identifies the market as comprising some 850 qualified pilots in the Canberra region, and approximately 250 aircraft registered to Canberra region residents (196 GA aircraft and 47 'recreational' aircraft, commonly known as ultralights). The report estimates that of the 196 GA aircraft only 20-40 are based at Canberra airport. Ultralights cannot operate in controlled airspace.

- These estimates need to be verified with a market survey, which would firstly confirm the number of aircraft owners, secondly identify the number who would relocate to a local facility, and thirdly would ascertain the price sensitivity of potential customers.

The report estimates the capital costs of establishing a grass strip airfield at Williamsdale at \$1.1m. This includes land acquisition, landing strip construction, fencing, basic building construction, electrical works and roadworks.

Land acquisition is estimated at \$500 000, although no basis is given for this estimate. The earlier proposal put by Mr Price in 2004 costed the development at around \$660 000, which did not include land acquisition costs, so the Access estimate is in line with the earlier estimate. The proposal involves use of a recreation reserve and a travelling stock reserve, which minimises the requirements to resume land for the development.

- The capital cost estimates need to be checked by identifying a typical design for a GA airfield, obtaining engineering estimates for its construction at the Williamsdale site, and costing land acquisition.

In estimating operational expenditure and income, the report adopts relatively conservative assumptions regarding market share and growth. It assumes that 50% of the aircraft potentially available to locate at Williamsdale would do so, over a period of 7 years. Trend growth of aircraft numbers has been set at 1% per annum for GA (half of the historic rate of growth of GA numbers over the last ten years) in line with this assumption. Recreational aircraft (ultralights) have been growing at 10% per annum, but growth is assumed at 3% per annum for purposes of the business case.

Access uses these numbers with activity levels and charges based on GA airfield operations interstate to generate income estimates.

The report assumes operating costs of around \$60-65 000 for years 1-3, increasing thereafter to around \$100 000 from year 4 with the employment of a full-time employee. This is one area where the report may be somewhat optimistic, as it envisages that the airfield will, in the first three years, be run largely on a voluntary basis.

The conclusion reached in the report is that the development would generate an internal rate of return (IRR) of 1.5% over the first ten year period. This is well below the threshold for commercial investment. It therefore argues for an alternative management arrangement such as government establishing the facility and establishing a not-for-profit company to manage the facility.

It should be noted that removing the cost of land (\$500 000) from the capital cost raises the IRR to 11%.

What the business case does not factor in is income generated through non-flying activities. The most obvious of these is the establishment of aircraft servicing operations on the airfield, which would themselves yield an additional stream of rental income and hence build the business case. GA servicing operations have all but disappeared from Canberra airport (with the possible exception of the Brindabella Airlines facility), and local GA aircraft owners now fly to airfields such as Temora for servicing.

The report does discuss non-airfield revenues – that is, expenditures which occurs because the airfield and aircraft are in the region, but which do not accrue to the airfield. Aircraft servicing and checks generate jobs and therefore income to the region. However, the most significant non-airfield revenue is flying training (although the airfield does gain some benefit through increased activity levels and aircraft parking). This is particularly relevant as the University of Canberra is actively investigating the opportunity to establish a flying training course which would attract international students, provided a suitable secondary airfield is identified. Interstate and, particularly, international students generate significant expenditure in the local economy.

The report does not address the public benefit elements of the proposal to any great extent, beyond identifying some of the broader financial benefits of the development which would accrue to the Territory rather than to the airfield. The proposal, as put forward by Mr Price, included consideration of the importance of the Williamsdale location as a forward base for fixed-wing fire-fighting aircraft, allowing fixed-wing fire-fighting aircraft to supplement the ACT's rotary-wing aerial fire-fighting capabilities. It is anticipated that the ACT's financial feasibility study will also look at this aspect.

000082

Canberra Region Aviators Association Inc.

43 Waite St,
Farrer, ACT, 2607

8 August 2010

Mr Jon Stanhope
Chief Minister
Australian Capital Territory

Dear Mr Stanhope,

RE: Secondary airfield for Canberra

The Canberra Region Aviators Association (CRAA) has recently released an Access Economics report giving a preliminary overview of the demand for a secondary airfield in the Canberra region. It is appended to this letter. The report offers a first pass identification of the potential market for general and recreational aviation in the ACT and suggests that such a facility could be successfully operated as a not-for-profit type venture:

"the potential to generate even a small positive return does open the door for alternative ownership models, particularly related to the not-for-profit sector"

Despite the returns being low, the airfield would provide a location that is suitable for other aviation related enterprises such as flying training and aircraft maintenance and sales. A secondary airfield would offer businesses an alternative to interstate options and make the ACT a viable competitor in the national aviation industry. Indeed, since the publication of the report, the University of Canberra has confirmed that

the potential for a secondary airfield competitive with the likes of Bankstown, Moorabbin and so forth, has led them to commence investigations into offering theoretical courses coupled with flying training to local, interstate and international students.

The airfield would also ensure the continuation of the proud aviation history associated with the capital. The Canberra Aero Club has existed for more than 70 years in the capital and faces the same operational, logistical and financial pressures that have led to the closure of some 7 flying schools at the Canberra airport. The most recent of these closures, involving the training arm of Brindabella Airlines, has seen a long era of professional flight training in the Territory come to an end in 2010.

The Access Economics study notes that there are some 850 people in the region that hold some form of aviation related qualification issued by the Civil Aviation Safety Authority or Recreational Aviation Australia and illustrates there is demand for a secondary airfield:

"This prima facie study of a secondary airfield in the Canberra region suggests that there is demand for such a facility"

There is a real opportunity for the ACT to play a pivotal role in the future of aviation in Australia. A secondary airport that provides a competitive base for aviation businesses would provide the ACTs community with access to more education options, offer employment opportunities currently only available at interstate locations and secure the ongoing

August 11 2010

viability of the aviation industry in the nation's capital. While not quantified in this preliminary report, the economy wide effects of increased employment and investment in the region are expected to be positive and provide ongoing benefits to the Territory and its residents.

We would welcome the opportunity to further discuss the prospects of working with the Chief Minister's Department and the ACT Government to establish a secondary airfield in the ACT. To that end, I will telephone your Chief of Staff after you have had the time to peruse the report to arrange a suitable time to meet with you again.

000079



The potential for a secondary airfield facility in Canberra

28 July 2010

Report by Access Economics Pty Limited for
Canberra Region Aviators Association Inc.

Commercial-in-Confidence

Contents

Glossary i

Executive Summary	i
1 Introduction	3
1.1 Background issues.....	3
1.2 A proposed secondary airfield	4
2 Aviation in the ACT.....	5
2.1 Canberra region demographics.....	6
2.2 Demand for a second airfield facility	9
2.3 Employment opportunities.....	12
3 The proposed airfield	15
3.1 Landing areas.....	15
3.2 Aircraft parking	15
3.3 Costing	15
3.4 Revenues.....	17
3.5 Net revenue	18
3.6 Non-airfield revenues	19
4 Conclusions	21

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Charts

Chart 2.1 : Income distribution across regions	8
Chart 2.2 : General aviation aircraft numbers (# of aircraft)	10
Chart 2.3 : Potential demand for a second airfield (# of aircraft)	11
Chart 3.1 : Yearly and cumulative profits.....	18

Tables

Table 2.1 : Population of ACT and surrounding areas as at June 2008.....	7
Table 2.2 : Other airfields.....	7
Table 2.3 : Average income shares.....	9
Table 2.4 : RAA growth.....	11
Table 2.5 : Flying time associated with training ('000 hours)	13
Table 2.6 : Recreational Aviation Australia flight training facilities	13
Table 3.1 : Aircraft parking breakdown.....	17
Table 3.2 : Landing charges	17
Table 3.3 : Net present value of airfield (2010 – 2020)	19

Glossary

CASA	Civil Aviation Safety Authority
CIA	Canberra International Airport
CPL	Commercial pilot licence
CRAA	Canberra Region Aviators Association Inc.
GA	General aviation
PPL	Private pilot licence
RAA	Recreational Aviation Australia Inc.

Executive Summary

The increasing costs of operating at Canberra International Airport, together with the added security and airspace restrictions, make it difficult for recreational aviation to operate.

In response, the Canberra Region Aviators Association (CRAA) is proposing a secondary airfield in the territory be considered. This report contains a preliminary assessment and canvasses the economic potential for a secondary airfield.

This report demonstrates that there is potential (unmet) demand for a secondary airfield. There are 850 pilots in the ACT that hold aviation qualifications issued by the Civil Aviation Safety Authority and Recreational Aviation Australia. In addition to this there are almost 250 aircraft registered to owners in the territory. However, only around 30 to 40 of these aircraft are currently located at Canberra International Airport. This suggests that the majority of aircraft currently registered to ACT pilots are operated from airfields outside of the region.

Based on preliminary financial analysis contained in the report, it is evident that a secondary airfield is unlikely to be commercially viable, generating a rate of return in the order of 1.5% (commercial returns on such a venture would need to be considerably higher if a private investor was to operate the secondary airfield). That said, the potential to generate even a small positive return does open the door for alternative ownership models, particularly related to the not-for-profit sector.

This report is preliminary in nature, relying on limited data sources and a range of assumptions. Access Economics recommends that more detailed analysis of a secondary airfield be undertaken. This analysis should consider a more rigorous assessment of the 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 is required. This work would also include further refining the cost estimations for developing the project and the ongoing operational expenditures of the airfield, as well as appropriate governance models.

Access Economics

1 Introduction

The Canberra International Airport (CIA) is currently the only facility available to private aircraft owners and operators in the capital region with the next best options being located outside the ACT region.

Security, airspace and cost pressures at CIA are making it difficult for light aircraft to operate in Canberra or the surrounding region. Many recreational aviators opt to operate from airfields outside the ACT, meaning potential economic opportunities are being lost in terms of developing the aviation industry in the ACT.

The Canberra Region Aviators Association (CRAA) is proposing a secondary airfield in the territory to address these issues. Such an airfield would cater to small aircraft in the sport and recreational aviation sector that are impacted most by the current conditions in the capital.

This report presents a preliminary assessment of the issues relating to the establishment of a secondary airfield in the ACT. The analysis has been based primarily on desktop research in order to explore a *prima facie* case for establishing a secondary airfield in the ACT. More detailed analysis would be required to assess the costs and benefits of a secondary airfield.

1.1 Background issues

Aside from a handful of privately run airstrips with limited facilities and accessibility there is no readily available alternative to those wishing to fly in the region.

In addition to this, those pilots flying under the auspices of Recreational Aviation Australia (RAA) are restricted from operating from the airport due to airspace regulations. These aircraft consist of smaller aircraft capable of carrying no more than two people. The rules under which they operate allow for flight only during daylight hours and do not permit them to enter controlled airspace of the type around Canberra.¹ These rules prevent the operation of these aircraft from Canberra thus forcing owners and operators to other locations outside of the region resulting in many pilots actively avoiding Canberra altogether.

These rising costs and current restrictions have seen a movement of pilots and aircraft away from Canberra to surrounding areas in NSW such as Goulburn, Tumut and Cooma and as far afield as Temora and Moruya. This has seen a subsequent decline in aviation related businesses in the ACT with many moving to alternative locations or simply ceasing to operate altogether. For example, in 2000 there were six flying schools operating from the airport whereas there is now only one and, due to the aforementioned costs and operational requirements, it is closing down in late 2010. Similarly, most aircraft maintenance businesses

¹ It is also worth noting that the general aviation fleet in Australia is ageing and the airspace restrictions currently in place in Canberra prevent the (generally) newer RAA fleet of aircraft from operating from Canberra. In a recent industry briefing the CASA Director of Aviation Safety, John McCormick, mentioned that the "current average age of single and multi-engine fixed wing aircraft is 30 years and 97 percent of multi-engine piston aircraft are older than the typical 20 year design life" (The CASA Briefing, June 2010). Many RAA aircraft are purchased brand new and are fitted with advanced systems and safety features but the above mentioned restrictions prevent their operation in the region.

have left Canberra leaving aircraft owners with little choice but to maintain their aircraft at interstate locations such as Wagga Wagga and Cootamundra.

1.2 A proposed secondary airfield

By establishing an airfield whose primary objective is to cater to recreational and sporting pilots, the CRAA intends to encourage more pilots and aircraft owners to operate from the ACT. Similarly, those aviation related businesses whose customer base is drawn from this group would be encouraged to establish a presence on the field. Community groups such as the Canberra Aero Club, will be invited to set up on the field and CRAA would also invite other community groups to participate in activities and open days.

Furthermore, student pilots will benefit from low traffic density at the airfield (compared with CIA) and the absence of air traffic control allowing them to concentrate on the basic flying skills required to successfully pilot an aircraft. Lower overheads in these areas leads to more efficient training and lower costs for students, making a secondary airfield in Canberra a potentially attractive proposition for flying schools. In addition, lower security costs would make student training competitive with comparable airfields such as Bankstown in the Sydney basin and Moorabbin and Essendon in the Melbourne area.

Access Economics has prepared this report to undertake a preliminary assessment of the financial viability of the secondary airfield.

This following chapter provides an overview of the potential demand for a second aviation base in the region. It examines the growth of flying in Australia and aircraft numbers located in the Canberra region. Community interest in aviation is also discussed in this chapter. The third chapter outlines a proposal for an airfield in the southern most area of the territory. It discusses the type of facility to be provided and potential costs and revenues from such a development. The report closes with some concluding remarks in chapter 4.

2 Aviation in the ACT

CASA records indicate there are 196 aircraft with registered operators in the Canberra region as at December 2009. In addition to those aircraft registered with CASA there are an additional 47 registered with Recreational Aviation Australia (RAA). RAA is a self administered body responsible for overseeing the operation of a class of aircraft primarily aimed at recreational aviators. These aircraft are similar in nature to most small, general aviation aircraft, but tend to be newer, and sometimes, more complex than their CASA registered counterparts. One aircraft cannot exist on both the CASA register and the RAA register at the same time so there is no double counting in these figures.

Of these aircraft, few are located at CIA. A manual count of aircraft on the field over a period of three weeks revealed an average of 22 single engine aircraft are parked at the airport. To be fair, this number possibly understates the true figure for two main reasons:

- Given that some aircraft are flown on a frequent basis and may have therefore been consistently missed in the counts, and
- Some aircraft are located in hangars and were not counted.

Allowing for an additional 12 aircraft would bring the total to 34 aircraft located at CIA. This number falls considerably short of the potential 243 that could be housed at CIA suggesting the airport is not the most attractive option for most.

In preparation for its master plan, CIA engaged consultants to develop a noise forecast based on future traffic movements. While the forecasts were based on traffic growing from present levels to 282,120 movements, it is worth noting that only a small portion of these movements are carried out by general aviation aircraft.

Including the general aviation category of aircraft and training aircraft, the total movements in the forecast allowed for only 2,708 movements. It is also worth considering that a movement is a take-off or landing, not the entire cycle. This forecast thus implies future general aviation movements at CIA to consist of around 1,354 flights per year, or less than four per day.

These figures also include twin engine aircraft movements, a sector of the market not being targeted by CRAA. Excluding these from the figures would result in a figure even less than the 1,354 given above.

Examining only the training component of the forecast reveals a projection of 816 movements per annum, again including twin engine aircraft so the single engine movements are less than this. Using the same methodology applied above, this equates to around one training flight per day.

While CIA recognises the importance of general aviation and training:

General Aviation and military aviation are essential for the ongoing success of aviation in Australia...

They also recognise and acknowledge their responsibility to fare paying passengers and the priority that must be placed on these flights:

General Aviation and other smaller aircraft will be restricted during times of high demand as higher capacity aircraft are given priority.

In addition to these operational difficulties CIA also draw attention to the high operating costs associated with operating from a major security controlled airport:

Furthermore, Commonwealth Government-imposed aviation security requirements at major airports have unfortunately imposed a significant cost and inconvenience burden on recreational General Aviation operations.

Security is, of course, a concern at major airports where large numbers of passengers should be able to travel with the knowledge their safety is being given the utmost attention. In this context separating private aviation, or a large portion of it, from paid services would reduce the security risks associated with having general aviation located in close proximity to larger aviation operations.

Given its location and objectives, the proposed secondary airfield is not likely to attract considerable objections from CIA, given the comments relating to a secondary airfield in their master plan:

Canberra Airport also notes private proposals for a separate General Aviation aerodrome or airfield within the ACT. Canberra Airport does not oppose the development of such a facility, provided its location and operations do not interfere in any way with the current and future operations of Canberra Airport...

2.1 Canberra region demographics

The population within the ACT consists of those living in Canberra and its suburbs but the workforce also commutes in from other surrounding areas. The ABS notes these areas include Queanbeyan, Palerang and the Yass Valley. For the purposes of this exercise, population estimates also include areas around the ACT with current aviation links to the region. For example, the Goulburn Mulwaree is also considered as many aviators in this area also utilise the existing Canberra based facilities and may therefore be considered as part of the target market for any secondary airfield in the Territory. Furthermore, the airfield would provide attractive options for those in the Cooma-Monaro region to the south of Canberra.

The ACT had a population of around 350,000 as at June 2009.² For consistency across data sources we employ the population data as at June 2008, this allows robust sources for population estimates within the surrounding regions as well. This gives an official estimate of 346,000 as at June 2008.³ Table 2.1 shows the population for the surrounding areas ranges from 40,000 in Queanbeyan to 10,200 in the Cooma-Monaro area. In total this brings the population in Canberra and the surrounding regions to some 452,000 people.

² ABS Catalogue Number 3201.0 – Population by Age and Sex, Australian States and Territories, June 2009

³ ABS Catalogue Number 3218.0 – Regional Population Growth, Australia, 2007-08

Table 2.1: Population of ACT and surrounding areas as at June 2008

Area	Population
ACT	346,000
Queanbeyan	40,000
Goulburn Mulwaree	28,000
Yass Valley	14,000
Palerang	14,000
Cooma-Monaro	10,000
Total	452,000

Source: ABS Catalogue number 3201.0 – Regional Population Growth, Australia, 2007-08

To construct a reasonable estimate for potential resident aircraft on the airfield it is useful to compare the ACT region with other regions within Australia. Table 2.2 shows the population and resident aircraft numbers for several airfields with similar characteristics to the Williamsdale proposal. Parafield is the exception to this but is included as it is a secondary airfield in Adelaide, the smallest state capital in Australia.

Table 2.2: Other airfields

Airfield	Population	Resident aircraft
Aldinga (Onkaparinga LGA)	158,000	90
Cessnock	50,000	82
Murray Bridge	19,000	56
Parafield (Salisbury LGA)	127,500	160

Source: ABS Catalogue Number 3218.0 – Regional Population Growth, Australia, 2007-08, consultation with relevant airfield operators.

Cessnock, located in the Hunter Valley region in NSW, has a population of 50,000. Its airfield is the primary field in the area and is located close to the winery region making it ideal for tourist flights in the area. Excluding transient aircraft, around 80 aircraft are parked on the airfield on a permanent basis. Maintenance services are provided at the airfield with qualified staff able to service and maintain both general aviation and RAA registered aircraft.

Parafield is a secondary airfield in Adelaide and complements the main international airport located closer to the city centre. The population of Salisbury, the local government area that Parafield is located in, is 127,500, however, in reality the airfield provides services for the broader Adelaide area with a population of 1.2 million.

The airfield has some 160 resident aircraft and over 70 businesses located consisting of maintenance facilities, flying training and pilot supplies businesses. In total these businesses employ around 500 staff and provide services to private and commercial aircraft operators as well as training domestic and international students.

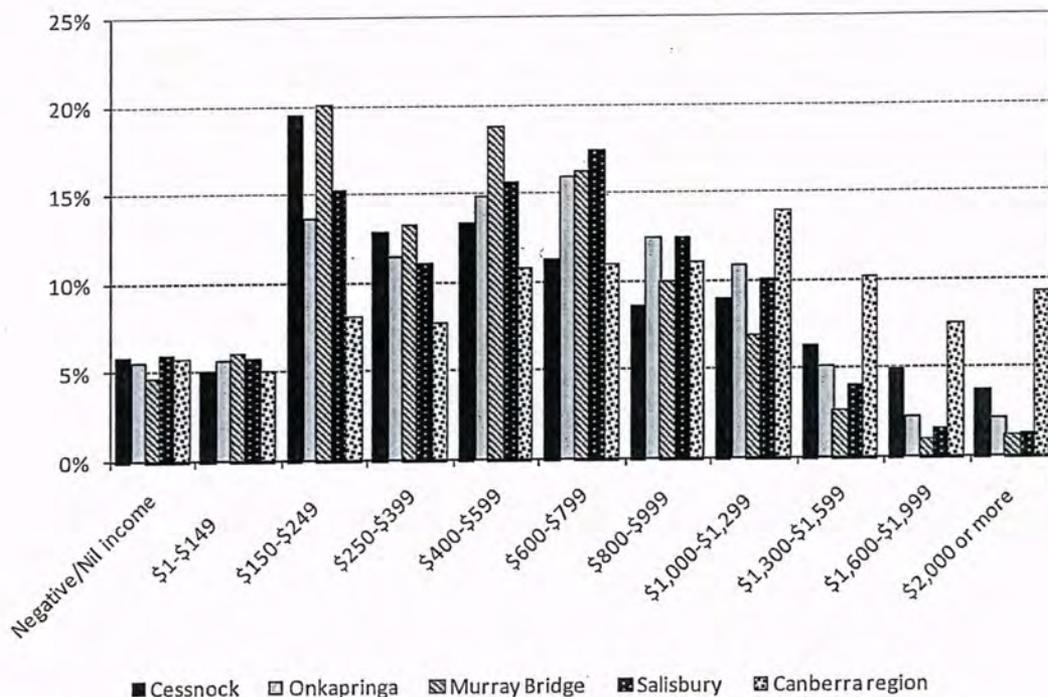
Aldinga is located in South Australia approximately 45km south of Adelaide. It is part of the Onkaparinga local government area and has a population of almost 160,000. The airfield is very active and has 90 aircraft located there on a permanent basis. In addition to this aircraft maintenance can be carried out at the field and flying training facilities are available. The

airfield plays an active role in local tourism offering charter flights and scenic tours of the local area. The airfield also has an active social community with pilots flying in from other airports to visit and participate in local activities.

Murray Bridge is located farther afield some 75km south east of Adelaide. In a town of only 19,000 the airfield has more than 50 resident aircraft and is home to an active flying club and gliding club providing flight training services to the local area.

Income data for each of the local government areas these airfields are located in is presented in Chart 2.1 together with the Canberra region as defined earlier. The data used here is weekly incomes and is taken from the 2006 Census data provided by the ABS.

Chart 2.1: Income distribution across regions



Source: ABS Census data 2006

Income comparisons amongst these regions and the Canberra region show Canberra has a disproportionately small number of people with low incomes (\$0 - \$399) and an equally disproportionate number of high income earners (\$1000 or more). Table 2.3 shows the share of income across three weekly income brackets for each region. The average share is also presented alongside the shares for Canberra.

Table 2.3: Average income shares

Weekly income	Cessnock	Onkapringa	Murray Bridge	Salisbury	Average	Canberra
\$0 - \$399	43%	36%	44%	38%	40%	26%
\$400 - \$999	33%	43%	45%	45%	42%	33%
\$1000 or more	24%	21%	12%	17%	18%	41%

Source: ABS Census data 2006

Around 40% of workers in the other regions earn \$399 or less per week with another 40% earning up to \$999. Just 18% earns more than \$999 per week in these regions. This compares with the relatively high income earned in Canberra and the surrounding areas where a little more than 40% earn over \$1000 per week and a further 33% are earning between \$400 and \$999 per week. Only one quarter of workers is earning less than \$400 per week.

2.2 Demand for a second airfield facility

The high incomes and relatively large population in Canberra would suggest potentially unmet demand for aviation related activity. In addition to this, there appears to be considerable interest in aviation in the ACT, evidenced by:

- The Canberra International Airport open day in 2006 attracted more than 7,500 visitors with this number doubling to 15,000 in 2007 and 2008, and more than 18,000 in 2010.⁴
- Brindabella Airlines Flight Training currently operates from Canberra International Airport and has expressed an interest in operating from an alternative facility located close to Canberra.⁵
- The Canberra Aero Club has been in existence for over 70 years and has in excess of 100 members.
- The Australian Air Force Cadets currently have two squadrons, 315 and 334, located in Canberra.
- Canberra has an active squadron of the Australian Air League which meets weekly.
- The Canberra Gliding Club meets every Monday evening in Woden and runs flying activities every weekend.
- Nearby aero clubs including Tumut, Southern Highlands (Goulburn) and the Snowy River Aviators (Adaminaby) are all well attended by Canberra residents.

With 196 aircraft currently on the general aviation register (in the ACT) and around 47 on the RAA register, this gives the potential for around 240 aircraft to be permanently located at Williamsdale. In addition to this there are currently more than 850 people in the ACT who

⁴ Based on information contained in Canberra International Airport's Hub newsletter (editions 34, 41, 47 and 54). Available at - http://www.canberraairport.com.au/air_media/hub10.cfm, accessed 18 February 2010.

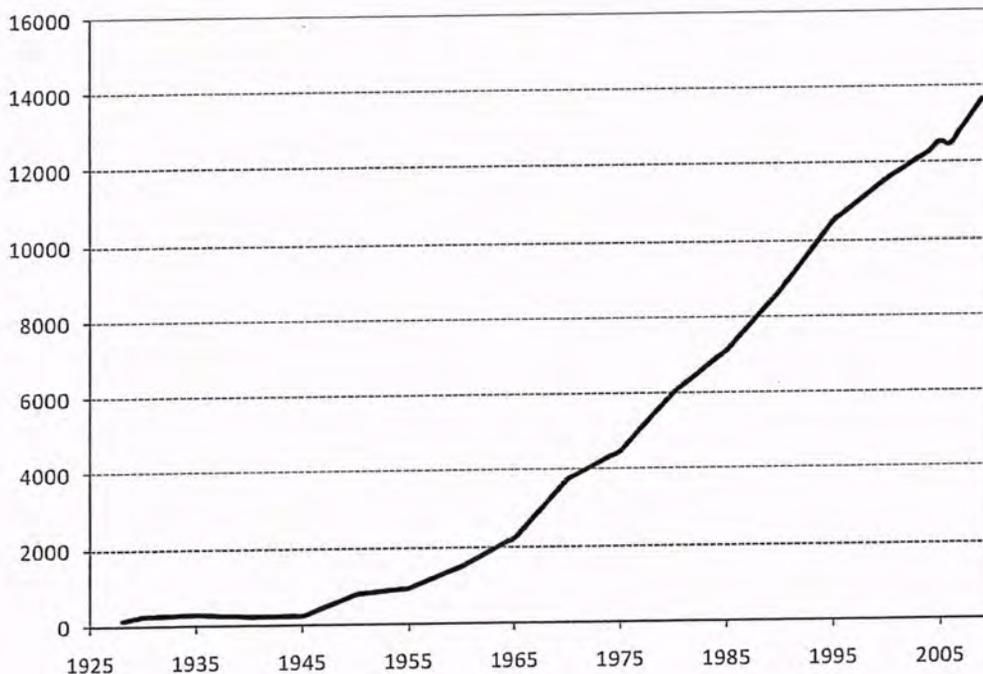
⁵ This facility has recently announced that flying training operations will cease from late 2010 due to the high costs and operational difficulties associated with Canberra International Airport.

have been granted privileges to fly consisting of 691 pilots who hold licences issued by CASA and a further 166 with RAA issued pilot certificates with recent growth in both sectors being strong in recent years.⁶

For the purposes of the revenue estimates used in this study the growth rate of aircraft is fixed at 1% per annum for general aviation aircraft and 3% per annum for RAA registered aircraft, these estimates are considered to be long term, sustainable growth rates given recent history.

General aviation has grown from a mere 102 aircraft in 1928 to in excess of 13,000 today. The number of aircraft on the register has grown steadily over this period with sharp increases recorded from around 1960 onwards (see Chart 2.2). In recent times the only yearly decline in numbers was experienced in 2006 although the Civil Aviation Safety Authority attributes this decline to legislative changes that resulted in some 300 aircraft being removed from the register. From 2000 onwards, the average year on year change in the number of aircraft on the register has been 1.86% including 2006 year where aircraft numbers fell.

Chart 2.2: General aviation aircraft numbers (# of aircraft)



Source: Civil Aviation Safety Authority, Civil Aircraft Register

Growth in the RAA sector has been solid with membership and aircraft numbers growing as per Table 2.4. The data shows membership has grown at an average annual rate of more than 10% while aircraft numbers have also shown a solid increase over the same period. In more

⁶ Based on aircraft and pilot data supplied by the Civil Aviation Safety Authority and Recreational Aviation Australia. In addition to these figures there are a number of military pilots currently based in Canberra. While these pilots are not captured in the CASA and RAA figures they do fly aircraft hired from local schools and clubs in order to remain current while employed in non-flying roles within defence. This suggests there may be a higher level of demand than that indicated here.

recent years growth has slowed, no doubt due, in part, to the economic climate. In this sense the 3% growth rate applied in the forecasts is a reasonable but conservative estimate of aircraft registrations going forward.

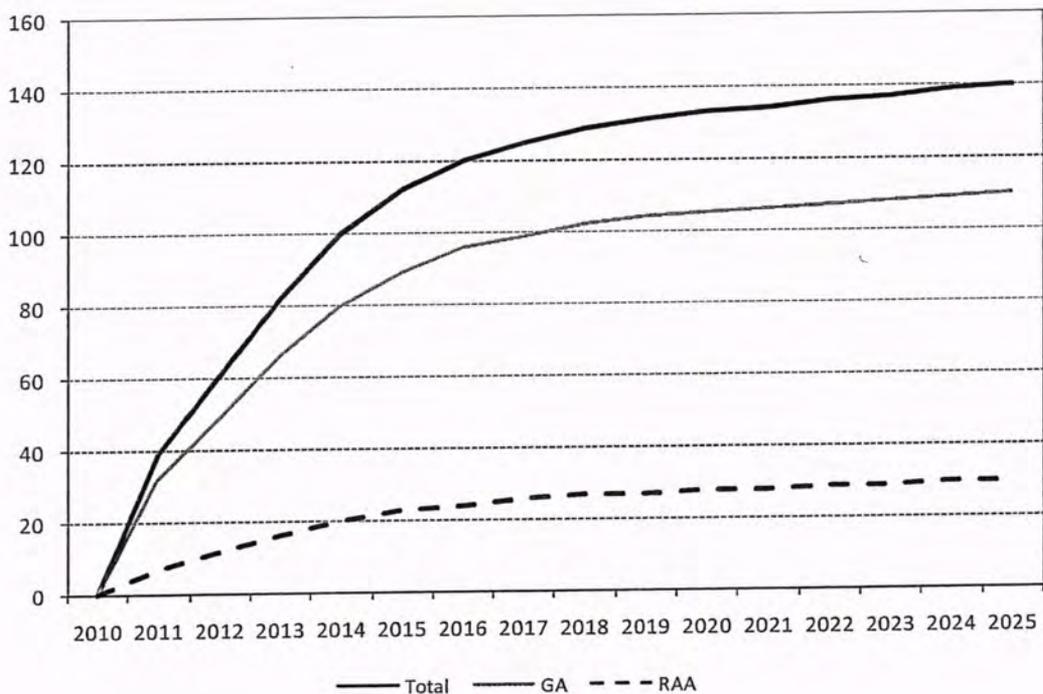
Table 2.4: RAA growth

Year	Membership	Aircraft
2005	5,996	1,799
2006	6,946	2,147
2007	7,800	2,493
2008	8,440	2,805
2009	9,186	2,995

Source: Recreational Aviation Australia.

Despite the high numbers of aircraft that would potentially use the new airfield as a home base, we assume no more than 50% of these actually relocate to the airfield on a permanent basis. To project the adoption rate over time we use a typical 'S' curve.⁷ The resulting aircraft demand potential is shown in Chart 2.3. By 2017, 50% of the aircraft in the region are captured and use the airfield as their home field with GA registered aircraft representing the majority of these. From this time onwards the only increase in aircraft numbers comes from the underlying growth rates outlined earlier.

Chart 2.3: Potential demand for a second airfield (# of aircraft)



⁷ The 'S' curve is estimated using the formula $0.5 * (1 / (1 + \exp(0.7 * (4 - t))))$.

In addition to those aircraft using the airfield as a permanent base, demand may arise from emergency services (who have expressed an interest in using the airstrip for fire fighting operations) and other transient traffic landing at the field.

2.3 Employment opportunities

Employment at the airfield will mainly be driven by the number of aircraft using the facilities. Experience at the other locations discussed in section 2.1 shows that around 1 full time maintenance person would be required for every 20 aircraft. Based on the aircraft projections above, 7 full time maintenance people would be required by 2017 when aircraft numbers reach around 140. This estimate in itself could be considered as conservative in the sense that it assumes no maintenance is conducted on aircraft other than those using the airfield as a home base. Furthermore, the additional maintenance work would not come at the expense of existing maintenance carried out at CIA as little work is currently carried out on GA aircraft there now. In reality, aircraft owners and operators often fly their aircraft to locations such as Wagga Wagga, Moruya and Cootamundra for maintenance. Although the effects are not considered here, this suggests there may be the potential for maintenance business to come from off field aircraft.

Flying training is a growing sector in Australia and a significant employer in the aviation sector. The BITRE (2008) notes that flying hours associated with training activities increased from 424,000 hours in 2006 to 485,600 in 2008. Table 2.5 shows the training hours flown each year for general aviation.

The potential for a secondary airfield facility in Canberra

Table 2.5: Flying time associated with training ('000 hours)

Year	Hours	Percent change on previous year
2006	424.0	2.0
2007	455.4	7.4
2008	485.6	6.6

Source: Bureau of Infrastructure, Transport and Regional Economics, General Aviation Activity 2008

RAA has experienced strong growth in the training sector as well. The number of flight training facilities accredited to provide training under the supervision of the organisation has increased from 100 in 2005 to more than 150 in 2009 (Table 2.6), an average growth rate of 11.5% per year.

Table 2.6: Recreational Aviation Australia flight training facilities

Year	Number of flight training facilities	Percent change on previous year
2005	100	Unknown
2006	113	13
2007	128	13
2008	139	9
2009	154	11

Source: Recreational Aviation Australia

Most capital cities in Australia have a secondary airfield from which smaller aviation related businesses and training organisations can operate. With no secondary location in Canberra, operators are forced out of the region or face the higher costs associated with the additional security requirements placed on major airports dealing with fare paying customers. These additional costs in Canberra have resulted in many businesses closing down, including several flying schools, as they cannot compete with the lower priced options interstate. In addition to providing a more cost competitive base for local operators to utilise, a secondary airfield in Canberra would have several advantages over the main airport facilities when it comes to flight training:

- Being located outside of controlled airspace allows students to focus on the basic skills of flying rather than be distracted by the added complexities of dealing with air traffic control.
- Close proximity to various types of airspace makes the transition from *ab initio* training to more complex cross country flying involving controlled airspace, military zones, etc. less costly in terms of flying time and thus training costs.
- Less traffic means more efficient access into and out of the airfield and the ability to conduct more circuits in an hour leading to more efficient use of time for pilots.

These factors combine to make the training and small business opportunities at a secondary airfield competitive with locations such as Bankstown in the Sydney region, Archerfield in Brisbane and so forth. The secondary airfield would also be competitive for interstate and international students given its close proximity to a major capital city and easy access to commercial flights. In contrast to this, many of these activities are no longer commercially viable at CIA resulting in any potential economic benefits accruing to other states.

Brindabella Airlines Flight Training has been operating from CIA since 2000 and is the last flying school to be operating within the ACT. When it commenced operations in 2000 there were 6 profitable schools operating from the airport. From September 2010 they will cease to operate citing airport costs and operational pressures as a critical factor in their decision. The manager of the facility, Lara Corry-Boyd has said, "a second smaller airfield within reach of Canberra would [make] it much easier to continue operating".⁸

The school currently employs 10 flying instructors and ground instructor and a chief flying instructor to oversee the school. In addition to this there are approximately two administrative staff and a number of personnel employed to maintain the 13 aircraft used in flight training operations. A secondary airfield would create the opportunity for this business to continue operating in the ACT and maintain the existing levels of employment associated with it.

Universities and other tertiary organisations also engage in flight training at other airfields around the country. The University of NSW, Swinburne University of Technology, the University of South Australia and Griffith University provide several examples of tertiary education providers offering training in the sector. With three universities, the University of Canberra, the Australian National University and the Australian Defence Force Academy, as well as an additional tertiary provider, Canberra Institute of Technology, there is scope for formal education programs to be developed and marketed to a global audience. Given their reach into international markets, and especially Asia, these institutions would be well placed to capture part of the lucrative pilot training market in China and India that is currently the domain of interstate training organisations. Catering to this market would create employment in the education and aviation industries together with export opportunities for the region.

The potential for significant aircraft manufacturing and sales activity also exists for a site located near Canberra. Several RAA aircraft businesses have expressed interests in operating from a Canberra based location, however, the controlled airspace inhibits their ability to do so and prevents them from relocating. The addition of a second airfield outside of the airspace boundaries would allow them to operate from a location with better access to a major Australian city.

Jobs associated with incidental operations at the airfield would also be created. Demand for services such as fuelling, pilot supplies, etc. may create further demand for labour and hence stimulate employment in the region.

⁸ Canberra Times 16 March 2010, "Costs ground ACT's last flight school"

3 The proposed airfield

The proposed location for a secondary airfield in the ACT would be at Williamsdale to the south of Canberra. The site is approximately 30 to 40 minutes drive from the centre of Canberra.

3.1 Landing areas

The airfield would be established with a grass landing strip in order to generate immediate revenues and cash flow. The landing strip would be a 1000 metre strip aligned roughly parallel with the Monaro Highway in an almost north/south direction.

A study conducted by Airport Technical Services determined the site to be suitable for single engine and light twin engine aircraft and noted its suitability as an aerial base for fire fighting using both fixed and rotary wing aircraft.

The airfield location has an elevation of approximately 2,300 feet and is sited in an area where the controlled airspace lower limit is at 4500 feet above mean sea level. Aircraft tracking along the ILS flight path to Canberra will be at an elevation of at least 5000 feet, more than 2500 feet above the airfield elevation. Aircraft in the circuit area of the Williamsdale airfield will be at 1000 feet above ground level leaving 1500 feet vertical separation between aircraft and at least 1000 feet clearance from the control zone.

3.2 Aircraft parking

Aircraft parking facilities will be provided from the time the airfield becomes operational. This would commence with a grassed parking area fitted with suitable aircraft tie downs in a similar fashion to the majority of parking currently available at CIA. Space for hangar facilities could also be provided for those pilots wishing to erect undercover parking for their aircraft.

3.3 Costing

The airfield costs are broken into two categories – capital expenditure and operating expenditure.

The main components of the capital expenditure are:

- Land acquisition;
- Landing area construction;
- Fencing;
- Building;
- Electrical works; and
- Roadworks.

The cost estimates for these items sum to approximately \$1.1 million with the largest items being the purchase and construction of the landing area. An allowance of \$500,000 has been given for land purchase with the cost for establishing the grass landing being approximately \$300,000.

The construction costs are based on quotes given by Hewitt Constructions and include:

- Site establishment, environmental control and survey;
- Earthworks for the construction of a grass runway;
- Costing for works related to stormwater drainage; and
- Contingency for unexpected costs.

Fencing would be established to prevent unauthorised access from the road side of the property and be upgraded to a full boundary fence at a later date. Similarly, building construction and road works would be carried out at a basic level until such time that finances permit improving the infrastructure.

Operational expenses include the ongoing expenses associated with the running of the airfield. The costs include:

- Salaries and superannuation;
- Airfield maintenance;
- Utilities;
- Office and administration costs;
- Waste disposal (refuse, sewerage, cleaning, etc.);
- Insurance, legal and professional fees; and
- Airfield leasing costs and rates charges.

The biggest contributors to the operational expenses are insurance costs and salaries. Insurance is estimated to be in the order of \$20,000 per year while salaries vary over time. It is envisaged that the airfield will be run on a largely voluntary basis, however, a small charge has been allowed for salaries.

During the first three years of operation a \$15,000 expense has been allowed for a part time employee to supervise airfield operations and track aircraft movements. After this period it is expected that movements will grow to a level that warrants a full time employee and the salary expenses increase to \$45,000 per annum. In addition to this, superannuation expenses have been included at a rate of 9%.

The total operating expenses are expected to run at about \$60,000 to \$65,000 per annum in the first three years with this increasing to approximately \$100,000 in the years following the appointment of a full time employee.

3.4 Revenues

Revenue streams will come from three main sources – long term aircraft parking fees, aircraft landing fees and overnight parking fees.

In broad terms, three types of parking will be offered at the airfield – parking on the grass, shared hangar space and private hangar space. RAA registered aircraft are limited to two seats and thus tend to be smaller than their GA counterparts so a distinction is made between charges for the two types. In addition to this RAA aircraft tend to be younger and employ newer technologies much more than GA aircraft. This impacts the likelihood of them being parked outdoors versus using hangars that protect them from the elements. Table 3.1 shows a breakdown of the share of aircraft likely to use each parking option and indicative fees.

Table 3.1: Aircraft parking breakdown

	General aviation		Recreational aviation	
	Share (%)	Annual fee (\$)	Share (%)	Annual fee (\$)
Grass parking	65	650	45	500
Shared hangar	25	975	35	750
Private hangar	10	1,170	20	900

Source: CRAA estimates based on information from other airfields with similar characteristics

With 7 RAA registered aircraft and 32 GA registered aircraft the revenues for 2011 would be in the order of \$30,000. Growth in aircraft numbers (see Chart 2.3 above) will see revenue from aircraft parking grow to \$100,000 by 2020.

According to Avdata, the company engaged to collect airport charges for CIA, landing charges are \$21.42/t maximum takeoff weight per movement at Canberra.⁹ Bankstown, Sydney's secondary airfield, charges \$14.69/t while Archerfield in Brisbane charges \$13.80/t. Avdata shows regional airfields such as Moruya and Wagga Wagga are cheaper at \$8.36/t and \$7.76/t respectively.

Table 3.2: Landing charges

Location	\$/tonne	Typical
Canberra	21.42	23.56
Bankstown	14.69	16.16
Archerfield	13.80	15.18
Moruya	8.36	9.20
Wagga Wagga	7.76	8.54

Note: Typical fees are based on a Cessna 172 or Piper Warrior with a maximum takeoff weight of 1,100kg.

Source: Avdata and airport charging schedules.

For the analysis here landing fees are assumed to be a flat rate of \$10 per landing for those aircraft that are not based at the airfield. Assuming 250 landings per year in 2011

⁹ A typical Cessna 172 or Piper Warrior has a maximum takeoff weight of around 1,100kg making the per landing charges slightly higher than those specified here. For comparative purposes the per tonne pricing structure provides a useful benchmark.

(approximately 0.7 per day) will equate to \$2,500 in revenue. After five years of operation this number is assumed to grow to 450 per year (1.2 per day) and generate \$4,500 per year.

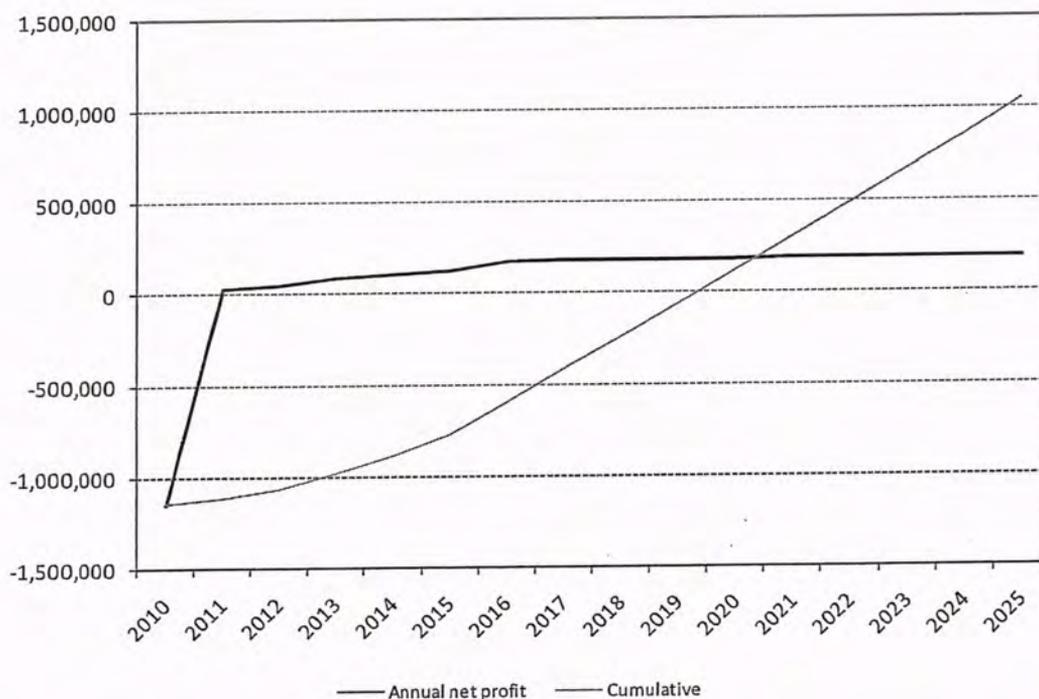
In addition to landing fees, most airfields also charge a parking fee. For Canberra, this is currently \$22.38/t per day while at Archerfield it is \$2.57/t with a minimum charge of \$5.14 per day. An overnight parking fee of \$15 per aircraft (including landing fee) for visiting aircraft is used here. In 2011, 50 overnight stays are projected with this growing to 250 by 2015. This will offer a further \$750 to \$3,750 in annual revenue.

Other revenues from site leases, rent, etc. are not considered in this analysis due to the uncertainty surrounding take up and lease/rental rates.

3.5 Net revenue

Chart 3.1 shows expected profits over time. Yearly net revenues are expected to be positive from 2011 onwards, however, the airfield is not assumed to breakeven until 2019/20, the 10th year of operation assuming a 2010 commencement date.

Chart 3.1: Yearly and cumulative profits



Despite the airfield operating with positive cash flows in a relatively short period of time, from a commercial point of view the airfield is not likely to be an attractive prospect. This is because of the large upfront capital costs.

The net present value of the airfield, using a 7% discount rate, is -\$333,500 for the period 2010 to 2020. The internal rate of return, the discount rate at which the net present value of the

000059

The potential for a secondary airfield facility in Canberra

project is zero, is 1.5%, well below generally acceptable rates of return for a commercial investment. The net present value for a range of discount rates is given in Table 3.3 below.

Table 3.3: Net present value of airfield (2010 – 2020)

3%	7%	11%	IRR
-\$106,604	-\$333,502	-\$499,789	1.5%

Note: Discount rates used for sensitivity are based on the Office of Best Practice and Regulation guidelines for cost benefit analysis. NPV and rates of return are expressed in real terms.

Source: Access Economics estimates

3.6 Non-airfield revenues

These revenues are attributable to the airfield but do not accrue to the airfield operator. That is, they are a direct result of the airfield being established, however, they arise from the business activities of other firms on the field.

Every aircraft is required, by law, to undergo an extensive inspection regime once a year or once for every 100 hours flown, whichever occurs first. The requirements for who does the inspection are different between RAA and GA registered aircraft so the estimates provided here are conservative in that they only account for the GA aircraft. Furthermore, they assume only 1/3 of the aircraft based on the field are maintained on the field. In reality the expectation is that a much higher proportion of aircraft would be maintained on the field and aircraft from other locations would also be serviced. Moreover, the estimates are based on one annual inspection being carried out on each aircraft when many aircraft may in fact fly more than 100 hours per year and therefore require more than this.

The average cost of an annual inspection for a single engine, fixed undercarriage aircraft is around \$5000. With 11 aircraft being serviced in 2011 and 35 in 2020 this results in maintenance revenues of between \$53,000 and \$173,000 per year.

Flying schools will also generate revenue on the field. Two types of licences are considered here and the estimates are conservative for a number of reasons.

The two licences are the private pilot licence (PPL) and the commercial pilot licence (CPL). Each of these have different minimum requirement in terms of theory and practical experience. Many people self study for both licences so the theory costs are not considered in this analysis. For the practical experience, the calculations are based on the minimum requirements of 40 hours flying time for the PPL and 150 hours for the CPL. Despite these requirements many pilots take longer to achieve their licence (especially for the PPL). In addition to this there are strict requirements surrounding the timeframe in which a CPL student must fly the 150 hours required for the licence. Many students do not meet this requirement and must fly an extra 50 hours (total of 200 hours) to obtain their licence.

The average hourly rate for the flying time also varies between licence type. This is due to the requirement that a certain number of hours must be flown in a 'complex aircraft' for the CPL which increases the costs.

The training figures used here also do not consider additional training beyond the licence issue. These additional activities may include night flying ratings, aircraft feature

Media Officer

Office of the Chief Minister

000056

Ph: 6205 2775

M: 0434 560 770

Email: Chantelle.Lustri@act.gov.au

From:

Sent: Wednesday, 11 August 2010 11:09 AM

To: STANHOPE

Subject: Secondary Airfield for Canberra

Dear Mr Stanhope

Please find attached a letter to you from CRAA and a copy of the Access Economics report entitled *The potential for a secondary airfield facility in Canberra*.

We at CRAA would be pleased to meet with you again to discuss the report and the next steps in achieving our vision. I will telephone your Chief of Staff in a few days time to discuss a suitable time for you.

Kind regards,

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Plenge, Lars

From: Bogiatzis, Patti
Sent: Thursday, 12 August 2010 1:36 PM
To: Plenge, Lars
Cc: Lustri, Chantelle
Subject: FW: Secondary Airfield for Canberra
Attachments: CRAA to CMD 11_Aug_10.pdf; Canberra secondary airfield.pdf

Please have LAPS prepare response for CM.

thanks

Patti Bogiatzis
Departmental Liaison Officer
Chief Minister's Department and
Land and Property Services

Ph: 62053029
Fax: 62050433
Email: patti.bogiatzis@act.gov.au

From: Scrivener, Sharon
Sent: Thursday, 12 August 2010 10:41 AM
To: Bogiatzis, Patti
Subject: FW: Secondary Airfield for Canberra

for response please

Sharon Scrivener
Executive Officer to the Chief Minister

Phone: 62050287
Fax: 62050433

From: Lustri, Chantelle **On Behalf Of** STANHOPE
Sent: Wednesday, 11 August 2010 12:46 PM

Subject: FW: Secondary Airfield for Canberra

Dear

Thank you for your email to the Chief Minister, the office will make contact with you as soon as possible regarding the Chief Minister's availability.

Kind regards

Chantelle Lustri

000054

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000053



The potential for a secondary airfield facility in Canberra

28 July 2010

Report by Access Economics Pty Limited for
Canberra Region Aviators Association Inc.

Commercial-in-Confidence

Contents

Glossary i

Executive Summary	i
1 Introduction	3
1.1 Background issues.....	3
1.2 A proposed secondary airfield	4
2 Aviation in the ACT.....	5
2.1 Canberra region demographics.....	6
2.2 Demand for a second airfield facility	9
2.3 Employment opportunities	12
3 The proposed airfield	15
3.1 Landing areas	15
3.2 Aircraft parking	15
3.3 Costing	15
3.4 Revenues.....	17
3.5 Net revenue	18
3.6 Non-airfield revenues	19
4 Conclusions	21

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Charts

Chart 2.1 : Income distribution across regions	8
Chart 2.2 : General aviation aircraft numbers (# of aircraft)	10
Chart 2.3 : Potential demand for a second airfield (# of aircraft)	11
Chart 3.1 : Yearly and cumulative profits.....	18

Tables

Table 2.1 : Population of ACT and surrounding areas as at June 2008.....	7
Table 2.2 : Other airfields.....	7
Table 2.3 : Average income shares.....	9
Table 2.4 : RAA growth.....	11
Table 2.5 : Flying time associated with training ('000 hours)	13
Table 2.6 : Recreational Aviation Australia flight training facilities	13
Table 3.1 : Aircraft parking breakdown.....	17
Table 3.2 : Landing charges	17
Table 3.3 : Net present value of airfield (2010 – 2020)	19

Glossary

CASA	Civil Aviation Safety Authority
CIA	Canberra International Airport
CPL	Commercial pilot licence
CRAA	Canberra Region Aviators Association Inc.
GA	General aviation
PPL	Private pilot licence
RAA	Recreational Aviation Australia Inc.

Executive Summary

The increasing costs of operating at Canberra International Airport, together with the added security and airspace restrictions, make it difficult for recreational aviation to operate.

In response, the Canberra Region Aviators Association (CRAA) is proposing a secondary airfield in the territory be considered. This report contains a preliminary assessment and canvasses the economic potential for a secondary airfield.

This report demonstrates that there is potential (unmet) demand for a secondary airfield. There are 850 pilots in the ACT that hold aviation qualifications issued by the Civil Aviation Safety Authority and Recreational Aviation Australia. In addition to this there are almost 250 aircraft registered to owners in the territory. However, only around 30 to 40 of these aircraft are currently located at Canberra International Airport. This suggests that the majority of aircraft currently registered to ACT pilots are operated from airfields outside of the region.

Based on preliminary financial analysis contained in the report, it is evident that a secondary airfield is unlikely to be commercially viable, generating a rate of return in the order of 1.5% (commercial returns on such a venture would need to be considerably higher if a private investor was to operate the secondary airfield). That said, the potential to generate even a small positive return does open the door for alternative ownership models, particularly related to the not-for-profit sector.

This report is preliminary in nature, relying on limited data sources and a range of assumptions. Access Economics recommends that more detailed analysis of a secondary airfield be undertaken. This analysis should consider a more rigorous assessment of the 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 is required. This work would also include further refining the cost estimations for developing the project and the ongoing operational expenditures of the airfield, as well as appropriate governance models.

Access Economics

What is the price sensitivity? where are they? Private or state? Should be 1.5% Profit then?

1 Introduction

The Canberra International Airport (CIA) is currently the only facility available to private aircraft owners and operators in the capital region with the next best options being located outside the ACT region.

Security, airspace and cost pressures at CIA are making it difficult for light aircraft to operate in Canberra or the surrounding region. Many recreational aviators opt to operate from airfields outside the ACT, meaning potential economic opportunities are being lost in terms of developing the aviation industry in the ACT.

The Canberra Region Aviators Association (CRAA) is proposing a secondary airfield in the territory to address these issues. Such an airfield would cater to small aircraft in the sport and recreational aviation sector that are impacted most by the current conditions in the capital.

This report presents a preliminary assessment of the issues relating to the establishment of a secondary airfield in the ACT. The analysis has been based primarily on desktop research in order to explore a *prima facie* case for establishing a secondary airfield in the ACT. More detailed analysis would be required to assess the costs and benefits of a secondary airfield.

1.1 Background issues

Aside from a handful of privately run airstrips with limited facilities and accessibility there is no readily available alternative to those wishing to fly in the region.

In addition to this, those pilots flying under the auspices of Recreational Aviation Australia (RAA) are restricted from operating from the airport due to airspace regulations. These aircraft consist of smaller aircraft capable of carrying no more than two people. The rules under which they operate allow for flight only during daylight hours and do not permit them to enter controlled airspace of the type around Canberra.¹ These rules prevent the operation of these aircraft from Canberra thus forcing owners and operators to other locations outside of the region resulting in many pilots actively avoiding Canberra altogether.

These rising costs and current restrictions have seen a movement of pilots and aircraft away from Canberra to surrounding areas in NSW such as Goulburn, Tumut and Cooma and as far afield as Temora and Moruya. This has seen a subsequent decline in aviation related businesses in the ACT with many moving to alternative locations or simply ceasing to operate altogether. For example, in 2000 there were six flying schools operating from the airport whereas there is now only one and, due to the aforementioned costs and operational requirements, it is closing down in late 2010. Similarly, most aircraft maintenance businesses

¹ It is also worth noting that the general aviation fleet in Australia is ageing and the airspace restrictions currently in place in Canberra prevent the (generally) newer RAA fleet of aircraft from operating from Canberra. In a recent industry briefing the CASA Director of Aviation Safety, John McCormick, mentioned that the "current average age of single and multi-engine fixed wing aircraft is 30 years and 97 percent of multi-engine piston aircraft are older than the typical 20 year design life" (The CASA Briefing, June 2010). Many RAA aircraft are purchased brand new and are fitted with advanced systems and safety features but the above mentioned restrictions prevent their operation in the region.

have left Canberra leaving aircraft owners with little choice but to maintain their aircraft at interstate locations such as Wagga Wagga and Cootamundra.

1.2 A proposed secondary airfield

By establishing an airfield whose primary objective is to cater to recreational and sporting pilots, the CRAA intends to encourage more pilots and aircraft owners to operate from the ACT. Similarly, those aviation related businesses whose customer base is drawn from this group would be encouraged to establish a presence on the field. Community groups such as the Canberra Aero Club, will be invited to set up on the field and CRAA would also invite other community groups to participate in activities and open days.

Furthermore, student pilots will benefit from low traffic density at the airfield (compared with CIA) and the absence of air traffic control allowing them to concentrate on the basic flying skills required to successfully pilot an aircraft. Lower overheads in these areas leads to more efficient training and lower costs for students, making a secondary airfield in Canberra a potentially attractive proposition for flying schools. In addition, lower security costs would make student training competitive with comparable airfields such as Bankstown in the Sydney basin and Moorabbin and Essendon in the Melbourne area.

Access Economics has prepared this report to undertake a preliminary assessment of the financial viability of the secondary airfield.

This following chapter provides an overview of the potential demand for a second aviation base in the region. It examines the growth of flying in Australia and aircraft numbers located in the Canberra region. Community interest in aviation is also discussed in this chapter. The third chapter outlines a proposal for an airfield in the southern most area of the territory. It discusses the type of facility to be provided and potential costs and revenues from such a development. The report closes with some concluding remarks in chapter 4.

2 Aviation in the ACT

CASA records indicate there are 196 aircraft with registered operators in the Canberra region as at December 2009. In addition to those aircraft registered with CASA there are an additional 47 registered with Recreational Aviation Australia (RAA). RAA is a self administered body responsible for overseeing the operation of a class of aircraft primarily aimed at recreational aviators. These aircraft are similar in nature to most small, general aviation aircraft, but tend to be newer, and sometimes, more complex than their CASA registered counterparts. One aircraft cannot exist on both the CASA register and the RAA register at the same time so there is no double counting in these figures.

Of these aircraft, few are located at CIA. A manual count of aircraft on the field over a period of three weeks revealed an average of 22 single engine aircraft are parked at the airport. To be fair, this number possibly understates the true figure for two main reasons:

- Given that some aircraft are flown on a frequent basis and may have therefore been consistently missed in the counts, and
- Some aircraft are located in hangars and were not counted.

Allowing for an additional 12 aircraft would bring the total to 34 aircraft located at CIA. This number falls considerably short of the potential 243 that could be housed at CIA suggesting the airport is not the most attractive option for most.

In preparation for its master plan, CIA engaged consultants to develop a noise forecast based on future traffic movements. While the forecasts were based on traffic growing from present levels to 282,120 movements, it is worth noting that only a small portion of these movements are carried out by general aviation aircraft.

Including the general aviation category of aircraft and training aircraft, the total movements in the forecast allowed for only 2,708 movements. It is also worth considering that a movement is a take-off or landing, not the entire cycle. This forecast thus implies future general aviation movements at CIA to consist of around 1,354 flights per year, or less than four per day.

These figures also include twin engine aircraft movements, a sector of the market not being targeted by CRAA. Excluding these from the figures would result in a figure even less than the 1,354 given above.

Examining only the training component of the forecast reveals a projection of 816 movements per annum, again including twin engine aircraft so the single engine movements are less than this. Using the same methodology applied above, this equates to around one training flight per day.

While CIA recognises the importance of general aviation and training:

General Aviation and military aviation are essential for the ongoing success of aviation in Australia...

They also recognise and acknowledge their responsibility to fare paying passengers and the priority that must be placed on these flights:

General Aviation and other smaller aircraft will be restricted during times of high demand as higher capacity aircraft are given priority.

In addition to these operational difficulties CIA also draw attention to the high operating costs associated with operating from a major security controlled airport:

Furthermore, Commonwealth Government-imposed aviation security requirements at major airports have unfortunately imposed a significant cost and inconvenience burden on recreational General Aviation operations.

Security is, of course, a concern at major airports where large numbers of passengers should be able to travel with the knowledge their safety is being given the utmost attention. In this context separating private aviation, or a large portion of it, from paid services would reduce the security risks associated with having general aviation located in close proximity to larger aviation operations.

Given its location and objectives, the proposed secondary airfield is not likely to attract considerable objections from CIA, given the comments relating to a secondary airfield in their master plan:

Canberra Airport also notes private proposals for a separate General Aviation aerodrome or airfield within the ACT. Canberra Airport does not oppose the development of such a facility, provided its location and operations do not interfere in any way with the current and future operations of Canberra Airport...

2.1 Canberra region demographics

The population within the ACT consists of those living in Canberra and its suburbs but the workforce also commutes in from other surrounding areas. The ABS notes these areas include Queanbeyan, Palerang and the Yass Valley. For the purposes of this exercise, population estimates also include areas around the ACT with current aviation links to the region. For example, the Goulburn Mulwaree is also considered as many aviators in this area also utilise the existing Canberra based facilities and may therefore be considered as part of the target market for any secondary airfield in the Territory. Furthermore, the airfield would provide attractive options for those in the Cooma-Monaro region to the south of Canberra.

The ACT had a population of around 350,000 as at June 2009.² For consistency across data sources we employ the population data as at June 2008, this allows robust sources for population estimates within the surrounding regions as well. This gives an official estimate of 346,000 as at June 2008.³ Table 2.1 shows the population for the surrounding areas ranges from 40,000 in Queanbeyan to 10,200 in the Cooma-Monaro area. In total this brings the population in Canberra and the surrounding regions to some 452,000 people.

² ABS Catalogue Number 3201.0 – Population by Age and Sex, Australian States and Territories, June 2009

³ ABS Catalogue Number 3218.0 – Regional Population Growth, Australia, 2007-08

The potential for a secondary airfield facility in Canberra

Table 2.1: Population of ACT and surrounding areas as at June 2008

Area	Population
ACT	346,000
Queanbeyan	40,000
Goulburn Mulwaree	28,000
Yass Valley	14,000
Palerang	14,000
Cooma-Monaro	10,000
Total	452,000

Source: ABS Catalogue number 3201.0 – Regional Population Growth, Australia, 2007-08

To construct a reasonable estimate for potential resident aircraft on the airfield it is useful to compare the ACT region with other regions within Australia. Table 2.2 shows the population and resident aircraft numbers for several airfields with similar characteristics to the Williamsdale proposal. Parafield is the exception to this but is included as it is a secondary airfield in Adelaide, the smallest state capital in Australia.

Table 2.2: Other airfields

Airfield	Population	Resident aircraft
Aldinga (Onkaparinga LGA)	158,000	90
Cessnock	50,000	82
Murray Bridge	19,000	56
Parafield (Salisbury LGA)	127,500	160

Source: ABS Catalogue Number 3218.0 – Regional Population Growth, Australia, 2007-08, consultation with relevant airfield operators.

Cessnock, located in the Hunter Valley region in NSW, has a population of 50,000. Its airfield is the primary field in the area and is located close to the winery region making it ideal for tourist flights in the area. Excluding transient aircraft, around 80 aircraft are parked on the airfield on a permanent basis. Maintenance services are provided at the airfield with qualified staff able to service and maintain both general aviation and RAA registered aircraft.

Parafield is a secondary airfield in Adelaide and complements the main international airport located closer to the city centre. The population of Salisbury, the local government area that Parafield is located in, is 127,500, however, in reality the airfield provides services for the broader Adelaide area with a population of 1.2 million.

The airfield has some 160 resident aircraft and over 70 businesses located consisting of maintenance facilities, flying training and pilot supplies businesses. In total these businesses employ around 500 staff and provide services to private and commercial aircraft operators as well as training domestic and international students.

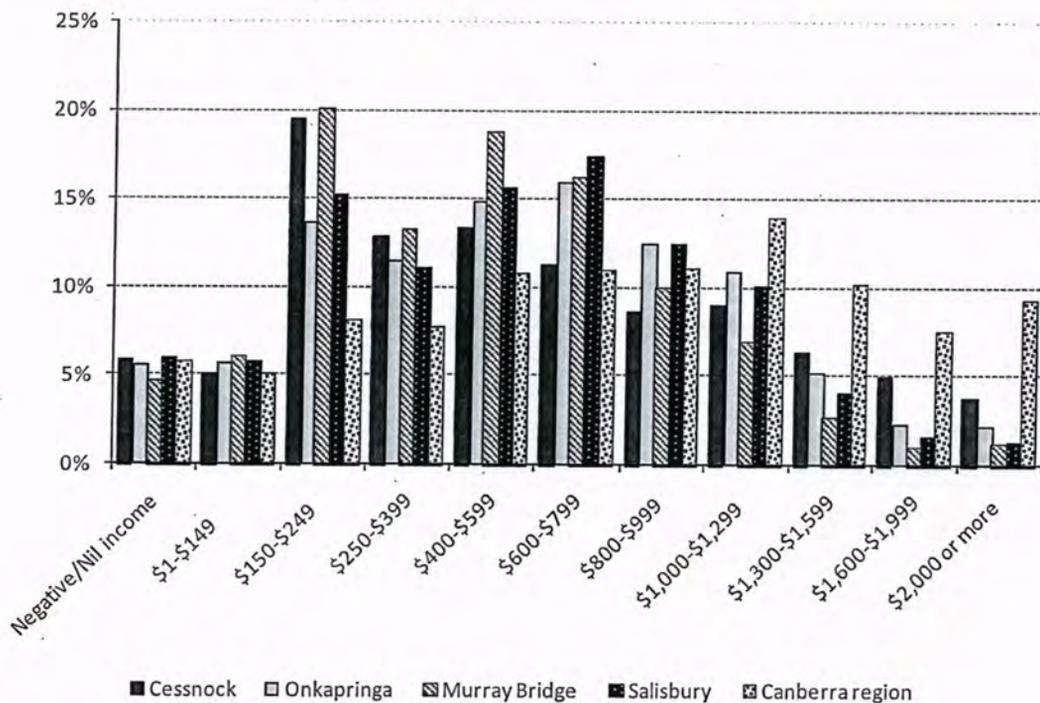
Aldinga is located in South Australia approximately 45km south of Adelaide. It is part of the Onkaparinga local government area and has a population of almost 160,000. The airfield is very active and has 90 aircraft located there on a permanent basis. In addition to this aircraft maintenance can be carried out at the field and flying training facilities are available. The

airfield plays an active role in local tourism offering charter flights and scenic tours of the local area. The airfield also has an active social community with pilots flying in from other airports to visit and participate in local activities.

Murray Bridge is located farther afield some 75km south east of Adelaide. In a town of only 19,000 the airfield has more than 50 resident aircraft and is home to an active flying club and gliding club providing flight training services to the local area.

Income data for each of the local government areas these airfields are located in is presented in Chart 2.1 together with the Canberra region as defined earlier. The data used here is weekly incomes and is taken from the 2006 Census data provided by the ABS.

Chart 2.1: Income distribution across regions



Source: ABS Census data 2006

Income comparisons amongst these regions and the Canberra region show Canberra has a disproportionately small number of people with low incomes (\$0 - \$399) and an equally disproportionate number of high income earners (\$1000 or more). Table 2.3 shows the share of income across three weekly income brackets for each region. The average share is also presented alongside the shares for Canberra.

The potential for a secondary airfield facility in Canberra

Table 2.3: Average income shares

Weekly income	Cessnock	Onkapringa	Murray Bridge	Salisbury	Average	Canberra
\$0 - \$399	43%	36%	44%	38%	40%	26%
\$400 - \$999	33%	43%	45%	45%	42%	33%
\$1000 or more	24%	21%	12%	17%	18%	41%

Source: ABS Census data 2006

Around 40% of workers in the other regions earn \$399 or less per week with another 40% earning up to \$999. Just 18% earns more than \$999 per week in these regions. This compares with the relatively high income earned in Canberra and the surrounding areas where a little more than 40% earn over \$1000 per week and a further 33% are earning between \$400 and \$999 per week. Only one quarter of workers is earning less than \$400 per week.

2.2 Demand for a second airfield facility

The high incomes and relatively large population in Canberra would suggest potentially unmet demand for aviation related activity. In addition to this, there appears to be considerable interest in aviation in the ACT, evidenced by:

- The Canberra International Airport open day in 2006 attracted more than 7,500 visitors with this number doubling to 15,000 in 2007 and 2008, and more than 18,000 in 2010.⁴
- Brindabella Airlines Flight Training currently operates from Canberra International Airport and has expressed an interest in operating from an alternative facility located close to Canberra.⁵
- The Canberra Aero Club has been in existence for over 70 years and has in excess of 100 members.
- The Australian Air Force Cadets currently have two squadrons, 315 and 334, located in Canberra.
- Canberra has an active squadron of the Australian Air League which meets weekly.
- The Canberra Gliding Club meets every Monday evening in Woden and runs flying activities every weekend.
- Nearby aero clubs including Tumut, Southern Highlands (Goulburn) and the Snowy River Aviators (Adaminaby) are all well attended by Canberra residents.

With 196 aircraft currently on the general aviation register (in the ACT) and around 47 on the RAA register, this gives the potential for around 240 aircraft to be permanently located at Williamsdale. In addition to this there are currently more than 850 people in the ACT who

⁴ Based on information contained in Canberra International Airport's Hub newsletter (editions 34, 41, 47 and 54). Available at - http://www.canberraairport.com.au/air_media/hub10.cfm, accessed 18 February 2010.

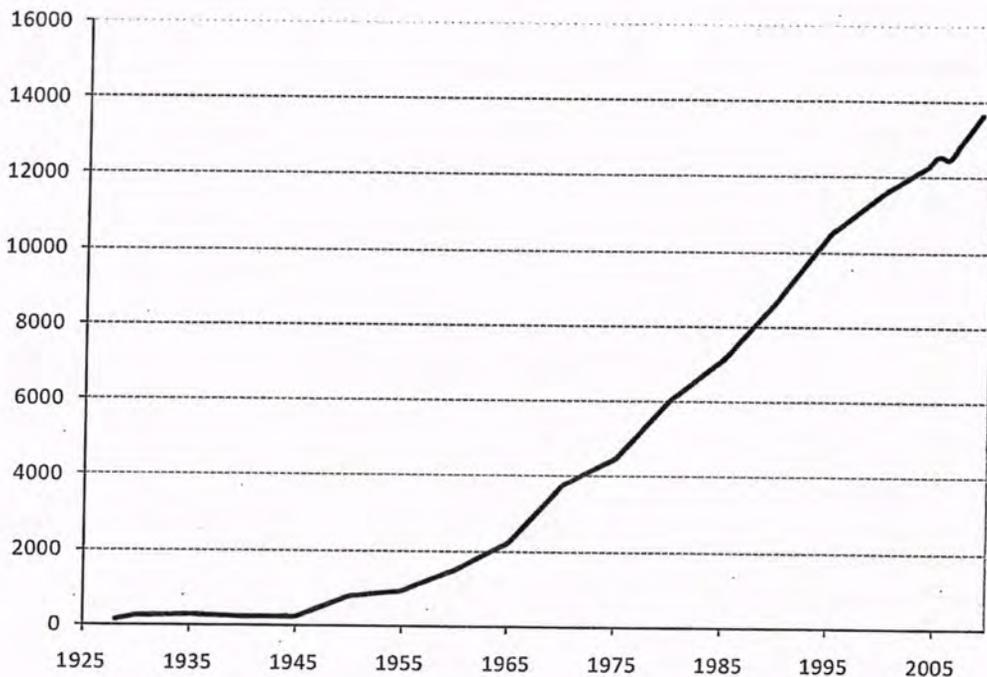
⁵ This facility has recently announced that flying training operations will cease from late 2010 due to the high costs and operational difficulties associated with Canberra International Airport.

have been granted privileges to fly consisting of 691 pilots who hold licences issued by CASA and a further 166 with RAA issued pilot certificates with recent growth in both sectors being strong in recent years.⁶

For the purposes of the revenue estimates used in this study the growth rate of aircraft is fixed at 1% per annum for general aviation aircraft and 3% per annum for RAA registered aircraft, these estimates are considered to be long term, sustainable growth rates given recent history.

General aviation has grown from a mere 102 aircraft in 1928 to in excess of 13,000 today. The number of aircraft on the register has grown steadily over this period with sharp increases recorded from around 1960 onwards (see Chart 2.2). In recent times the only yearly decline in numbers was experienced in 2006 although the Civil Aviation Safety Authority attributes this decline to legislative changes that resulted in some 300 aircraft being removed from the register. From 2000 onwards, the average year on year change in the number of aircraft on the register has been 1.86% including 2006 year where aircraft numbers fell.

Chart 2.2: General aviation aircraft numbers (# of aircraft)



Source: Civil Aviation Safety Authority, Civil Aircraft Register

Growth in the RAA sector has been solid with membership and aircraft numbers growing as per Table 2.4. The data shows membership has grown at an average annual rate of more than 10% while aircraft numbers have also shown a solid increase over the same period. In more

⁶ Based on aircraft and pilot data supplied by the Civil Aviation Safety Authority and Recreational Aviation Australia. In addition to these figures there are a number of military pilots currently based in Canberra. While these pilots are not captured in the CASA and RAA figures they do fly aircraft hired from local schools and clubs in order to remain current while employed in non-flying roles within defence. This suggests there may be a higher level of demand than that indicated here.

The potential for a secondary airfield facility in Canberra

recent years growth has slowed, no doubt due, in part, to the economic climate. In this sense the 3% growth rate applied in the forecasts is a reasonable but conservative estimate of aircraft registrations going forward.

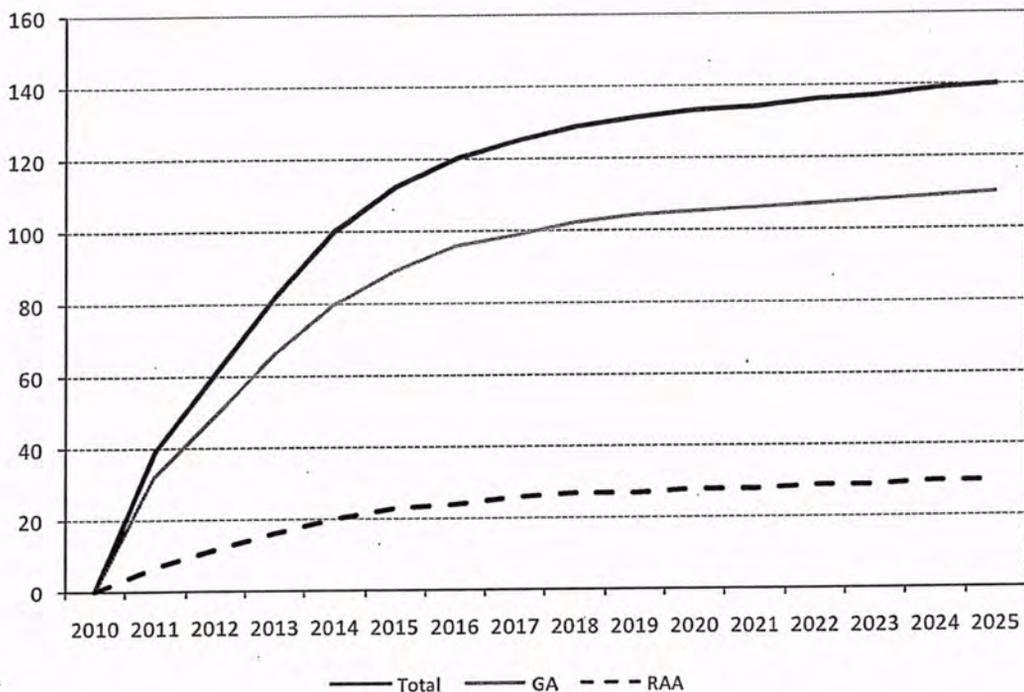
Table 2.4: RAA growth

Year	Membership	Aircraft
2005	5,996	1,799
2006	6,946	2,147
2007	7,800	2,493
2008	8,440	2,805
2009	9,186	2,995

Source: Recreational Aviation Australia.

Despite the high numbers of aircraft that would potentially use the new airfield as a home base, we assume no more than 50% of these actually relocate to the airfield on a permanent basis. To project the adoption rate over time we use a typical 'S' curve.⁷ The resulting aircraft demand potential is shown in Chart 2.3. By 2017, 50% of the aircraft in the region are captured and use the airfield as their home field with GA registered aircraft representing the majority of these. From this time onwards the only increase in aircraft numbers comes from the underlying growth rates outlined earlier.

Chart 2.3: Potential demand for a second airfield (# of aircraft)



⁷ The 'S' curve is estimated using the formula $0.5 * (1 / (1 + \exp(0.7 * (4 - t))))$.

In addition to those aircraft using the airfield as a permanent base, demand may arise from emergency services (who have expressed an interest in using the airstrip for fire fighting operations) and other transient traffic landing at the field.

2.3 Employment opportunities

Employment at the airfield will mainly be driven by the number of aircraft using the facilities. Experience at the other locations discussed in section 2.1 shows that around 1 full time maintenance person would be required for every 20 aircraft. Based on the aircraft projections above, 7 full time maintenance people would be required by 2017 when aircraft numbers reach around 140. This estimate in itself could be considered as conservative in the sense that it assumes no maintenance is conducted on aircraft other than those using the airfield as a home base. Furthermore, the additional maintenance work would not come at the expense of existing maintenance carried out at CIA as little work is currently carried out on GA aircraft there now. In reality, aircraft owners and operators often fly their aircraft to locations such as Wagga Wagga, Moruya and Cootamundra for maintenance. Although the effects are not considered here, this suggests there may be the potential for maintenance business to come from off field aircraft.

Flying training is a growing sector in Australia and a significant employer in the aviation sector. The BITRE (2008) notes that flying hours associated with training activities increased from 424,000 hours in 2006 to 485,600 in 2008. Table 2.5 shows the training hours flown each year for general aviation.

The potential for a secondary airfield facility in Canberra

Table 2.5: Flying time associated with training ('000 hours)

Year	Hours	Percent change on previous year
2006	424.0	2.0
2007	455.4	7.4
2008	485.6	6.6

Source: Bureau of Infrastructure, Transport and Regional Economics, General Aviation Activity 2008

RAA has experienced strong growth in the training sector as well. The number of flight training facilities accredited to provide training under the supervision of the organisation has increased from 100 in 2005 to more than 150 in 2009 (Table 2.6), an average growth rate of 11.5% per year.

Table 2.6: Recreational Aviation Australia flight training facilities

Year	Number of flight training facilities	Percent change on previous year
2005	100	Unknown
2006	113	13
2007	128	13
2008	139	9
2009	154	11

Source: Recreational Aviation Australia

Most capital cities in Australia have a secondary airfield from which smaller aviation related businesses and training organisations can operate. With no secondary location in Canberra, operators are forced out of the region or face the higher costs associated with the additional security requirements placed on major airports dealing with fare paying customers. These additional costs in Canberra have resulted in many businesses closing down, including several flying schools, as they cannot compete with the lower priced options interstate. In addition to providing a more cost competitive base for local operators to utilise, a secondary airfield in Canberra would have several advantages over the main airport facilities when it comes to flight training:

- Being located outside of controlled airspace allows students to focus on the basic skills of flying rather than be distracted by the added complexities of dealing with air traffic control.
- Close proximity to various types of airspace makes the transition from *ab initio* training to more complex cross country flying involving controlled airspace, military zones, etc. less costly in terms of flying time and thus training costs.
- Less traffic means more efficient access into and out of the airfield and the ability to conduct more circuits in an hour leading to more efficient use of time for pilots.

These factors combine to make the training and small business opportunities at a secondary airfield competitive with locations such as Bankstown in the Sydney region, Archerfield in Brisbane and so forth. The secondary airfield would also be competitive for interstate and international students given its close proximity to a major capital city and easy access to commercial flights. In contrast to this, many of these activities are no longer commercially

viable at CIA resulting in any potential economic benefits accruing to other states. There's a real problem with this line of argument

Brindabella Airlines Flight Training has been operating from CIA since 2000 and is the last flying school to be operating within the ACT. When it commenced operations in 2000 there were 6 profitable schools operating from the airport. From September 2010 they will cease to operate citing airport costs and operational pressures as a critical factor in their decision. The manager of the facility, Lara Corry-Boyd has said, "a second smaller airfield within reach of Canberra would [make] it much easier to continue operating".⁸

The school currently employs 10 flying instructors and ground instructor and a chief flying instructor to oversee the school. In addition to this there are approximately two administrative staff and a number of personnel employed to maintain the 13 aircraft used in flight training operations. A secondary airfield would create the opportunity for this business to continue operating in the ACT and maintain the existing levels of employment associated with it.

Universities and other tertiary organisations also engage in flight training at other airfields around the country. The University of NSW, Swinburne University of Technology, the University of South Australia and Griffith University provide several examples of tertiary education providers offering training in the sector. With three universities, the University of Canberra, the Australian National University and the Australian Defence Force Academy, as well as an additional tertiary provider, Canberra Institute of Technology, there is scope for formal education programs to be developed and marketed to a global audience. Given their reach into international markets, and especially Asia, these institutions would be well placed to capture part of the lucrative pilot training market in China and India that is currently the domain of interstate training organisations. Catering to this market would create employment in the education and aviation industries together with export opportunities for the region.

The potential for significant aircraft manufacturing and sales activity also exists for a site located near Canberra. Several RAA aircraft businesses have expressed interests in operating from a Canberra based location, however, the controlled airspace inhibits their ability to do so and prevents them from relocating. The addition of a second airfield outside of the airspace boundaries would allow them to operate from a location with better access to a major Australian city.

Jobs associated with incidental operations at the airfield would also be created. Demand for services such as fuelling, pilot supplies, etc. may create further demand for labour and hence stimulate employment in the region.

⁸ Canberra Times 16 March 2010, "Costs ground ACT's last flight school"

3 The proposed airfield

The proposed location for a secondary airfield in the ACT would be at Williamsdale to the south of Canberra. The site is approximately 30 to 40 minutes drive from the centre of Canberra.

3.1 Landing areas

The airfield would be established with a grass landing strip in order to generate immediate revenues and cash flow. The landing strip would be a 1000 metre strip aligned roughly parallel with the Monaro Highway in an almost north/south direction.

A study conducted by Airport Technical Services determined the site to be suitable for single engine and light twin engine aircraft and noted its suitability as an aerial base for fire fighting using both fixed and rotary wing aircraft.

The airfield location has an elevation of approximately 2,300 feet and is sited in an area where the controlled airspace lower limit is at 4500 feet above mean sea level. Aircraft tracking along the ILS flight path to Canberra will be at an elevation of at least 5000 feet, more than 2500 feet above the airfield elevation. Aircraft in the circuit area of the Williamsdale airfield will be at 1000 feet above ground level leaving 1500 feet vertical separation between aircraft and at least 1000 feet clearance from the control zone.

3.2 Aircraft parking

Aircraft parking facilities will be provided from the time the airfield becomes operational. This would commence with a grassed parking area fitted with suitable aircraft tie downs in a similar fashion to the majority of parking currently available at CIA. Space for hangar facilities could also be provided for those pilots wishing to erect undercover parking for their aircraft.

3.3 Costing

The airfield costs are broken into two categories – capital expenditure and operating expenditure.

The main components of the capital expenditure are:

- Land acquisition;
- Landing area construction;
- Fencing;
- Building;
- Electrical works; and
- Roadworks.

The cost estimates for these items sum to approximately \$1.1 million with the largest items being the purchase and construction of the landing area. An allowance of \$500,000 has been given for land purchase with the cost for establishing the grass landing being approximately \$300,000.

The construction costs are based on quotes given by Hewitt Constructions and include:

- Site establishment, environmental control and survey;
- Earthworks for the construction of a grass runway;
- Costing for works related to stormwater drainage; and
- Contingency for unexpected costs.

Fencing would be established to prevent unauthorised access from the road side of the property and be upgraded to a full boundary fence at a later date. Similarly, building construction and road works would be carried out at a basic level until such time that finances permit improving the infrastructure.

Operational expenses include the ongoing expenses associated with the running of the airfield. The costs include:

- Salaries and superannuation;
- Airfield maintenance;
- Utilities;
- Office and administration costs;
- Waste disposal (refuse, sewerage, cleaning, etc.);
- Insurance, legal and professional fees; and
- Airfield leasing costs and rates charges.

The biggest contributors to the operational expenses are insurance costs and salaries. Insurance is estimated to be in the order of \$20,000 per year while salaries vary over time. It is envisaged that the airfield will be run on a largely voluntary basis, however, a small charge has been allowed for salaries.

During the first three years of operation a \$15,000 expense has been allowed for a part time employee to supervise airfield operations and track aircraft movements. After this period it is expected that movements will grow to a level that warrants a full time employee and the salary expenses increase to \$45,000 per annum. In addition to this, superannuation expenses have been included at a rate of 9%.

The total operating expenses are expected to run at about \$60,000 to \$65,000 per annum in the first three years with this increasing to approximately \$100,000 in the years following the appointment of a full time employee.

The potential for a secondary airfield facility in Canberra

3.4 Revenues

Revenue streams will come from three main sources – long term aircraft parking fees, aircraft landing fees and overnight parking fees.

In broad terms, three types of parking will be offered at the airfield – parking on the grass, shared hangar space and private hangar space. RAA registered aircraft are limited to two seats and thus tend to be smaller than their GA counterparts so a distinction is made between charges for the two types. In addition to this RAA aircraft tend to be younger and employ newer technologies much more than GA aircraft. This impacts the likelihood of them being parked outdoors versus using hangars that protect them from the elements. Table 3.1 shows a breakdown of the share of aircraft likely to use each parking option and indicative fees.

Table 3.1: Aircraft parking breakdown

	General aviation		Recreational aviation	
	Share (%)	Annual fee (\$)	Share (%)	Annual fee (\$)
Grass parking	65	650	45	500
Shared hangar	25	975	35	750
Private hangar	10	1,170	20	900

Source: CRAA estimates based on information from other airfields with similar characteristics

With 7 RAA registered aircraft and 32 GA registered aircraft the revenues for 2011 would be in the order of \$30,000. Growth in aircraft numbers (see Chart 2.3 above) will see revenue from aircraft parking grow to \$100,000 by 2020.

According to Avdata, the company engaged to collect airport charges for CIA, landing charges are \$21.42/t maximum takeoff weight per movement at Canberra.⁹ Bankstown, Sydney's secondary airfield, charges \$14.69/t while Archerfield in Brisbane charges \$13.80/t. Avdata shows regional airfields such as Moruya and Wagga Wagga are cheaper at \$8.36/t and \$7.76/t respectively.

Table 3.2: Landing charges

Location	\$/tonne	Typical
Canberra	21.42	23.56
Bankstown	14.69	16.16
Archerfield	13.80	15.18
Moruya	8.36	9.20
Wagga Wagga	7.76	8.54

Note: Typical fees are based on a Cessna 172 or Piper Warrior with a maximum takeoff weight of 1,100kg.

Source: Avdata and airport charging schedules.

For the analysis here landing fees are assumed to be a flat rate of \$10 per landing for those aircraft that are not based at the airfield. Assuming 250 landings per year in 2011

⁹ A typical Cessna 172 or Piper Warrior has a maximum takeoff weight of around 1,100kg making the per landing charges slightly higher than those specified here. For comparative purposes the per tonne pricing structure provides a useful benchmark.

(approximately 0.7 per day) will equate to \$2,500 in revenue. After five years of operation this number is assumed to grow to 450 per year (1.2 per day) and generate \$4,500 per year.

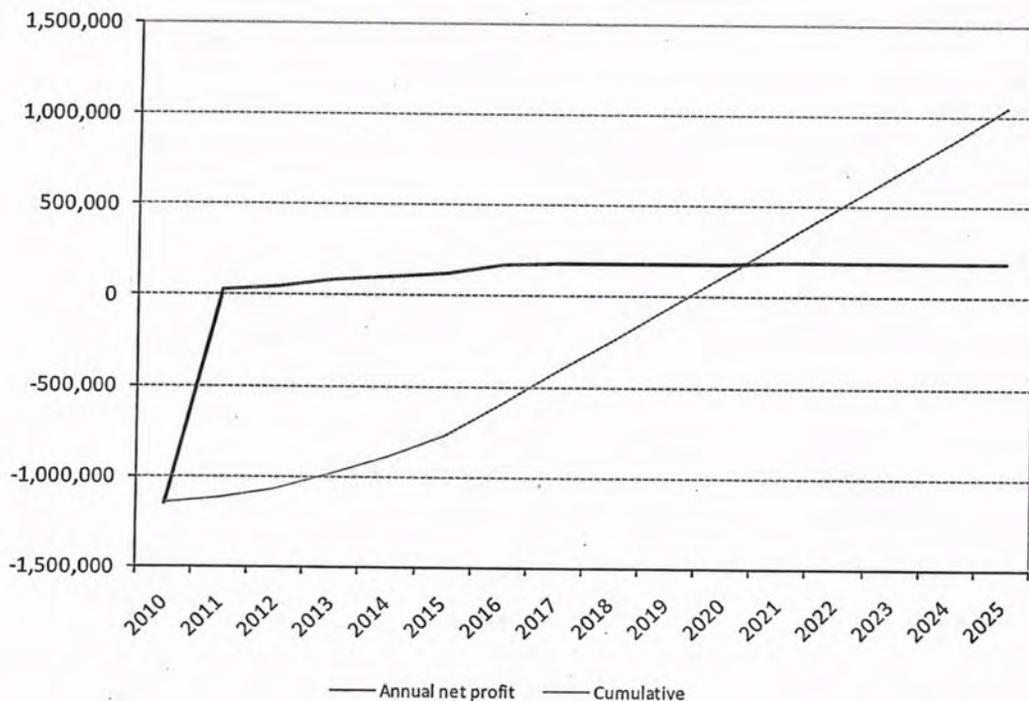
In addition to landing fees, most airfields also charge a parking fee. For Canberra, this is currently \$22.38/t per day while at Archerfield it is \$2.57/t with a minimum charge of \$5.14 per day. An overnight parking fee of \$15 per aircraft (including landing fee) for visiting aircraft is used here. In 2011, 50 overnight stays are projected with this growing to 250 by 2015. This will offer a further \$750 to \$3,750 in annual revenue.

Other revenues from site leases, rent, etc. are not considered in this analysis due to the uncertainty surrounding take up and lease/rental rates.

3.5 Net revenue

Chart 3.1 shows expected profits over time. Yearly net revenues are expected to be positive from 2011 onwards, however, the airfield is not assumed to breakeven until 2019/20, the 10th year of operation assuming a 2010 commencement date.

Chart 3.1: Yearly and cumulative profits



Despite the airfield operating with positive cash flows in a relatively short period of time, from a commercial point of view the airfield is not likely to be an attractive prospect. This is because of the large upfront capital costs.

The net present value of the airfield, using a 7% discount rate, is -\$333,500 for the period 2010 to 2020. The internal rate of return, the discount rate at which the net present value of the

The potential for a secondary airfield facility in Canberra

project is zero, is 1.5%, well below generally acceptable rates of return for a commercial investment. The net present value for a range of discount rates is given in Table 3.3 below.

Table 3.3: Net present value of airfield (2010 – 2020)

3%	7%	11%	IRR
-\$106,604	-\$333,502	-\$499,789	1.5%

Note: Discount rates used for sensitivity are based on the Office of Best Practice and Regulation guidelines for cost benefit analysis. NPV and rates of return are expressed in real terms.

Source: Access Economics estimates

3.6 Non-airfield revenues

These revenues are attributable to the airfield but do not accrue to the airfield operator. That is, they are a direct result of the airfield being established, however, they arise from the business activities of other firms on the field.

Every aircraft is required, by law, to undergo an extensive inspection regime once a year or once for every 100 hours flown, whichever occurs first. The requirements for who does the inspection are different between RAA and GA registered aircraft so the estimates provided here are conservative in that they only account for the GA aircraft. Furthermore, they assume only 1/3 of the aircraft based on the field are maintained on the field. In reality the expectation is that a much higher proportion of aircraft would be maintained on the field and aircraft from other locations would also be serviced. Moreover, the estimates are based on one annual inspection being carried out on each aircraft when many aircraft may in fact fly more than 100 hours per year and therefore require more than this.

The average cost of an annual inspection for a single engine, fixed undercarriage aircraft is around \$5000. With 11 aircraft being serviced in 2011 and 35 in 2020 this results in maintenance revenues of between \$53,000 and \$173,000 per year.

Flying schools will also generate revenue on the field. Two types of licences are considered here and the estimates are conservative for a number of reasons.

The two licences are the private pilot licence (PPL) and the commercial pilot licence (CPL). Each of these have different minimum requirement in terms of theory and practical experience. Many people self study for both licences so the theory costs are not considered in this analysis. For the practical experience, the calculations are based on the minimum requirements of 40 hours flying time for the PPL and 150 hours for the CPL. Despite these requirements many pilots take longer to achieve their licence (especially for the PPL). In addition to this there are strict requirements surrounding the timeframe in which a CPL student must fly the 150 hours required for the licence. Many students do not meet this requirement and must fly an extra 50 hours (total of 200 hours) to obtain their licence.

The average hourly rate for the flying time also varies between licence type. This is due to the requirement that a certain number of hours must be flown in a 'complex aircraft' for the CPL which increases the costs.

The training figures used here also do not consider additional training beyond the licence issue. These additional activities may include night flying ratings, aircraft feature

endorsements, instrument ratings, etc. Each of these factors considered together suggest that the estimates provided here are conservative in nature.

Assuming 5 of each licence are issued in 2011 and this grows to 10 by 2015 and is maintained from this point onwards there would be between 200 and 400 hours flown for PPL students and 750 and 1000 hours for CPL students. Using an average hourly cost of \$250 for PPL and \$280 for CPL this amounts to between \$260,000 and \$520,000 in additional annual revenue. It should be noted that these figures are conservative estimates, Brindabella Airlines Flight Training currently flies some 4000 hours per year for training whereas the estimates given here allow for only 1900 in total at the end of 2025.

4 Conclusions

This *prima facie* study of a secondary airfield in the Canberra region suggests that there is demand for such a facility.

Based on the preliminary analysis, the airfield would generate an internal rate of return of less than 1.5%. While this falls below the rate required by most commercial investors, alternative business models, such as a not-for-profit venture, may be suitable.

Having said this, a more rigorous and detailed analysis needs to be undertaken in order to ascertain detailed estimates of the costs of establishing the airfield, ongoing operational costs and the level of demand for the facilities. Refining these numbers will help to make a clearer judgement in terms of the financial returns of an airfield and also inform a cost benefit analysis that considers the broader economy wide impacts of such a project.

Furthermore, suitable models for ongoing operation of the airfield need to be explored to develop a governance structure that meets the needs of the community while also ensuring the ongoing viability of the airfield. Such a structure also needs to encourage the on field presence of aircraft owners, aviation related businesses and other interested parties as well as minimise the risks associated with the project.

000039



CHIEF MINISTER'S DEPARTMENT

BRIEF



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

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

How will the study be funded?
Jon Stanhope MLA

NOTED/PLEASE DISCUSS

25/6

000037



CHIEF MINISTER'S DEPARTMENT

<p>Date due with Minister's Office</p> <p>21.04.09</p>

<p>Date due with CE Office at least 2 working days before Minister's Office</p>
--

<p>Tracking Numbers</p> <p>C698/09</p>

<p>Any other critical date and reason</p>
--

Subject: Airport at Williamsdale

Reply to correspondence from:
(if relevant)

Contact Officer: Andrew Wilson

Telephone: 70274

Cleared by A/g Executive Director: Alan Franklin

Date:

15/4/09

Cleared by Deputy Chief Executive: David Dawes

Date:

20/4/09.

Cleared by Chief Executive:

Date:

7-29-1966



000036

Jon Stanhope MLA

CHIEF MINISTER

MINISTER FOR TRANSPORT MINISTER FOR TERRITORY AND MUNICIPAL SERVICES
MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT
MINISTER FOR INDIGENOUS AFFAIRS MINISTER FOR THE ARTS AND HERITAGE

MEMBER FOR GINNINDERRA

Ms Annette Ellis MP
Member for Canberra
PO Box 6022
Parliament House
CANBERRA ACT 2600

COPY



Dear Ms Ellis

Thank you for your letter of 17 March 2009 about the proposal for development of an airfield at Williamsdale in the ACT.

The original proposal was put to the ACT Government by Mr Christopher Price in 2004. Mr Price proposed that a General Aviation (GA) airfield could be developed at Williamsdale, which would also serve as a forward base for fixed-wing fire-fighting aircraft when required.

A preliminary assessment was undertaken in August 2004 on the proposed Williamsdale site to establish whether it was suitable for development as a GA airfield. A copy of this assessment is enclosed for your information.

The report was generally favourable. From that aspect, it is clear that if a private sector developer were to purchase land in the vicinity and meet the relevant planning requirements, a private GA airfield could be developed.

However, the submission put to the Territory proposed that the ACT Government should fund the development. There are therefore a number of issues relating to development of an airfield at Williamsdale which need to be resolved. These include whether the extent of public benefit in the proposal is sufficient to justify Government intervention, what the actual cost of development and the extent of the market for the airfield would be, and what impacts the development would have on the environment and the community.

More recently, however, another issue has emerged. Transgrid has recently purchased property at Williamsdale to build a transformer station to ensure a second power supply to Canberra. Following the decision by ActewAGL that it will not proceed with a major gas-fired power generating facility close to Canberra, it is now investigating the possibility of constructing a power station and associated infrastructure on part of the Transgrid property.

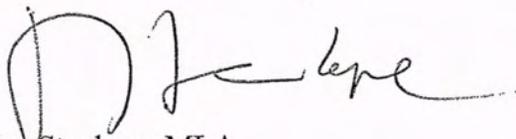
ACT LEGISLATIVE ASSEMBLY

000035

Until the nature, scale and exact location of these facilities is known, and whether they are to go ahead, we will not be able to assess whether development of a General Aviation airfield is compatible with their development. These projects comprise very significant investments for the ACT, and I am sure that you will recognise that we would not wish to jeopardise them.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Stanhope', written in a cursive style.

Jon Stanhope MLA
Chief Minister

24 APR 2009



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

000034

Annette Ellis MP
Federal Member for Canberra



CG98/09



Tuesday, 17 March 2009 : bs

Mr John Stanhope MLA
ACT Chief Minister
Legislative Assembly
GPO Box 1020
Canberra ACT 2601

Dear Chief Minister, *Jon*

I am writing to you today about a constituent inquiry from .

informed me of a proposal for an emergency services and regional airport for Canberra, to be based at Williamsdale.

According to , a report was met with a positive reaction in September 2004, but has since not been acted on.

Would it possible to be sent a copy of the report, as well as some information on this proposal and the ACT Government's position on it?

I look forward to your reply.

Kind regards,

Annette Ellis MP
Member for Canberra

COPY



Australian Government

Department of Infrastructure, Transport,
Regional Development and Local Government

000033

Reference: 01920-2009

Dear

Thank you for your letter dated 27 February 2009 to the Hon Anthony Albanese MP, the Minister for Infrastructure, Transport, Regional Development and Local Government, about an emergency services and general aviation airfield for Canberra. The Minister has asked me to reply on his behalf. I regret the delay in replying.

The Australian Government recognises the importance of the General Aviation (GA) sector as an enabler for many industries in addition to its broader contribution to community outcomes such as the provision of emergency services.

The Aviation White Paper is currently the primary mechanism for the Government to consider all aspects of aviation policy and the views of those with an interest in the future of the Australian aviation industry.

The local Canberra GA community is to be commended for bringing its proposal for a secondary general aviation and emergency services airfield to the attention of the ACT Government. I understand that the feasibility study you refer to in your correspondence remains under the consideration of the ACT Government.

A copy of this response has been provided to the ACT Chief Minister's Department.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to be 'L. Osborne'.

Luke Osborne
A/g Section Head
Queensland and Territories
Aviation and Airports

30 April 2009

C 811/09

000032

COPY

CHIEF MINISTER'S DEPARTMENT
Business & Projects Division



Mr Michael Costello AO
Chief Executive Officer
ActewAGL
GPO Box 366
CANBERRA ACT 2601

Michael

Dear Mr Costello

In January 2009 I wrote requesting information in relation to ActewAGL's plans to build a gas-fired power station and other facilities at Williamsdale, and how this might affect proposals that have been put to the ACT Government to establish a General Aviation (GA) airfield at Williamsdale.

The proposal is that the airfield be developed on Blocks 1482, 1647 and 1648 Tuggeranong. The southern end of the runway would be approximately two kilometers from the site identified for the Transgrid sub-station. Whilst the airfield has not been approved it is still under active consideration by the ACT Government.

The Chief Minister continues to receive representations from the aviation community about the Williamsdale GA proposal, and I am therefore also seeking information on location, scale and projected timing of specific development (including the timing of when decisions will be made on whether such developments will occur and when location decisions will be finalised).

Our primary concern at this stage is to identify any issues that you consider might impact on your investment decision. I am aware that facilities located in the Williamsdale area might include gas fired power station, back-up data centres and a solar farm facility, and the information that I am seeking includes how each of these proposals would be affected by the presence of a GA airfield on the blocks identified above, the nature of any issues arising from the potential co-location, and the parameters of those issues – ie, the thresholds that would ensure that they cease to be issues.

I am seeking a meeting with yourself to discuss whether there are ways in which identified issues could be overcome, and whether there might be mutually beneficial ways to progress both your proposed developments and the proposed GA airfield. Ms Penelope Layland, Senior Advisor to the Chief Minister and Mr Andrew Wilson, Senior Manager in my office would also be attending.

510000

I will direct my office to arrange a mutually convenient time for a meeting. The contact officer in the Chief Ministers Department is Mr Andrew Wilson, Senior Manager, Strategic Project Facilitation, who can be contacted on (02) 6207 0274.

Yours sincerely



David Dawes
Deputy Chief Executive
Business and Projects

 April 2009



CHIEF MINISTER'S DEPARTMENT

Date due with Minister's Office 23.03.09	Date due with CE Office at least 2 working days before Minister's Office	Tracking Numbers C432/09
Any other critical date and reason		

Subject: Proposal for an airfield at Williamsdale

Reply to correspondence from: *Mr Bob McMullan MP*
(if relevant)

Contact Officer: Andy Wilson **Telephone:** 70274

Cleared by A/g Executive Director: Alan Franklin **Date:** *24/3/09*
(type/print name and sign)

Cleared by Deputy Chief Executive: David Dawes **Date:** *24/3/09*
(type/print name and sign)

~~**Cleared by Chief Executive:**~~ **Date:**



000030

Jon Stanhope MLA

CHIEF MINISTER

MINISTER FOR TRANSPORT MINISTER FOR TERRITORY AND MUNICIPAL SERVICES
MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT
MINISTER FOR INDIGENOUS AFFAIRS MINISTER FOR THE ARTS AND HERITAGE

MEMBER FOR GINNINDERRA

Mr Bob McMullan MP
Federal Member for Fraser
Parliamentary Secretary for International Development Assistance
8/1 Torrens Street
BRADDON ACT 2612

COPY

Dear Mr McMullan

Thank you for your letter of 25 February 2009 in relation to a proposed secondary airport in the ACT.

A preliminary assessment was undertaken in August 2004 on the proposed Williamsdale site to establish whether it was suitable for development as a General Aviation (GA) airfield. The report was generally favourable. From that aspect, it is therefore clear that if a private sector developer were to purchase land in the vicinity and meet the relevant planning requirements, a private GA airfield could be developed.

However, the submission put to the Territory by Mr Price proposed that the ACT Government should fund the development. There are therefore a number of issues relating to development of an airfield at Williamsdale which need to be resolved. These include whether the extent of public benefit in the proposal is sufficient to justify Government intervention, what the actual cost of development and the extent of the market for the airfield would be, and what impacts the development would have on the environment and the community.

More recently, however, another issue has emerged. Transgrid have recently purchased property at Williamsdale to build a transformer station to ensure a second power supply to Canberra. Following the decision by ActewAGL that it will not proceed with a major gas-fired power generating facility close to Canberra, it is now investigating the possibility of constructing a power station and associated infrastructure on part of the Transgrid property.

Until the nature, scale and exact location of these facilities is known, and whether they are to go ahead, we will not be able to assess whether development of a General Aviation airfield is compatible with their development. These projects comprise very significant investments for the ACT, and I am sure that you will recognise that we would not wish to jeopardise them.

ACT LEGISLATIVE ASSEMBLY

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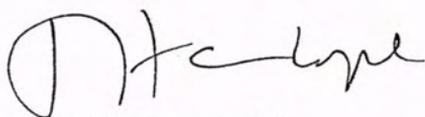
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We are currently seeking advice from ActewAGL on its development plans, and on its views regarding potential issues that might impact on its investment decisions should an airfield be located at Williamsdale.

Until we have firm information on ActewAGL's development plans, it would be premature to proceed with detailed consideration of an airfield at Williamsdale.

I trust this information will be of assistance in your reply to Mr Price.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Stanhope', written in a cursive style.

Jon Stanhope MLA
Chief Minister

26 MAR 2009

**BOB McMULLAN MP**

FEDERAL MEMBER FOR FRASER
PARLIAMENTARY SECRETARY FOR INTERNATIONAL DEVELOPMENT ASSISTANCE



25 February 2009

Mr Jon Stanhope MLA
Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601




Dear Chief Minister

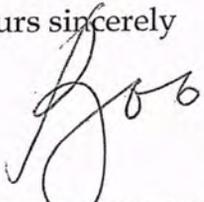
I have received the attached letter from
concerning a Secondary Airport in the ACT.

has advised me in his letter that an approach was made to you four years ago and the initial response to the proposal was positive.

It would be appreciated if you could please advise me of the current position of the proposal.

Thank you for your assistance in the matter.

Yours sincerely


BOB McMULLAN

000027

9 February 2009

Bob McMullan MP
8/1 Torrens Street
Braddon ACT 2602

Dear Bob

1

The best solution for local pilots would be to have a secondary airport in the ACT near Canberra. Such facilities already exist in all other states in Australia as well as in most significant cities world wide. The airfield would support emergency services aircraft requiring access to the country to the west of the Murrumbidgee where the 2003 bushfires started, and this was the genesis of the original proposal. A proposal was submitted by Chris Price to Jon Stanhope four years ago. Initial ACT Government response was positive, but the project has been blocked by the bureaucracy.

Assistance is needed to unblock it. I am writing to you as a person of considerable influence in the Labor Party and an excellent representative for the interests of Canberrans. Any assistance that you can provide to get this project approved would be greatly appreciated. Attached is a paper outlining the Case for a Secondary Airport for Canberra. Also attached is a copy of a letter that has just been forwarded to the Prime Minister. Copies of the original proposal and engineering studies that have supported and costed the proposal are also available. I would appreciate the opportunity to discuss the issue with you.

17

10 FEB 2009

Case for a Secondary Airport for Canberra at Williamsdale

Emergency Services

Williamsdale is closer than Canberra Airport to potential fires for Emergency Services Aircraft. Emergency operations from Canberra airport could cause significant disruption to RPT and VIP operations. However, as likely fire locations are outside the operational range of rotary wing fire fighting aircraft operating from Canberra Airport, they would be forced to operate in the suburbs as they did in 2003. Williamsdale would provide ready access to water and fuel supplies and be within operational range for bush fire operations. Furthermore, The NSW Rural Fire Service has committed to base aircraft at Williamsdale Airport if it is established.

Flight Safety

Air-cooled piston engines are inherently less reliable than jet engines. That reliability is decreased further if piston engines are overheated before departure whilst holding on the ground for RPT or VIP aircraft. Light aircraft operations at Williamsdale would reduce holding, reduce the risk of engine failure and would largely avoid the need for such aircraft to fly over suburbia. Similarly, aircraft operated by student pilots would remain clear of Canberra.

Jobs

many
— operators and businesses have already moved to regional airports in not so nearby towns such as Bombala, Cooma, Adaminaby, Tumut, Wagga, Cootamundra, Temora, Young, Cowra, Crookwell, Goulburn and even Holbrook. It has forced most of the training schools to close and many of the maintenance organizations to move to other locations. This has resulted in significant loss of jobs in Canberra and significant inconvenience to the thousand or so pilots who live in Canberra, most of whom are voters. Several of the retired pilots have moved to these NSW locations to be near their aircraft. A new light aircraft facility at Williamsdale may encourage many of these aircraft and businesses to return, or lead to replacement businesses being set up, with significant job opportunities for Canberra residents. The construction of the airfield and hangar facilities offer further job opportunities.

Costs

Operators of light aircraft face increasing cost pressures and not only at Canberra Airport. Consequently there has been a mass exodus of pilots from General Aviation aircraft to Recreational aircraft, which are cheaper to purchase and operate, in an attempt to keep these costs under control. However, under current regulations most of these aircraft are excluded from controlled airspace, including Canberra Airport. Williamsdale would enable such aircraft to be operated locally and would enable 'Grey Nomads' operating recreational aircraft to include Canberra in their tour. There are now 9000 recreational pilots in Australia.

Convenience

At Canberra Airport, light aircraft pilots are required by DOTARS to hold an ASIC card. However, DOTARS also insist that such pilots provide at least 30 minutes notice on departure and arrival to get access through the airfield security gate. Taking the inconvenience and cost of using Canberra Airport into account, I choose to operate my aircraft from Goulburn airport, despite the one hour drive each way, but I would greatly prefer to be operating from Williamsdale airport.

Opportunity for Young People

Young people who are interested in aviation find operation of general aviation aircraft at Canberra Airport cost prohibitive. Yet Australia faces a shortage of pilots. The proposed Williamsdale Airport offers the only opportunity in the vicinity of Canberra for youngsters to develop their skills using affordable recreational aircraft as a precursor to entering the aviation industry. To deny them that opportunity locally forces them to relocate to another Australian city where such facilities are readily available.

Progress

A request for the establishment for Williamsdale Airport was made four years ago and was looked at favourably by Jon Stanhope, but the project has been consistently blocked by the ACT Government bureaucracy. An engineering study confirmed the suitability of the site and costed the proposal at under one million dollars

Infrastructure Development

At a time when Australian governments are desperately trying to find local projects to develop local infrastructure, this particular opportunity appears to exactly fulfil the stated requirements. A relatively small injection of public money will result in a very considerable private investment in a new and vital industry, and much of the preliminary planning has been completed.

17

000024



6th April 2009

Mr Jon Stanhope MLA
Chief Minister
A.C.T.

Dear Sir,

Thank you for your response dated 16th March 2009.

I note with some interest but no surprise, that not one of the points addressed in letter which I sent was addressed by you.

As for your assurances that I will be kept up to date with the status of the Williamsdale airfield proposal, I find that, given past history, this assurance is difficult to accept.

I received similar assurances from you in February 2007 that you would respond by the end of that month.

Another letter reminding you of your commitment was sent to you in May 2007.

The only related correspondence received by me from your office was over a year later and was written by Mr Andrew Wilson (his claim, made to me and to others independently. He has also claimed authorship of other Williamsdale related correspondence) and signed by you. .

It will indeed be interesting to see is your assurance can be take seriously on this occasion.

Christopher Price

000023



CHIEF MINISTER'S DEPARTMENT

<p>Date due with Minister's Office</p> <p>6/3/09</p>	<p>Date due with CE Office at least 2 working days before Minister's Office</p>	<p>Tracking Numbers</p> <p>C295/09</p>
<p>Any other critical date and reason</p>		

Subject: Emergency services and general aviation Airfield at Williamsdale

Reply to correspondence from: Mr Chris Price
(if relevant)

Contact Officer: Andy Wilson

Telephone: 70274

Cleared by Executive Director:

Date:

Cleared by Deputy Chief Executive: David Dawes

Date: 11/3/09

Cleared by ~~Chief Executive:~~

Date:



000022

Jon Stanhope MLA

CHIEF MINISTER

MINISTER FOR TRANSPORT MINISTER FOR TERRITORY AND MUNICIPAL SERVICES
MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT
MINISTER FOR INDIGENOUS AFFAIRS MINISTER FOR THE ARTS AND HERITAGE

MEMBER FOR GINNINDERRA

Mr Chris Price

COPY

Dear Mr Price

Thank you for your letter of 9 February 2009 providing a copy of the letter about development of a General Aviation airfield at Williamsdale that you sent to the Prime Minister, the Hon Kevin Rudd.

There are a number of issues relating to development of an airfield at Williamsdale which need to be resolved. In particular, Actew-AGL and Transgrid have recently purchased property at Williamsdale to build a second power supply to Canberra. Actew-AGL is also considering gas fired power station and related infrastructure on the property.

Until the nature, scale and exact location of these facilities is known, and whether they are to go ahead, we will not be able to assess whether development of a General Aviation airfield is compatible with their development. These projects comprise very significant investments for the ACT, and I am sure that you will recognise that we would not wish to jeopardise them. We are currently seeking advice from Actew-AGL on its development plans, and on its views regarding potential issues that might impact on its investment decisions should an airfield be located at Williamsdale.

I am aware of your interest in the development of the airfield and acknowledge your interest in advancing such a development. I will ensure that you are kept advised of the status of Williamsdale airfield proposal when we have further information.

Yours sincerely

Jon Stanhope MLA
Chief Minister

16 MAR 2009

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601
Phone (02) 6205 0104 Fax (02) 6205 0433 Email stanhope@act.gov.au

5th February 2009

The Rt. Hon. Kevin Rudd
Prime Minister
House of Representatives
Parliament House
Canberra
A.C.T.

Emergency Services and General Aviation Airfield at Williamsdale.

Dear Sir,

Just over four years ago, immediately after the disastrous ACT fires, a proposal for an emergency services and general aviation airfield at Williamsdale in the ACT was submitted to the ACT Government.

The proposal was comprehensive, fully costed, and for a sum of considerably less than one million dollars would have provided an aerial firefighting base in precisely the area in which these and previous dangerous fires arose.

The New South Wales Rural Fire Service gave written support on the basis that it would provide a base for aerial fire fighting covering the area from the A.C.T. to Bredbo, including the Tinderry and Brindabella ranges, which then (and still doesn't) had no effective fire fighting resources.

The Air Services Australia, a Commonwealth Department, also supported the project to the extent of issuing air space requirements and charts for the airfield.

The operations of the airfield were to have been entirely supported by general aviation operations.

The Chief Minister, Mr Jon Stanhope was enthusiastic about the proposal and initiated a feasibility study into it. The report which was returned was unequivocally supportive of the project in every respect.

Since this time the project has been subjected to continuous delays from within the A.C.T. bureaucratic administration, and it appears that no amount of political good will or intent can persuade those in the specific section of the bureaucracy charged with making the planning decisions to allow the project to be developed.

Canberra International Airport is no longer practical for general aviation operations and is actively discouraged by its operators. Private operators must now give thirty minutes notice before departure and arrival to access their aircraft or depart the airport and be

escorted both to and from the aircraft by the "Safety Officer" . This together with some of the highest parking and operation fees in the country has seen private aircraft numbers dwindle from 160 prior to the airport sale to between 20 to 30 aircraft now.

There were also 7 flying schools and 4 maintenance organizations and a pilots retail shop before the airport was privatized, now there is only one of each and the future for these does not appear to be secure. The pilots shop has gone.

The direct result is that now Canberra is:-

- 1/ The only National Capital in the developed world without a secondary general aviation facility.
- 2/ The only large city in Australia without a general aviation (i.e. non commercial) facility.
- 3/ There are no effective airborne fire fighting facilities for the southern A.C.T and northern Monaro region.
- 4/ The general aviation industry in the region together with all of the associated jobs and businesses has effectively ceased to exist. A conservative estimate would be 150 jobs in the construction phase and 100 to 250 jobs in the continued operation of the airfield.

This project is important for the security of the region. It provides fire fighting capabilities, and provides employment and business opportunities for the A.C.T. in industries which were destroyed by the airport privatization.

This proposal has been prevented from proceeding solely by bureaucratic intransigence and hostility (the four years taken so far is evidence of this) despite all of the political good will shown by the Chief Minister.

I ask you to consider the application of your powers under the National Capital Authority to see that this project is implemented without further delay.

The proposal, the feasibility study and other relevant documents are available at any time.

Yours Faithfully

Christopher Price

C295/01

000019



9th February 2009

Mr Jon Stanhope MLA
Chief Minister
Australian Capital Territory.

Dear Chief Minister,

As a matter of courtesy I have attached a letter which has been sent to the Prime Minister,
Mr. Kevin Rudd.

It is provided for your information.

Yours Faithfully

Christopher Price

Response plus efor
N
17/2



CHIEF MINISTER'S DEPARTMENT

Ref: C2397/08; CMD-M08/795;
C2503/08 & CMD-M08/818

Date 23 January 2009

To Chief Minister

- Chief Executive
- Deputy Chief Executive, Business and Projects
- Executive Director, Strategic Project Facilitation

From Senior Manager, Strategic Project Facilitation

Subject Williamsdale GA airfield and Actew-AGL gas fired power station

Handwritten notes:
 18/1/09
 23/1/09
 23/1/09

Critical date and reason

You have asked for information and advice on the possible developments at Williamsdale of Actew-AGL's proposed gas fired power station and the proposed General Aviation (GA) airfield. You have also received letters from the Association of Australia, a

Purpose

To provide you with information on the possible impacts of the development of the Actew-AGL gas fired power station and a GA airfield in close proximity, and to provide responses to

Background

The proposal for a GA airfield at Williamsdale was put forward in 2004 by Mr Chris Price. Initial studies indicated that the site was suitable for GA operations, including training. Anecdotally, it may be the only viable site in the ACT, but this has not been fully tested. Strong interest in the proposal has been expressed by the GA community, and more lately by the Regional Aviation Association of Australia (RAAA). Brindabella Airlines has also expressed interest to use it as a base for training operations.

The southern end of the GA airfield, as currently proposed, is approximately 500m north of Williamsdale service station, whilst the Transgrid sub-station is approximately 1.5 km south of the service station, providing a separation of approximately 2 km. **Attachment A** shows the probable positions of the proposed airfield and the Transgrid sub-station.

Issues

Actew-AGL expressed the view, in relation to the proposed Hume data centres, that it needed a site well clear of the airport. It is not clear whether Actew-AGL would see an airfield at Williamsdale as a threat to a power station or, if developed, back-up data centres or solar farm.

A more significant possible issue is the potential for the power station (and possibly a solar farm which uses mirrors to focus sunlight) to pose a risk for light aircraft operations. Until the specific design and siting characteristics of the power station (and airfield) are known, it is not possible to undertake specific studies, but discussions with Actew-AGL and with the Civil Aviation Safety Authority (CASA) have identified the nature of such problems as may exist.

Actew-AGL

Actew-AGL advises that the proposed power station would comprise a number of modular generators, initially with three such units with the addition of a fourth at a later stage. The power station would be similar to the facility recently developed at Uranquinty, near Wagga Wagga in NSW (pictured at **Attachment B**). Actew-AGL advises that the exhaust stack would be no higher than 35m.

CASA

CASA advises that airfields should optimally have a 7 degree Obstacle Limitation Surface (OLS), which is a slope of 7 degrees starting at the margins of the runway (threshold and sides) which is not penetrated by obstacles. At a distance of 2 km from the southern airfield threshold, the OLS would be approximately 250m above the runway level, but less than that if the power station is located on the northern property.

The major issue for light aircraft operations is the thermal plume from the stacks. CASA guidelines advise that thermal plumes of a substantial nature should be rising at less than 4.3 m/s when they intersect an OLS. Until Actew-AGL finalises its designs we will not have information on the plume velocity when it meets the OLS. The exact location of the power station will obviously be important.

CASA wrote to Actew-AGL regarding air-space issues which might emerge in relation to the Hume site (**Attachment C**). From this letter, and from discussions with CASA, it appears that issues can be ameliorated or avoided by measures such as:

- orientation of runways (where the airfield development takes place after construction of power station);
- siting of power station to avoid flight paths, where power station construction takes place after airfield development;
- development of 'no go' zones for aircraft to avoid affected airspace; and
- signal lighting of power station stacks and infrastructure to warn aircraft in the vicinity.

Letter from

On 24 November 2008 I was contacted by [redacted] Association of Australia (RAAA). The RAAA represents 26 members, including Regional Express, Brindabella Airlines, Skywest Airlines, Airlink, Toll Aviation, the Royal Flying Doctor Service and 45 associate members. [redacted] I was seeking information on the status of the Williamsdale Airfield proposal, as he had been approached by [redacted] of Brindabella Airlines. I met with [redacted] on 28 November 2008 and advised them of the current status of the proposal, and in particular that:

- it would need to demonstrate a significant public interest benefit in order for it to proceed further;
- its subsequent progress would require financial evaluation and possibly an EIS; and
- its immediate future will depend on the outcome of plans by Actew-AGL on siting of its gas-fired power station (back-up data centres and the solar farm emerged later).

[redacted] are strongly supportive of the development of a local GA facility. [redacted] indicated that there is a substantial proposal to develop a commercial pilot training operation for overseas students here in the ACT (Brindabella Airlines also provides flying training). He advised that student flying operations and most GA operations would be displaced from Canberra Airport within the next two years and that whilst theory training could take place here and flying training elsewhere, it would be much more attractive for students to be able to undertake both in the same place.

[redacted] has been aware of the Williamsdale proposal for some time, and believes that the location would be quite suitable for GA flying operations as well as flying training.

[redacted] supported this view, and advised that he did not see establishment of a power station south of the airfield site as a major problem. Airfield operations in other places, both in Australia as well as overseas, routinely accommodate significant local developments including power stations in their flying operations.

[redacted] wrote to you on 1 December 2008 expressing his support and seeking a meeting with you to discuss the opportunities that would be associated with such a development. He proposes that the meeting would include [redacted] flies helicopter fire-fighting operations in the ACT during the summer.

From discussions with [redacted] they wish to confirm to you the level of local and regional support that exists for the development, outline the opportunities that exist for a viable commercial development, and explore ways in which the aviation industry might assist in its further consideration.

Letters have been prepared to [redacted] advising them of the potential impact of the Actew-AGL developments, and advising them that they will be informed when Actew-AGL's plans are clarified and their views on potential impacts are known.

Consultation

Actew-AGL and CASA were consulted in preparing this advice.

A letter has been written to Actew-AGL (**Attachment D**) asking for additional information on its plans for developments in the Williamsdale area, and asking for its views on the whether development of a GA airfield would impact on its development plans.

Financial

No direct financial impacts.

Media

It is not proposed to prepare a media statement at this stage.

Recommendation

That you:

- Note the physical relationship between the proposed GA airfield at Williamsdale and the proposed gas-fired power station, and the possible development of a solar farm and back-up data centres;

NOTED/PLEASE DISCUSS

- Note that the major known issues associated with this potential co-location are primarily in relation to air safety;

NOTED/PLEASE DISCUSS

- Note that CASA and aviation industry representatives are of the view that the aviation safety issues, as identified, can be managed by routine operational measures;

NOTED/PLEASE DISCUSS

- Note that we have written to Actew-AGL seeking information on its plans and its views on co-location at this site;

NOTED/PLEASE DISCUSS

- Note that it will not be possible to rule out incompatibility of operations until such time as Actew-AGL establishes its design and siting criteria for a power station in this area, and a study can be conducted; and

NOTED/PLEASE DISCUSS

000014

- Sign the attached letters to

Jon Stanhope MLA / /
AGREED/NOT AGREED/NOTED/PLEASE DISCUSS

Andrew Wilson

Phone: 70274



000013

Jon Stanhope MLA

CHIEF MINISTER

MINISTER FOR TRANSPORT · MINISTER FOR TERRITORY AND MUNICIPAL SERVICES

MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT

MINISTER FOR INDIGENOUS AFFAIRS · MINISTER FOR THE ARTS AND HERITAGE

MEMBER FOR GINNINDERRA

COPY

Dear

Thank you for your letter of 1 December 2008 about development of a General Aviation airfield at Williamsdale.

There are a number of issues relating to development of an airfield at Williamsdale which need to be resolved. In particular, Actew-AGL and Transgrid have recently purchased property at Williamsdale to build a second power supply to Canberra. Actew-AGL is also considering gas fired power station and related infrastructure on the property.

Until the nature, scale and exact location of these facilities is known, and whether they are to go ahead, we will not be able to assess whether development of a General Aviation airfield is compatible with their development. These projects comprise very significant investments for the ACT, and I am sure that you will recognise that we would not wish to jeopardise them. We are currently seeking advice from Actew-AGL on its development plans, and on its views regarding potential issues that might impact on its investment decisions should an airfield be located at Williamsdale.

I am aware of your interest, and that of your organisation, in the development of the airfield and acknowledge your interest in advancing such a development. Until we have firm information on Actew-AGL's development plans, however, it would be premature to proceed with consideration of an airfield at Williamsdale. I will ensure that you are kept advised of the status of Williamsdale airfield proposal when we have further information. I have written to Mr Jeff Boyd advising him similarly.

Yours sincerely

Jon Stanhope MLA
Chief Minister

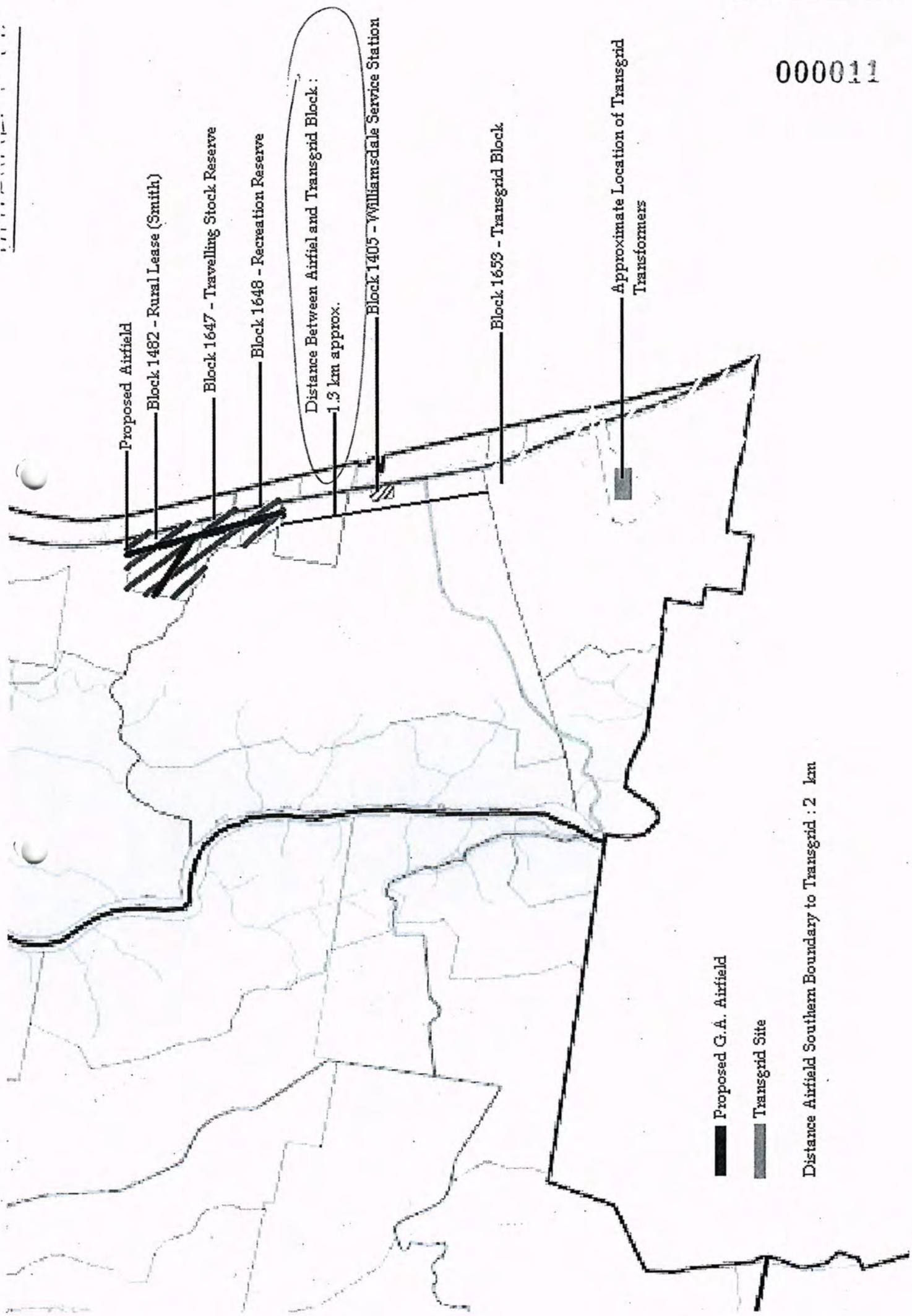
ACT LEGISLATIVE ASSEMBLY

18 FEB 2009

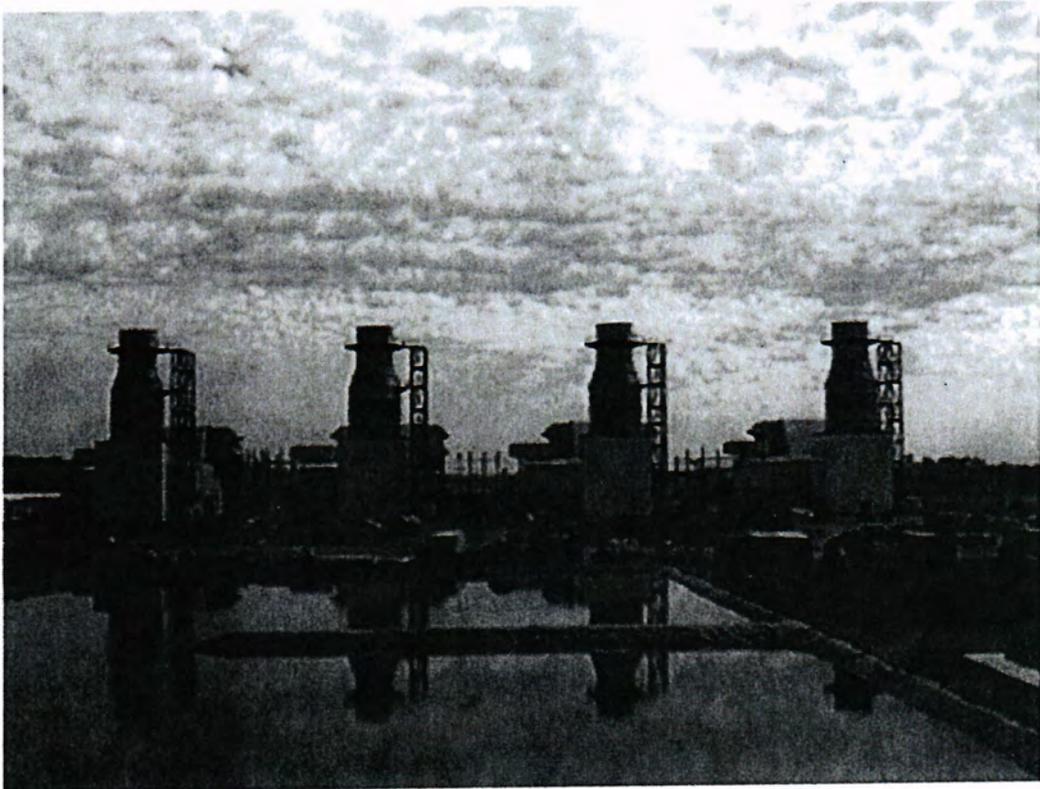
London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601

Phone (02) 6205 0104 Fax (02) 6205 0433 Email stanhope@act.gov.au

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CHIEF MINISTER'S DEPARTMENT
Business & Projects Division

Our ref:

Mr Mark Sullivan
Chief Executive Officer
ActewAGL
GPO Box 366
CANBERRA ACT 2601

Mark
Dear Mr Sullivan

I am writing to you in relation to the proposal by ActewAGL to build a gas-fired power station, and possibly other facilities, in the vicinity Williamsdale, ACT.

In 2004 the ACT Government received a proposal to establish a General Aviation (GA) airfield at Williamsdale. Whilst the facility has not gone ahead or been approved, it is still under active consideration by the ACT Government.

The proposal is that the airfield be developed on Blocks 1482, 1647 and 1648 Tuggeranong. The southern end of the runway would be approximately two kilometers from the site identified for the Transgrid sub-station.

I understand that there may be issues in relation to air safety from the exhaust plumes from a gas fired power station, but until such time as the details of the power station are finalized and its location known, it will not be possible to assess whether these issues are significant, or amenable to amelioration measures.

I am seeking information from you on ActewAGL's views on what impact it sees on having a GA airfield located at that site. I am aware that facilities located in the Williamsdale area might include a 600 MW gas fired power station, back-up data centres and a solar farm facility. I am also aware that the consortium had issues in relation to locating data centres within 10 km of a major airport, due to the possibility of security lockdowns impacting on data centre operations.

I am therefore asking for your advice on:

- how each of these proposals would be affected by the presence of a GA airfield on the blocks identified above;
- the nature of any issues arising from the potential co-location, and in particular the parameters of those issues – ie, the thresholds that would ensure that they cease to be issues; and
- whether there are ways in which identified issues could be overcome – eg by selecting a different location within the area or adopting particular measures.

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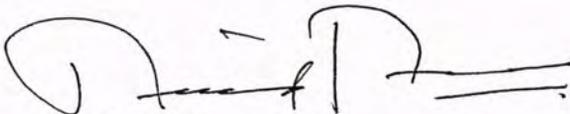
I am not asking that you provide an assessment of air safety issues, as our primary concern at this stage is to identify any issues that you consider might impact on your investment decision.

I am, however, also seeking any information that you can provide on location, scale and timing of specific development (including the timing of when decisions will be made on whether such developments will occur and when location decisions will be finalized).

We continue to receive representations from the GA industry about establishing an airfield at Williamsdale, which appears to be the only realistic location in the ACT. Information on timing will assist in our advising interested parties on when we may be in a position to consider the GA proposal further. Information on location and scale of developments will assist in conducting air safety reviews, should that prove necessary.

The contact officer in the Chief Ministers Department is Andrew Wilson, Senior Manager, Strategic Project Facilitation, who can be contacted on 62070274. Mr Wilson is available to meet with you or your officers to discuss the matter in more detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Dawes', with a large loop at the start and a horizontal line at the end.

David Dawes
Deputy Chief Executive
Business and Projects

23rd January 2009

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C2397/08



01 December 2008

Mr Jon Stanhope
Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Chief Minister,

I had a good meeting with Andy Wilson from your Department last Friday regarding the possibility of a General Aviation (GA) airfield within the ACT and he encouraged me to write to you requesting a meeting to discuss the matter further. EO of Brindabella Airlines, was also present at the meeting.

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It is my understanding that Williamsdale could be a preferred site, although there may be one or two other sites possible if the former proved too difficult.

The Regional Aviation Association of Australia (RAAA) would support strongly the establishment of a GA airfield in the ACT. As well as the significant public benefit of providing a more strategic operations base for fixed and rotary wing fire-fighting aircraft and crews, the airfield would allow increased flight training possibilities, increased business and private flights by GA aircraft to the ACT and better noise abatement by spreading the noise impacts across a much wider area.

Given that the airfield would be used by relatively light GA aircraft only, a 1000m all-weather main strip and a 600m grass or shell grit cross strip would be optimal.

If the ACT government was willing to build the airstrips and provide the basic water, electricity and sewerage infrastructure I am sure that there would be much interest from the region's aviators in leasing land from the government to build high quality hangars.

You may also wish to consider the development of an airpark within the airfield which would allow residents to build houses alongside their hangars. This model has been developed successfully by the Temora and Narromine Councils and in many regions across the USA. An airpark has the added advantage of having residents who enjoy aircraft activity thus providing a natural buffer zone between the airfield and the wider ACT community.

Serving regional aviation, and through it, the people and businesses of regional Australia

Unit 11, 26-28 Winchcombe Court, Mitchell ACT 2911

ADAL 02 000 558 054 Telephone: 02 6162 0205 Facsimile: 02 6162 0209 Email: office@raaa.com.au Website: www.raaa.com.au

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.....er,
..... and myself would be happy to meet with you at your earliest convenience. I have no doubt that a GA dedicated airfield within the ACT would improve fire-fighting capabilities significantly and see the rebirth of general aviation after ten years of significant decline.

Yours sincerely

Paul Tyrrell
CEO
RAAA



18 December 2008

Mr Jon Stanhope
Chief Minister, Australian Capital Territory
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601



Dear Chief Minister

General Aviation in the ACT

I recently met with Andrew Wilson from your Department to discuss the possibility of a new General Aviation airfield in the ACT. ... from the Regional Aviation Association of Australia was also at the meeting.

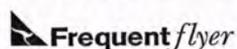
I am aware that you have previously made positive comments about the possibility of a new GA airfield in the ACT, possibly at Williamsdale, and I am writing to you to express my support and enthusiasm for the idea.

Brindabella Airlines Group, incorporating Brindabella Flight Training, is a successful family owned business providing regular public transport (RPT) services from Canberra to a number of NSW locations as well as charter, fire spotting and pilot training services within the region. Our head office is based at Canberra International Airport.

As you know, RPT traffic to Canberra is growing and Canberra Airport is expanding rapidly. Whilst the theoretical capacity of Canberra Airport will be adequate for RPT services for the foreseeable future, concerns about increasing aircraft noise and the overall desirability of removing general aviation (including fire fighting and private light aircraft) from a major controlled airport in the longer term, mean that planning should commence as soon as possible for a dedicated GA airport to provide for the needs of future Canberrans.

The establishment of a dedicated GA airfield would allow for greater development of general aviation in Canberra, including dedicated fire fighting operations, expanded flight training and increased private flying. A new airfield will also enable the regrowth of general aviation business activity in the ACT following the loss of more than 25 on-airport businesses since privatisation of Canberra Airport about eight years ago. A dedicated GA airfield would also reduce the current noise impacts on residential areas and distribute any new impacts over a wider, less populated area.

There is no doubt that Brindabella Flight Training will at some stage in the future need to consider the long term prospects of continuing to operate the flight training school at Canberra Airport. Restrictions on training activities already in place (such as limitations on circuits and instrument approaches) will only increase as RPT traffic



grows. Therefore, any substantial growth of the flight training business (such as through attracting overseas students) will be difficult to accommodate at Canberra Airport.

Brindabella would prefer to consider an ACT airfield for ongoing flight training needs, rather than the long term prospect of relocation of some or all of the training business to an airfield in NSW.

I would be very happy to meet with you or your advisers to discuss the type of infrastructure a dedicated GA airfield might require but, clearly, it would be significantly less substantial than Canberra Airport. One all-weather strip and a cross-strip may be sufficient, along with basic services (roads, water, electricity, gas) and some minimal parking and building facilities.

There is significant support for a dedicated GA airfield in the ACT and I look forward to discussing the options with you and your staff.

Kind regards

Jeff Boyd
CEO
Brindabella Airlines