

# NOTICE OF MEETING OF COUNCIL

Notice is hereby given in accordance with Section 59  
of the Local Government Act 2008

## ORDINARY MEETING

# LATE AGENDA ITEM 14.1

## KATHERINE TOWN COUNCIL

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# TUESDAY 19 JANUARY 2016

## ORDINARY MEETING

At 6.00pm

Council Chambers, Civic Centre,  
Stuart Highway, Katherine

ROBERT JENNINGS  
CHIEF EXECUTIVE OFFICER



# REPORT

**FOLDER:** Legal Documents / Lease / Katherine Civil Airport Lease

**MEETING:** ORDINARY COUNCIL MEETING – 19 JANUARY 2016

**REPORT TITLE:** PROGRESS OF THE LEASE AND OTHER ASSOCIATED MATTERS FOR THE KATHERINE CIVIL AIRPORT

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## **Purpose of Report**

The purpose of this report is to formally update Council on the progress and future scheduled actions by officers on the lease of the Katherine Civil Airport and the project generally. The report forms part of an ongoing two (2) monthly update to Council on the matter until the item is resolved.

## **Background**

The lease of the Katherine Civil Airport has been the subject of ongoing discussion and action by Council since at least early 2011. The following resolutions are the latest associated with the matter:

In a closed session of the 28 July 2015 Ordinary Meeting, Council resolved:

That Council:

1. Receive and note the KPMG Business Report – 'Business Model for Katherine Airport' compiled by the Northern Territory Government;
2. Respond to KPMG and other relevant stakeholders on items identified in the Business Report as needing revision;
3. Continue to proactively participate in negotiations with the Department of Defence in relation to all matters, including the Lease document and Operating Deed for the facility;
4. Review, update and enhance the KPMG Business Report financial forecasts based on our review as well as the results of the indicative costings as part of a full report for Council consideration.
5. Keep stakeholders such as tenants and other operators regularly informed of progress;
6. Progress the project using the eight steps identified in the report; and
7. Report back to Council on progress in two month intervals.

The above items have either been completed or progressed as much as possible in the given time.

At the 22 September 2015 Ordinary Meeting, Council resolved:

That Council:

1. Receive and note the above report;

2. Await the detailed analysis of the report and core analysis from Aerodrome Design and reviewed, updated and enhanced financial forecasts as part of the ongoing reporting for Council consideration at the October or November 2015 meeting;
3. Continue to proactively participate in negotiations with the Department of Defence in relation to all matters, including the Lease document and Operating Deed for the facility; and
4. Keep all key stakeholders including tenants and other operators regularly informed of progress.

Additional comments provided at the meeting identified a need for Council to be able to operate the airport as a commercial entity and the problem of the high level of public liability in the new lease template.

At the 24 November 2015 Ordinary Meeting, Council resolved to receive and note the report. The following additional comments were asked during the discussion of the item (the responses and comments are provided in the italics below):

- a) How long an extension are we giving the Department of Defence to respond? During the meeting the CEO stated that we had given the Department of Defence three (3) weeks to report back.

*The Department of Defence did respond in this time frame, but were waiting on additional information on some of the items.*

- b) Was there going to be commercial industry allowed at the Katherine Civil Airport? During the meeting the CEO stated that he had requested items such as a single point contact from Department of Defence as well as seeking commercial viability.

*This principle has been confirmed in meetings with the Department of Defence and in their recent email.*

- c) Was it accurate that a \$180 per tonne landing cost was in place in Uluru, Tenant and Alice Springs?

*This subject was researched by reviewing the Avdata airport costs with the results showing significantly less costs for fee landings in the identified airports. The original source of information is now being verified.*

Full reports which bring considerable context and content to the matter were included in the July and September 2015 reports and attachments.

This January 2016 report was delayed in being presented to Council (hence its inclusion as a late item), as it was hoped that one more stakeholder meeting could be held to obtain more information for Council as part of the report. This meeting did not eventuate in time.

## **Comment**

### **Airport Progress**

Since the latest report to Council, the following items and actions have occurred:

- November 2015 Meeting with Katherine Aviation executive staff to discuss a number of matters, with specific focus on the safety aspects of not having a hangar on site as a result of the delay in the lease. It was agreed by Katherine Town Council officers that these concerns would be mentioned at the next lease meeting with the Department of Defence. It was also noted that there were a number of other businesses that had recently enquired as to the progress of the lease as they were also interested in being located at the airport.

- December 2015

Further to the meeting of 30 October 2015 with the Department of Defence, confirmation on progress and items was provided by the Department of Defence on the key matters of the meeting - with a summary of their responses in italic text below:

- A single point of contact in Darwin that has the authority to make decisions on the majority of matters to allow commercial viability.

*Although no single person has carriage on all matters, Neal McDonald as the BSM, myself or Justine Nordin as the Manager Estate and Facilities Services can take carriage and coordinate an answer should the authority to make the decision not rest locally.*

- Insurance value to be confirmed.

*This item is being confirmed through advice from Canberra*

- Whether variations to the perimeter fence (such as openings) be made to increase the commercial viability of the airport.

*Agreement was reached to discuss movement of gates etc. A quote / estimate to move the gates to the vicinity of the water infrastructure is being sought.*

- Whether works to the aprons could utilise external contractors either after or before RAAF works so as to reduce mobilisation costs.

*The Department of Defence agreed to pass on contacts of contractors delivering apron works on base to council to make direct contact with them for synergies.*

- The calculation of the additional rent provision.

*This item is being confirmed through advice from Canberra*

- Comments from KTC notes on the Operating Deed.

*Neal McDonald is reviewing the Operating Deed.*

In order to provide efficiency to the project in the lead in to potential future construction phases, the Director for Works and Services/ Deputy CEO was appointed the Project Manager and the CEO the Project Director of the Katherine Civil Airport project. At this stage of the project, the Project Director will manage relationships and the Project Manager the technical side of the project.

Core testing results trickle in to the Katherine Town Council from HiQa through December 2015. Whilst the results indicatively point to the base layers being consistent and therefore not needing substantial further works, the results have been sent to Peter Lane from Aerodrome Designs by the Project Manager to confirm the effect of the results (if any) on his report.

Katherine Aviation concerns passed on by email to the Department of Defence in preparation for the early 2016 meeting. A summary of draft changes to the lease is tabled in preparation for the future meeting.

Results from the letter of support sent to the NT Minister for Transport regarding the airport aprons appears positive and work is being done by both parties to progress the matter.

- January 2016

No updated report has been received from Aerodrome designs to date. The Christmas holidays have naturally slowed the progress of a number of items on the project.

A third update report has been drafted for distribution by the end of January 2016 to key stakeholders such as tenants and operators.

A second meeting is confirmed between the Department of Defence and Katherine Town Council to progress the lease and other matters.

The financial forecasts model is being further refined to reflect the RPT flights. A future report will include an updated assessment once the core testing has been analysed and responses from the Department of Defence received.

### **What's Next?**

The next tasks to be completed remain:

- Ongoing negotiation of the lease and operating deed with the Department of Defence to further determine the budget and other impacts.
- Continue to refine the efficiency and general accuracy of airport budget information to increase the effective running of the airport.
- Build a new financial model once the core testing and responses to the issues are received from the Department of Defence.
- Provide ongoing updates to all stakeholders.
- Continue to work with NT Government to seek support for the airport.
- Progress a full report and recommendation to Council with lease and other considerations once the above actions are complete.

### **OFFICER RECOMMENDATION**

**That it be recommended to Council to receive and note the above report.**



Robert Jennings  
**CHIEF EXECUTIVE OFFICER**

**Delegation:**  
**Attachments**

Chief Executive Officer, Robert Jennings  
Nil