

PRESENT

Councillor Kerry Pascoe	Wagga Wagga City Council
Mr Josh Dorey	Qantaslink
Mr Warrick Lodge	Regional Express
Mr Geoff Breust	Aviation Industry Participant
Mrs Jenny Cabot	Aviation Industry Participant
Mr Iain Carty	Department of Defence - RAAF

IN ATTENDANCE

Peter Thompson	General Manager
Caroline Angel	Director Commercial Operations
Natalie Te Pohe	Director Finance
Darryl Woods	Senior Project Manager
Maree Ingram	Minute Taker

The meeting of the Airport Advisory Committee commenced at 6pm.

ACKNOWLEDGEMENT OF COUNTRY

I would like to Acknowledge the Traditional Custodians of this Land, on which this meeting takes place and to pay my respects to Elders past and present.

APOLOGIES

Councillor Dan Hayes	Wagga Wagga City Council
Mrs Dannielle Wait	Wagga Wagga Business Chamber
Carolyn Rodney	Manager Finance
Leon Burger	Airport Facility Manager

CONFIRMATION OF MINUTES

CM-1 AIRPORT ADVISORY COMMITTEE MINTUES - 8 AUGUST 2018

Recommendation:

On the Motion of W Lodge and J Dorey

That the Minutes of the proceedings of the Airport Advisory Committee Meeting held on 8 August 2018 be confirmed as a true and accurate record.

CARRIED

DECLARATIONS OF INTEREST

No Declaration of Interest Received

REPORTS FROM STAFF

RP-1 AIRPORT REVIEW

Recommendation:

On the Motion of W Lodge and J Cabot

That the Committee:

- a note the contents of the report**
- b endorses the proposed approach in the report and request a further report to a future committee meeting with a proposed specification for the Masterplan review.**

CARRIED

Discussion Points

The committee held a lengthy discussion on the information provided in the report. Areas discussed included:

- Darryl Woods – set of items put together for transparency, some will relate to Airport Management Plan (AMP), some will not belong in the AMP. Have heard a lot of criticism at previous meetings.
- W Lodge – Requested clarification in regard to criticism
- D Woods – Initial discussion, different model could manage Airport. Operational structure not efficient. Committee to look at how costs could be cut at the airport, this is not for the AMP. Last AMP was done in 2010 and this needs to be considered. The review is a review of items of interest for the committee.
- G Breust – Comments made previous meetings, proposal to involve consultant in review as well as in the AMP. Committee has been set up to undertake review, has concerns that if some of the items of the review are pushed out to a consultant, where does that leave the committee? Happy if review and AMP run together but does not want the AMP to get in front of the review. The committee should start on the Operational/Financial review now. Concerned that some aspects are being pushed off to a consultant.
- C Angel – Bringing in a consultant will allow a level of independence and provide a benchmark to be used against other airports. Better overall option to discuss with the Committee once the review is received. Independent review will provide a better position.
- G Breust – Does not see the need for independence.
- Cr Pascoe – suggest that the consultant be invited to an AAC meeting prior to undertaking review.
- P Thompson – that is achievable. No one on the Committee can manage consultant as everyone has a conflict of interest. Committee members have a strong pecuniary interest , therefore we can't have the committee manage the consultant.

- C Angel – Attending an AAC meeting would be an appropriate place to start to enable consultants to consider all stakeholder's positions.
- D Woods – It's not so much a conflict of interest. Items relating to airport tenure, is anyone aware of how other Dept of Defence and civil airport ownership models have worked?
- J Dorey - Not anyone model stands out as being particularly successful. This is an opportunity to get the best commercial outcome for Wagga Airport
- D Woods – We need to look at lessons learnt from others.
- J Cabot – Like Williamtown, we are not allowed in there as we are charter operators
- I Carty – Wagga airport is unique as Defence do not run operations out of Wagga. What is defence's intention with the lease. Are you looking for parcels of land for development? The current government is keen to renegotiate the lease at the end of the lease period. Previous minister not confident in selling due to PFAS issues.
- D Woods – Is there any specific policy that would preclude partial Council ownership of the Airport?
- I Carty – Submissions to be made through the Office of Defence. How much? What impact? Can we do it? Parts of the base that aren't currently utilised may enable future development opportunities. Need to go through a business case process on how the airport would develop.
- D Woods – Lease is the driver currently – Wagga still pays a premium on the lease. It is not a dollar airport as Wagga has a cost every year. Parcels of land at the right price would be advantageous.
- W Lodge – Previous submission – 50 regional airports. REX made general comment – not about Wagga, REX understand that the situation is different at Wagga Airport.
- J Dorey – Other Councils were gifted airports. Want to ask why Wagga is made to pay?
- D Woods – Discussion shows why this item is on the Airport review list. Would like to know pitfalls of previous operator experiences and how best to approach the Dept of Defence.
- C Angel – Point around independence, allows access to other models
- I Carty – Which were struck 20 years ago
- C Angel – Gives us the opportunity to understand different models and the potential to renegotiate more favourable conditions
- I Carty – Need to understand how to renegotiate a new lease.
- C Angel – Need to be prepared and to fully understand what we are trying to achieve.
- J Dorey – Learmonth renegotiated five years ago, would be nice to know how that was done.
- I Carty – Learmonth supports gas fields
- G Breust – Want clarity of what the APM is and what the review is. Who is to do what and how is to be managed? AMP on thing – appropriate to include previous AMP and what has been achieved. Requirement to review financial performance.
- D Woods – AMP is a separate exercise. Airport review would run ahead of the AMP, would like to see the review come together in a couple of months.
- C Angel – Can run the two processes of the Airport Review and AMP in parallel, the Airport Review item would help to inform the AMP.
- G Breust – has no problem with that. Establish a working group to go thru the financials. Concerning – committee giving job of doing financial review.

- C Angel – Committee members have been receiving financial reports, has anyone provided questions to the Director Finance in relation to the report's?
- G Breust – Has 30 questions however decided not to provide them until after a resolution has been made in respect to Working Party report.
- W Lodge – REX have the same perspective. Review of financials is the catalyst for the AMP. Structure, costings, depreciation form part of the review. First step is to review the financials by the Committee – more aligned with the Airport review not the AMP.
- J Dorey – Committee should look at reviewing financials. Need benchmarking as we do not have anything to compare the financials too. It will help to highlight efficiencies and deficiencies.
- G Breust – No major issue between REX, Qantas should have a reasonable handle on other operations.
- J Dorey – There would be a degree of conflict on Fees and Charges.
- W Lodge – about looking at individual line items.
- G Breust – Have served on lots of AAC's. Need to review financials first, get items that can then be used for consultant review.
- W Lodge – Could Council approach six to eight other airports. Council do their own consulting rather than using a consultant.
- J Dorey – Would recommend using a consultant with sole expertise for airport review. Just look to other Australian airport, some are well run, some poorly run.
- W Lodge – Benchmarking is only one part, not everything requires benchmarking. Brainstorm accounts as the first step. Detail analysis is a better first step. Need a more detailed working group to review financials.
- C Angel – From comments made, the indication is that the airport is mismanaged. What is the cause of this perception? Can someone define ?
- W Lodge – Has never said that the airport is mismanaged.
- C Angel – Want someone to say what areas are to be focussed on.
- W Lodge – Working Group (WG) to have detailed discussions about financials. Put forward a motion based on recommendation, need detailed review of items line by line. Fly to 50 airports. Airports that exceed 250,000 passengers are in a better position than Wagga. This warrants a review, it is the first step for understanding the current position of the airport. No preconceived thoughts.
- C Angel – Very pleased to hear that.
- W Lodge – With current revenue turnover, Wagga airport should be better placed than what we are. Depreciation is an area of concern.
- G Breust – We don't actually know, we need to get into the detail. Salary/wages (not saying that they are over the top, don't really know if they are). Need to go through line item after line item to fully understand what is involved. WG sit down with relevant staff in Council and work through it. Confidence that what is being done is being done correctly.
- W Lodge – Mutual
- D Woods – A WG discussion was held last meeting. It was suggested that a WG be formed as a subcommittee however when asked who wished to participate all members of the committee indicated that they wanted to be part of the WG.
- J Dorey – Has never been an advocate for WG's. Everyone should be involved. Gone through financial statements. Could we identify the line items of concern, table list of concerns after tonight's meeting?

- W Lodge – WG to look at costs – outcome of this would then be shared with the rest of the committee.
- J Dorey – There would be the issue of practicality in ability to attend. Would like to be part of the conversation placed in different situation.
- W Lodge – WG meetings should be together every two weeks. to enable follow up (by phone). Outcomes to be shared by email.
- C Angel – Understanding of where we got to. Belief WG – subset – everyone wanted to attend. Sent out reports for review and questions to come back from members for staff to answer. No questions can through. Review ask questions – staff provide responses – wasted three months!
- G Breust – we need to get on with it.
- C Angel – Please send though your questions
- G Breust – Want to sit down with staff and go through it.
- W Lodge – Peter Thompson is aware of REX's preference. If a WG is establish REX would nominate a representative to be involves who has financial expertise.
- P Thompson - Unless the committee starts to operate in a different manner, no progress will be made. The AMP will be happening in parallel with the review of financials for the airport. One has a timeframe the other doesn't. See it as two processes in parallel. One being the AMP, the other the WG (which can be done by SKYPE if required). There will be no meeting procedures for the WG, come back to the committee for formal process. The group can start exchanging questions immediately, with meetings to be either in persons or by a phone hook-up. Should a group session be required, five business days' notice to be given and the meeting will take place during business hours rather than after hours.

It is likely that a consultant will be engaged, would like the committee to be involved in this process, Don't want another source operating independently. Not to be the only committee to guide Councillors. The consultant approach will help to cleanse the process.

- W Lodge – Are there any Local Government issues that would preclude Council asking other Council's for their financial information?
- P Thompson – No, however we cannot give out specific salary information.
- G Breust – Can you group resources i.e. field staff, administration staff?
- P Thompson – We can take that question on board.
- N TePohe – The information provided at the March meeting clarified what would couldn't be disclosed. This would be good guidelines.
- P Thompson – Do the committee agree that the process starts tonight by way of sharing questions?
W Lodge – Do you mean questions about the financials?
- P Thompson – Yes

RP-2 AIRPORT ADVISORY COMMITTEE WORKING GROUP

Recommendation:

On the Motion of J Dorey and W Lodge

That the Committee

- a agrees to immediately commence working together on a detailed analysis of the Wagga Wagga Airport financials with communications to be circulated to all members**
- b agree that any member can request Council to provide further information or answers to any questions to better clarify those financials**
- c agree that as and when required an informal meeting of the committee members may be called to discuss the financials. Such meetings may be attended in person or electronically. Notice of the meetings shall be no less than five business days with meetings to be scheduled between 8.30am and 5pm**
- d agree that any member of the committee may call for the financial review to be reported to a formal Airport Advisory Committee meeting at any time**
- e request that Council continue to provide monthly financial reports to Committee members in the current format.**

CARRIED

QUESTIONS WITH NOTICE

QWN-1

Productivity Commission

Cr Pascoe – Was a Submission made?

D Woods – No

QWN-2

Taxiway Upgrade

Cr Pascoe – Has the problems been solved?

D Woods – A verbal agreement has been given by Infrastructure for NSW for the provision of funding to the amount of \$6m for Council to undertake the taxiway upgrade.

Cr Pascoe – Can part of the grass run way be sealed so that becomes part of a valuable taxiway?

G Breust – If it was sealed to a certain standard it could be used as an alternative to taxiway C.

Cr Pascoe – this is worth looking at.

D Woods – This would be investigated as part of the Masterplan.

Cr Pascoe – Has the \$2m terminal upgrade funding gone into the taxiway, is there no advance for the terminal?

Response – D Woods – No

QWN-3 Airport Lighting Contract

Cr Pascoe – Recent contract was let, some contractors did not get in.
D Woods – Will take that on notice.

QWN -4 Leasing of Land

Cr Pascoe – Little availability of land for lease at the airport. Would like to raise a motion to investigate land to the west of Elizabeth Ave for freehold airport development. Change zoning into freehold. Consideration should be given to closing Elizabeth Avenue subject to another route being negotiated.

G Breust – this should be considered when developing the Masterplan.

P Thompson – To be added to the schedule in the Airport review report. If this is put in the Masterplan, will that push the price up?

Josh Dorey – the idea should be captured in the Masterplan. Could be at great cost. Would need to consider/discuss the idea with the Committee.

Cr Pascoe – 2006 Masterplan was included in the Spatial plan.

P Thompson – Airpark would be considered as a standalone business.

J Dorey – How would the land be acquired, what funds would be used?

Cr Pascoe – Imagine that the costs would be borne by the subdivision?

J Dorey – Not to be included in the Masterplan at this stage but it is something that could be considered.

I Carty – Domestic side, base redevelopment. Is there stuff that the committee would like to know? If the Committee want to try and get some land in between lease negotiations of Masterplan, there is process to apply for that. Will try and find the process for the committee for doing this. There is a way to do that, can be approached but the process will be long.

Cr Pascoe – is there a strip along Elizabeth Avenue that could be changes to freehold land?

I Carty – Help to identify how to renegotiate the lease.

Cr Pascoe – there is Council land on the east side of the airport (Smith Street) is it of any value?

I Carty – Different steps can be undertaken now.

W Lodge – When does the lease expire?

I Carty – 2025

J Dorey – Is there any chance of terminating the lease?

I Carty – The lease is a government decision, not just a Defence decision.

J Dorey – It is a unique situation at the Wagga Airport. Defence is leasing runway/taxiway assets to the airport. Other airports just terminal land, cost of maintenance not passed on. Ability to re-vest terms of lease/terminate to reflect what is happening in other airports.

G Breust – Operational basis.

J Cabot – That's why Williamstown works that way.

D Woods – It was operational 20 years ago.

J Dorey – It is not far that Council has lease this way.

I Carty – Wagga is not an operational airfield for defence, it is a ground training base. Development going on non-airside. leased land as it was not used as an operational airfield.

Cr Pascoe – It is not all just council funds that go into the airport, there are also grant funds as well.

W Lodge – Given the level of usage it makes more sense for Council to own the airport.

QWN-5 Additional Carparking

J Dorey – Can an increase in car parking be added to the Airport review schedule?

I Carty – If more land is needed then suggest go through the process for more land.

J Dorey – Can do it with existing land. Current assets are at capacity, carpark in the interim. Need to look at revising charges that are being applied to use the carpark and car hire. Ability to review charges now as demand/supply is maxed.

W Lodge – Car park charges turning into head tax revenue.

J Dorey – Increased charges are being passed on, not made any headway. Need to review this in greater detail at the next Committee meeting.

W Lodge – What has been tabled in terms of carpark being at capacity?

D Woods – Fills up twice per week. Will look at relocating some staff out of the carpark. Will look at occupancy rates etc.

Cr Pascoe – Would be interested in long stay car park data. Could the grass area be used temporarily to get long stay vehicles out of the carpark?

D Woods – Will collect statistics for next Committee meeting.

J Dorey – Extract revenue out of carpark?

Cr Pascoe – Needs to be looked at carefully (West Wyalong example).

J Dorey – Value benchmarking – materially underweighted in lanside revenue car parking is a revenue source that continues to go underutilised.

Cr Pascoe – If you increase the cost of car parking, people won't use the airport.

J Cabot – Passengers have already copped an increase with the introduction of carpark charges.

W Lodge – Better option would be to try and find some extra space.

Cr Pascoe – This should all come out in the Masterplan and financial review.

J Dorey – Hire Car capacity

Cr Pascoe – These are difficulties that can all get sorted out in the Masterplan.

J Dorey - Potentially other non-aero sources that we may need to look at. Information we don't have, we need this to measure against .

G Breust – What is the best things that Wagga Airport can do. We need to look at costs and income streams. Looking at what other airports do may not be the best thing to do for Wagga airport.

J Dorey – There are merits in looking at comparable airports. Biggest concern – for the airport to realise its Masterplan goals.

The Airport Advisory Committee rose at 7.45pm.