

Illawarra Regional Airport Strategic and Business Plan



Prepared by



Business Unit Advisory Board

Contents

1. Executive Summary 1

2. Introduction 2

2.1 Illawarra Regional Profile 2

2.2 Regional Transport Profile 3

2.3 Role of the Airport in the Region 3

2.4 Interfaces, Integration and Primary Regional Links 4

2.5 Previous Master Plans and Operational Studies 5

3.1 Strategic Vision 6

3.1.1 Strategic Vision Objectives 6

4. Current Airport Operations 7

4.1 Overview 7

4.2 Management Resources 8

4.3 Maintenance Requirements and Operational Priorities 9

4.3.1 Maintenance Activities 9

4.3.2 Maintenance Priorities and Current Operational Issues 9

4.4 Existing Internal Networks 10

4.5 Existing Services 11

4.6 Location – Spatial Constraints, Impacts and Interfaces 12

5. Future Business Growth Strategy Development 14

5.1 Governance Model 14

5.2 Airport Land Use Plan 14

5.2.1 Council Owned Land 15

5.2.2 Privately Owned Land 18

5.3 Airside Maintenance and Development Plan 19

5.4 Aviation Passenger Services 20

5.4.1 Regular Passenger Transport (RPT) 20

5.4.2 Fly-In Fly-Out (FIFO) 21

5.5 Regional Partnerships 22

5.5.1 The Port 22

5.5.2	Tourism.....	22
5.5.3	State Government.....	23
5.5.4	Education and Training	24
5.6	Engagement & Identity	25
5.6.1	Marketing and Branding.....	25
5.6.2	Events.....	25
6.	Financial Implications	26
6.1	Baseline Investment Requirements	26
6.2	Implementation Costs	26
7.	Appendices.....	28
	Appendix A – Asset Register.....	28
	Appendix B - SWOT Analysis.....	29
	Appendix C - Strategic Plan Details.....	30
	Appendix D - Financial Impact Details.....	33

Acknowledgement

This Strategic and Business Plan has been prepared by Council staff in close consultation with Council's Business Unit Advisory Board members as follows:

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1. Executive Summary

The Illawarra Regional Airport is situated in a growing region with the potential to be an even stronger driver of economic growth. The airport's location makes it ideal for servicing the Illawarra, South Coast and the southern suburbs of Sydney. Within the airport boundary there is undeveloped land owned by both Council and private owners. If developed in a planned way it has the potential to generate significant employment for the region.

A key outcome of this plan is to develop the airport precinct into a vibrant business hub that positively contributes to regional economic development, tourism and employment. The airport should be a location that people interact with regularly, be it for the purpose of either business or recreation, thus becoming a destination and part of a host of regional attractions and transport links.

This plan recommends strategies that can be easily implemented and result in incremental but important improvements. The plan is affordable and sets out the strategies requiring implementation to ensure that short, medium and long term growth occurs in a controlled commercial manner.

The key strategies recommended in this plan are as follows:

- Development of an airport management structure to accommodate the delivery of plan strategies, including effectively resourcing the operations and maintenance requirements of the airport (Sections 4.1 and 5.1).
- Review the zoning of the airport precinct and adjacent land to ensure it encourages potential long term aviation related development (Section 4.5).
- Develop a revised master land development plan based on the strategies recommended in this plan, including formalising of specific precincts (Section 5.2.1).
- Identify and participate in grant funding opportunities to assist with financing infrastructure requirements (Section 5.2.1).
- Review Council's standard leasing arrangements to ensure future agreements are attractive for business development and on a commercial footing to Council. (Section 5.2.1)
- Develop the airport in a staged manner that will consistently enable the long term objectives recommended in this plan (Section 5.2.2).
- Encourage the development of an airpark, hangar homes, freight operations and other aeronautical related industries (Section 5.2.2).
- Reinstatement of core infrastructure to the base level requirements needed to operate a Code 2 compliant airport. (Section 5.3)
- Conduct a market study and implement a marketing plan to attract Regular Passenger Transport (RPT) and other aviation related industry and services to the airport (Section 5.4).
- Develop closer partnerships with large regional employers, tourism bodies and government (Section 5.5).
- Review the branding and identity of the Illawarra Regional Airport (Section 5.6).
- Encourage the development of additional events at the Illawarra Regional Airport to supplement the success of Wings over Illawarra, the HARS (Historical Aviation Restoration Society) open days and the recent addition of the Qantas 747-400. (Section 5.6).

The timing for completion of these strategies is outlined in appendix C. The most immediate tasks will be to develop the revised Master Land Development Plan, review lease arrangements, address the deteriorating infrastructure, review resourcing requirements and rebrand the airport to enable new hangar and other developments to proceed.

2. Introduction

2.1 Illawarra Regional Profile

The Illawarra is a key region of Australia, contributing considerable resources to the national economy. The region possesses extensive livestock, wood and maritime enterprises, an internationally recognised university, substantial tourism capacity, an international port facility, a population of more than 400,000 and a labour force in excess of 180,000 people. This wealth of resources is perfectly complemented by the region's stunning physical beauty, making it an ideal place to combine outstanding business success with a great lifestyle.

Following is a summary of the regions vital statistics:

Population	413,217
Area	8,455 km ²
Average Annual Growth (2006-11)	1.0%
Growth Rate (2006-11)	4.8%
Key Industry Sectors	1. Retail Trade (12.9%), 2. Education and Training (11.4%), 3. Manufacturing (11.1%), 4. Construction (9.6%), 5. Accommodation and Food Services (9.0%)
Sub-regions	Wollongong, Shellharbour, Kiama, Shoalhaven, Wingecarribee

(Source: ABS 2011 Census)

Shellharbour is 100 kilometres south of Sydney. Shellharbour City Council covers an area of 155 square kilometres with a population (in 2013) of 67,797 and a population density of 4.5 people per hectare. Retail is the largest industry and the city has over 2,900 businesses. In 2012 the Gross Regional Product for the city amounted to \$1.56 billion.

The region is forecast to have population growth of 17% through to 2031 and a resulting population of almost 80,000.

Key points drawn from population data in Shellharbour are as follows:

- Shellharbour has a greater percentage of people in the age grouping 10 to 49 when compared with NSW averages. This group includes a large proportion of users of new social media forms.
- The number of people aged 50+ is lower than the NSW average.
- The area has a significantly higher than average number of people in the 35 to 49 age group.

In addition to the cities of Wollongong and Shellharbour, the catchment area for the Illawarra Regional Airport's services extend south to Nowra, west to Bowral and north to the southern suburbs of Sydney. In population terms this may be compared with Sunshine Coast and Newcastle, both of which sustain significant airports albeit with larger runways at their airports.

2.2 Regional Transport Profile

The Illawarra Region has a well-developed system of transportation links with planning underway to further improve the road network via an Albion Park Rail bypass. This by-pass will divert significant volumes of traffic away from Albion Park Rail which is the access point for the airport. This will provide opportunities for enhancing accessibility for customers travelling to the airport. The regional road network includes the M1, which is part of the NSW State road network.

Rail links comprise of the Illawarra line from Sydney extending through the coastal belt to Bomaderry near Nowra for both freight and passenger transport. The main national rail line (Sydney to Melbourne) does not pass directly through the region; instead its closest stop is Moss Vale on the Southern Highlands. The western and northern coastal regions of the Illawarra are linked by the Moss Vale-Unanderra line, which is predominantly used for goods traffic. The Maldon to Dumbarton rail link proposal which will link the Highlands to the Port and bring economic growth to the region is also well and truly alive. The funding for the Maldon to Dumbarton project is under serious consideration by both State and Federal governments.

The Illawarra Regional Airport is the only significant aviation facility in the immediate area. Sydney Airport and the major general aviation (GA) airports of Bankstown and Camden are located to the north. HMAS Albatross Naval Air Station at Nowra is located to the south. The Federal Government also announced in 2014 its intention to build a new airport at Badgerys Creek which would be located approximately 90 minutes north/west of Shellharbour.

The Illawarra region also possesses the deepest harbour on the NSW seaboard at Port Kembla. This is one of only three port facilities operating in the state, offering enormous potential for new development and trade opportunities.

2.3 Role of the Airport in the Region

The NSW Government has identified Illawarra Regional Airport as having economic significance and potential. The NSW 2012 *Illawarra and South Coast Regional Action Plan* lists a number of priorities including a commitment to "Revitalise the economy by attracting new industry, supporting business and creating jobs." One of the actions of this priority is to "actively consider options for the future development of the Illawarra Regional Airport and the adjoining lands precinct at Albion Park."

Further the NSW Government's 25 year land use strategy *Illawarra Regional Strategy 2006–2031* recognised Illawarra Regional Airport as a key component of infrastructure that can enhance economic development and employment growth within the region. It calls for Shellharbour City Council, as owner of Illawarra Regional Airport "to prepare a long term strategy for the Illawarra Regional Airport and its surrounding employment lands".

The airport provides an alternative to the Sydney basin airports and is not encumbered by restricted airspace or air traffic controls, which cause costly delays for aircraft movements. The airport operates under a "fly neighbourly policy" which provides guidance to pilots on practices to be followed to minimise impacts on the local neighbourhood. The airport has direct freeway access to Sydney via the M1 and is adjacent to the South Coast Railway Line to Sydney.

The airport also plays a key role as a driver of economic growth in the region. Development has always been aimed at generating direct and indirect employment via the promotion of tourism, education, maintenance and other transport related industries. The airport has growth capacity to significantly add to the region's economy.

The airport is the base for a healthy light aeronautics industry, which provides tourism, maintenance and engineering services for aircraft ranging from ultra-light to medium size turbo prop and jet aircraft.

The Emergency Services are also well represented within the airport precinct with the establishment of the NSW Rural Fire Service Regional Control Centre, the NSW Fire Brigade training facility, the NSW Ambulance helicopter rescue service and the Australian Aerial Patrol search & rescue and summer beach/shark patrol services. In addition the airport is the base for an Air Force Cadets unit.

The airport is home to HARS (Historical Aviation Restoration Society) which houses the largest privately owned aviation collections in Australia, with several notable aircraft in airworthy condition, including the recent gift from QANTAS to HARS of an historic Jumbo 747-400 which holds the world record for the longest nonstop flight, namely from London to Sydney. The HARS museum also provides the international aviation industry with historical aircraft designs and component manufacturing facilities and is an approved aircraft maintenance provider. The HARS museum is seen as a core tenant at the airport and it provides voluntary work for over 500 people. It is one of the biggest tourist drawcards in Shellharbour City and is continually working towards raising its profile even higher.

2.4 Interfaces, Integration and Primary Regional Links

The Illawarra Regional Airport is a critical transport hub interfacing with all other modes in the transport system to provide safe and efficient journeys and connect communities both economically and socially. Journeys are necessarily made by the interfacing of a combination of travel modes ranging from active transport, light (private) vehicles, hire cars, buses, taxis, rail, heavy transport vehicles, shipping or aeroplanes of various sizes. The Illawarra Regional Airport location can be seen as a transport interchange that enables each of these interfaces to occur. As such the airport must provide the infrastructure and services that will enable a connected efficient customer focussed facility for all modes of transport. The airport plan will ensure that space and supporting systems exist in accordance with a staged development approach and a well-connected airport for regional businesses, employment and lifestyles.

Partners identified as being engaged in the airports linkages include the following:

- Federal Government – funding and a strategic role in transport, tertiary education.
- State Government: Regional planning, funding of interfacing networks (roads) services (public transport –buses and trains).
- Local Councils – tourism and partnerships.
- Key employers – University of Wollongong, Port Kembla maritime operators, Healthcare Sector, BlueScope and BHP Billiton.
- Partnership investors – small business.

2.5 Previous Master Plans and Operational Studies

The following is an outline of key documents that have been developed in relation to the airport. While the documents noted are not an exhaustive list of all those produced, they are perceived to be the critical ones and are shown for reference purpose only.

Master Plan - 1990

In 1990, an airport management study was prepared and a master plan adopted. Further studies were subsequently carried out to support infrastructure development to encourage business development and employment as well as airline operators to the airport.

Airspace Review of Wollongong 2009

The Office of Airspace Regulation (OAR) of CASA (Civil Aviation Safety Authority) conducted the *Airspace Review of Wollongong 2009* which found there are differing stakeholder opinions regarding the need or otherwise for CTAF(R) procedures i.e. mandatory carriage and use of radio, essentially an upgrading of the current procedures. Subsequently, CASA released a second report titled *CASA comment and final recommendations on the Hyder Airspace Review of Wollongong, August 2009*.

Illawarra Regional Airport Stage 1 Flight Operational Capacity Study 2010

The *Illawarra Regional Airport Study Stage 1 – Flight Operational Capacity, 2010* was the precursor technical study to the 2013 Master Plan. The objectives of the Stage 1 study were to:

- Determine the operational capacity of the airport in terms of aircraft size;
- Identify the required infrastructure improvements necessary to provide for the aircraft types deemed suitable to operate at the airport; and
- Estimate costs of required infrastructure upgrade and/or improvements needed to service the various identified aircraft types.

Master Plan for Illawarra Regional Airport (Wollongong Aerodrome) 2013

The purpose of the Master Plan was to provide Council with:

- A strategic planning framework to guide land use planning, both on and off-airport;
- A mechanism to facilitate future development opportunities; and
- A means of enhancing aviation-related and broader regional economic activity.

The Master Plan identified a staged development concept for the airport over a 20 year planning horizon i.e. to 2033/34. It is largely focused on the airport's potential to attract higher order RPT passenger operations and/or fly-in/fly-out (FIFO) passenger traffic associated with the resource industries. The Master Plan is primarily based on providing for Code 3 aircraft operations i.e. a runway capable of landing aircraft such as a F100 and DHC8-400¹.

¹ Refer to page 7 for more details on runway codes.

3. Strategic Vision and Objectives

This business plan has been developed to provide a clear direction for the Illawarra Regional Airport over the next 15 years.

3.1 Strategic Vision

The overarching strategic vision of this plan is as follows:

- i. To create, operate, maintain and manage a well-connected transport hub using existing and expanded facilities associated with Illawarra Regional Airport and adjoining road and rail facilities.
- ii. To offer competitive leases, pricing and services as compared with alternative airports and real estate parks.
- iii. To maintain at a minimum the infrastructure required for Code 2 aerodrome standards, to maintain current tenant aircraft operations eg emergency services. Code 2 means a runway capable of hosting aircraft that require between 800m & 1200m to take-off and land in all prevailing wind conditions, i.e. DHC8-300.².
- iv. To achieve a positive return on Council assets by developing a mix of aeronautical and non-aeronautical business and community activities.
- v. To support and enable businesses, community events, tourism and economic growth in the region.

3.1.1 Strategic Vision Objectives

To achieve this strategic vision the following objectives are set to ensure business growth:

- i. *Strongly support those developments which generate high employment growth:*

Develop the airport with increased employment in the region at forefront of all thinking. Development of the airport is to encourage and support both new and existing employment. Over 100 people are directly employed and more than 500 volunteers are active and this plan seeks to materially increase these numbers.
- ii. *Encourage the development within the airport of growth sectors such as tourism, transport, maintenance and education sectors as they have the highest potential to expand and generate additional growth.*

Further develop the contribution the Illawarra Regional Airport provides to growth related regional sectors: Development is to take place across a broad range of industries such as tourism, transport, maintenance and education. Tourism should be an initial focus given the recent arrival of the Qantas 747, the impending stock market listing of the Skydive the Beach business and the other on site activities already growing.
- iii. *Ensure meaningful, partnerships are developed with all critical stakeholders through regular forums, meetings, events and endeavours.*

² Refer to page 7 for more details on runway codes

Strengthen critical relationships and connections. Relationships will be formed with the general community, the local and regional business sectors, local and regional tourism bodies and the education sector.

- iv. *Develop an effective resource plan to ensure whole of life operations, maintenance and management of all assets at the airport precinct*

Funding and management resources are to be appropriate to ensure the infrastructure remains sound and the business is operated in an efficient way.

- v. *Explore the requirements airlines would place on the airport in order that future RPT services are more attractive and commercially beneficial to all parties premised on the existing runway Code 2 level. Fly in – Fly out possibilities should also be explored in partnership with mines and other industry players.*

The option of operating an RPT service at the airport needs to always be available and this plan should cater for such needs. Fly In – Fly Out services similarly must be catered for in the long term.

- vi. *Formalise the airport's short and long term plans for a high level of connectivity to regional businesses employment and lifestyles.*

A transport hub will accommodate destination traffic and provide infrastructure and facilities for connecting all modes and services.

- vii. *Create a clear communication tool to explain the plan's strategic vision.*

An engagement strategy will be designed to ensure a clear concise message concerning the future aspirations of the airport are delivered to the aeronautical industry and other stakeholders.

- viii. *Develop surrounding land use commensurate with the goals and aspirations of the airport*

Enable and assist the development of available land in an orderly way by the formation of precincts.

4. Current Airport Operations

4.1 Overview

The Illawarra Regional Airport is a Civil Aviation Safety Authority (CASA) certified facility. It has two sealed runways (Code 2) aligned in the 16/34 and 08/26 directions. Figure 1 depicts the major features of the current movement area layout. Both runways are 30m wide and are contained within 90m wide graded runway strips. The airport designator is YWOL.

The Code 2 runway noted above relates to a runway's physical characteristics, namely its length and width. To explain further, CASA designates each aircraft a reference code based on performance characteristics such as: a) take off run required and b) the aircraft wingspan and outer main gear wheel span. These characteristics determine the required runway length and width. For example: An aircraft that requires between 800m & 1200m to take off is a code 2 aircraft, therefore it will require a code 2 runway for operation. Whereas, an aircraft that needs between 1200m & 1800m to take off is a code 3 aircraft and therefore it will require a code 3 runway for operation. A runway is then constructed based on the type of aircraft an airport wishes to host.

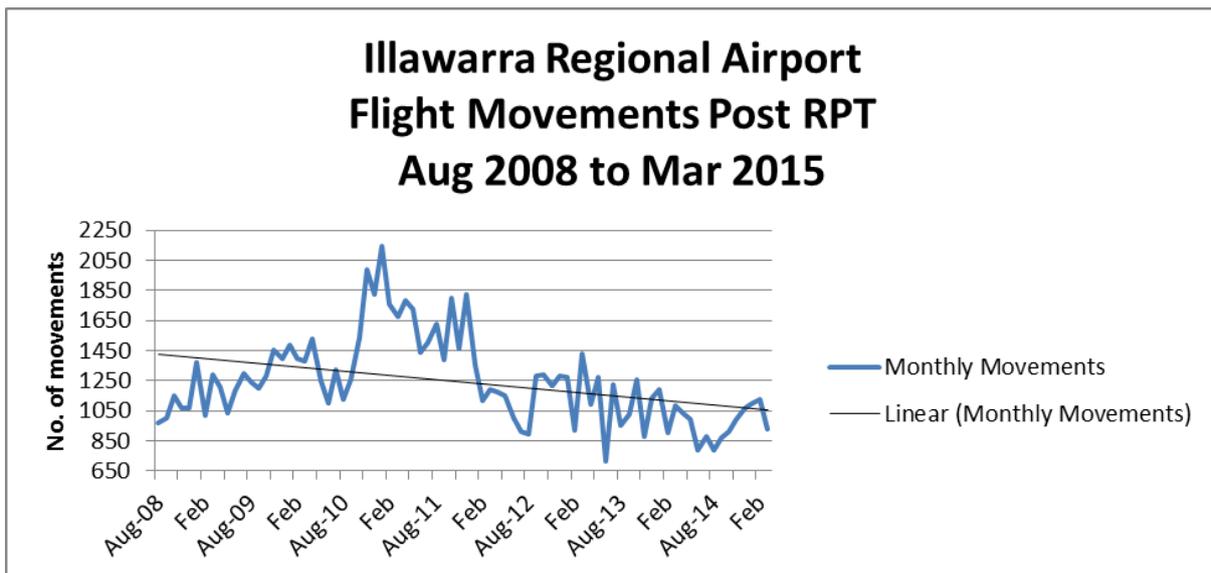
Since the fire and subsequent demolition of the old terminal precinct, no central building precinct exists. The demolition of the terminal building and the cessation of the previous QantasLink services have also resulted in the relinquishing of the airport's security controlled status.

If a security controlled status was to be regained, costs would be incurred related to installation of new signage, CCTV and fencing. Additional administration effort will also be required to update the existing security documentation and ensure it is maintained to adhere to all applicable regulations.

The absence of a terminal or all weather shelter has resulted in passenger, aviation tourism and recreational users being inconvenienced. FIFO passengers now find themselves having to wait in the weather for the arrival of their transport to and from the airport. Aviation tourists and recreational users have also been inconvenienced for similar reasons. This inconvenience has been tolerated to date as there is a perception that Council is in the process of replacing the terminal building with a facility that is fit for purpose for current visitor requirements, as well as having the capacity for further expansion as the airport develops.

The result of this infrastructure decline combined with the lack of a clear airport strategy has been that aircraft movements have trended lower over the past decade. The following graph illustrates the downward trend:

Graph1: Flight movements Aug 2008 to Mar 2015



4.2 Management Resources

The operations are led by Council's Group Manager City Services acting as Airport Engineer and Council's Civil Coordinator acting as Aerodrome Reporting Officer.

While there is no resource dedicated fully to the Illawarra Regional Airport, 10 staff regularly undertake activities on and near the site as part of their overall duties. This is complemented by external resources with key contractors including:

- Airport survey
- Electrical
- Technical advice
- Training, and
- Line marking

While this structure can potentially lead to a diverse skill base within Council, with no one person dedicated to the airport, the downside is that the high priority demanded in a high risk environment such as an airport is often not given due to competing demands on staff time.

Administration resources are also required to maintain the website, invoice those parking or landing, handle general enquiries from the public and maintain records related to our CASA requirements. These tasks are currently undertaken by a Council administration officer whose primary work tasks are generally unrelated to airport workings.

Given the recommended future airport development plans, it is appropriate that a full time resource is allocated to the airport, in order to drive the opportunities noted in this plan. Such a stand-alone role would ensure the coordination of all activities associated with the day to day operation as well as future development of the airport.

4.3 Maintenance Requirements and Operational Priorities

4.3.1 Maintenance Activities

The Illawarra Regional Airport is maintained using predominately internal resources supplemented by external contractors as required. The main activities on site include:

- Routine inspections
- Vegetation management
- Foreign objects and debris removal
- Parking review
- Development application review
- Obstacle management
- Minor maintenance works
- Asset condition assessment

4.3.2 Maintenance Priorities and Current Operational Issues

Airport operations are traditionally high risk environments to maintain and operate, particularly those with mixed operations and high volume such as the Illawarra Regional Airport. The following items have been identified as priority issues to the current operation of the airport and are being considered in the planning of ongoing operational, maintenance and capital funding allocations.

The following items are listed in no particular order:

- Runway 08/26 overall condition - Recent condition assessments have documented failures in the structure and surface necessitating a shortening of the runway.
- Runway 16/34 overlay program - Recent condition assessments have documented ongoing sealing and minor patching requirements.
- Obstacle Limitation Surface (OLS) - Requires annual survey and 3D mapping
- Procedure for Air Navigation Services Aircraft Operations (PANS-OP) surface
- Lighting Systems - Requires annual survey and 3D mapping
- Updating planning instruments, including LEP (Local Environmental Plan)
- Drainage and flooding issues
- Pavement and parking markings
- Aircraft run-up and maintenance areas
- Taxiway coding and condition
- Foreign objects and debris

- Staff structure
- Security including site control, fencing and CCTV
- Safety Management System including risk management
- Building maintenance
- Wildlife management
- Establishment of a lounge / café / tourism / administration building
- Radio relay to improve radio reception (frequency) from airport to Sydney approach

Council's current maintenance method is predominately reactive maintenance.

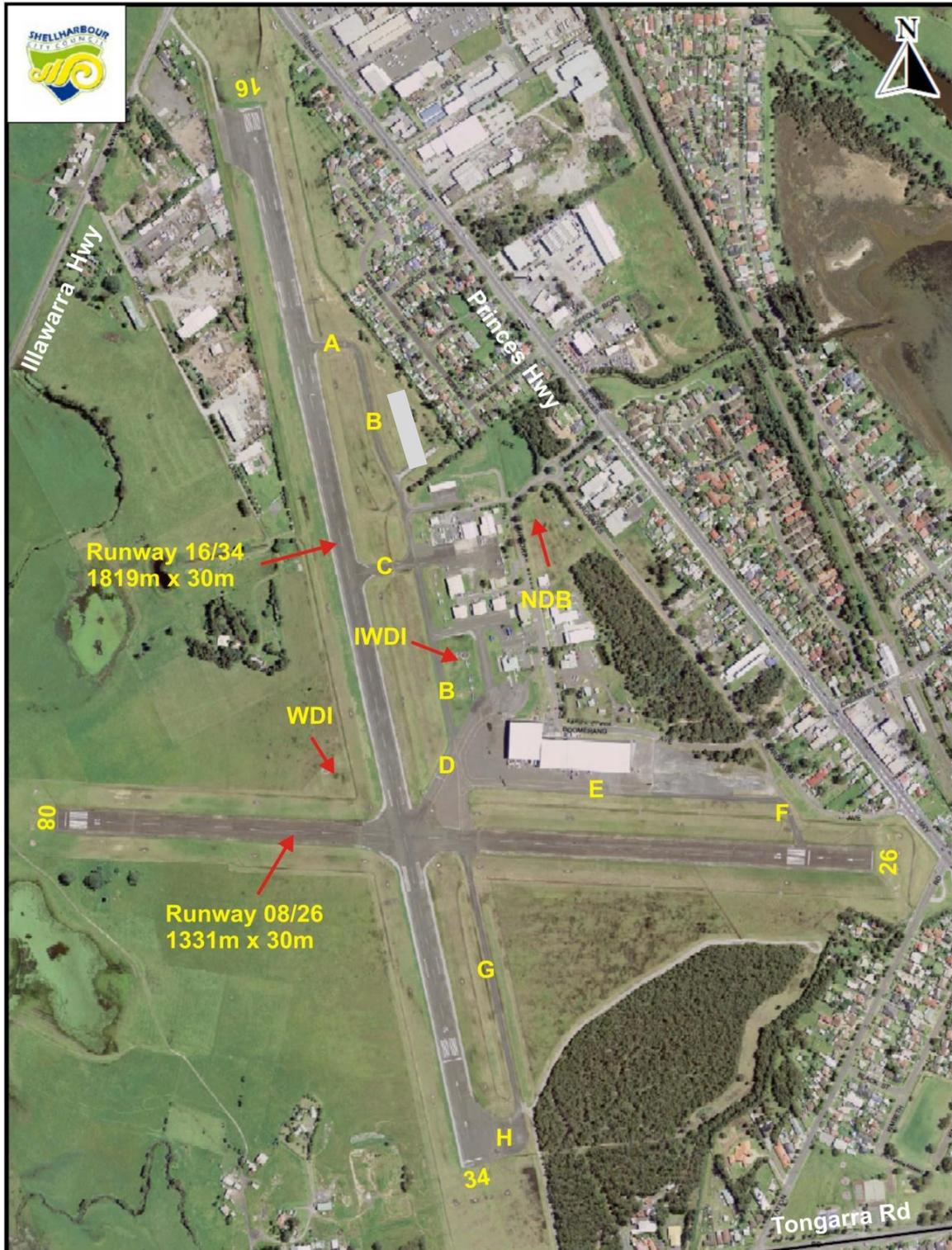
As management improves operational planning systems, it will move to a more planned preventative maintenance regime to reduce the long term cost of operating to airport. This will involve the development of an operations and maintenance framework that clearly articulates responsibilities for operation, maintenance and investment. Council should aim each year (on average) to reinvest the equivalent of its airport depreciation charge back into the infrastructure.

4.4 Existing Internal Networks

The Illawarra Regional Airport is served by a sealed partial parallel taxiway system serving the eastern side of Runway 16/34 and the northern side of Runway 08/26. Taxiway D which is located at the intersection of the runways is the main taxiway and is Code C capable.

In Figure 1 below, the main apron is located off Taxiway D and fronts the old terminal area. The apron is of a generally circular shape and marked with one free-moving aircraft parking position. There are a number of other apron areas both sealed and grassed, serving individual hangars throughout the building area. The most significant of these is the large apron associated with the HARS operations on the eastern side of Taxiway D.

Figure 1 Illawarra Regional Airport main airport taxiways and runways



Printed: 14/6/2011
 This map is supplied on the understanding that Council will not be responsible for any loss or damage which may result from any use made of such information as a result of errors or omissions contained in the map.
 Copyright © LIC and Shellharbour City Council 2011. Scale 1:7,972
 Illawarra Regional Airport

4.5 Existing Services

The Illawarra Regional Airport tenants currently have access to public utilities such as water, sewerage and power. These services are not connected to the privately owned land on the western side of Runway 16/34. The lack of these services is a significant disincentive to the development of the privately owned land and it needs to be addressed to enhance the opportunity for development of the western side of the airport.

The Illawarra Regional Airport also provides the following core services for the airport community:

- Fuel supply
- Parking
- Navigation aids
- Meteorological aids

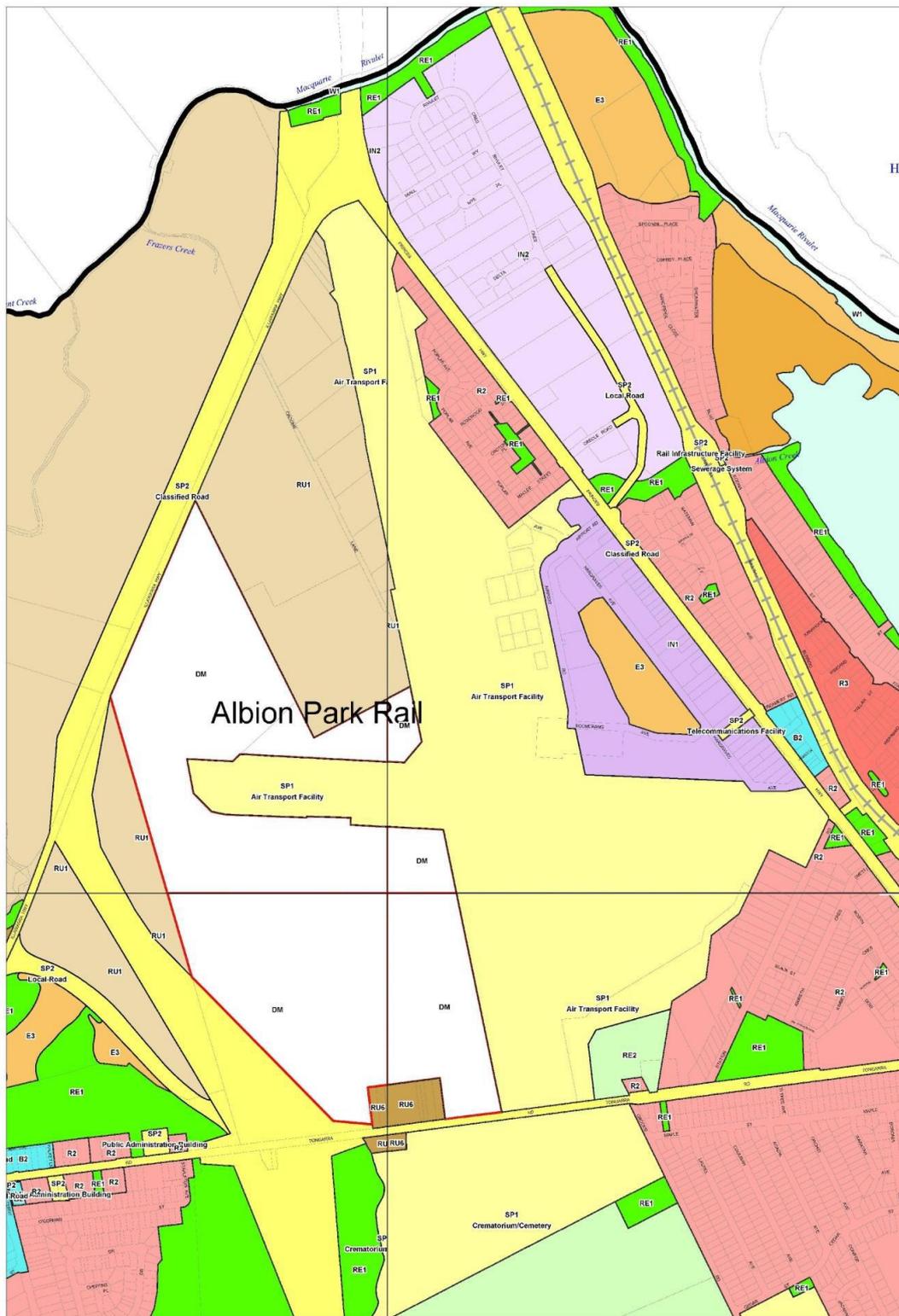
Other on-airport facilities include:

- HARS restoration/workshop/museum;
- NSW Fire Brigade Emergency Training Facility;
- Aerial Patrol Base;
- Aircraft Maintenance Services company;
- Total Aerospace Solutions - aircraft modification e.g. fit outs for the Royal Flying Doctor Service;
- Capital Aircraft Services - specialised aircraft fit outs/modification;
- CHC Helicopter Corporation (CHC) - air rescue/ambulance service;
- Cleary Bros/Go Jet - private hangar for jet charter;
- Sydney Microlight Centre - microlight training and joy flights;
- Shell depot for aviation refuelling;
- NSW Air - pilot training and joy flights;
- Skydive the Beach – tandem skydiving;
- Touchdown Helicopters – joy flights, charter services and aerial bush fire services;
- Southern Biplane Adventures – adventure and scenic flights; and
- Air Force Cadets
- Rural Fire Service – Regional Control Centre

4.6 Location – Spatial Constraints, Impacts and Interfaces

The Illawarra Regional Airport lies within the boundary of Shellharbour City Council. The primary current planning instrument covering the site is the *Shellharbour Local Environment Plan 2013* (Figure 2). The *Shellharbour Rural Local Environment Plan 2004* covers an area adjoining the airport known as the Illawarra Regional Business Park Site. Some planning provisions on this adjoining land are airport related. While the physical land that the airport lies on is fully within the Shellharbour City Council area the airport's Lighting Restrictions, Noise Contours, OLS and PANS-OP airspace encroach into the Wollongong City Council area and the OLS and PANS-OP encroach into the Kiama Municipal Council area. As such the Wollongong Local Environmental Plan 1990, Wollongong Local Environmental Plan 2009, Wollongong Local Environmental Plan (West Dapto) 2010 and Kiama Local Environmental Plan 2011 also have influence over the current and future operation of the Illawarra Regional Airport.

Figure 2 Shellharbour Local Environment Plan 2013 (Zoning) - Illawarra Regional Airport



Zonings of IRA Property

- SP1 – Air Transport Facility
- RE1 – Public Recreation
- IN1 - General Industrial
- E3 – Environmental Management
- RE2 – Private Recreation

Zonings Adjacent to IRA

- R2 – Low Density Residential
- DM – Deferred Matter
- RU1 – Primary Production
- SP2 - Classified Road

5. Future Business Growth Strategy Development

5.1 Governance Model

At the outset it is important to ensure that the Illawarra Regional Airport is operated under the most appropriate governance structure consistent with its scope of operation and demand for capital investment. Accordingly, three potential structures exist which would be utilised in large part by the need for such capital injection and the matching risks that go with it:

A. Shellharbour City Council (SCC) Business Unit

This is continuing with the current structure under which the Illawarra Regional Airport is owned and operated combined with strengthening its management and financial reporting. Under this option, SCC retains 100% ownership and control of the assets and business, and would have to finance any expansion plans. The independent Business Unit Advisory Board would also exercise a commercial oversight of all business activities.

B. New Entity Acquiring Assets and Business

Illawarra Regional Airport assets (land and buildings) and business operations would be transferred to a new legal entity (eg SCC Airport Holdings Pty Ltd, owned by SCC). The new legal entity would be separate to SCC, owning and operating the Airport and would allow future equity/joint venture partners, as well as external funding to facilitate expansion plans.

C. New Entity Acquires Business Only

SCC retains ownership of the Illawarra Regional Airport land and buildings whilst transferring the operation of the airport to a new entity. SCC could enter into a lease/licensing arrangement with the new entity in respect of the land and existing buildings.

The strategies recommended in this plan are more suited to retaining a structure as per option A. In the medium term no plans are recommended which would require materially significant capital funding that would require external financing partners needed. Should any future decisions be made (for example move to a Code 3 compliant airport or to acquire large tracks of land currently privately owned), then this structure would be reviewed at that time with the option of moving to models B and C above.

In relation to the existing Council controlled management structure (option A), and as noted in section 4.2 above, the additional strategies recommended in this plan, coupled with ensuring efficient control of the day to day operational activities will require a fully focused staffing structure. The existing structure has no staff dedicated full time to the airport. It is felt this structure is not sustainable into the future so it's recommended that a review of the structure take place as follows:

Strategy 5.1 (1): Council to develop an airport management structure to accommodate the delivery of business plan strategies and also manage operational activities.

5.2 Airport Land Use Plan

Land within the Illawarra Regional Airport boundaries is currently owned by both Council and private parties.

5.2.1 Council Owned Land

5.2.1.1 Precincts

In relation to Council owned land, it is desirable that the Illawarra Regional Airport land be broken up into distinct precincts each with its own aviation focus. These precincts would include helicopters, general aviation services, tourism services and jet services. Allowance must also be made for future RPT / FIFO operations.

The recommended precincts are as follows:

- Admin / Café / Terminal Precinct
- Corporate Jet Precinct
- Helicopter Precinct
- General Aviation Precinct
- Non Directional Beacon (NDB) Precinct
- Tourism Precinct
- Emergency Services Precinct
- Transport Services and Parking Precincts (short & long-term areas including car rental business area, drop off zones, roads and access ways)

Figure 3 below, shows the proposed precincts to guide future development.

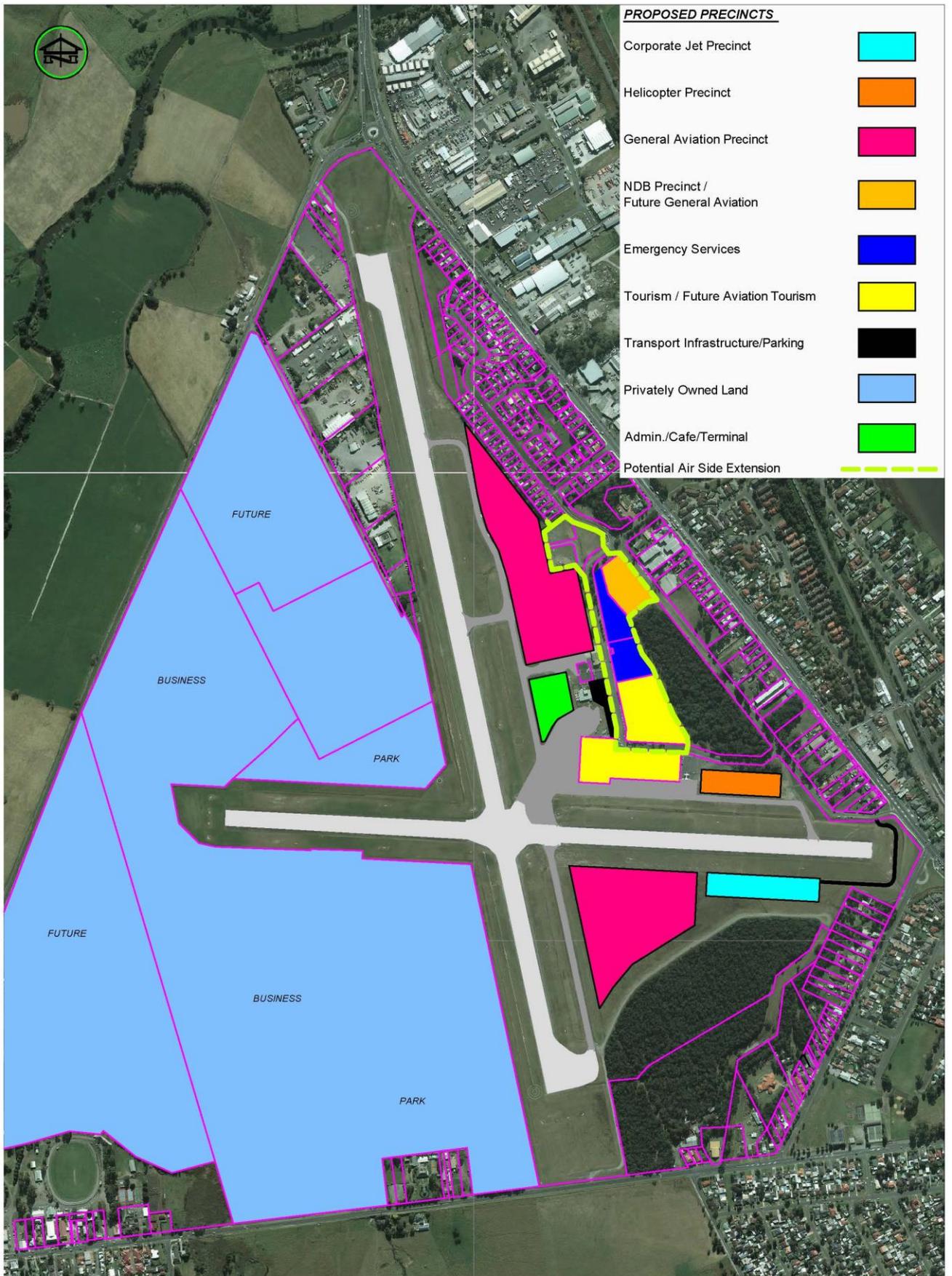
The following strategies are recommended to implement the proposed precinct development:

Strategy 5.2 (1): Council support and promote current aviation related businesses and encourage growth opportunities of current leaseholders.

Strategy 5.2 (2): Council to develop initiatives for Illawarra Regional Airport tenants to work more collaboratively for the overall benefit, which are attractive with offering cluster services.

Strategy 5.2 (3): Further develop relationships with Emergency Services (e.g. RFS) and Government Aviation Sectors to encourage operation establishment to the Illawarra Regional Airport which attracts annual funding contributions toward base infrastructure services.

Figure 3 Proposed Future Airport Precincts



5.2.1.2 Land Development Opportunities

Additional land development opportunities will be made available by releasing currently undeveloped land that can be made available to help satisfy a known demand that exists. Land should be developed on commercial terms and conditions that satisfy a business case for new land development, similar to any other commercial property development. Figure 4 below illustrates the future land development opportunities available on Council owned land.

On both Council owned land and privately owned land, numerous ideas exist for use of the land. Potential new business opportunities that land can be used for include the following:

- Aviation based tourism industries
- Residential airpark development
- Aviation component/manufacturing services
- Aviation related industrial parks services, air-freight
- Drone aviation development
- Commercial (national and/or international) pilot training/simulator businesses (e.g. airline training centre, etc)

The following strategies are recommended with the aim of developing land nominated as being available for development:

Strategy 5.2 (4): Council to actively pursue input into State and Federal Government industry and regional growth strategies/plans that support airport funding initiatives.

Strategy 5.2 (5): When the revised Master Land Development Plan is finalised, Council to advertise for prospective Jet and Helicopter tenants with the aim of developing precinct growth.

Figure 4 Land Ownership and Future Council Owned Development Opportunities



5.2.1.3 Lease arrangements

Currently if Council is approached by a prospective lessee, the terms offered to the lessee are perceived to be heavily in favour of Council. The terms generally require the lessee to fund development of any infrastructure (i.e. hangars) and then lock into a five year lease that is duplicated a number of times to result in a lease ranging anywhere up to 30 years. At the conclusion of the final lease, the infrastructure must be removed and the site made good by the lessee.

An alternative way of accommodating a prospective lessee's request is for the lessee to enter into a Public – Private Partnership (PPP) with Council. Essentially, the development of aviation facilities by private persons will fall within the “public-private partnership” requirements of the Act if Council retains any equity or ownership in any public infrastructure constructed pursuant to those arrangements. This process can be challenging and time consuming when constructing agreements that ensure full compliance with the public-private partnership requirements under the Act, therefore it has only rarely been used. These challenges have been viewed as a barrier in the past.

Feedback received is that irrespective of the lease type noted above, the lease duration Council offers is too short and as such impacts negatively on the commercial viability of a project. Industry standard arrangements are generally for a longer term than Council has offered in the past and it is recommended that future lease arrangements be extended out to 50 years as and when appropriate.

The following strategy is recommended:

Strategy 5.2 (6): Council to review its Lease Agreements to ensure they are attractive for business development opportunities in balance with best benefit attraction on a commercial footing to Council and should clearly articulate responsibilities regarding communications and operations and maintenance responsibilities for specific and shared assets. As part of this review, benchmarking of lease arrangements with other airports should occur.

5.2.2 Privately Owned Land

The preferred development approach for the Illawarra Regional Airport is a staged one, whereby current land use, investment and business activities are to be considered with a clear understanding of the future vision for the airport. This may at times require early or opportunistic investment in land to ensure that future objectives can be met.

Figure 4 (above) shows the land that is privately owned. As shown, this component of land comprises well over 50% of the total airport precinct.

The following strategies are recommended:

Strategy 5.2 (7): Council to review the zoning of areas adjacent to the Illawarra Regional Airport and amend zoning where best suits the aviation related business attraction of the airport.

Strategy 5.2 (8): When advantageous, Council to develop a ROI Business Case, along with Strategic Funding Model, to best leverage adjacent private land for aviation related development that will deliver investment opportunities to Council whilst building local economy for the region.

5.3 Airside Maintenance and Development Plan

Any airport business will fail if the airside infrastructure is not maintained in accordance with the safety regulators standards (CASA) and customers' requirements. As the airport grows we need to also consider airside operational needs that maybe impacted either directly or indirectly. Areas that have been identified as needing consideration include the following:

- Asset management plans need to be implemented
- Staff structure and resourcing
- Windsock location
- Hardstand parking
- Wildlife management
- Security rating
- Changes to airport noise (ANEF)
- Airside control
- Airport terminal
- Air turbulence
- Flooding
- Service locations
- Available length and width of runways

Externalities beyond our control that may impact on possible developments include:

- Change in national security ratings
- Impacts of Albion Park Rail bypass
- Change in Air Services PAN-OPS design processes, and
- Operation of key employers in the region.

To operate and maintain an airport there are assets that are both owned and operated by Council. There will also be assets owned and operated by businesses that will need to be governed by customer service standards, yet to be established in current agreements. Council needs to develop an operations and maintenance framework for these assets that clearly identifies funding, contractual arrangements, accountabilities and responsibilities for all of these common assets that determine customer and partner experiences at the airport. Issues to be addressed include:

- Establishment of land ownership principles, and
- Operation and maintenance framework and arrangements

While it is not recommended that a move to cater for Code 3C aircraft is needed in the short to medium term, the following elements of such a move must be taken into account in any long term planning:

- Increasing the 16/34 runway strip width from 90m to 150m;
- Provision of RESAs to the 16/34 runway of 60m x 90m (allowing for a future widening to 90m x 90m);
- Planning for a Code C partial length parallel taxiways 15m wide east and west of the 16/34 runway;
- Planning for a Code C partial length parallel taxiway 15m wide north of the 08/26 runway;
- Relocated Code A taxiway 7.5m wide to service the new Code A hangars under construction.

Implementing such land improvement initiatives is consistent with Council's business support and attraction objectives identified in its *Economic Development Strategy 2014 – 2018*.

Specifically, by encouraging the development of business clusters such as the Light Aeronautics Business Cluster located at the airport and by supporting local entrepreneurs.

The existing airport area is 115.44Ha. To achieve the 150m wide runway strip for Runway 16/34 about 3.62Ha of land acquisition/negotiation of property rights is required. The additional area of acquisition for additional land in the North West precinct is 36.47Ha. The total area of the expanded airport becomes 155.53Ha (or 40.09Ha of land acquisition proposed in total).

The following strategies are recommended to ensure airside is maintained and developed for the short and long term:

Strategy 5.3 (1): Develop a Capital and Operation Management Plan with applicable forecast budgeting modelling to achieve the following base essential infrastructure to sustain a business attractive, Code 2 airport:

- Retention of the 08/26 runway width of 30m, length of 1331m and runway strip width of 90m.
- Retention of the existing 16/34 runway length of 1819m (but allowing for a possible 60m runway extension to the north and a 48m runway extension to the south, both for departures only) width of 30m (but protecting the future possibility to widen to 45m) and runway strip width of 90m.
- Building of an airport lounge / café / tourism / administration style building capable of being expanded in the future to accept and process passengers, should RPT services exist. This building would also cater for private executive and charter aircraft. It should be designed to expand as demand grows.
- Maintenance of suitable aprons and parking locations for in transit and permanently located aircraft.
- Maintenance of taxiways

Strategy 5.3 (2): Develop a Funding Model to best leverage Council funds and partnerships to attract external funding for the operation, maintenance and development of the airport (e.g. use terminal insurance funds to attract National Stronger Regions Fund (NSRF) to fix E-W runway, re-align taxiway, and install other facilities to attract business viability investment.

Strategy 5.3 (3): Develop a revised land focused Master Plan that is guided by this Strategic and Business Plan based on a financially justifiable model for Council, without limiting future aviation development opportunities at the Illawarra Regional Airport should external funding be provided for future expansion.

Strategy 5.3 (4): To ensure a backlog of operational capital does not develop, Council should aim each year (on average) to reinvest the equivalent of the airport depreciation charge back into the infrastructure.

5.4 Aviation Passenger Services

5.4.1 Regular Passenger Transport (RPT)

The Illawarra Regional Airport has hosted RPT service operators twice over the last 15 years, with the last time being a QantasLink service in the period 2005 to 2008. Average monthly passengers carried throughout this period were 1344. Each of these occasions involved flights from Illawarra to Melbourne with varying timetables on offer. On both occasions the service was discontinued as a result of the operator deeming the service to be

uncommercial. These services were closely aligned to servicing specific single employment centres in the region.

Even given past unsuccessful services, it would be negligent to not ensure that the airport layout caters for RPT services in the future. To enable RPT services to develop, the Illawarra Regional Airport as a minimum requirement would need to consist of a terminal building, passenger car parking and runways capable of hosting a Code 2 operation. Grant funding applications via both Federal and State Governments are the favoured mechanism to raise this capital.

It should be noted that if a Code 3 operation was to be considered in the future, Council has zoning instruments in place which would allow it to implement changes through an existing infrastructure easement. This implementation would also require the acquisition of property rights from land owners on the western side of the east/west runway as this runway would need to be widened. The cost of the work required to upgrade the runway would be financially prohibitive and beyond the means of Council funding alone.

Introducing RPT will also require the establishment of safe, convenient and comfortable facilities and the provision of other services pertaining to comfort and amenity (toilets, waiting areas food and beverages), as well as providing linkages to other transport services such as taxis; hire cars; buses and trains. These services also require supporting infrastructure (car parks, drop off zones, transport related areas and zones). Each of these infrastructure requirements will become permissible via the planning recommended in this document.

It is known that transport customers value frequency, reliability, cleanliness and accessibility to provide a comfortable seamless journey. An expansion of RPT will require a clear focus on both origin and destinations markets that are not overly susceptible to seasonal variations or critically tied to single employment generators or market sectors. That being said a baseline connection to key employers such as the University of Wollongong (training/education) and the University of Wollongong Innovation Campus, BHP/BlueScope, tourism and the Port Kembla is required.

The following strategies are recommended to encourage aviation passenger services:

Strategy 5.4 (1): Conduct a Market Demand Study and if warranted, develop a Marketing Plan that proactively promotes/attracts RPT and/or air-freight business to the Illawarra Regional Airport.

Strategy 5.4 (2): Should the demand for RPT services justify the need, a business case should be prepared as a first step towards developing a Code 3 compliant airport.

5.4.2 Fly-In Fly-Out (FIFO)

This sector of passenger transport offers an immediate opportunity for the expansion of current businesses. A small number of existing services occur at the airport, however for many years no specific focus has been placed on attracting additional patronage.

The most common industry this service has focused on is the mining industry. A targeted marketing campaign within the mining industry would need to be undertaken with the aim that one of our existing airport tenants would be able to form a commercial agreement with a mining company. Agreements such as these have been attempted in the past; however Council was not actively involved to assist the operator.

It is recommended that Council play a proactive role in future. The NSW and QLD mining industry growth is contracting from its peak of 2012-13, so short term success may be difficult. Increasingly, FIFO passengers are flying on scheduled RPT services which reduces the need for a stand-alone service.

If existing operators are able to show that a positive business case can be made, then it is expected that the mining industry will be the main focus. It is also expected that the states of NSW and QLD will be the target markets.

Whilst not technically a fly-in fly-out service, the possibility of charter services such as Bill Peach Air Tours should be explored. Such tours often use Dash 8 aircraft types that can operate into and out of the Illawarra Regional Airport.

Strategy 5.4 (3): If proposed by airport operators, Council is to assist with the development of a marketing plan to attract FIFO services within the mining sector in both NSW and QLD. The marketing plan should also be directed towards charter services.

5.5 Regional Partnerships

Strategically we must look to develop regional partnerships. Key areas of focus should involve the Port Kembla shipping authorities, the University of Wollongong, large private corporations, regional tourism operators, the healthcare sector and State Government agencies.

5.5.1 The Port

Access to and from Port Botany is expensive and limited. Road haulage to Port Kembla is constrained with no real options to expand.

The airport is able to provide a freight haulage hub as the current airport transport configuration and aircraft composition allows freight carriers to operate from the site. A freight hub location would be an ideal use of the land currently held by private landowners. Access to freeways is excellent so Sydney can be reached quickly. The cost of infrastructure and cost of operating a business would also be lower than a comparative development in the Sydney basin.

5.5.2 Tourism

It is firstly important to also note that the Illawarra Regional Airport is identified as a major regional tourism asset and source of tourist visitation in both the *Tourism Shellharbour Destination Management and Strategic Marketing Plan 2012 – 2017* and the *South Coast NSW Destination Management Plan 2013 – 2020*.

This business sector is closely linked to the airports current operations and it is seen as a sector with tremendous potential to grow. Numerous existing tenants work directly with tourists and nearly all are looking to expand further. Examples include Skydive the Beach, Touchdown Helicopters, Southern Biplanes, NSW Air and HARS.

The recent addition of the world record holding Qantas 747-400 provides a very exciting opportunity for the Illawarra Regional Airport. Plans are being developed by HARS to build an iconic building to permanently house the aircraft and therefore act as a major drawcard to not only the airport, but the entire region. Based on the display of a similar aircraft at Longreach Qld, expectations are that this plane will attract well over 10,000 visitors per year.

The aircraft will also open opportunities to become further involved in the film industry with the CEO Qantas International Gareth Evans revealing the airline was approached once or twice a month by international and domestic filmmakers wanting to use aircraft, but until now had not had a plane on the ground long enough to be of use to the industry. A film industry

scout will tour the aircraft in April 2015 for the lining up of potential filmmaking clients and the airports use as a film set.

It's important to note that the Illawarra regional Airport already attracts numerous promotional activities, with some examples from the last few months being a Coke Cola commercial and a segment of the Biggest Loser TV program being filmed on site.

The reinstatement of infrastructure such as a cafe and all weather shelter structure coupled with refreshed branding of the airport precinct will significantly assist the growth of both the existing tenants and the tourism focus noted above. Council should also leverage the knowledge and skills available through Tourism Shellharbour and the South Coast Regional Tourism Organisation. Both these bodies can provide exposure across the region and state wide once we move to the phase of introducing a new brand and marketing message.

It is important to ask why other tourist based airports have been successful or have failed in providing services to the tourism industry. Two examples are as follows:

Maroochydore – a success story

- Good existing RPT base prior to development plan being introduced.
- Runway infrastructure in good condition and not needing work for over 10 years from plan implementation date.
- Terminal and parking already in place and only requiring provision to be made for potential expansion.
- Excellent connectivity to local central business districts.
- Leveraged the regional brand of the "Sunshine Coast"
- A very established tourism area, therefore marketing is easy.
- Large local population base

Cooma – failed to survive

- Limited time period (seasonal)
- No connecting services
- Limited infrastructure
- Small local population base
-

Lessons from these two examples must be understood and taken into account when we move to our next growth push associated with the tourism sector.

5.5.3 State Government

There are a number of current opportunities to improve surrounding infrastructure (through the vesting of the Princes Hwy and potential associated works or reconfiguration of access and interfaces) and perhaps even services by building closer relationships with the state government. Opportunities exist in the following areas:

Development of Regional Plans: In order that the airport's requirements are well understood, Council should ensure its views are clearly articulated in the development of the governments Regional Development Transport Plans. Input should also be provided into other Regional Plans, such as infrastructure, tourism and economic growth.

Major Works: The State Government is currently developing the Albion Park Rail bypass. Council has been successful in ensuring two points of access from the bypass in the proximity of the Illawarra Regional Airport. Additional enhancements to be considered include:

- The development of an appropriate Way Finding scheme that directs travellers through the region to the Airport and;

- Opportunities to enhance the existing highway interface with the Illawarra Regional Airport through minor works to improve road safety, traffic management and access.

The State Government can be a valuable partner in assisting with the airports development; however it is incumbent on Council ensuring that the airports future vision is clearly understood.

The following strategies are recommended to develop critical ongoing partnerships:

Strategy 5.5 (1): Council to pursue Roads and Maritime Services NSW design on the East-West Albion Park Rail bypass to best benefit/convenience the Illawarra Regional Airport development opportunities with regional partnerships

Strategy 5.5 (2): Council to encourage/support regional business opportunities that will rely on aviation-related partnerships e.g. Tourism Shellharbour; Tourism NSW.

Strategy 5.5 (3): Council continue active participation of the Illawarra Regional Airport Advisory Committee and Illawarra Advisory Committee.

Strategy 5.5 (4): Council is to encourage community engagement into their airport services.

5.5.4 Education and Training

We are on the doorstep of the highly ranked University of Wollongong with worldwide business connections. In 2014, according to *The Times Higher Education World University Rankings* - Australian University Rankings the University of Wollongong was ranked as the equal 11th best university in Australia. Within the university we have SMART infrastructure which focuses on creating liveable cities that include major infrastructure. Building opportunities with both the University of Wollongong and associated enterprises will provide insight to the travel needs of this sector.

The Illawarra Regional Airport also has the opportunity to build on its current recreational pilot training activities by an expansion into commercial pilot training. This is a large market and the airport has the infrastructure needed to cater for this training.

This is consistent with other Council directions in that education and skills development is identified as a key focus of its *Economic Development Strategy 2014 – 2018*. The objective is to ensure that education and training programs are delivered locally that match current and projected job opportunities. In addition, the meeting of market demand through the provision of such programs is likely to also attract skilled personnel to relocate to Shellharbour City – thus providing further economic development benefits.

The following strategy is recommended to further training and education aims:

Strategy 5.5 (5): Develop a Prospectus and Marketing Plan to proactively attract education and training business to the Illawarra Regional Airport (including national and international commercial pilot training/simulator businesses).

5.6 Engagement & Identity

5.6.1 Marketing and Branding

A more marketable name for the Illawarra Regional Airport needs to be developed to assist with future branding exposure in the community. A new brand is required to freshen and enliven the airports image. Particularly with the advent of electronic social media, a brand can be spread far and wide. The brand needs to promote more than just regular passenger flying, instead it needs to pick up on the numerous tourism and adventure activities within the airport.

Regular engagement with existing businesses at the airport should occur to assist these businesses in determining the activities they may wish to undertake to encourage growth of their businesses. Council has economic and business development staff and so these resources should be offered to the businesses to assist with their future development plans. Government programs such as the Entrepreneurs Infrastructure Programme (previously called Enterprise Connect) have funding programs that provide access to a range of specialised advisors, working with business clusters, to encourage growth of special industry sectors.

The following strategies are recommended to improve branding of the Illawarra Regional Airport:

Strategy 5.6 (1): Council to develop an airport identity that best attracts patronage / government investment e.g. 'point-of-difference' identity; branding and marketing pitch.

Strategy 5.6 (2): Council to develop a marketing strategy to actively pursue aviation business and patrons from other airports to relocate to the Illawarra Regional Airport.

5.6.2 Events

Council in partnership with the local tourism sector should work towards holding regular activities encouraging the community to visit and see what the Illawarra Regional Airport offers. At the moment the vast majority of the community have very little engagement with the airport, which is seen as land space to drive past or around. The development of an events calendar provides an opportunity to reinforce to the local communities that the airport is a significant contributor to providing and creating employment opportunities in the region.

A number of events are currently held at the Illawarra Regional Airport, such as the annual Wings over Illawarra aviation show and the HARS open days. A monthly open air market is planned and other activities such as TV filming regularly occur on site. The recent gifting to HARS of the world record breaking Qantas 747-400 (longest non-stop flight) on site also provides a major drawcard on which future events can be centred around.

Future events could also include general tours, school based tours and even tours for seniors. Similar tours are carried out in the Shoalhaven for seniors to visit facilities like waste and recycling depots. Industry based expos and aviation sector fly-in meetings are other examples of events that already exist and should be approached.

The following strategies are recommended to encourage events:

Strategy 5.6 (3): Council to support current events at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.

Strategy 5.6 (4): Council investigate/support new event opportunities at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.

Strategy 5.6 (5): Council to publish a calendar of events held at the Illawarra Regional Airport.

Web Site

The current web site does not have a modern, welcoming look or feel. The site is purely a listing of facts related to the Illawarra Regional Airport and is rarely updated. A more lively and interactive site would increase traffic flow on the site.

Strategy 5.6 (6): The existing web site should be revamped so as to be more relevant for a commercial operation.

6. Financial Implications

6.1 Baseline Investment Requirements

The 2014/15 financial year budget shows the following high level information:

Total Income	\$435k
Total Expenses (excl depreciation)	\$300k
<u>Operating Surplus / Cash Generation</u>	<u>\$135k</u>
<u>Depreciation</u>	<u>\$264k</u>

This plan proposes the implementation of numerous strategies, some of which can be funded from regular operating budgets, others needing a once off allocation.

6.2 Implementation Costs

A summary of the cost to implement is as follows:

Cost to Implement	2015/16	2016/17	2017/18	2018/19	2019/20
	\$000	\$000	\$000	\$000	\$000
Ongoing operational funding	5	105	105	105	105
Once off operational funding	70	70	0	0	0
Ongoing capital requirement	264	264	264	264	264
Once off capital allocation	0	2400			
Total Cash Outlay	339	2839	369	369	369
Forecast Operating Surplus	135	139	143	148	152
Insurance funding available		1200			
Cash Surplus /(Deficit)	-204	-1500	-226	-221	-217
Funding Source					
Council Funding	204	300	226	221	217
Grant Funding	0	1200	0	0	0

Note: This table only reflects the cost of strategies outlined in this plan as listed in Appendix D.

It is important to note that the following items have not been costed as part of this report:

- Private land acquisition
- Code 3 compliant airport capability
- Precinct hangar development (to be funded by private parties)

While these items should be noted and form part of a long term strategic plan, expenditure in these areas would only proceed if a standalone business case is supportive of the project.

Attachment D lists details of all strategies and the estimated cost to implement.

7. Appendices

Appendix A – Asset Register

Table 1 (below) lists all Airport assets held in Council's financial system as at 30 June 2014.

Table 1 - Illawarra Regional Airport Asset Register

ASSET DESCRIPTION	ASSET TYPE	PURCHASE DATE	PURCHASE PRICE	VALUE AS AT 30/6/14
Sweeper Attachment - SE6R 3 point linkage broom	Mobile Plant & Vehicles	19-Jan-10	16,879.50	1,886.80
ALBION PARK AERODROME - TOILET BLOCK	Buildings - Specialised		94,000.00	35,720.00
Airport - Fencing around luggage storage area	Other Structures	17-Nov-08	7,377.64	5,307.86
61m PVC Coated Chainwire Fencing near Airport Taxiway and Carpark	Other Structures	30-May-13	5,248.28	4,964.30
Airport - Security Works: fencing, gates	Other Structures	30-Jun-05	291,254.44	163,978.76
Airport Coded Gates	Other Structures	27-Mar-07	3,539.42	2,255.53
INFRASTRUCTURE DEVELOPMENT - ALBION PK AIRPORT, INC POWER SUPPLY	Other Assets - Other	31-Dec-93	62,944.68	45,005.45
AIRPORT SECURITY LIGHTING	Other Assets - Other	30-Jun-00	3,532.95	1,059.89
Airport - Lighting upgrade	Other Assets - Other	30-Jun-05	203,839.32	113,980.49
Airport Signage	Other Assets - Other	14-Feb-07	5,876.12	3,797.58
Sub Total			694,492.35	377,956.66
Runway	Other Infrastructure		9,203,328.19	4,137,270.38
TOTAL ASSETS (Excluding Investment Properties)			9,897,820.54	4,515,227.04
Investment Properties				
DP 591298 LOT 1 HANGER SITE - ALBION PARK AERODROME - Cleary Bros	Investment Property - Land			387,280.00
Lot 1 DP 1092398 - Albion Park Aerodrome - Aerospace Training Services P/L	Investment Property - Land			187,460.00
Lot 2 DP 1092398 - Albion Park Aerodrome - Total Aerospace Solutions	Investment Property - Land			180,250.00
Lot 3 DP 1092398 - Albion Park Aerodrome - Airag Aviation Services P/L	Investment Property - Land			174,070.00
Lot 4 DP 1092398 - Albion Park Aerodrome - Aero V Australia P/L	Investment Property - Land			220,420.00
Lot 5 DP 1092398 - Albion Park Aerodrome -	Investment Property - Land			22,600.00
Lot 6 DP 1092398 - Albion Park Aerodrome - NSW Air P/L	Investment Property - Land			235,870.00
Lot 10 DP 1157377 - Aerodrome	Investment Property - Land			4,834,820.00
Lot 702 DP 1102696 - Air Cadets 5/18 Airport Road	Investment Property - Land			374,920.00
Lot 701 DP 1102696 - Future Hanger Site 4/18 Airport Road	Investment Property - Land			372,860.00
Lot 201 DP 1111193 - HARS Boomerang Ave	Investment Property - Land			1,626,370.00
Lot 2000 DP 1132715 - Illawarra Fire Control 37 Airport Road	Investment Property - Land			622,120.00
DP 591298 LOT 3 HANGER SITE - ALBION PARK AERODROME - Car park	Investment Property - Land			155,530.00
DP 773124 LOT 420 HANGER SITE - ALBION PARK AERODROME - Shell Company of Australia	Investment Property - Land			404,790.00
DP 627450 LOT 41 HANGER SITE - ALBION PARK AERODROME - Capital Aircraft Services P/L	Investment Property - Land			267,800.00
				10,067,160.00
ALBION PARK AERODROME - Wollongong Aerial Patrol	Investment Property - Buildings			120,510.00
ALBION PARK AERODROME - NSW Fire Brigades	Investment Property - Buildings			417,150.00
ALBION PARK AERODROME - NSW Air Pty Ltd Hangar	Investment Property - Buildings			292,520.00
ALBION PARK AERODROME - NSW Air Pty Ltd Building	Investment Property - Buildings			179,220.00
ALBION PARK AERODROME - Capital Aircraft Services	Investment Property - Buildings			321,360.00
Light Aeronautics Industry Cluster - Hangar 1 - Aerospace Training Services P/L	Investment Property - Buildings			267,800.00
Light Aeronautics Industry Cluster - Hangar 2 - Total Aerospace Solutions	Investment Property - Buildings			267,800.00
Light Aeronautics Industry Cluster - Hangar 3 - Airag Aviation Services P/L	Investment Property - Buildings			267,800.00
Light Aeronautics Industry Cluster - Hangar 4 - Aero V Australia P/L	Investment Property - Buildings			517,060.00
				2,651,220.00
Total Investment Properties				12,718,380.00

Appendix B - SWOT Analysis

Table 2 - SWOT analysis

Strengths	Weaknesses
Regional context	No clear vision – ad hoc approach
Existing transport network – near to freeway and train station	State of runway
Well positioned for emergency services	Lack of connection within airport
Well located to support relocation from Sydney	Lack of way finding
Established footprint	Lack of terminal
Its working	Lack of holistic operational maintenance framework
Location – close to Sydney for industry tenants	Location – Close to Sydney with respect to RPT
Suitable tenant base	Currently only meets C2
HARS	Terrain limitations
Availability of vacant land on west side – potential development growth corridor	Within residential area
Accessibility to transport routes	Council budget limitations – capital funding
Growing region	
Growth of University	
Two runways – needed to cater for prevailing weather conditions.	
Opportunities	Threats
Tourism	Bypass / height impacts
Employment	Eco threat – tree clusters
More airport related services	Competition from Sydney Airports
Build on history of airport	Lack of attention toward asset maintenance renewal
Hospitality / Hotel	Access to capital infrastructure funding
Airpark	Competition with Sydney and Shoalhaven (Albatross) Airports
Aviation based surrounded	
Interchange infrastructure	
Bypass - access	
Holistic operational maintenance framework	
Could buy land and develop to a C3 standard	
Corporate Jet market – tenants	
RPT – potential market due to no landing slot restrictions.	
Tourism/Leisure activities growth	
Potential for freight hub	
Growing aviation support services	
University partnership into research / innovation / education	
Use of airport / residential developments	

Appendix C - Strategic Plan Details

Details of all strategies recommended in this plan are as follows:

Ongoing

- Strategy 5.2 (1) - Council support and promote current aviation related businesses and encourage growth opportunities of current leaseholders.
- Strategy 5.2 (3) - Further develop relationships with Emergency Services (e.g. RFS) and Government Aviation Sectors to encourage operation establishment to the Illawarra Regional Airport which attracts annual funding contributions toward base infrastructure services.
- Strategy 5.3 (4) - To ensure a backlog of operational capital does not develop, Council should aim each year (on average) to reinvest the equivalent of the airport depreciation charge back into the infrastructure.
- Strategy 5.5 (2) - Council to encourage/support regional business opportunities that will rely on aviation-related partnerships e.g. Tourism Shellharbour; Tourism NSW.
- Strategy 5.5 (3) - Council continue active participation of the Illawarra Regional Airport Advisory Committee and the Illawarra Advisory Committee
- Strategy 5.5 (4) - Council to encourage community engagement into their airport services.
- Strategy 5.6 (1) - Council to develop an airport identity that best attracts patronage/government investment e.g. 'point-of-difference' identity; branding and marketing pitch.
- Strategy 5.6 (3) - Council to support current events at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.
- Strategy 5.6 (4) - Council investigate/support new event opportunities at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.
- Strategy 5.6 (5) - Council to publish a calendar of events held at the Illawarra Regional Airport.

Immediate Term 0-2 years

- Strategy 5.1 (1) - Council to develop an airport management structure to accommodate the delivery of business plan strategies and also manage operational activities.
- Strategy 5.2 (2) - Council to develop initiatives for Illawarra Regional Airport tenants to work more collaboratively for the overall benefit, which are attractive with offering cluster services
- Strategy 5.2 (4) - Council to actively pursue input into State and Federal Government industry and regional growth strategies/plans that support airport funding initiatives.

- Strategy 5.2 (5) - When the revised Master Land Development Plan is finalised, Council to advertise for prospective jet and helicopter tenants with the aim of developing precinct growth.
- Strategy 5.2 (6) - Council to review its Lease Agreements to ensure they are attractive for business development opportunities in balance with best benefit attraction on a commercial footing to Council and should clearly articulate responsibilities regarding communications and operations and maintenance responsibilities for specific and shared assets. As part of this review, benchmarking of lease arrangements with other airports should occur.
- Strategy 5.2 (7) - Council to review the zoning of areas adjacent to the Illawarra Regional Airport and amend zoning where best suits the aviation related business attraction of the airport.
- Strategy 5.2 (8) - When advantageous, Council to develop a ROI Business Case, along with Strategic Funding Model, to best leverage adjacent private land for aviation related development that will deliver investment opportunities to Council whilst building local economy for the region.
- Strategy 5.3 (1) - Develop a Capital and Operation Management Plan with applicable forecast budgeting modelling to achieve the following base essential infrastructure to sustain a business-attractive, Code 2 airport:
 - Retention of the 08/26 runway width of 30m, length of 1331m and runway strip width of 90m.
 - Retention of the existing 16/34 runway length of 1819m (but allowing for a possible 60m runway extension to the north and a 48m runway extension to the south, both for departures only) width of 30m (but protecting the future possibility to widen to 45m) and runway strip width of 90m.
 - Building of an airport lounge/ café / tourism / administration style building capable of being expanded in the future to accept and process passengers should RPT services exist. This building would also cater for private executive and charter aircraft. It should be designed to expand as demand grows.
 - Maintenance of suitable aprons and parking locations for in transit and permanently located aircraft.
 - Maintenance of taxiways
- Strategy 5.3 (2) - Develop a Funding Model to best leverage Council funds and partnerships to attract external funding for the operation, maintenance and development of the airport (e.g. use terminal insurance funds to attract National Stronger Regions Fund (NSRF) to fix E-W runway, re-align taxiway, and install other facilities to attract business viability investment.
- Strategy 5.3 (3) - Develop a revised land focused Master Plan that is guided by this Strategic and Business Plan based on a financially justifiable model for Council, without limiting future aviation development opportunities at the Illawarra Regional Airport should external funding be provided for future expansion.
- Strategy 5.4 (1) – Conduct a Market Demand Study and if warranted, develop a Marketing Plan that proactively promotes/attracts RPT and/or air-freight business to the Illawarra Regional Airport.
- Strategy 5.4 (3) - If proposed by airport operators, Council to assist with the development of a marketing plan to attract FIFO services within the mining sector

in both NSW and QLD. The marketing plan should also be directed towards charter services.

- Strategy 5.5 (1) - Council to pursue Roads and Maritime Services NSW design on the East-West Albion Park Rail bypass to best benefit/convenience the Illawarra Regional Airport development opportunities with regional partnerships.
- Strategy 5.5 (5) - Develop a Prospectus and Marketing Plan to proactively attract education and training business to the Illawarra Regional Airport (including national and international commercial pilot training/simulator businesses).
- Strategy 5.6 (2) - Council to develop a marketing strategy to actively pursue aviation business and patrons from other airports to relocate to the Illawarra Regional Airport.
- Strategy 5.6 (6) - The existing web site should be revamped so as to be more relevant for a commercial operation

Medium Term 3-5 years

- Strategy 5.4 (2) - Should the demand for RPT services justify the need, a business case should be prepared as a first step towards developing a Code 3 compliant airport.

Appendix D - Financial Impact Details

The following tables show all recommended "Strategies" and the estimated cost to complete each item. The table also recommends the most appropriate resourcing required in finalising the action. A nominated time frame is also shown.

Ongoing Strategies

Illawarra Regional Airport			
Strategic and Business Plan			
Financial Impact of the implementation of recommended Strategies			
Strategy Ref No.	Details	Additional Estimated Cost* \$'000	Comments
ONGOING STRATEGIES			
5.2(1)	Council support and promote current aviation related businesses and encourage growth opportunities of current leaseholders.	\$0	Internal resources
5.2(3)	Further develop relationships with Emergency Services (eg RFS) and Government Aviation Sectors to encourage operation establishment to the Illawarra Regional Airport which attracts annual funding contributions toward base infrastructure services.	\$0	Internal resources
5.3(4)	To ensure a backlog of operational capital does not develop, Council should aim each year (on average) to reinvest the equivalent of the airport depreciation charge back into the infrastructure.	\$264	As per 14/15 depreciation charge
5.5(2)	Council to encourage/support regional business opportunities that will rely on aviation-related partnerships eg Tourism Shellharbour; Tourism NSW.	\$0	Internal resources
5.5(3)	Council continue active participation of the Illawarra Regional Airport Advisory Committee and Illawarra Advisory Committee	\$0	Internal resources
5.5(4)	Council to encourage community engagement into their airport services.	\$0	Internal resources
5.6(3)	Council to support current events at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.	\$0	Internal resources
5.6(4)	Council investigate/support new event opportunities at the Illawarra Regional Airport that actively promote aviation related business development opportunities to the region.	\$5	Internal resources
5.6(5)	Council to publish a calendar of events held at the Illawarra Regional Airport.	\$0	Internal resources
SUB TOTAL	COST OF ONGOING STRATEGIES	\$269	
* Some costs can be funded from existing operating budgets			

Strategies in Years 1 and 2

Illawarra Regional Airport			
Strategic and Business Plan			
Financial Impact of the implementation of recommended Strategies			
Strategy Ref No.	Details	Additional Estimated Cost* \$'000	Comments
STRATEGIES IN YEARS 1 AND 2			
5.1(1)	Council develop an airport management structure to accommodate the delivery of business plan strategies and also manage operational activities	\$100	Cost quoted is estimated cost including on costs of full time manager
5.2(2)	Council develop initiatives for Illawarra Regional Airport tenants to work more collaboratively for the overall benefit, which are attractive with offering cluster services.	\$0	Via airport advisory committee
5.2(4)	Council to actively pursue input into State and Federal Government industry and regional growth strategies/plans that support airport funding initiatives.	\$10	Internal resources
5.2(5)	When the revised Master Plan is finalised, Council to advertise for prospective Jet and Helicopter tenants with the aim of developing precinct growth	\$5	Cost of advertising
5.2(6)	Council to review its Lease Agreements to ensure they are attractive for business development opportunities in balance with best benefit attraction on a commercial footing to Council and should clearly articulate responsibilities regarding communications and operations and maintenance responsibilities for specific and shared assets. As part of this review, benchmarking of lease arrangements with other airports should occur.	\$30	Legal advice
5.2(7)	Council to review the zoning areas adjacent to the Illawarra Regional Airport and amend zoning where best suits the aviation related business attraction of the airport.	\$0	Internal resources
5.2(8)	When advantageous, Council to develop a ROI Business Case, along with Strategic Funding Model, to best leverage adjacent private land for aviation related development that will deliver investment opportunities to Council whilst building local economy for the region.	\$15	Only when applicable
5.3(1)	Develop a Capital and Operation Management Plan with applicable forecast budgeting modelling to achieve the following base essential infrastructure to sustain a business-attractive, Code 2 airport: Indicative Costs to be confirmed	\$2,400	Aviation consultant to confirm
	<ul style="list-style-type: none"> Retention of the 08/26 runway width of 30m, length of 1331m and runway strip width of 90m. Retention of the existing 16/34 runway length of 1819m (but allowing for a possible 60m runway extension to the north and a 48m runway extension to the south, both for departures only) width of 30m (but protecting the future possibility to widen to 45m) and runway strip width of 90m. Building of an airport lounge / cafe / administration style building capable of being expanded in the future to accept and process passengers should RPT services exist. This building would also cater for private executive and charter aircraft. It should be designed to expand as demand grows Maintenance of suitable aprons and parking locations for in transit and permanently located aircraft Maintenance of taxiways 		
5.3(2)	Develop a Funding Model to best leverage Council funds and partnerships to attract external funding for the maintenance and development of the airport (eg use terminal insurance funds to attract National Stronger Regions Fund (NSRF) to fix E-W runway, re-align taxiway, and install other facilities to attract business viability investment.	\$5	Internal resources
5.3(3)	Develop a revised land focused Master Plan that is guided by this Strategic and Business Plan based on a financially justifiable model for Council, without limiting future aviation development opportunities at the Illawarra Regional Airport should external funding be provided for future expansion.	\$20	Aviation consultant
5.4(1)	Conduct a Market Demand Study and if warranted, develop a Marketing Plan that proactively promotes/attracts RPT and/or Air-Freight business to the Illawarra Regional Airport	\$25	Internal resources
5.4(3)	If proposed by airport operators, Council is to assist with the development of a marketing plan to attract FIFO services within the mining sector in both NSW and QLD. The marketing plan should also be directed towards charter services.	\$5	Internal resources
5.5(1)	Council to pursue Roads and Maritime Services NSW design on the East-West Albion Park bypass to best benefit/convenience the Illawarra Regional Airport development opportunities with regional partnerships.	\$0	Internal resources
5.5(5)	Develop a Prospectus and Marketing Plan to proactively attract to education and training business to the Illawarra Regional Airport (including national and international commercial pilot training/simulator businesses).	\$0	Internal resources
5.6(1)	Council to develop an airport identity that best attracts patronage/government investment eg 'point-of-difference' identity; branding and marketing pitch.	\$15	Marketing consultant
5.6(2)	Council develop a marketing strategy to actively pursue aviation business and patrons from other airports to relocate to the Illawarra Regional Airport.	\$0	Internal resources
5.6(6)	The existing web site should be revamped so as to be more relevant for a commercial operation.	\$10	Consultant
SUB TOTAL	COST OF STRATEGIES IN YEARS 1 AND 2	\$2,640	
* Some costs can be funded from existing operating budgets			

Strategies in Years 3, 4 and 5

Illawarra Regional Airport			
Strategic and Business Plan			
Financial Impact of the implementation of recommended Strategies			
Strategy Ref No.	Details	Additional Estimated Cost* \$'000	Comments
STRATEGIES IN YEARS 3, 4 AND 5			
5.4(2)	Should the demand for RPT services justify the need, a business case should be prepared as a first step towards developing a Code 3 compliant airport.		Not Costed
SUB TOTAL	COST OF STRATEGIES IN YEARS 3, 4 AND 5	\$0	
* Some costs can be funded from existing operating budgets			