



City of Busselton
Geographe Bay

Airport Advisory Committee Agenda

30 September 2016

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST


CITY OF BUSSELTON

MEETING NOTICE AND AGENDA – 30 SEPTEMBER 2016

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Airport Advisory Committee will be held in the Meeting Room A, City Administration Site, Harris Road, Busseton on Friday, 30 September 2016, commencing at 1.00pm.

The attendance of Committee Members is respectfully requested.



MIKE ARCHER

CHIEF EXECUTIVE OFFICER

27 September 2016

CITY OF BUSSELTON

AGENDA FOR THE AIRPORT ADVISORY COMMITTEE MEETING TO BE HELD ON 30 SEPTEMBER 2016

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1. **DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS**

2. **ATTENDANCE**

Apologies

Cr John McCallum

Approved Leave of Absence

Nil

3. **PUBLIC QUESTION TIME**

4. **DISCLOSURE OF INTERESTS**

5. **CONFIRMATION OF MINUTES**

5.1 **Minutes of the Airport Advisory Committee Meeting held 24 August 2016**

RECOMMENDATION

That the Minutes of the Airport Advisory Committee Meeting held 24 August 2016 be confirmed as a true and correct record.

6. REPORTS

6.1 BUSSELTON MARGARET RIVER AIRPORT - HELICOPTER OPERATION EOI PROPOSAL

SUBJECT INDEX:	Busselton Margaret River Airport
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Commercial Services
REPORTING OFFICER:	Manager, Commercial Services - Jennifer May
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Nil

PRÉCIS

In December 2015 Council considered a proposal to operate commercial helicopter scenic flights at the Busselton-Margaret River Airport (BMRA) and resolved (C1512/367) that it not be supported and that a formal Expression of Interest process be undertaken, outlining clear criteria and operating conditions for commercial tourism rotary wing operations at the BMRA. This report provides an update to the Council resolution.

BACKGROUND

The Busselton-Margaret River Airport (BMRA) is a public aerodrome owned and operated by the City of Busselton. The BMRA supports a range of aviation operations from recreational, light and general aviation, open and closed charter services for both private individuals/companies and Fly In Fly out passengers, fixed and rotary wing emergency services, Royal Flying Doctor Service (RFDS) and the return of Regular Public Transport (RPT) services into the future. There are a number of aviation businesses that also operate from the BMRA including Margaret River Busselton Tourism Association (MRBTA), Geronimo Skydivers, Busselton Air Services, Tigermoth Adventure Flights, Westward Aviation and Mission Air Inc. Other than MRBTA, all businesses operate from their respective hangars and have obtained approval from the Council (C1507/190) to do so.

Currently, commercial rotary wing operations from the BMRA are limited to the Surf Life Saving Western Australia (SLSWA) Rescue helicopter which operates between November to April conducting mainly shark patrols and the Department of Fire and Emergency Services (DFES) firefighting helitacs which are based at the Airport between December to April each year for the firefighting season. Other helicopter operators do operate from the BMRA to support events such as the Busselton Jetty Swim and Ironman WA, however not on a regular basis.

In September 2015, City Officers were approached by Skyline Aviation Group with an initial proposal to operate helicopter scenic flights from the BMRA, this proposal was presented to the Airport Advisory Committee (AAC) in November 2015. The proposal included the operations of a Bell 206 Longranger aircraft that can carry up to six passengers at any one time, under the following operations;

- To operate up to 15 scenic flights per day;
- Operations for Monday to Sunday, 9am- 5pm;
- Access to the General Aviation parking area, located in front of the Aero Club;
- Approval to erect temporary A-frame signage during operational periods;
- Operations to commence from 1 December 2015; and
- Operations to be a trial period for two years (ending on 30 November 2017).

Skyline's former operation, known as Wild Blue Helicopters, previously operated from a site in Cowaramup in the Shire of Augusta-Margaret River before moving operations to Margaret River Silk Road, located in Metricup in 2014. At this time, City of Busselton Planning and Environmental Health Officers consulted Margaret River Silk Road and Wild Blue Helicopters as the required planning approvals for helicopter operations from a private property had not been sought. This consultation resulted in the helicopter operations being withdrawn in 2014.

Skyline's proposal in 2015 provided information on the standard time for each flight, including briefings, flight time and aircraft start/shut down times, which they estimated to be 45 minutes, implying that only one flight could operate per hour. However, their request was to conduct up to 15 flights per day which either suggested that they would not complete the standard flight procedures (listed under Standard Time Frame for a Single Flight), operating more than one flight per hour or operate outside of the proposed hours (9.00am-5.00pm).

The proposal considered the BMRA Noise Management Plan (NMP) and discussed the noise abatement zones and the importance of Fly Neighbourly procedures and provided example flight paths that would be used. Two of the three example flight paths avoided residential areas however one of the flight paths flies directly west of the CBD and over residential areas and would require further clarification on the frequency of use prior to approval.

The proposal commented on flight procedures to reduce the noise profile which includes climbing to a height of 1,000ft as soon as possible after take-off and climbing to a flying height of 1,500ft for the flight duration. Such measures would reduce the noise footprint to some extent however one of the anticipated issues was noise complaints from the community. The proposal discussed strategies such as sharing the noise over the community so that one residential area was not unduly affected, providing a noise complaint process and providing estimated noise emissions (decibels, dBA) from the proposed aircraft. The City offered assistance in performing noise monitoring of the proposed aircraft using the Environmental Health Department's noise monitors however Skyline Aviation declined the offer and actual noise emissions from the proposed aircraft have not been verified.

Skyline's proposal also stated that 'noise dissipates over both vertical and horizontal distances at a rate of approximately 30dB over 30m' and hence the noise reduction can be estimated for the proposed helicopter would be 'by more than 50dBA when directly overhead at any point on the ground', estimated to be at 1000ft. Using the implied assumptions from the proposal, the noise emitted by the Bell 206L at 1,000ft is estimated to be 35.4 dBA.

The City's Environmental Health Department and Airport Officers could find no reference material to support the reduction in noise levels by 50dBA and generally, accredited literature estimates that sound levels can decrease by 6dB per doubling of distance. Hence, if you double the distance from 500ft to 1000ft, the aircraft noise level would decrease by 6dB from 85.4dBA to approximately 79.4dBA.

The proposal also included information on the pilot and ground crew capabilities, insurance coverages and information that the operations would be based from the Busselton Aero Club building for the duration of the trial period.

Prior to and at the November 2015 AAC meeting, City Officers were approached by another helicopter operator requesting to operate under similar operating conditions to the Skyline proposal. Noting that granting approval for Skyline Aviation to operate would not exclude other helicopter operators to be based out of BMRA, and that the noise impact needed to be carefully considered as part of the NMP, it was identified that mechanisms needed to be developed and put in place to manage such operations so that they could be equitably shared amongst operators if the City is approached for multiple approvals. Critical to this, as part of the environmental approval process for

the BMRA Development Project, the BMRA NMP (2015) has been reviewed and is pending consideration from the Office of Environmental Protection Authority (OEPA).

With this information the ACC recommended (AIR1511/004) *‘that the Skyline proposal not be supported and that a formal expression of interest process is undertaken, outlining clear criteria and operating conditions for commercial tourism rotary wing operations at the BMRA, and that regular ongoing rotary wing operations be considered as part of the next Noise Management Plan review.’*

STATUTORY ENVIRONMENT

The BMRA operates in accordance with the following: Aviation Transport Security Act 2004, Aviation Transport Security Regulations 2005, CASA MOS 139, Council’s Transport Security Plan, Busselton Airport Local Law 2012 and City policies and procedures.

RELEVANT PLANS AND POLICIES

The BMRA NMP (2015),) and Ministerial Statement 1009 require the City to manage the operations and specifically the noise emissions associated with aircraft noise from the BMRA. Specifically, Chapter 3; Management of Operational Activities and 3.1.3 Standard Hours of Operation define operations as meeting the General Aviation criteria with the following conditions;

Operator/Aircraft Type	Standard Hours of Operation	Conditions
Light Aviation Single engine aircraft under 2000kgs MTOW not exceeding 65dB(A)	UNRESTRICTED	Flight Training approval required (only available for aircraft below 1500kg MTOW and flight training conditions apply.
General Aviation Any light aircraft that does not comply with the Light Aviation definition.	0700-1900 May-November 0600-2100 December -April	Subject to noise not exceeding 85dB(A).

Where an operator breaches the NMP, the City is required to report the non-compliances to the OEPA and at this time the non-compliance is recorded against the City, with the expectation that the City will prevent further occurrences. These regulatory controls require the City to ensure that any future operations based from the BMRA can then be compliant with the terms of the NMP and Statement 1009.

FINANCIAL IMPLICATIONS

There are no direct expenditure implications to the City for the EOI and ongoing helicopter tourist operations as no additional facilities or upgrade to facilities are required for the operations to occur. Further, there would potentially be an increase in revenue received of approximately \$8000 based on the landing fees if all five daily operations in option one below were utilised or \$2200 if all flights on weekends were utilised over the six month trial period.

It should also be noted that the complaints process detailed in the NMP allows for ‘noise affected’ residents to request for noise monitoring to be completed at the affected residences. The City’s Environmental Health Department can complete the noise monitoring however there are the associated costs with staff time and analysis of the noise monitoring. Further, if the noise levels from an affected residence were found to exceed the acceptable levels in Chapter 6 Noise Amelioration of the NMP then noise amelioration measures could potentially apply at the City’s cost.

Long-term Financial Plan Implications

There are no Long Term Financial Plan implications associated with this report.

STRATEGIC COMMUNITY OBJECTIVES

The BMRA is consistent with following the City of Busselton's strategic Objectives:

Well Planned, Vibrant and Active Places:

2.3 Infrastructure Assets that are well maintained and responsibly managed to provide for future generations.

Connected City:

4.1 Transport options that provide greater links within our district and increase capacity for community participation.

RISK ASSESSMENT

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk assessment framework. The assessment sought to identify 'downside' risks only rather than 'upside' risks and where the risk, following implementation of controls, has been identified as medium or greater.

<i>Risk</i>	<i>Controls</i>	<i>Consequence</i>	<i>Likelihood</i>	<i>Risk Level</i>
The City receives noise complaints from community members relating to the helicopter operation.	The NMP has a complaints process in place describing the timeframes and mitigating processes	Moderate	Likely	High
The helicopter operations breach the requirements of the NMP and Statement 1009.	Noise monitoring to be completed and assessment of actual noise emissions from proposed aircraft. Approval conditions will regulate the hours of operations.	Minor	Possible	Medium
The helicopter operations result in noise monitoring and noise amelioration in accordance with the NMP.	Noise monitoring to be completed and assessment of actual noise emissions from proposed aircraft.	Minor	Possible	Medium

CONSULTATION

Consultation has occurred with Skyline Aviation Group regarding their proposal, Scenic Helicopter Tours and the City's Environmental Health Department on the assessment of the noise levels regarding helicopter operations.

OFFICER COMMENT

Officers support the concept of increasing tourism opportunities and activities at the BMRA which not only benefits the City with revenue raised from landing fees but also has the potential to increase tourism in the region. However, Officers have concerns with regard to the level of noise that may be generated from the helicopter operations and any potential non-compliances and community complaints that may result.

Aircraft noise emission levels of popular tourist helicopters used at other airports in tourist destinations using the EPNdB (Effective Perceived Noise) levels are as follows;

Aircraft	Over Flight (500ft)		Take Off		Approach	
	Level	Limit	Level	Limit	Level	Limit
Bell 206L-4	85.4	92.1	88.3	93.1	90.8	94.1
Robinson R66	84.5	85.9	87.8	87.9	87.8	90.9
AS350B3	87.6	92.5	89.8	93.5	91.4	94.5
Robinson R44	80.9	NA	NA	NA	NA	NA

If the noise emissions from helicopters were in the range of 80-85dBs for each movement then it is extremely likely that noise complaints would be received by the City. The responsibility of managing these complaints, and noise affected residents once the operations have been approved would also be the responsibility of the City, including potential costs associated with noise monitoring and amelioration.

Given the opportunities that such services would have on the regional tourism industry, Officers have considered a number of options that could be considered to balance the potential impact of operations and the economic benefits derived from these services.

In order to equitably assess potential future helicopter services operating from the BMRA it is proposed that a formal Expression of Interest (EoI) is undertaken. The EoI process will allow the City to determine the conditions of operation for helicopter tourism flights so that they do not overly expose the surrounding residents to excessive noise created by these activities. Whilst the Skyline proposal was for operations to commence over the 2015/16 summer period, there may be a desire for such proposals to be presented to the City for the upcoming summer season. As part of the BMRA Development Project, the City is required to undertake an environmental approval process, which includes a review of the NMP. Following the environmental referral process construction activities will commence which will have an impact on such services. On this basis it is recommended that the EoI be delayed to enable services to commence over the 2017/18 summer season, on the basis that airside construction activities have been completed, or will not adversely impact the operations.

The conditions of the EoI will include the following:

- A need for a permit in accordance with the City's Airport local law to operate at BMRA
- Conditions of the Fly Neighbourly Agreement and NMP to be adhered to by the operator
- Permitted uses of leased areas (Busselton Aero club or hangers) for commercial activities.
- Number of flight operations per day
- Days of operation
- Hours of operation
- No fly days (public holidays)
- Allowed flight paths and exclusion zones

- Duration of flight operations (minimum) to minimise operations over residential areas
- Number of tourism helicopter operators at BMRA
- Aircraft types (Jet, piston engine)
- Provision of actual noise readings from the aircraft to be used
- Available fuel types and storage of private fuel stores
- Timing of approval (before or after development completion)

Officers recommend that noise monitoring is completed prior to any trial period using the proposed aircraft overflying at 500ft, 1000ft and 1500ft to verify the actual noise emissions that would be generated from such operations. Subject to the noise monitoring meeting the requirements of the NMP, approval could then be given for the commencement of operations based on the following conditions outlined in the below options:

Option 1 (Recommended)

That a trial operation period of six months to be conducted subject to the following conditions;

- Operations to be undertaken in accordance with the BMRA Noise Management Plan (NMP)
- One operator
- Up to five scenic flights per day
- Scenic Flight Operations Monday –Sunday, between 10.00am – 4.00pm
- No scenic flights allowed on Good Friday, Christmas Day and Anzac Day
- Flight paths and utilisation of flight paths to be provided to the City of Busselton
- Monthly reports to be provided to the City of Busselton on all scenic flights conducted including times of operation and duration of flights
- Operations commencement date from Council approval.
- Signed Fly Neighbourly Agreement in accordance with the NMP.

This option takes a conservative approach to approving the helicopter operations in that the number of flights per day is kept to one per hour over a time span of six hours. The maximum number of scenic flights per week would be 35 flights. This approach allows the community to adjust to the presence of the flights without a significant impact on their amenity. The direction of approach and departure flight paths could be shared across the five flights per day ensuring that no residential area is unduly impacted.

Option 2

That a trial operation period of six months be conducted subject to the following conditions;

- Operations to be undertaken in accordance with the BMRA Noise Management Plan (NMP)
- One operator
- Scenic Flight Operations, up to 6 scenic flights per day, Monday –Friday, 10.00am – 4.00pm
- Scenic Flight Operations, up to 7 scenic flights per day, Saturday - Sunday, 10.00am – 5.00pm
- No scenic flights allowed on Good Friday, Christmas Day and Anzac Day
- Flight paths and utilisation of flight paths to be provided to the City of Busselton
- Monthly reports to be provided to the City of Busselton on all scenic flights conducted including times of operation and duration of flights
- Operations commencement date from Council approval.
- Signed Fly Neighbourly Agreement in accordance with the NMP.

This option allows for one scenic flight per hour during week days and allows for additional flights to be conducted on the weekend when there may be more demand. This approach still allows the community to adjust to the presence of the flights without a significant impact on their amenity

however some residential areas may be subject to more flights during a single day due to the additional number of flights that can operate.

Option 3

That a trial operation period of six months be conducted subject to the following conditions;

- Operations to be undertaken in accordance with the BMRA Noise Management Plan (NMP)
- Two operators
- Scenic Flight Operations, up to 5 scenic flights per day, Monday –Friday, 10.00am – 4.00pm
- Scenic Flight Operations, up to 5 scenic flights per day, Saturday - Sunday, 10.00am – 5.00pm
- No scenic flights allowed on Good Friday, Christmas Day and Anzac Day
- Flight paths and utilisation of flight paths to be provided to the City of Busselton
- Monthly reports to be provided to the City of Busselton on all scenic flights conducted including times of operation and duration of flights
- Operations commencement date from Council approval.
- Signed Fly Neighbourly Agreement in accordance with the NMP.

Following the trial period for the options above, the City will consider the following criteria prior to a report being presented to the Airport Advisory Committee for consideration before any further terms are approved;

- The number and nature of complaints received relating to the Helicopter operations received by the City of Busselton or any other government agency;
- Any resulting non-compliances with the NMP and applicable Ministerial Statements from the helicopter operations;

Any breaches with the terms and conditions of the initial approval for the EoI approval.

CONCLUSION

Helicopter tourist flights have the potential to offer a great tourism experience to tourists and visitors to the region. However, helicopter operations also have the potential to cause noise complaints and adversely impact the community. Further there is the potential for noise complaints and non-compliances to jeopardise the future operations of the Airport which need to be assessed and due consideration given.

Hence Officers recommend that prior to any approval to operate at the BMRA, that noise monitoring be performed using the proposed aircraft overflying at 500ft, 1000ft and 1,500ft to record and verify the actual noise emissions that would be generated from the scenic flight operations in conjunction with **Option 1** conditions as listed below;

- Up to five scenic flights per day
- Scenic Flight Operations Monday –Sunday, between 10.00am – 4.00pm
- No scenic flights allowed on Good Friday, Christmas Day and Anzac Day
- Flight paths and utilisation of flight paths to be provided to the City of Busselton
- Monthly reports to be provided to the City of Busselton on all scenic flights conducted including times of operation and duration of flights
- Operations commencement date from Council approval
- Trial period for six months only

Further it is recommended that a report be presented back to the Airport Advisory Committee post the trial and prior to any further approvals to operate including the following;

- The number and nature of complaints received relating to the Helicopter operations received by the City of Busselton or any other government agency;
- Any resulting non-compliances from the helicopter operations with the NMP and Statement 1009
- Any breaches with the terms and conditions of the initial approval for the proposal.

OPTIONS

The Airport Advisory Committee chooses;

1. Not to accept the Officers recommendation.
2. To recommend Option 2 to the Council.
3. To recommend Option 3 to the Council.

Not go out to EOI.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The EOI process completion date will depend on the completion of the airside construction activities as part of the BMRA Development Project. Operators that have previously expressed interest in such operations will be notified following the Council decision.

OFFICER RECOMMENDATION

That the Airport Advisory Committee;

1. Approves the advertising of an Expression of Interest for the commencement of helicopter flight operations from the Busselton-Margaret River Airport (BMRA) at the completion of the airside construction activities, or until such time that construction activities do not impede additional aviation activities, subject to the following conditions:
 - Operations to be undertaken in accordance with the BMRA Noise Management Plan (NMP)
 - One operator
 - Up to five flights per day
 - Flight operations Monday –Sunday, between 10.00am – 4.00pm
 - No flights allowed on Good Friday, Christmas Day and Anzac Day
 - Flight paths and utilisation of flight paths to be provided to the City of Busselton
 - Monthly reports to be provided to the City of Busselton on all flights conducted including times of operation and duration of flights
 - Operations commencement date from issue of approval
 - Signed Fly Neighbourly Agreement in accordance with the BMRA NMP
2. Noise monitoring be undertaken, at the proponent's cost, prior to any trial period using the proposed aircraft overflying at 500ft, 1000ft and 1500ft to record and verify the actual noise emissions generated meet the conditions of the applicable BMRA NMP.

6.2 BUSSELTON-MARGARET RIVER AIRPORT - BUSSELTON AERO CLUB LANDING FEES PROPOSAL

SUBJECT INDEX:	Busselton-Margaret River Airport
STRATEGIC OBJECTIVE:	Infrastructure assets are well maintained and responsibly managed to provide for future generations.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Commercial Services
REPORTING OFFICER:	Manager, Commercial Services - Jennifer May
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Proposal from Busselton Aero Club

PRÉCIS

This report presents a proposal from Busselton Aero Club (BAC) to remove aircraft landing fees for privately operated aircraft with a maximum take-off weight (MTOW) of less than 2000kg. The proposal includes an increase to the Avgas fuel levy from 0.03c per litre to 0.05c per litre to compensate the City for the loss of revenue due to the removal of landing fees in the above weight category.

BACKGROUND

On 10 August 2016 a meeting was held with Council representatives, City staff and representatives from the Busselton Aero Club (BAC) to discuss a range of matters in regards to airport operations and the development project, including the removal of landing fees for privately operated aircraft with a maximum take-off weight (MTOW) of less than 2000kg. Following the meeting the BAC provided a written proposal to be considered by Council for the removal of these fees (attachment A) based on the premise that the introduction of landing fees for aircraft under MTOW 2000kgs by the City in 2012 has discouraged private pilots from visiting the BMRA and hence impacted avgas sales at the BMRA. The BAC anticipate that by removing landing fees for this aircraft weight category, they will see the return of visiting light aircraft and avgas sales experienced in 2012 of approximately 100,000L.

This report outlines the BAC proposal for the removal of landing fees for all privately operated aircraft under the 2000kg MTOW category with an increase in the avgas fuel levy from 0.03 cent per litre to 0.05 cents per litre to recover costs to a reasonable level. The BAC currently operates the avgas fuel facility under a Licence and Fuel Levy Agreement with the City, which requires the BAC to pay the City 0.03 cents per litre of avgas sold.

In the 2015/16 financial year the City receipted a total of \$2,189 from avgas sales based on a levy of 0.03c/l. In relation to the BAC proposal, on the basis of current fuel sale figures the return to the City at 0.05c/l would be \$3,650pa. However, compared to the projected fuel sales of 100,000 litres pa which the BAC believe is achievable again in time, the City could potentially receive approximately \$5,000 per annum at a proposed rate of \$0.05/l.

Based on the 2015/16 adopted airport landing fees and charges, the City received \$6,597 in revenue from individually charged landing fees, with an additional \$1,096.38 from the annual landing fee charged for private operators and \$2,181.81 from commercial operators for aircraft in the less than 2000kg MTOW category.

The table below provides a summary of information relating to landing fees and fuel levies received by the City since 2011/12;

Year	Fuel Levy Invoiced @0.03c incl GST	Fuel sales in litres	Landing Fees <2000kg MTOW (not including annual fee holders) Ex. GST	Avgas Facility Maintenance costs ex. GST
2011/12	\$2,475	82,499	Not available	\$1,850
2012/13	\$2,820	93,989	Not available	\$1,850
2013/14	\$2,430	81,015	\$4,508	\$13,860
2014/15	\$2,669	88,962	\$5,351	\$1,650
2015/16	\$2,189	72,983	\$6,597	\$1,650
Total	\$12,583	N/A	\$16,456	\$20,860
Yearly Av.	\$2,516		\$5,485	\$4,172

The table above also shows the maintenance costs associated with the avgas facility. Note that in 2013/14 the maintenance costs increased significantly due to the 10-year cleaning cycle of the facility. Based on the above table, it is clear that the avgas facility as it stands, is a cost to the City with the City being responsible for maintenance costs which is not fully recovered through the levied avgas revenue and landing fees.

STATUTORY ENVIRONMENT

The Busselton-Margaret River Airport (BMRA) operates in accordance with the following: Aviation Transport Security Act 2004, Aviation Transport Security Regulations 2005, CASA MOS 139, Council's Transport Security Plan, Busselton Airport Local Law 2012 and City policies and procedures.

The Avgas facility is subject to the Dangerous Goods Safety Act (2004) under which the City of Busselton is the registered owner and operator of the Avgas Facility.

RELEVANT PLANS AND POLICIES

The BAC operates the Avgas fuel facility under a Licence and Fuel Levy Agreement with the City which is renewed on an annual basis. Should the Officers recommendation be endorsed, a new agreement will need to be drafted and signed by the City and the Busselton Aero Club.

FINANCIAL IMPLICATIONS

Should the Officers recommendation be endorsed then there are no financial costs associated with this report, further the Officer's recommendation includes that the maintenance of the avgas facility is transferred to the BAC which would result in a saving to the City of approximately \$1,700 - \$2,000 per annum.

Long-term Financial Plan Implications

There are no long term financial plan implications associated with this report, if the Council continues to maintain the current licence agreement.

STRATEGIC COMMUNITY OBJECTIVES

The BMRA is consistent with following the City of Busselton's strategic Objectives:

Well Planned, Vibrant and Active Places:

- Infrastructure Assets that are well maintained and responsibly managed to provide for future generations;
- Connected City of Busselton Transport options that provide greater links within our district and increase capacity for community participation.

RISK ASSESSMENT

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk assessment framework. The assessment sought to identify 'downside' risks only rather than 'upside' risks and where the risk, following implementation of controls, has been identified as medium or greater. No such risks were identified.

CONSULTATION

Consultation has occurred with Busselton Aero Club regarding their proposal.

OFFICER COMMENT

Officers support the current concept of a user pays system regarding activities at the BMRA which has been for the past three years the adopted policy of the Council. The user pays system not only benefits the City with revenue raised from landing fees but enables the facility to be maintained to a high standard for airport users. The user pays system is a common practice at a majority of airports, which was confirmed through the regional airports study tour recently undertaken by City officers. The BAC currently operates the avgas facility through a Licence and Fuel Levy Agreement with the City which sees 0.03c/l of avgas sold returned to the City.

The City is also responsible for the maintenance and capital works program of the BMRA. Whilst the BAC operates a commercial flight training business, as tenants of the BMRA the BAC is not responsible for the BMRA maintenance or capital works program. For a number of years the BMRA operated at a loss, and only over the past few years has it returned an operating profit, of which surplus funds are transferred to a reserve for future maintenance and capital works programs. Operating as a commercial business unit, it is important that BMRA fees and charges are set as near as possible to the associated costs. This is a common practice within the City with fees and charges set for a number of infrastructure users, including community groups, such as the recently constructed marine berthing platforms, sporting ovals, leisure centres, etc.

The City has also worked hard to implement a Noise Management Plan to enable the BMRA to operate more consistent with other airports, whilst balancing the amenity of the community. This has seen the successful management of flight training providers operating from the BMRA. The waiving of fees for private aircraft in the less than 2000kg MTOW category may in fact adversely impact this.

Officers do however recognise tourism as a key contributor to the South West regional economy, which is the basis of the BAC proposal to remove landing fees for visiting pilots in the 2000kg MTOW category. The BAC proposal is based on the premise that the removal of fees will have the potential to increase visiting aircraft numbers and resultant fuel sales revenue. However this proposal would actually result in the City subsidising such tourists as the revenue from the avgas levy would still not meet the associated maintenance costs, which would ultimately fall onto the City's ratepayers.

It is on the above bases that Officers recommend that the BAC proposal not be supported and that a user pays system remains for the BMRA. There is however a number of options presented below that the Airport Advisory Committee may consider. Through the assessment of these options Officers were mindful of a number of considerations:

- Should the removal of fees be favourably considered, rather than removing the fee completely, the proposal would benefit from a trial period, such as 12 months, when on completion a full assessment can be made on the impact of removing the fees
- Annual landing fees have already been paid by a number of locally based aircraft operators. Should the fee be removed within the 2015/16 financial year the City would be required to refund a proportion of fees which would have an impact on the BMRA administration. Likewise the upcoming airside infrastructure works program will have an impact on aircraft operations, however the extent in terms of timeframe and operations is unknown at this point in time. Therefore should the removal of fees be favourably considered, the commencement of any potential trial period should commence from either the 1 July 2017, as part of the 2016/17 fees and charges schedule or after the completion of works
- The City is currently progressing negotiations with a jet fuel supplier for the installation of a Jet (A1) Fuel facility as part of the BMRA Development Project. Any future agreement may also include options for ownership of the avgas facility and refuelling arrangements which could replace the existing avgas arrangement with alternative options.
- Should the removal of fees be favourably considered, it should only be considered for privately owned/registered aircraft and not to commercially owned/operated aircraft
- Should the removal of fees be favourably considered, it should be noted that there may be a backlash from current BMRA commercial aircraft operators as they would essentially continue to pay landing fees and additional fuel costs.

Based on the above consideration, the following options are presented for the Committee's consideration:

Option 1 (recommended)

That the City maintains a user pays approach for the BMRA and that landing fees for privately owned/registered aircraft in the less than 2000kg MTOW are not removed. Further that;

- the City maintains the 0.03c per litre fuel levy from the BAC under the current Fuel Licence Agreement

This option maintains the user pays approach that is consistent across the City's infrastructure.

Option 2

That landing fees for privately owned/registered aircraft in the less than 2000kg MTOW be removed for a trial period of 12 months based on the following conditions:

- the removal of fees commences immediately adoption by Council (October 2016)
- the City retains the costs of maintaining the avgas facility
- the City amends the Fuel Levy Agreement between with BAC reflecting an increase from 0.03c per litre to 0.05c per litre commencing 1 July 2017.

This option is based on the BAC's proposal to remove fees for privately operated aircraft only. This would incur ongoing Avdata (landing fee collection agency) fees for separating private and commercial aircraft for billing purposes and the City would need to reimburse a number of locally based (City of Busselton residents and hangar lessees) aircraft owners that have paid the annual landing fee charges. It is to be noted that this option would not result in the City recovering the full maintenance cost associated with the avgas facility, based on the average annual maintenance costs as outlined in the background section of this report.

Option 3

That landing fees for privately owned/registered aircraft in the less than 2000kg MTOW be removed for a trial period of 12 months based on the following conditions:

- that the removal of fees be undertaken as part of the 2017/18 Fees and Charges Schedule, to commence 1 July 2017
- the City retains the costs of maintaining the avgas facility
- the City amends the Licence and Fuel Levy Agreement between with BAC reflecting an increase from 0.03c per litre to 0.05c per litre commencing 1 July 2017.

As per option 2, this is based on the BAC's proposal to remove fees for privately operated aircraft only and would incur ongoing Avdata (landing fee collection agency) fees for separating private and commercial aircraft for billing purposes. However should the removal of fees commence 1 July 2017, the City would not need to reimburse a number of locally based (City of Busselton residents and hangar lessees) aircraft owners that have paid the 2016/17 annual landing fee charges. This option does not result in the City recovering the full maintenance cost associated with the avgas facility, based on the average annual maintenance costs as outlined in the background section of this report.

Option 4

That landing fees for privately owned/registered aircraft in the less than 2000kg MTOW be removed for a trial period of 12 months based on the following conditions:

- that the removal of fees be undertaken as part of the 2017/18 Fees and Charges Schedule, to commence 1 July 2017
- BAC assumes the maintenance of all avgas fuel equipment required for fuel sales and storage, to be reflected in the Licence and Fuel Levy Agreement with BAC
- the City amends the Fuel Levy Agreement between with BAC reflecting an increase from 0.03c per litre to 0.05c per litre commencing 1 July 2017.

As above, this option is based on the Aero Club's proposal to remove fees for privately operated aircraft only and would incur ongoing Avdata (landing fee collection agency) fees for separating private and commercial aircraft for billing purposes. The removal of fees as of 1 July 2017 would enable a smoother administrative process in the current collection of fees. This option also transfers the maintenance costs associated with the avgas facility onto the BAC.

Option 5

That landing fees for privately owned/registered aircraft in the less than 2000kg MTOW be removed for a trial period of 12 months based on the following conditions:

- landing fees are removed for privately owned/registered aircraft less than 2000kg MTOW category on completion of the BMRA Development Project airside infrastructure works program
- the BAC assume the maintenance of all avgas fuel equipment required for fuel sales and storage, to be reflected in the Licence and Fuel Levy Agreement with BAC
- the City maintains the 0.03c per litre fuel levy from the BAC under the current Fuel Licence Agreement.

As above, this option is based on the Aero Club's proposal to remove fees for privately operated aircraft only and would incur ongoing Avdata (landing fee collection agency) fees for separating private and commercial aircraft for billing purposes. However, the trial period would commence on completion of the Development Project allowing for a more reflective trial assessment.

CONCLUSION

City Officers recommend that a user pays approach to landing fees at the BMRA is maintained, consistent with other infrastructure and community groups across the City. Hence Officers recommend that landing fees are not removed for privately owned aircraft less than 2000kg MTOW category as proposed by the BAC.

OPTIONS

The Airport Advisory Committee chooses;

1. Not to accept the Officers recommendation.
2. To recommend any of the alternative options 2 – 5 detailed in this report.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Following Council endorsement of the Officers recommendation, Officers would notify the BAC that landing fees for aircraft less than 2000kgs would not be removed and be charged in accordance with the Adopted Fees and Charges.

OFFICER RECOMMENDATION

That the Airport Advisory Committee;

1. Endorses maintaining the user pays approach for the Busselton-Margaret River Airport (BMRA) and that landing fees for privately owned/registered aircraft in the less than 2000kgs MTOW category are not removed. Further that;
 - a) The City maintains the 0.03c per litre fuel levy from the Busselton Aero Club (BAC) under the current Licence and Fuel Agreement.



17/8/2016

The Busselton Aero Club

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Chair - Airport Advisory Committee
Cr. G Bleechmore
26 Ballarat Road
Wonnerup 6280

Re -- Airport landing charges

Dear Sir

On Wednesday August 10th Club representatives met with a delegation from the City to discuss a number of concerns that directly affected the Aero Clubs operations and their future.

Following a good hearing the club was advised to write to the City outlining our proposal for removing landing fees from all privately operated flights under 2000 kg AUW. The club realizes the City wishes to recover costs to a reasonable level and therefore is offering a modified fuel levy agreement that will compensate the City if the landing fee is abolished. Our proposal is that the Aero Club increase the levy paid to the City from the current 3 cents/L to 5 cents/ L. In time we hope traffic will increase and return to pre 2012 volumes and fuel sales to return to a similar figure as before fees were introduced. The loss to the City on abolishing landing fees would be compensated for in fuel revenue and in time should provide even greater gains. On top of this the attraction to Busselton that is now sadly lacking will be re established and deliver gains to local tourism, the service industry, business and the Aero Club.

In support of our case we confirm that in the period before landing fees, Avgas sales exceeded 100,000 litres p.a compared to today of 70,000 litres and sadly trending downward. On current figures alone at 5c/L the return to the City would be \$3500 p.a. and on an expected return to 100,000 litres a sum of \$5000 p.a Sales history indicates volumes above 100,000 litres are achievable again in time. This would compare very favorably to the advised amount currently collected by the City for landing fees on privately operated aircraft under 2000kg. Visitors to the club on social flights are now almost non- existent. The club therefore sees this as a great way to restore the Busselton image, which we know to be suffering, and to attract light aircraft back to the Busselton Margaret River Airport without compromising returns to the City.

The club has a wide network of connections within the flying fraternity and is convinced beyond doubt that we need to change our image and place the welcome mat out once again. We are seeking to work collaboratively with Council to achieve this goal and request this recommendation is favorably considered for the future of tourism, light aviation, local commerce and the Aero Club.

We remain available at all times to further assist or discuss this offer and these objectives.

Yours sincerely – Ken Manton (Hon Sec)

cc: all City of Busselton Councillors

cc : Ms J May

7. CONFIDENTIAL REPORTS

The reports listed below are of a confidential nature, in accordance with section 5.23(2) of the Local Government Act 1995. These reports have been provided to Councillors, the Chief Executive Officer and Directors only.

RECOMMENDATION

That the meeting is closed to members of the public to discuss the following items which are confidential for the reasons as shown.

7.1 RFT11/16 - AIRSIDE D & C CONTRACTOR

This report contains information of a confidential nature in accordance with Section 5.23(2)(c) and Section 5.23(2)(e)(ii) of the Local Government Act 1995, as it contains information relating to a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting and a matter that if disclosed, would reveal information that has a commercial value to a person, where the information is held by, or is about, a person other than the local government

8. GENERAL DISCUSSION ITEMS**9. NEXT MEETING DATE**

Friday, 28 October 2016

10. CLOSURE