



DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

8th March 2007

DCCS1	PROPOSAL TO VIRGIN BLUE AIRLINES
FILE: 183	SJR {Folio No. *}

SUMMARY:

Reporting on a "Request for Proposal" from Virgin Blue Airlines to service Kempsey Airport

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DESCRIPTION:

An invitation to submit a 'Request for Proposal' (RFP) was received from Virgin Blue Airlines on 12th February 2007. The invitation did not arrive personally addressed to Kempsey Shire Council and is believed to be a blanket request for proposals from regional airports across the country. A copy of the RFP is attached as Confidential [Appendix A - Part 1 and Part 2](#)

On 23rd November Council's Acting Manager Economic Development and Strategy emailed a brief overview of the Kempsey Airport to Mr James Woodrow, Ground Operations Manager of Virgin Blue Airlines. The email contained basic details of regional population figures, Kempsey infrastructure and industry as well as information pertinent to the facilities available onsite at the airport. These communications are attached at [Appendix B](#)

Considerable public and media comment on the possibility of attracting Virgin Blue to offer a Regular Passenger Transport (RPT) service to Kempsey was occurring and in fact Port Macquarie Hastings Council have noted this comment and sought to denigrate the proposal.

The RFP request specific detail of what Kempsey can offer to Virgin Blue both in terms of Airport facilities, terminal facilities, ground management facilities and proposed fees and charges for services provided to Virgin Blue. Council's Manager Business Services and Manager Economic Development and Strategy considered it prudent to utilise the expertise and knowledge of the former Airport Committee members and key airport stakeholders in the formulation of a proposal to Virgin Blue Airlines.

Subsequently a meeting of these stakeholders is scheduled to be held at the airport terminal from 9:00 am on 7th March 2007.

Virgin Blues RFP is stamped confidential and accordingly clarification was sought from Virgin Blue to seek their permission to discuss its contents with our former Airport Committee and key stakeholders. As the deadline for our RFP was 12th February 2007 a request was forwarded to Virgin Blue seeking an extension to 19th March 2007 to enable Council to fully consider its proposal and concessions that could be offered to Virgin Blue. Confirmation was received allowing both the extension of time for the submission and the appropriate clarification of Confidentiality issues.

A verbal report of the meeting on 7th March will be provided to the Extraordinary Meeting on 8th March 2007.

Some of the detail which council will need to give consideration to in the formulation of the RFP include details of our airports capabilities and future developments planned and expected. The RFP also requests information on current scheduled services, passenger movements, runway capacity issues, curfews, landside and airside facilities, terminal and luggage facilities as well as ground handling facilities. Virgin Blue is also requesting details of all charges and services provided in exchange for such charges.

To host Virgin Blue Airlines would require the reclassification of the airport from a Registered Airport to a Certified Airport. This reclassification is achievable in a fairly short time frame with cooperation from our Airport Safety consultants.

We also have issues with the strength of the pavement on the main runway. As has been documented in the local media very large planes have landed on the runway in the past with minimal or no damage to the runway surface. In these irregular instances a decision is made to allow a pavement concession to these planes and is generally allowed as it is a 'one off' event and usually these larger planes are either carrying dignitary's, in crisis situations or on good will visits for the benefit of the community. A larger plane landing consistently on the runway surface could lead to degradation of the surface and accordingly a pavement strength analysis should be carried out to give an accurate assessment of the runways capabilities. Preliminary estimates to carry out this analysis are in the range of \$6,000 to \$9,000.

REPORT IMPLICATIONS:

- ***Environmental***

No known implications

- ***Social***

Should we be successful in attracting Virgin Blue to service Kempsey Airport the boost to morale in the Shire would be immeasurable and airline associated business could seek to base themselves in the vicinity

- *Economic (Financial)*

The financial implications are dependent on Council's preferred approach to our submission

- *Policy or Statutory*

Nil implications

- *Director's Review*

As per report.

RECOMMENDATION:

That Council formulate a request for proposal to Virgin Blue Airlines.

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G B Snape

DIRECTOR CORPORATE AND COMMUNITY SERVICES