



Australian Government
Department of Transport and Regional Services

eWorks ID Number: 06113-2005
Contact: s47G
Phone: s47G
Branch: Regional Partnerships and Networks

(NO DEADLINE)

MINUTE - FOR DECISION

SUBJECT HISTORICAL AIRCRAFT RESTORATION SOCIETY INC: REGIONAL PARTNERSHIPS RP PROJECT 2061: INTERNATIONAL HISTORICAL AIRCRAFT RESTORATION CENTRE

TO MINISTER FOR TRANSPORT AND REGIONAL SERVICES

KEY ISSUES

This project to construct a historical aircraft restoration centre, aims to address

- skills shortages by creating seven new full time positions, including apprenticeships and indigenous and disabled workers as well as creation of employment during the construction phase;
- increased revenue through tourism infrastructure with a prediction of 3,600 tourists in the first year increasing to 4,500;
- support for industry development in the region, particularly in the manufacturing and light industrial sector; and
- further development of an important focal point for retired professionals and tradespeople who volunteer services to the organisation.

The Regional Partnerships bid of \$250,000 represents 25 per cent of total project costs and 33 per cent of cash funds. Partnership support is considered adequate. Regional Partnerships funding will be used towards construction costs of the hangar and administration building.

This project is considered competitive neutral. There are only two businesses in Australia (Flying Fighter Adventures Pty Ltd (QLD) and Australian Aircraft Restoration Group (VIC)) who provide commercial historical aircraft restoration. They have indicated their support for this project.

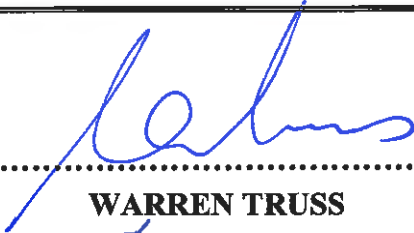
The Illawarra Area Consultative Committee has Recommended this project as a High Priority for its region.

SENSITIVITY

Low

RECOMMENDED ACTION

- The Department recommends that you approve funding of \$250,000 GST Exclusive for the International Historical Aircraft Restoration Centre, which meets all four of the program's assessment criteria.

<p style="text-align: center;">AGREED</p> <p>NOT AGREED</p> <p>RETURNED - FOR FURTHER INFORMATION</p>	 <p>.....</p> <p>WARREN TRUSS</p> <p>15/10/2005</p> <p>13</p>
--	--

COPIES	Chief of Staff	Adviser	Secretary
	Deputy Secretary	Deputy Secretary	Executive Director

FILE NO.	
-----------------	--

15/10/05

BACKGROUND

The Illawarra Regional Airport is located at Albion Park Rail approximately 25 kilometres south of Wollongong. The airport has undergone significant growth over the past five years and is slowly becoming an aviation 'hub' through the development of a successful light aeronautics industry cluster and the recent introduction of QantasLink flights. Despite this development, unemployment in the area is still higher than the state and national average at 8.9 per cent.

This project involves the expansion of the Historical Aircraft Restoration Society's (applicant) aircraft restoration subsidiary from its current location at Bankstown Airport to larger space at the Illawarra Regional Airport. This will allow the consolidation of the restoration business with the applicant's maintenance business, an existing tourism attraction that maintains and displays seven historically significant Australian civil and military aircraft the applicant has salvaged and restored since its establishment

The international historic aircraft restoration centre will consist of a three-storey building with public viewing access, retail outlet, technical library, educational facilities and office space. The new centre will adjoin the existing maintenance hangar which is a hub for retired tradespeople and aviation enthusiasts and is run almost entirely on volunteer labour. Over 50 volunteers a week donate their time across various functions such as administration, accounting, trades and project management and 30 volunteers have recently received formal training in tour guide management

The project does not comprise relocation costs from any of the partners as this will be funded via voluntary labour and donations. The Department is not aware of any other government programs that are available to support this kind of project.

The applicant, through its subsidiary, is currently committed to complete at least seven aircraft restoration projects for private collectors and museums. These contracts are worth up to \$2.5 million and they expect this will fully commit their current capacity for up to five years. The Department is satisfied this proves demand for the project.

To date, no Australian government funds have been received by the applicant. An executive committee has successfully managed the organisation for 26 years, and has developed strategies which have resulted in it achieving a growing membership base, a continually increasing fleet of aircraft, growing equity and sound operational and financial management. They are therefore expected to have the capacity to manage Australian Government funds.

The applicant secured a five year lease with Shellharbour City Council for the use of the land at the airport when their Development Application for the new facility was approved. They are currently in discussions with Council about the potential for a longer-term lease. The current lease goes to 2010.

COMMUNICATION STRATEGY

A media release will be prepared by the Department's Communications Unit to support an announcement by Senator the Hon Helen Coonan.

THIS MINUTE APPROVED BY	Name: s47G Title: Branch: Regional Partnerships and Networks Division: Regional Services Phone: s47G	
CONTACT OFFICER	Name: s47G Phone: / /2005

- Attachment A** – Project assessment
- Attachment B** – Draft letters advising the decision



COPY

HON WARREN TRUSS MP
Minister for Transport and Regional Services
Deputy Leader of The Nationals

Reference: RP2061

Senator Connie Fierravanti-Wells
Senator for New South Wales
Commonwealth Parliamentary Offices
Level 10, 70 Phillip Street
SYDNEY NSW 2000

13 OCT 2005

Dear Senator

I am pleased to advise you that I have approved funding under the *Regional Partnerships* program to the Historical Aircraft Restoration Society Inc. for its International Historical Aircraft Restoration Centre project in your State. Your personal representations on the applicant's behalf are appreciated.

The sum allocated to the project will be up to \$275,000 (GST inclusive).

I would appreciate it if you would liaise with the Historical Aircraft Restoration Society Inc. and the local Area Consultative Committee, the Illawarra Area Consultative Committee to arrange a public announcement. The attached draft media release, which includes information on the *Regional Partnerships* program and details about the successful project, may be of assistance in this regard.

Should you wish to conduct a project launch, please contact the ACC's Executive Officer, Mr John Grace on 02 4227 4500. The Australian Government Department of Transport and Regional Services requests three weeks notice prior to the launch to accommodate your requirements.

The *Regional Partnerships* program is an Australian Government initiative which offers opportunities for communities to apply for Australian Government support for regional development projects. It is administered by the Department of Transport and Regional Services.

Thank you for your continuing support for the *Regional Partnerships* program.

Yours sincerely

WARREN TRUSS

Enc



HON WARREN TRUSS MP
Minister for Transport and Regional Services
Deputy Leader of The Nationals

Reference: RP2061

Mr John Cleary
Director
Historical Aircraft Restoration Society Inc
PO Box 1071
ALBION PARK RAIL NSW 2527

13 OCT 2005

Dear Mr Cleary

I am pleased to advise you that I have approved funding under the *Regional Partnerships* program of up to \$275,000 (GST inclusive) to the Historical Aircraft Restoration Society Inc for your International Historical Aircraft Restoration Centre project.

An officer from the Australian Government Department of Transport and Regional Services will contact you shortly to discuss contractual arrangements. You will need to sign a formal Funding Agreement which sets out the terms and conditions under which the funding is provided, and return this document prior to entering into any expenditure commitments for the funding.

The *Regional Partnerships* program is a popular source of funding and there are many projects competing for approval. It would be appreciated if contractual arrangements could be finalised with my Department within 14 days of receiving the draft Funding Agreement. Please notify my Department if you are unable to complete the contract in time.

I have written to Senator Fierravanti-Wells advising her that I have approved this project and asked her to liaise with you about suitable arrangements to make a public announcement. I ask your organisation to keep the approval of funding confidential until the announcement is made.

I congratulate your organisation on its successful application and wish you every success with the project.

Yours sincerely

WARREN TRUSS

**COPY**

HON WARREN TRUSS MP
Minister for Transport and Regional Services
Deputy Leader of The Nationals

Reference: RP2061

Ms Robin Buckham
Chair
Illawarra Area Consultative Committee
PO Box 1152
WOLLONGONG NSW 2500

13 OCT 2005

Dear Ms Buckham

I am pleased to advise you that I have approved funding under the *Regional Partnerships* program of up to \$275,000 (GST inclusive) the Historical Aircraft Restoration Society Inc for its International Historical Aircraft Restoration Centre project.

I have advised Senator Fierravanti-Wells about the project and invited her to issue a media release announcing that the project has been funded.

The successful applicant will be contacted by the Sydney Southern NSW Regional Office of the Australian Government Department of Transport and Regional Services to arrange the funding agreement and other details.

At a suitable time you may wish to hold an official launch for the project. I have attached the appropriate pro forma to assist you in this regard.

Thank you for your continuing commitment to the Area Consultative Committee's role and for your active support for the *Regional Partnerships* program.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren Truss', written over a white background.

WARREN TRUSS

Enc

LETTERS ADVISING DECISION

- To the successful applicant
- To the duty senator
- To the local Member of Parliament; and
- To ACC Chair

**Regional Partnerships Recommended Project**

Project ID: RP02061

eWorks No: 06113-2005

Project Title: International Historical Aircraft Restoration Centre

Organisation Name: Historical Aircraft Restoration Society Inc

Organisation Contact: Mr John Cleary **Phone:** (02) 4229 4092

Location: Albion Park Rail, NSW

Primary Electorate: Throsby

Local ACC: Illawarra ACC

ACC Contact: Mr John Grace **Phone:** (02) 4227 4500

Project Summary

The Illawarra Regional Airport is located at Albion Park Rail approximately 25 kilometres south of Wollongong. The airport has undergone significant growth over the past five years and is slowly becoming an aviation 'hub' through the development of a successful light aeronautics industry cluster and the recent introduction of QantasLink flights. Despite this development, unemployment in the area is still higher than the state and national average at 8.9 per cent.

This project involves the expansion of the Historical Aircraft Restoration Society's (applicant) aircraft restoration subsidiary from its current location at Bankstown Airport to larger space at the Illawarra Regional Airport. This will allow the consolidation of the restoration business with the applicant's maintenance business, an existing tourism attraction that maintains and displays seven historically significant Australian civil and military aircraft the applicant has salvaged and restored since its establishment.

The international historic aircraft restoration centre will consist of a three-storey building with public viewing access, retail outlet, technical library, educational facilities and office space. The new centre will adjoin the existing maintenance hangar which is a hub for retired tradespeople and aviation enthusiasts and is run almost entirely on volunteer labour. Over 50 volunteers a week donate their time across various functions such as administration, accounting, trades and project management and 30 volunteers have recently received formal training in tour guide management.

Regional Partnerships funding will be used towards construction costs of the hangar and administration building.

Total Project Funding

Regional Partnerships Funding Bid:	\$250,000	(GST Exclusive)
Cash co-funding:	\$500,000	
In-Kind co-funding:	\$268,500	
Total project value:	<u>\$1,018,500</u>	

Project Duration: Twelve Months
ACC Priority: 4 - High Priority

Project Assessment

This project is assessed as meeting the Regional Partnerships guidelines.

- **Outcomes**

This project will **strengthen growth and opportunities** by generating employment and positively affecting the manufacturing, light industrial and tourism sectors. Specific outcomes include:

- addressing skills shortages by creating seven new full time jobs by November 2006. These jobs will be made up of skilled, office positions and apprenticeships and will target indigenous and disabled workers;
- local jobs created during the construction phase;
- increased revenue enabling the applicant to undertake more salvage, restoration and preservation work on Australia's historically significant civil and military aircraft for public display;
- supporting industry development in the region, particularly in the manufacturing and light industrial sector and will complement the emerging light aeronautics industry cluster located at the Airport (assisted with Regional Partnerships funding);
- significantly add to the tourism infrastructure in the region. The applicant predicts the new centre will draw 3,600 tourists in its first year and 4,500 in its second year;
- further development of an important focal point for many retired professional and tradespeople in the region who volunteer their services to the organisation.

This project is considered competitive neutral. The only two businesses in Australia that do provide commercial historical aircraft restoration have indicated their support for this project - Flying Fighter Adventures Pty Ltd (QLD) and Australian Aircraft Restoration Group (VIC).

This application satisfies this criterion.

- **Partnerships and Support**

The Regional Partnerships bid of \$250,000 represents 25 per cent of total project costs and 33 per cent of cash funds. The other funding partners and their contributions are:

Cash:

s47G	\$100,000
Historical Aircraft Restoration Society Inc (Applicant)	\$400,000
Total	\$500,000

In-Kind:

s47G	\$51,000
	\$63,000
	\$20,000
	\$29,000
	\$100,000
	\$5,500
Total	\$268,500

Partnership support for this project is considered excellent. The applicant is contributing 53 per cent of the cash and 44 per cent of the total project costs which will be funded through accumulated sponsorship donations. The applicant's contribution will go toward construction costs. s47G will contribute largely to materials and labour and comprises 13 per cent of the cash.

The project does not comprise relocation costs from any of the partners as this will be funded via voluntary labour and donations. A quote for some of the work has been provided.

All in-kind contributions are considered reasonable and consist of raw materials and labour to construct the building, along with general assistance during the project's implementation.

The Department is not aware of any other government programs that are available to support this kind of project.

Letters of support have been received from NSW Senator Concetta Fieravanti-Wells; Federal Member for Throsby, Ms Jennie George; Australia's Museum of Flight, Nowra; Temora Aviation Museum; Flying Fighter Adventures Pty Ltd and Australian Aircraft Restoration Group. The tourism bodies of Wollongong, Shellharbour and Kiama have also provided letters of support.

This application satisfies this criterion.

• **Applicant Viability**

The applicant is assessed as being a medium risk.

The applicant was established in 1979 as a not-for-profit incorporated association, dedicated to salvaging and restoring Australian military and civil aircraft for public display. It now has over 450 paid members and an extensive network of volunteers. The applicant has a number of subsidiaries including one for aircraft maintenance and another for aircraft restoration. The maintenance subsidiary is located at the Illawarra Regional Airport

To date, no Australian government funds have been received by the applicant. An executive committee has successfully managed the organisation for 26 years, and has developed strategies which have resulted in it achieving a growing membership base, a continually increasing fleet of aircraft, growing equity and sound operational and financial management. They are therefore expected to have the capacity to manage Australian Government funds. Any risk mitigation strategies will be built into the Funding Agreement.

The applicant originally relied on membership fees, individual donations, takings and appearances at air shows to deliver revenue, which it re-invested into its activities. However, it now has a number of subsidiaries including HAP Pty Ltd - maintenance and HAR Pty Ltd – restoration, primarily established for limited liability purposes. Both subsidiaries repatriate all profits back to the applicant, via tax deductible donations. All subsidiary assets are owned by the applicant.

The Department did not conduct an independent viability assessment as it was considered that standard market assessments including factors such as supply, demand or price elasticity could not be applied with any degree of accuracy to such a specialised business as salvage and restoration of historical aircraft. However, an internal assessment of the previous three years' financial records of the applicant indicate their asset and equity base is steadily increasing with a total asset base of \$3.7 million in 2004, primarily consisting of restored aircraft. Cashflow did fluctuate from year to year although this is largely due to the 'project driven' nature the organisation operates in. In 2004, cashflow was \$159,000 and in 2003 it was \$652,000 - both considered healthy.

This applicant satisfies this criterion.

• **Project Viability**

The project is assessed as being a low risk.

The applicant, through its subsidiary, is currently committed to complete at least seven aircraft restoration projects for private collectors and museums. These contracts are worth up to \$2.5 million and they expect this will fully commit their current capacity for up to five years. The Department is satisfied this proves demand for the project. The applicant predicts they will need to employ seven new staff with the restoration business which seems reasonable given the large backlog of work on contract.

The widespread volunteer support and membership base, broad cash and in-kind funding support and qualified and experienced project manager will ensure that the project implementation is carried out diligently. Plans of the new centre along with a comprehensive business plan have been provided to the Department. The completed centre will also be operated and managed by experienced personnel. While the applicant has managed to sustain its operations to date, this additional facility will increase its revenue assisting with future sustainability of the new consolidated centre.

The applicant secured a five year lease with Shellharbour City Council for the use of the land at the airport when their Development Application for the new facility was approved. They are currently in discussions with Council about the potential for a longer-term lease. The current lease goes to 2010.

Students from the tourism faculty at Dapto TAFE will develop and implement a tourism strategy for the new consolidated centre when it opens, which will further strengthen the potential of the new facility to become the premiere tourism drawcard in the region.

This application satisfies this criterion.

• **Area Consultative Committee Recommendation**

The Illawarra Area Consultative Committee has **Recommended** this project as a **High Priority** for its region.

The International Historical Aircraft Restoration Centre will provide both direct and indirect employment and economic outcomes through the establishment of an international centre of excellence for aircraft restoration trades. The creation of this unique enterprise will also provide a major tourist attraction drawing visitors from within NSW and from throughout Australia and overseas. Historical Aircraft Restoration Society 's marketing will target the specialised historic aircraft tourist market (a significant international market) as well as general visitation to the Illawarra and South Coast regions (including Nowra).

The Illawarra Area Consultative Committee Board believes that the applicant's estimates of outcomes are quite conservative, particularly in respect to indirect outcomes. As well as direct job outcomes of 10 on-site, the Illawarra Area Consultative Committee panel concluded that there will be very significant flow-on effects to related businesses in tourism, hospitality, local aeronautics engineering and engineering supply businesses.

The new Centre will provide additional impetus to the growth of the new aeronautics industry in the Illawarra region, providing ongoing employment and skills-development opportunities for local people.

The Historical Aircraft Restoration Society has demonstrated its strong project & business management capabilities over many years and especially with the recent construction of its major hangar infrastructure at the Illawarra Regional Airport. The organisation has the proven ability to operate financially sustainable enterprises.

• **Other Considerations**

This project is recommended for funding as it represents value for money.

It will create seven direct new jobs; allow a business to expand to meet domestic and international demand; attract more tourists to the region and continue to serve as an important community function attracting over 30 volunteer shifts per week.


This project will also compliment the emerging aeronautics sector at the Illawarra Regional Airport and support local manufacturing and light industrial sector.

DOTARS Recommendation

Recommended

Recommended Funding:

FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	GST Amount	Total
\$220,000	\$30,000	\$0	\$0	\$25,000	\$275,000

 Australian Government Department of Transport and Regional Services		eWorks ID Number: 06113-2005			
Clearance and Performance Assessment					
Item Type	Minute				
For Minister	Truss				
Subject	HISTORICAL AIRCRAFT RESTORATION SOCIETY INC: REGIONAL PARTNERSHIPS RP PROJECT 2061: INTERNATIONAL HISTORICAL AIRCRAFT RESTORATION CENTRE				
Priority	Routine				
Classification	1. Unclassified				
Business Division	Regional Services				
Branch	Regional Partnerships and Networks				
File Number:					
Clearance section to be completed by Department (Print Clearly)					
Action/Contact Officer s47G	Telephone: s47G				
Division Approver s47G	Position: s47G				
SIGNATURE of Division Approver			/ /2005		
<input type="checkbox"/> Clearing Officer to certify that the reply satisfactorily addresses the issues raised. <input type="checkbox"/> Agency consulted in the preparation of response.					
Assessment to be completed by Minister/Parliamentary Secretary's Office (Print Clearly)					
<i>The quality of the attached material was:</i>					
<input type="checkbox"/> Outstanding	<input type="checkbox"/> High	<input type="checkbox"/> Acceptable	<input type="checkbox"/> Poor	<input type="checkbox"/> Unacceptable	
<i>The timeliness of the attached material was:</i>					
<input type="checkbox"/> On time	<input type="checkbox"/> <1 Week Overdue	<input type="checkbox"/> <2 Weeks Overdue	<input type="checkbox"/> <4 Weeks Overdue	<input type="checkbox"/> <8 Weeks Overdue	<input type="checkbox"/> 8 + Weeks Overdue
<i>The quality was affected by:</i>					
<input type="checkbox"/> Inconsistency with Government's desired outcomes	<input type="checkbox"/> Lack of clarity of purpose	<input type="checkbox"/> Inaccuracy			
<input type="checkbox"/> Poor reasoning or provision of supporting material	<input type="checkbox"/> Lack of Options	<input type="checkbox"/> Bad Grammar/Spelling			
<input type="checkbox"/> Poor presentation	<input type="checkbox"/> Lack of practicality	<input type="checkbox"/> Insufficient consultation	<input type="checkbox"/> Not timely	<input type="checkbox"/> Other	
Comments					
Overall, this item is rated					
<input type="checkbox"/> SATISFACTORY		<input type="checkbox"/> UNSATISFACTORY			
SIGNATURE of Adviser or DLO			/ /2005		

\$275,000 for aircraft restoration centre in Albion Park

Senator for New South Wales, Concetta Fierravanti-Wells, today announced Australian Government *Regional Partnerships* program funding of \$275,000 to go towards constructing an historic aircraft restoration centre at Illawarra Regional Airport at Albion Park.

Senator Fierravanti-Wells said the Australian Government funds would help the non-profit Historic Aircraft Restoration Society cover the costs of constructing the hangar and an administration building for the centre.

"The new three-storey International Historical Aircraft Restoration Centre will have public viewing access, a retail outlet, a technical library, educational facilities and office space.

"It will adjoin the existing maintenance hangar, which is a hub for retired tradespeople and aviation enthusiasts, and is run almost entirely by volunteers.

"The aircraft restoration centre is expected to create seven new full-time jobs for the commercial business, with more local jobs created during the construction phase.

"This *Regional Partnerships* project will also add to tourism in the region, with 3,600 tourists predicted in the centre's first year, and 4,500 in the second," she said.

Senator Fierravanti-Wells said the project would provide important economic benefits for the region and would also support industry development in the manufacturing and light industrial sector.

"I congratulate the local community for working together to access *Regional Partnerships* program funding to strengthen growth and opportunities.

"I would particularly like to thank the Illawarra Area Consultative Committee for helping to bring this project to fruition, and I would also like to acknowledge the financial support provided by Clubs NSW and the Historical Aircraft Restoration Society," she said.

The *Regional Partnerships* program continues the Australian Government's approach of working with local communities to support their ideas. A total of \$360.9 million is available under the *Regional Partnerships* program from 2005-06 to 2008-09.

Senator Fierravanti-Wells said the *Regional Partnerships* program would deliver benefits to communities well into the future, not only from program funding, but from the higher levels of economic activity and improved social amenity which the program is generating.

Since its inception in July 2003, the *Regional Partnerships* program has, on average, attracted a further three dollars from other sources for every dollar invested by the Australian Government.

Communities should contact their local Area Consultative Committee* if they wish to seek funding through the *Regional Partnerships* program.

Media inquiries:

Senator Fierravanti-Wells' office: XXXXXXXXXX

*For further information go to www.regionalpartnerships.gov.au or www.acc.gov.au

ENDS



**REGIONAL PARTNERSHIPS
APPROVED PROJECTS**

Project ID: RP02061
eWorks ID No: 06113-2005
Project Title: International Historical Aircraft Restoration Centre
Organisation Name: Historical Aircraft Restoration Society Inc
Organisation Contact: Mr John Cleary **Phone:** (02) 4229 4092
Location: Albion Park Rail, NSW
Primary Electorate: Throsby
Local ACC: Illawarra ACC
ACC Contact: Mr John Grace **Phone:** (02) 4227 4500

Project Co-Funding

Cash: \$500,000
In-Kind: \$268,500
Total: \$768,500

Regional Partnerships Funding:	Approved Funds	GST Amount	Total
	\$250,000	\$25,000	\$275,000

Project Summary

The Illawarra Regional Airport is located at Albion Park Rail approximately 25 kilometres south of Wollongong. The airport has undergone significant growth over the past five years and is slowly becoming an aviation ‘hub’ through the development of a successful light aeronautics industry cluster and the recent introduction of QantasLink flights.

This project involves the expansion of the Historical Aircraft Restoration Society’s (applicant) aircraft restoration subsidiary from its current location at Bankstown Airport to larger space at the Illawarra Regional Airport. This will allow the consolidation of the restoration business with the applicant's maintenance business, an existing tourism attraction that maintains and displays seven historically significant Australian civil and military aircraft the applicant has salvaged and restored since its establishment.

The international historic aircraft restoration centre will consist of a three-storey building with public viewing access, retail outlet, technical library, educational facilities and office space. The new centre will adjoin the existing maintenance hangar which is a hub for retired tradespeople and aviation enthusiasts and is run almost entirely on volunteer labour.

Regional Partnerships funding will be used towards construction costs.