



“Livability through Connectivity”

**Port Hedland Aviation Development Task
Force**

August 2022

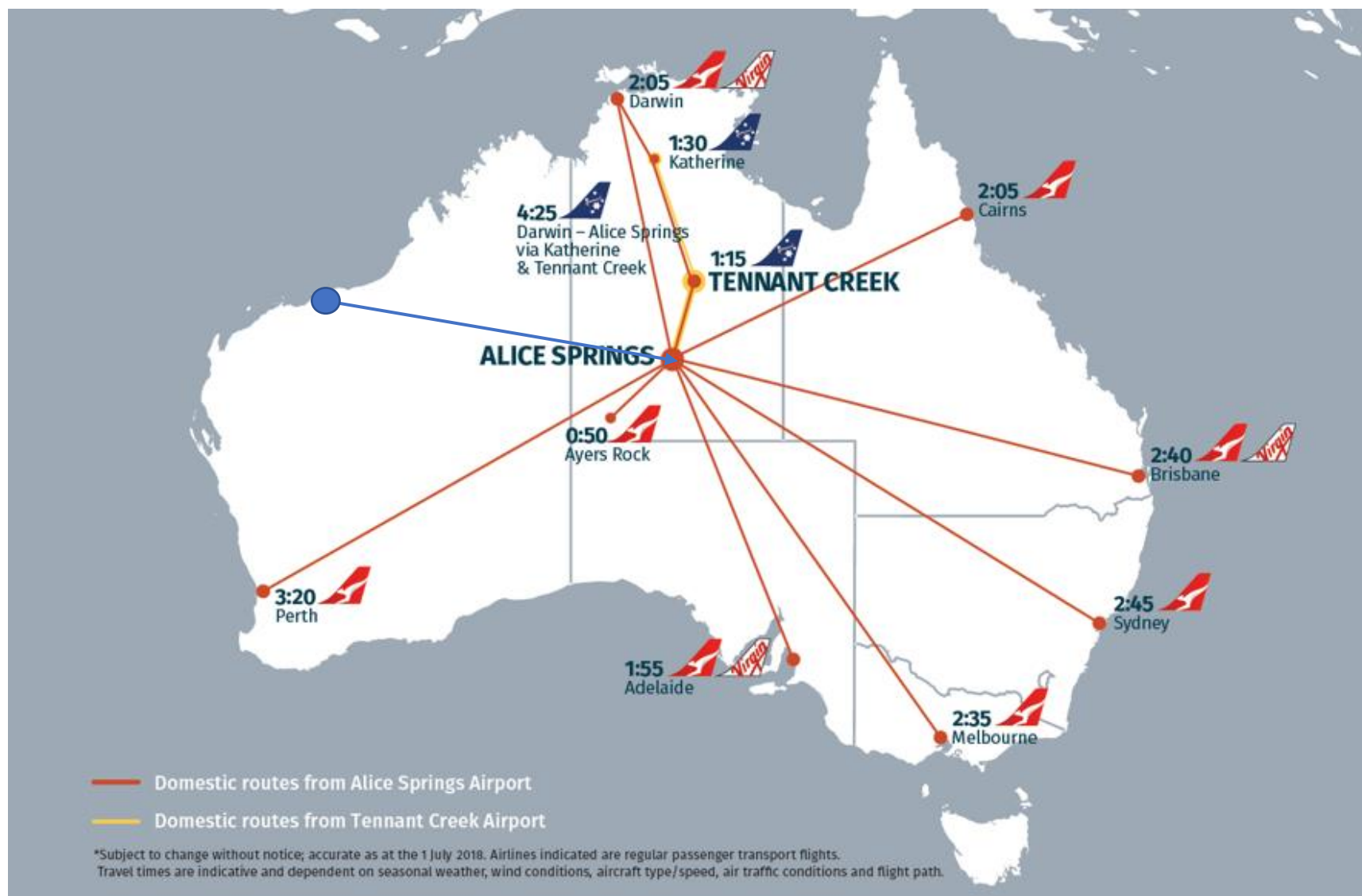
“Liveability through Connectivity” but we need to work together



Aim:

- 1. Decide how best to represent the Port Hedland community, and its interests, when developing aviation strategy, and*
- 2. What compelling 'Incentive and Retention Package' can we develop to attract and retain airlines?*

Case Study



Network comparison: Port Hedland vs peer airports

Network	Destination	Carrier	Broome	Karratha	Kununurra	Port Hedland
Intra-state	Perth	Qantas	21	43		33
	Perth	Virgin Australia	15	15	5	12
	Perth	Alliance Airlines				1
	Perth	AIRNORTH			1	
	Broome	AIRNORTH			7	
	Kununurra	AIRNORTH	7			
	Fitzroy Crossing	Skippers Aviation	3			
	Newman	Alliance Airlines				TBD
Inter-state	Melbourne	Qantas	1			
	Brisbane	Qantas				1
	Darwin	AIRNORTH			8	
	Darwin	Qantas	1			
	Sydney	Qantas	1			
International	Bali	Virgin Australia				1
	Singapore	Silkair	Seasonal			
TOTAL			49	58	21	48

VA's smaller market presence in PHE will impact fares & accessibility

Port Hedland was the only Int'l. in NW Australia

Source: SRS schedule (Average inbound flights per week, 2019), Ailevon Pacific Aviation Consulting analysis
NB: some services are less frequent than once/week

Key pillars for sustainable air services today

Good data & reliable local insights

Rising disposable incomes within a flying range of key target airlines

Actual air demand & destination appeal, with airlines serving market segments

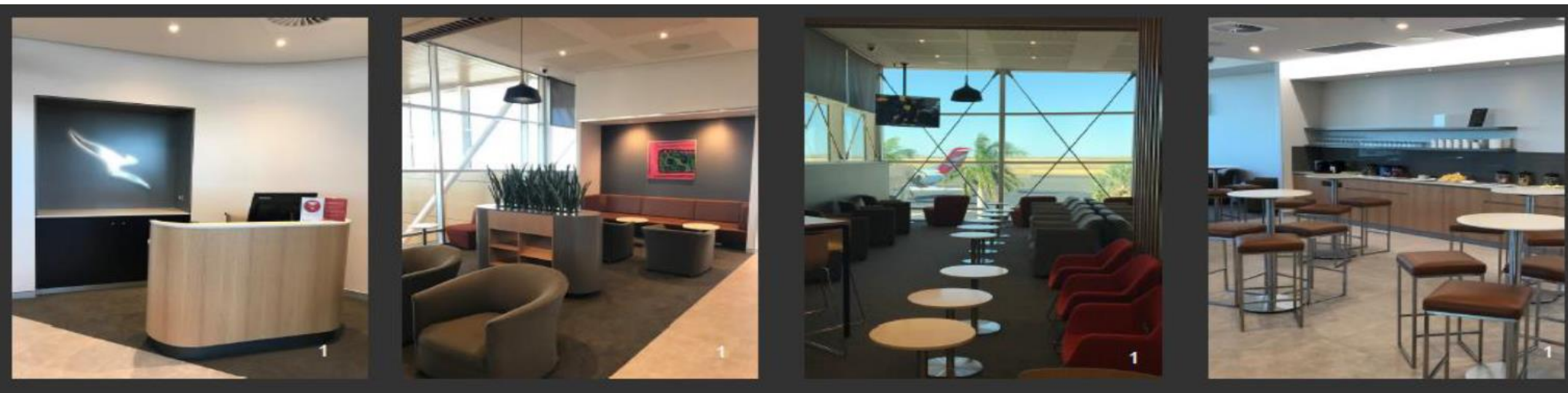
Airport infrastructure & now –, or new thinking/imagination



PHIA Terminal Refurbishment



PHIA Qantas Lounge



.id Informed Decision Port Hedland Population Forecast:



Welcome to the Town of Port Hedland population forecasts

The Town of Port Hedland population forecast for 2022 is 14,764, and is forecast to grow to 27,085 by 2041.

The Town of Port Hedland population and household forecasts present what is driving population change in the community and how the population, age structure and household types will change each year between 2016 and 2041.

The forecasts are designed to provide community groups, Council, investors, business, students and the general public with knowledge to make confident decisions about the future.

Population 2022

14,764

forecast.id

Population 2041

27,085

forecast.id

Change 2022-41

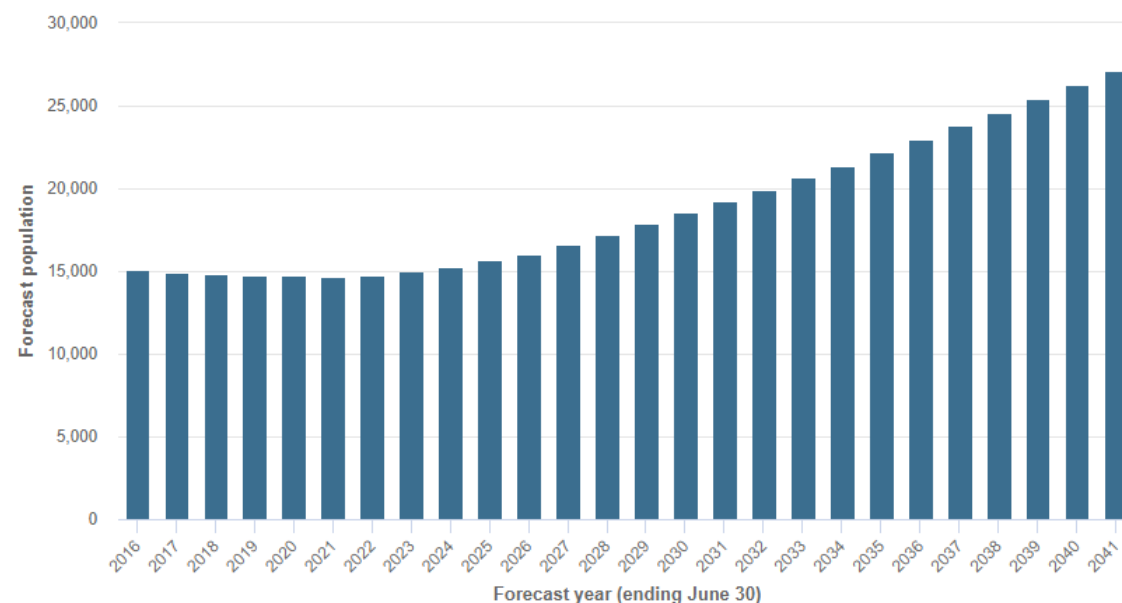
83.45%

forecast.id

Forecast population

Town of Port Hedland

export



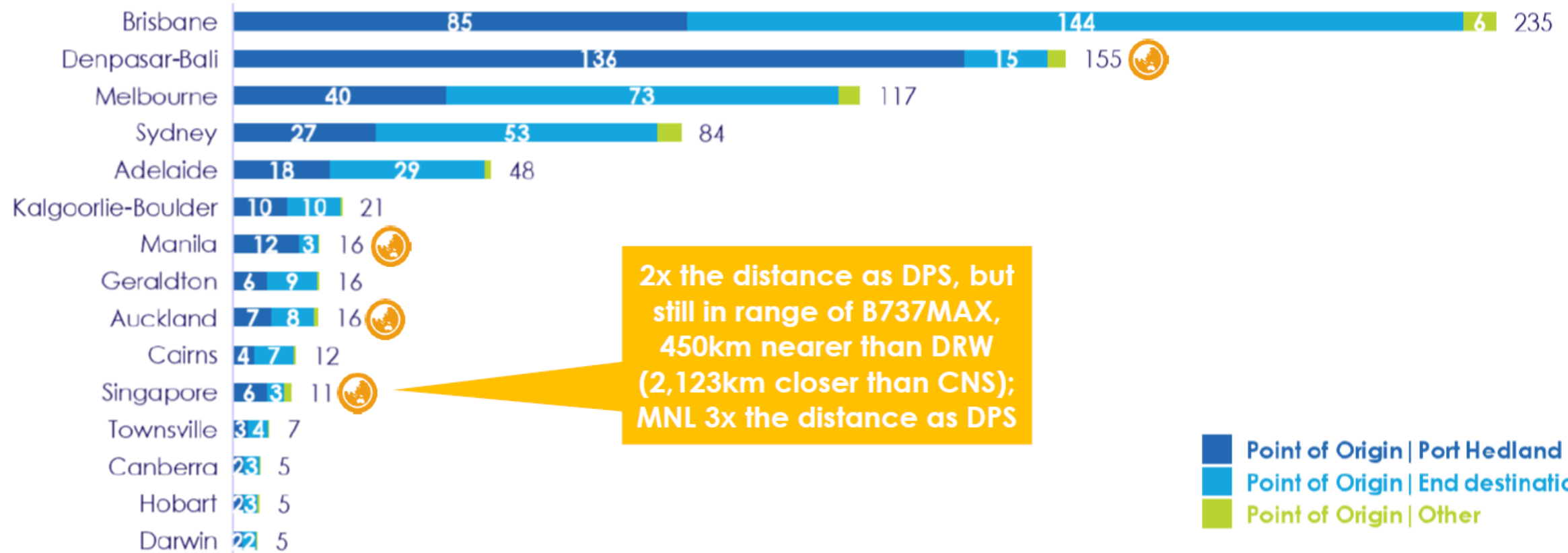
Source: Population and household forecasts, 2016 to 2041, prepared by .id (informed decisions), May 2018.

These forecasts were last adjusted in May 2018 by .id, the population experts, on behalf of Town of Port Hedland. Forecasts are available for each year from 2016 to 2041. They do not consider potential impacts to assumptions stemming from COVID-19. They do, however, provide a base line by which to understand where the population may have been without this external shock. We regularly monitor the performance of our forecasts. These forecasts were last evaluated in March 2021.

East Coast ports are strong points for originating pax – but PHE is hard to get to; S.E. Asia international volumes evident

TOP 15 PORT HEDLAND (EXCLUDE PERTH) ORIGIN-DESTINATION DEMAND (BY POINT OF ORIGIN), 2019

Passengers per week each way (PWEW)



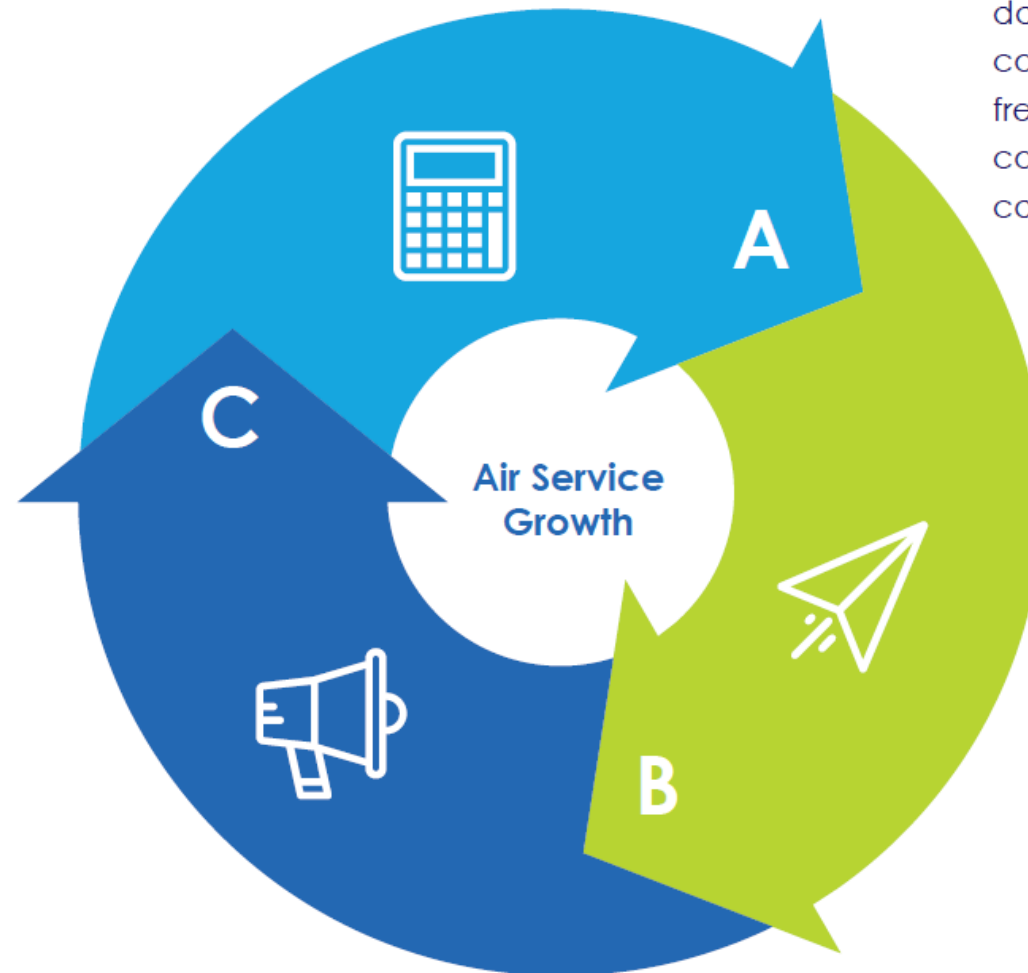
Source: Diio Mi; Ailevon Pacific Aviation Consulting analysis

To deliver strategy & maintain & expand service, enhance focus to ensure recovery

Investment in this area “competes” with other stakeholders that influences their investment to your benefit

Market Development & Product Intervention

Influence demand drivers on all sectors through strategic partnerships with airlines, airports, tourism authorities, wholesalers, business groups and travel agents. **Broome could have easily sat back and done nothing, but looked to engage SQ and present reasons to grow**



Analytics

Focus on specific business cases and data that is presented to airlines, compels new codeshare extension, frequencies, up gauge or new routes to commence. Focus on 1-2 business cases annually.

Route Development

Grow capacity through establishing new codeshares, destinations, increasing competition, and increasing capacity on existing routes through meaningful airline engagement. Monitor Load Factors and Yields to ensure timely discussions with airlines regarding capacity.

Could your returned DPS go further, or be a case study for further service expansion?



- VA PHE-DPS service is an accolade for the region – DRW doesn't have VA service anymore! In 2019, only the top 4 airports in the country... and PHE;
- The Great Circle distance has PHE as a near too alternate. In peak season, demand ex-SIN to point in AU/NZ always exceeds supply, passengers choose indirect routings – could PHE-MEL services be a catalyst to hub traffic with VA?
- BME SQ services previously succeeded through collaboration with wholesalers etc.



Qantas thinks PHE has performed well over the past two years (an easy comparison; last 2yrs tough elsewhere)



- **Resources customers dictate schedules**, frequency & service offerings, and are key corporate sales partners;
- Corporate demand elsewhere, surprisingly is starting to catch up, with projections now above FY23 & FY24 assumptions (will we see a share price shift soon, or is that already built in?);
- **East Coast services of the past could return**, if customer demand and recovery in the East Coast continues.

Previous advice from VA was useful; and also what we saw in the data we had access to

- DPS service good yields, but low LF's. Delighted to return service to PHE, but high barriers & not without challenges:
 - Federal Govt. advance warning requires 6 months;
 - High cost of service provision borne by VA in securing Customs/Border protection. **NPPC designation does not help**, and needs to be addressed – results in high fares (yields);
 - **Terminal closure for Ops** also complicates service provision;
 - **Indonesia travel advisory** was a consideration.



Strategic insights & considerations for PHE & PHIA

Airline engagement



Ask – where do you want that airline to be in 10 years? Devise a strategy for each airline, focused on assisting them to grow profitably, that details a road-map forward for delivering growth and new or added service; engage with future airline partners; maintain dialogue; tell them about the region – foreshadow their fortunes at your airports



Leadership



Boldly set-out how PHE & PHIA, together with partners, will create new opportunities and deliver upon growth objectives; look for options to **enhance your visitation to the region**, to aid traffic growth



Leveraging partners



In partnership with key stakeholders (i.e. Chambers of Commerce; Sporting fraternity; City and State Government) create occasions to forge new, deeper relationships that support airlines – act as a “Free Trade enabler” to bring more capacity – **your local tourism leaders want to change the dialogue to offer visitation diversity**



Coalition collaboration



Set out an accord to grow connectivity. E.g. utilise State and Council partnerships – but don't hesitate to go out on your own – only **YOU** will have the highest desire for success



New Competitors in the Market:

Bonza or banana's? Doesn't matter - they bring competition and a new business model some can't grasp!



Airlines are adapting their business models



Service Aircraft



1st
Generation

NOW

Training ops
Recreation
2 seats

2nd
Generation

2023-2025

Recreation
Short range commercial
2-4 seats

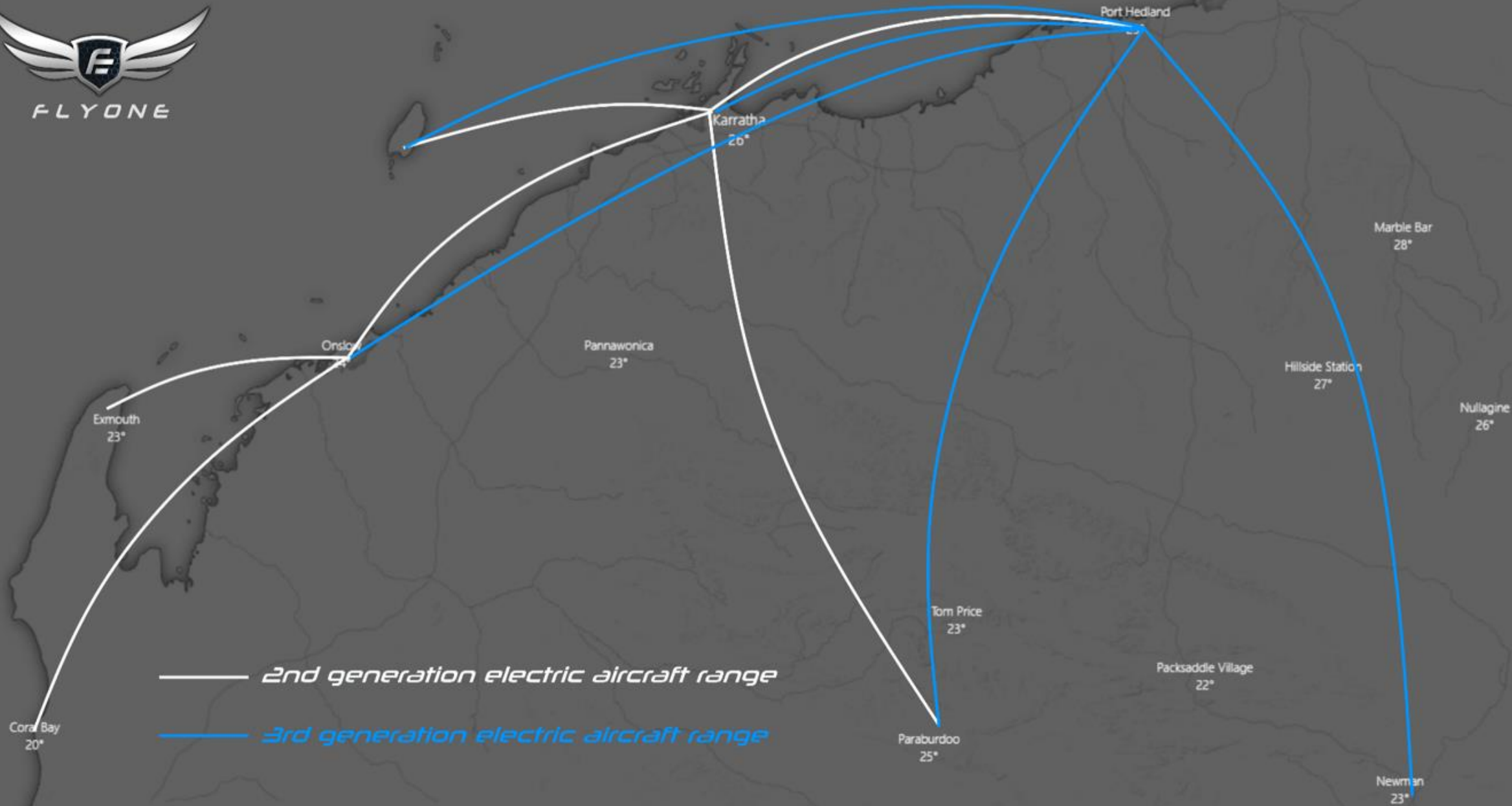
3rd
Generation

2026 onwards

Commercial ops
Corporate transport
5 - 19 seats
.5 - 2 tonne Cargo



Electric aviation access potential - Northwest WA



— 2nd generation electric aircraft range

— 3rd generation electric aircraft range

Air Service Development Meetings:

Via Teams:

- Virgin Australia / Qantas (introductory)
- Toll Global Express
- Hevilift

Darwin:

- 18 May
- Airnorth
- DRW / PHE / KTA - E190 Seasonal Operations

Melbourne:

- 15 June
- Melbourne Airport - Chief of Aviation
- MLB / PHE / DPS



Air Service Development Meetings:

Brisbane:

- 29 July
- Virgin Australia (VA)
- DPS / BNE / MLB

Darwin:

- 8 – 10 August
- Airport Roundtable Series
- VA, Airnorth, Scoot, Bonza, Air New Zealand, Tasman Cargo Airlines, Toll Global Express, Qantas Freight.

Sydney:

- 19 August
- Qantas Group
- DPS / BNE / MLB / SYD



AIRPORT
ROUNDTABLE
SERIES

supported by:

supported by:
Airport Development Group
NORTHERN TERRITORY TOURISM NT

DARWIN (DRW)
8-10 August 2022
AirportRoundtable.com

scoot virgin australia AIR NEW ZEALAND TASMAN CARGO AIRLINES
bonza QANTAS FREIGHT TOLL airmorth

Way Forward:



Step 1 - Decide how best to represent Port Hedland community, and its interests, when developing aviation strategy:

TASK	RECOMENDATION
Decide on a name for the Port Hedland community air service and aviation development consortium ?	<ul style="list-style-type: none"> • Port Hedland Aviation Development Task Force • Media release
Community Representation on the new <i>Port Hedland Aviation Development Task Force</i> ?	<ul style="list-style-type: none"> • PHIA, ToPH, PHCCI, PDC, CME, PHIC, PPA • BHP, FMG, Roy Hill, Rio Tinto, De Grey Mining • Tourism WA, State Gov.
Establish agreed Airline meeting protocols ?	<ul style="list-style-type: none"> • PHIA Rep and / or Consultant to arrange and attend off site face to face meetings and negotiations (in consultation with Tourism WA if applicable). • <i>Port Hedland Aviation Development Task Force</i> to extend invitation to host airline representatives in Port Hedland. Opportunity to showcase regional commitment, support and potential. First recommended invitation should align with the terminal refurbishment completion event.

Way Forward:

Step 2 - What compelling 'Incentive and Retention Package' can we offer ?



TASK	RECOMENDATION
What is our true catchment area that Airlines have not considered ?	<ul style="list-style-type: none"> Propose FIFO workforce (250,000+) be offered DPS swing alternatives annually. Direct BNE/MLB service. Timing e.g., schedule to align with FIFO swing where possible.
What is our point of difference compared to our nearest airport (Karratha) ?	<ul style="list-style-type: none"> PHIA is an existing international designated Airport. Closer to Kimberley catchment area.
What de-risk factors can Port Hedland offer airlines ?	<ul style="list-style-type: none"> Proven resilience through global pandemic. Business as usual. Nation highest discretionary spend, disposable income and passports held per capita. Forecast population growth.
PHIA aviation charge rebate scheme / new infrastructure	<ul style="list-style-type: none"> PHIA could offer significant aviation charge rebates over 1, 2 or 3 years. Refurbished terminal providing increased capacity and new Qantas lounge enters network.
<u>Suggested Incentives:</u> <ul style="list-style-type: none"> Marketing Consultancy National Passenger Processing Committee (NPPC) 	<ul style="list-style-type: none"> Seek funding to provide up to \$50k cash pa for airline marketing up to 3 years. PHIA to offer Terminal in-kind advertising. Engage consultant on retainer to develop at least one business case per annum - \$28k pa (quoted). NPPC cost contribution – up to \$50k (?) pa for 3 years.
Freight	<ul style="list-style-type: none"> Seek feasibility funding for Cold Storage and Distribution Centre in line with ANL / TOLL Global Express freight interest.



“Livability through Connectivity”

Thank you

August 2022