



# **Airport Economic Development Master Plan 2021 - 2041**

## **Final Report**

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>1. INTRODUCTION AND OBJECTIVES .....</b>	<b>7</b>
<b>2. PROJECT AND REGIONAL AIRPORTS BACKGROUND .....</b>	<b>10</b>
2.1 <i>KINGSCOTE AIRPORT</i> .....	10
2.2 <i>REGIONAL AIRPORTS IN GENERAL</i> .....	15
<b>3. SOCIO-ECONOMIC ANALYSIS.....</b>	<b>18</b>
3.1 <i>GLOBAL ECONOMIC TRENDS</i> .....	18
3.2 <i>NATIONAL</i> .....	24
3.3 <i>STATE AND REGIONAL</i> .....	26
3.4 <i>KANGAROO ISLAND SOCIO-ECONOMIC OVERVIEW</i> .....	28
<b>4. STAKEHOLDER CONSULTATION .....</b>	<b>32</b>
<b>5. KEY ISSUES, OPPORTUNITIES AND CHALLENGES .....</b>	<b>40</b>
5.1 <i>KEY ISSUES</i> .....	40
5.2 <i>MAJOR AIRPORT ECONOMIC DEVELOPMENT OPPORTUNITIES</i> .....	41
5.3 <i>MAJOR CHALLENGES (CONSTRAINTS)</i> .....	46
<b>6. RECOMMENDED AIRPORT ECONOMIC DEVELOPMENT</b>	
<b>    MASTER PLAN .....</b>	<b>49</b>
6.1 <i>COUNCIL'S STRATEGIC CONTEXT AND ROLE IN ECONOMIC DEVELOPMENT</i> .....	49
6.2 <i>AIRPORT ECONOMIC DEVELOPMENT VISION AND OBJECTIVES</i> .....	51
6.3 <i>NEXT STEPS</i> .....	52
<b>APPENDIX 1 – DETAILED STAKEHOLDER CONSULTATION .....</b>	<b>54</b>
<b>APPENDIX 2 – DISCUSSION – COUNCIL ROLES IN ECONOMIC</b>	
<b>DEVELOPMENT .....</b>	<b>72</b>

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## EXECUTIVE SUMMARY

The purpose of this project is to develop an Economic Development Master Plan that can assist regional Councils in improving the long-term financial sustainability of their regional airports. The project was undertaken by the University of Adelaide (Principal investigator: Dr Su Kim) as a recipient of the South Australian Local Government Association (LGA) 2019-20 Research & Development Scheme Grant. Hudson Howells has been engaged to provide their consulting services to fulfil the airport industry-related expertise and skills required to complete the project.

We have adopted a case-study approach due to the nature of variability associated with business plans that can vary across different regional airports. We particularly selected Kingscote Airport as it underwent a major reform and opened a brand-new terminal in 2018 but proved to be an unsustainable business model. However, it is expected that the research outcomes for this project will be utilised by other regional Councils in development of their economic and business plans for their airports since this case study will serve as a practical framework illustrating a realistic example as to how regional Councils can promote economic future-proofing for airport activity hubs.

Through the Airport Economic Development Master Plan (EDMP), economic activities will be stimulated in the region by encouraging growth at the Airport of specific local activities/industries, as well as attracting and supporting new complementary activities/industries and individual businesses.

An EDMP should therefore identify and implement key economic strategies that will increase employment and Gross Regional Product (incomes) per capita in the defined region and contiguous economic areas. In this case, Kangaroo Island as defined by the Kangaroo Island Council area (or Local Government Area).

The following infographic details the process developed by Hudson Howells to research and develop the Kingscote Airport Economic Development Master Plan and is recommended for consideration by other regional airport owners and managers.

# Airport Master Plan Process

The following general process has been developed by Hudson Howells for the research and development of Regional Airports Economic Development Master Plans and has been applied to this Kangaroo Island Airport Economic Development Master Plan.

## STEP ONE

### PROJECT AND REGIONAL AIRPORTS BACKGROUND

Provision of a background to regional airports generally in Australia and specifically the subject airport for which the Economic Development Master Plan is being prepared.



## STEP TWO

### SOCIO-ECONOMIC ANALYSIS

Global, national, state and regional socio-economic analysis to identify key issues and trends relevant to regional airport development



## STEP THREE

### STAKEHOLDER CONSULTATION

Identification and consultation with Key Stakeholders in the airport's economic development to identify opportunities and challenges (constraints) for future development of the airport.



## STEP FOUR

### KEY ISSUES, OPPORTUNITIES AND CHALLENGES

Consolidation of the Steps 1 - 3 research and consultation, additional research and prioritisation of future airport economic development opportunities.



## STEP FIVE

### RECOMMENDED AIRPORT ECONOMIC DEVELOPMENT MASTER PLAN

Development of a Vision for the Airport Economic Development Master Plan and summary prioritisation of development opportunities



## STEP SIX

### NEXT STEPS

Following acceptance of the Airport Economic Development Master Plan, the next steps to be taken for implementation.



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Based on the research and consultation undertaken for this project, a vision can be stated for what success will look like following implementation of this Economic Development Master Plan for Kingscote Airport and includes:

- Change in the CASA designated name from Kingscote Airport to Kangaroo Island Airport with an accompanying Marketing Strategy.
- Recovery and further increase of inbound passengers and aircraft movements to pre bushfire and Covid-19 levels.
- Urban development (residential, commercial, industrial, recreational) on contiguous farm land surrounding the Airport.
- More businesses located in the Airport Terminal and Airport Precinct.
- The Airport and contiguous lands being a magnet for island connectivity and economic development.

A recommended Vision for the Airport Economic Development Master Plan is:

***By 2030, the Kangaroo Island Airport Precinct will be recognised as an exciting and developing urban destination supporting business and employment growth in a creative and sustainable environment.***

This vision will be realised by achieving the following Master Plan development objectives:

***High Priority***

- Contiguous Residential and Commercial Urban Development.
- General Aviation and Aircraft Hangers.
- Business and Industrial Park.
- Business/Innovation Hub.
- Aviation Fuel/Refuelling Facility.
- Events.
- Recreation.

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### **Medium Priority**

- Flight Training.
- Emergency Services Hub.
- Solar Farm.
- Aircraft Maintenance Support Facilities.

### **Low Priority**

- Freight and Cold Storage Infrastructure.
- Airpark.
- Farming/agribusiness.

In pursuit of the above opportunities, it is strongly recommended that Master Plan stakeholders give consideration to financial viability and the Community Benefit/Cost balance prior to developing Strategies and Action Plans for implementation. Opportunities that are financially viable and have positive community benefit/cost balances should be prioritised for implementation. However, it is important to recognise that regional economic development opportunities often do not meet financial viability criteria but do have positive community benefit/cost outcomes and therefore warrant serious consideration for public funding, including applications for grant funds for implementation.

Subject to acceptance of this Airport Economic Development Master Plan, the following next steps are recommended for implementation:

- Visual depiction of the Airport Economic Development Master Plan showing:
  - Proposed Airport Precinct developments.
  - Proposed Terminal developments.
  - Proposed Contiguous Land developments and rezoning.
- Strategies and Action Plans for each development objective.
- Grant funding applications to support developments where there are strong community benefit/cost outcomes expected.

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## 1. INTRODUCTION AND OBJECTIVES

The Economic Development Master Plan will contribute to achieving a contemporary, flexible airport terminal that will facilitate economic activities based on growth conditions and stakeholder considerations. The master plan will also enable the execution of clear and concise business action plans that will inform the long-term financial plan and sustainability. The master plan is to be adaptable for use by any regional airport owner and operator.

### ***Project Objective***

The major objective of the project is to undertake a strategic review of the Kingscote Airport for the next 20 years to address the following key elements:

- Situational Analysis
- Future Direction
- Strategy Development
- Implementation.
- Stakeholder Consultation

The delivery of the Economic Development Master Plan is to include all of Council's business functional areas which are structured under the following four Directorates:

- Executive Services
- Corporate Services
- Community Development
- Works and Infrastructure

This project needs to meet one of the South Australian Local Government Association (LGA) 2019-20 Research & Development Scheme priorities by providing the economic framework that can assist regional Councils in improving their financial sustainability. The project undertakes a case study due to the nature of variability associated with business plans that can vary across different regional airports. However, it is expected that the research outcomes for this project can be utilised by other regional Councils in development of their economic and business plans for their airports, since this case study will serve as a practical framework illustrating a realistic example as to how regional Councils can promote economic future proofing for airport activity hubs.

***An Airport Economic Development Master Plan (EDMP) should therefore identify and implement key economic strategies that will increase employment and Gross Regional Product (incomes) per capita in the defined region and contiguous economic areas.*** In this case Kangaroo

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Island as defined by the Kangaroo Island Council area (or Local Government Area). Implementation of the EDMP should also contribute to community wellbeing and the liveability of the island.

Through the EDMP, economic activity will be stimulated in the region by encouraging growth at the Airport of specific local activities/industries, as well as attracting and supporting new complementary activities/industries and individual businesses.

The following methodology was agreed for the project:

### **Stage 1 – Commencement Meeting and Site Visit**

A commencement meeting was held with key personnel to:

- Confirm the scope and goals of the project.
- Identify and discuss key issues in relation to the project.
- Identify and collect all relevant site and background materials.
- Discuss any other issues.

Following the Commencement Meeting, Hudson Howells consultants undertook a situational analysis of the Kingscote Airport site for familiarisation and to gain an understanding of land availability, infrastructure (power, water, gas, transport, etc.), development potential, opportunities and constraints.

### **Stage 2 – Document and Data Review**

Following the site visits, all existing documentation, previous reports and information obtained relevant to the study and site were reviewed including, for example:

- Zoning and Planning
- Existing Usage and Leases
- Land availability.
- Infrastructure (Power, Water)
- Transport



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### Stage 3 – Industry Consultation

Hudson Howells worked with the client to identify all businesses/organisations to be consulted in this stage of the project in order to discuss with them on a confidential business basis their long term needs and potential airport opportunities.

A Draft Consultation Template was prepared to ensure that consistent data and views were sought from all those consulted and to provide a facility for input from consultation targets that may not have been available for personal appointments at the time.

### Stage 4 – Economic Development Master Plan

Based on Stage 1 – 3 an Airport Economic Development Master Plan suitable for Kingscote Airport was recommended but, most importantly, it provides a template/model for consideration by other regional airports.

***The Airport Economic Development Master Plan contributes to achieving a contemporary, flexible airport terminal that will facilitate socio-economic activities based on growth conditions and stakeholder considerations. The master plan also enables Council to execute clear and concise business action plans that will inform the long-term financial plan and sustainability. The master plan is adaptable for use by any regional airport owner and operator.***

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## 2. PROJECT AND REGIONAL AIRPORTS BACKGROUND

### 2.1 Kingscote Airport

#### *Overview*

The Kangaroo Island Council area is located off the south-eastern tip of the Fleurieu Peninsula of South Australia, about 110 kilometres south-west of the Adelaide CBD. The Kangaroo Island Council area is surrounded by the Southern Ocean, located at its closest point about 15 kilometres from the South Australian mainland.

Kingscote Airport (the Airport) is a Tier 4 Major Regional Regular Passenger Transport (RPT) airport currently without direct interstate services as defined by the Australian Airports Association (although QantasLink has offered seasonal services between Melbourne and Kangaroo Island). The Airport is relatively remote in a South Australian context and is directly owned and managed by the Kangaroo Island Council as an essential public infrastructure asset.

It should be noted that while the Airport is mostly referred to as Kangaroo Island Airport, its official designation is Kingscote Airport (KGC).

The Airport underwent a major redevelopment in 2018. The total cost of the project was \$21.25 million with the Commonwealth and State Governments contributing \$10.25 million each with the balance provided by Kangaroo Island Council. Although this major reform offered newly built airport infrastructure including a brand-new terminal, it is important that the Airport have a long-term Master Plan that will encompass various aviation and non-aviation services, facilities and developments to significantly increase the airport's revenue, Return On Investment (ROI) and brand image.

Kangaroo Island is considered one of the most iconic touristic destinations in Australia, attracting over 200,000 tourists a year from Australia and overseas (pre COVID-19). The newly built airport terminal provides a unique, suitable setting to implement a new economic development Master Plan that will involve diverse business drivers and models.

The Airport is located 14km by road from Kingscote, a 25 minute flight from Adelaide. It was constructed on its current site in 1939 and occupies an area of approximately 278 hectares. It supports Regular Public Transport (RPT) services, charter movements, Royal Flying Doctor Service (RFDS) and SAPOL operations, general aviation traffic and pilot training activities. While not the primary option for CFS aircraft, suitable facilities also exist to enable Air Tractor loading for local fire suppression<sup>1</sup>.

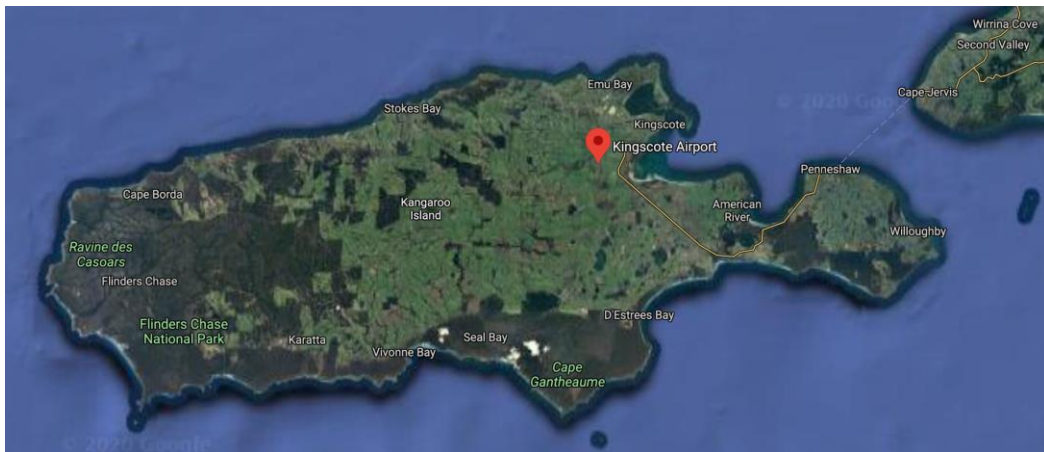
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<sup>1</sup> Source: Draft Kangaroo Island Airport Master Plan 2018 - 2035

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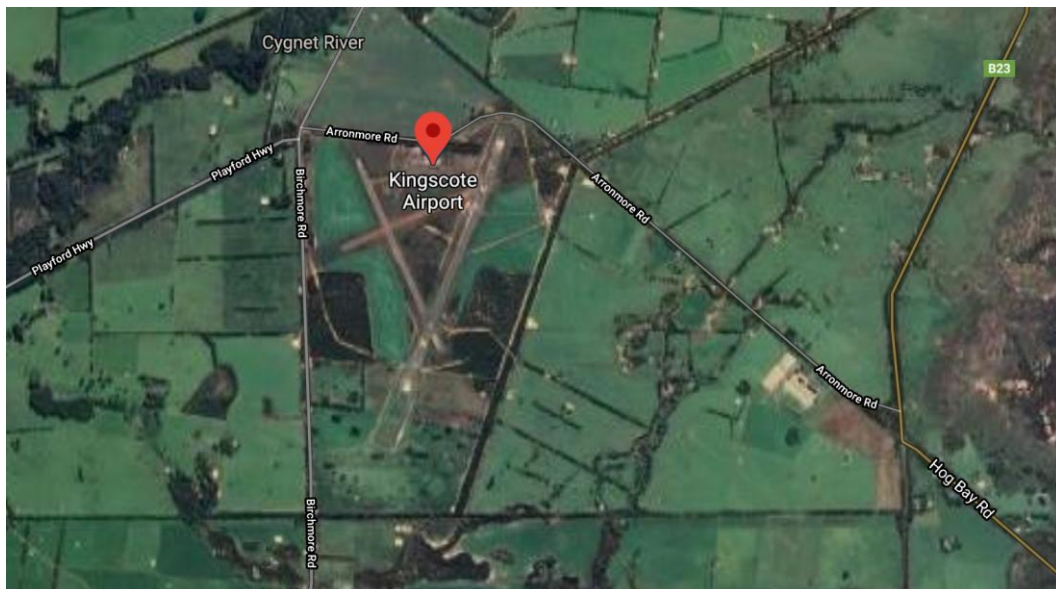
The Airport is located on a generally low flat area of land. To the north the airport is bounded by Arronmore Road, an arterial road linking the Playford Highway to Hog Bay Road in effect connecting the western regions of the Island to the eastern end of the Island and Penneshaw ferry port. The airport is bounded by Birchmore Road to the west, the major link to the south-west of the Island via South Coast Rd. The eastern and southern boundaries are bordered by privately owned agricultural land. From a locality perspective the airport sits literally at a strategically important cross-road for the Island as shown in Maps 2.1 and 2,2 below.

**Map 2.1 – Kangaroo Island (Kingscote) Airport**



Source: Google Maps

**Map 2.2 – Kangaroo Island (Kingscote) Airport**



Source: Google Maps

***Passenger Terminal***

The passenger terminal is approximately 2000m<sup>2</sup> and was constructed for a current two RPT airline operation with scope within check-in areas to accommodate three airlines. The terminal has arrival

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and check-in halls with independent departure lounges, toilet facilities, hire car booths, airline offices, with internal baggage makeup and reclaim areas. A kitchen/café is located centrally within the terminal building.

The Airport terminal is open 7 days a week from 6.30am and closed after the last scheduled flight for the day. Terminal area includes:

- Short Term vehicle parking
- Overnight vehicle parking (fees apply)
- Public toilets
- Water fountain
- Visitor brochures and information screens
- Cafe (only available when flights arrive & depart)

The airport offers free short term vehicle parking as well as overnight vehicle parking (fees apply). The car park is divided into timed zones with the shorter times being located nearer to the terminal entrance.

There are currently two Regular Public Transport airlines operating out of the Airport including Regional Express Airlines (REX) and QantasLink.

There are two Hire Car companies that operate from the Airport including Hertz and Budget. Kangaroo Island Transfers also provides a passenger transport service on Kangaroo Island including to and from the Airport.

### ***Leases and Contracts***

Leases and contracts for services at the Airport include:

- Mobo – Café lease
- Southern Ocean Lodge – terminal lounge lease
- Hertz
- Budget
- Peter Wyatt – KI Transfers
- Fred Phillis – Undercover carparking lease
- PIRSA shed and private industry shed
- Cropping airside land
- Flight Training Schools
- RAAF movements revenue from general agreement with Australian Airports Association
- Limited charter movements

- QANTAS and Rex agreements and concessions including passenger levies

In addition to the above, Council provides businesses with the opportunity to display brochures at the Airport along with an opportunity to advertise on Airport screens.

*Importantly, there are currently no aircraft hangars on site and no fuel provided for aircraft on the main apron.*

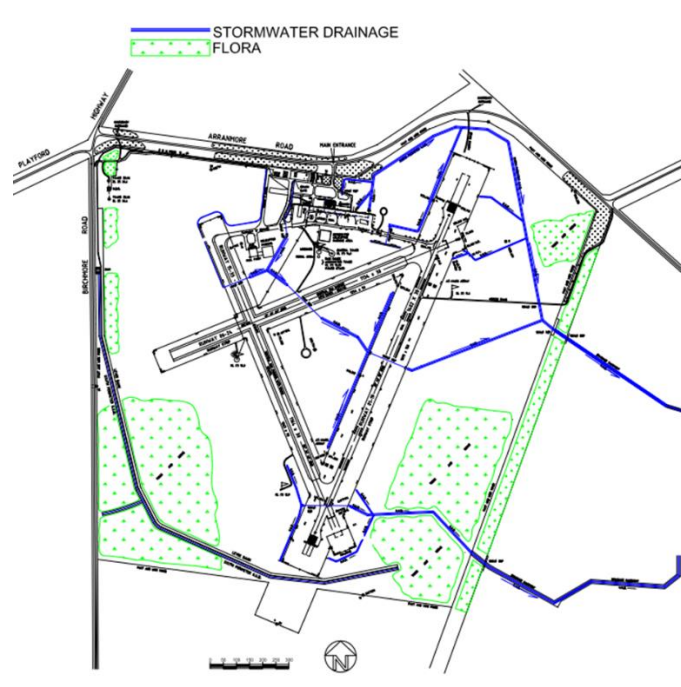
### **Utilities**

In terms of providing for future developments, the Airport has three phase mains power, a solar power installation, reticulated water, septic tank sewerage system, telecom and mobile communication.

### **Environmental Issues**

The airport has substantial tracts of land containing native plants, some which are rare or endangered species and are subsequently monitored by the Department of Environment and Heritage. The areas are shown on the Plan below and are not required for future aviation development and may be subject to review from a bushfire risk assessment perspective.

**Map 2.3 – Airport Environmental Areas**



Source: Draft Kangaroo Island Airport Master Plan 2018 - 2035

### **Heritage Issues**

There are no known areas within the airport containing items of cultural or heritage significance.

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### **Surrounding Land**

This aerodrome is surrounded in all directions by general farming land. There is a small settlement at nearby Cygnet River, (not situated in direct flight paths) with relatively few other residences within close proximity to the Airport.

Table 2.1 and 2.2 below detail revenue passenger numbers, aircraft movements and trends at the Airport from its peak year of 1998-99 to 2019-20. The impact of the 2019-20 bushfires and Covid-19 are evident in the 27.29% and 20.96% declines in 2019-20. Significant declines also occurred during the 2001/02 recession and following the 2008 global financial crisis.

**Table 2.1 – Kingscote Airport Domestic Revenue Passengers**

<b>Year</b>	<b>Inbound</b>	<b>Outbound</b>	<b>Total</b>	<b>% Change</b>
1998-99	45,495	47,369	92,864	
1999-00	43,025	44,329	87,354	-5.93%
2000-01	39,210	40,847	80,057	-8.35%
2001-02	31,723	31,722	63,445	-20.75%
2002-03	31,721	32,380	64,101	1.03%
2003-04	30,394	32,283	62,677	-2.22%
2004-05	31,407	33,254	64,661	3.17%
2005-06	29,316	30,936	60,252	-6.82%
2006-07	28,044	31,111	59,155	-1.82%
2007-08	30,961	33,024	63,985	8.16%
2008-09	28,865	30,722	59,587	-6.87%
2009-10	26,241	28,239	54,480	-8.57%
2010-11	24,317	26,704	51,021	-6.35%
2011-12	19,831	21,480	41,311	-19.03%
2012-13	18,565	20,213	38,778	-6.13%
2013-14	17,965	19,886	37,851	-2.39%
2014-15	16,949	18,716	35,665	-5.78%
2015-16	17,375	19,092	36,467	2.25%
2016-17	18,111	19,898	38,009	4.23%
2017-18	20,270	22,432	42,702	12.35%
2018-19	20,839	22,689	43,528	1.93%
2019-20	15,272	16,379	31,651	-27.29%

Source: BITRE Airport Traffic Data

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**Table 2.2 – Kingscote Airport Domestic Aircraft Movements**

Year	Inbound	Outbound	Total	% Change
1998-99	5,598	5,614	11,212	
1999-00	4,523	4,521	9,044	-19.34%
2000-01	4,264	4,251	8,515	-5.85%
2001-02	4,320	4,320	8,640	1.47%
2002-03	3,841	3,838	7,679	-11.12%
2003-04	3,312	3,310	6,622	-13.76%
2004-05	3,158	3,147	6,305	-4.79%
2005-06	1,771	1,770	3,541	-43.84%
2006-07	2,077	2,077	4,154	17.31%
2007-08	2,872	2,872	5,744	38.28%
2008-09	2,377	2,377	4,754	-17.24%
2009-10	1,626	1,630	3,256	-31.51%
2010-11	1,199	1,199	2,398	-26.35%
2011-12	1,117	1,120	2,237	-6.71%
2012-13	1,107	1,109	2,216	-0.94%
2013-14	1,073	1,074	2,147	-3.11%
2014-15	1,071	1,071	2,142	-0.23%
2015-16	1,063	1,062	2,125	-0.79%
2016-17	1,064	1,062	2,126	0.05%
2017-18	1,092	1,092	2,184	2.73%
2018-19	1,126	1,126	2,252	3.11%
2019-20	890	890	1,780	-20.96%

Source: BITRE Airport Traffic Data

## ***2.2 Regional Airports in General***

General Aviation in Australia is in decline and the impact of sustained losses on local government has led to the closure of many regional airfields and the loss of associated socio-economic benefits. This is a global trend and unlikely to abate in the near future as rising costs, operating losses and general aviation activity continue to impact regional aviation.

Australia has a number of airfields which cater for a combination of commercial and recreational aircraft users. The aerodrome sector is an essential component of Australian transport infrastructure, providing social, economic and cultural sustainability for remote and regional communities that are heavily dependent on air services.

This project builds on and adds value to the 'Regional Airports Project' undertaken by Hudson Howells in 2012 and funded by the SA Local Government Research and Development Scheme (LGR&DS). This report highlighted that most regional airports owned and managed by regional Councils are classified as non-profitable airports since the current airport model does not generate sufficient funds to make necessary infrastructure upgrades and deliver a desired standard of service. The financial sustainability of the airport is a critical issue for those regional Councils as operating losses from the airport will have a flow-on effect on the overall Council budget and operating



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expenses. Also, it is not sustainable for Councils to rely on the State and Commonwealth Government funding for the operation of their airport.

As suggested in the Hudson Howells 'Regional Airports Project' establishing a single entity to manage and operate all regional airports may need to be considered. However, some regional Councils may prefer to maintain the ownership of their airport for community benefits rather than privatising it since it is often perceived that the community needs will no longer be prioritised and the service delivery and standard will be compromised if Councils relinquish control of the airport.

Under the Local Government Act, Councils are required to develop asset and financial management plans. However, regional Councils appear to develop plans that focus more on the infrastructure requirements for the airport and overlook business plans that can ensure the long-term financial sustainability of the airport. For regional airports to be sustainable, it is vital to develop detailed economic master plans that Councils can utilise to facilitate and promote economic activities at the airport.

Ownership, governance and management of regional airports by Local Government are historically based on the transfer of ownership from the Commonwealth Government to Local Government during the 1990s. These responsibilities appear to have been enthusiastically embraced by local communities in recognition of the social and economic importance of airports to the community. Councils agreed to operate and maintain the airports without ongoing funding support from the Commonwealth. Aerodromes were transferred under freehold title.

Although regional airports are facing many funding challenges principally surrounding infrastructure maintenance and upgrading, they substantially control their own destinies as current owners and managers.

Regional airports provide their catchment areas with access to major cities and other major regional centres. This facilitates out-bound and in-bound tourism, personal and business travel, personal and business freight and importantly facilitates access to community services not available in the regions such as education and health services (e.g. Royal Flying Doctor Services).

While having a commercial purpose to facilitate RPT and charter services, regional airports are important pieces of social infrastructure for regional communities, even for those that are unable to sustain commercial operations. Like infrequently used roads, some airports/airstrips are maintained and operated at a loss because they are occasionally used and required in the event of emergencies. They offer some peace of mind to regional communities and add to the physical and social capital required to make regions attractive places to live and work.



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Regional airport owners have substantial flexibility to set charges and levies and to commercially develop airport land and infrastructure. They do however need to strike a commercial balance that supports regular passenger services, charter operations and acceptable passenger costs.

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### 3. SOCIO-ECONOMIC ANALYSIS

As noted above, an Airport Economic Development Master Plan (EDMP) should identify and implement key economic strategies that will increase employment and Gross Regional Product (incomes) per capita in the defined region and contiguous economic areas. In this case Kangaroo Island as defined by the Kangaroo Island Council area (or Local Government Area).

Through the EDMP, economic activity will be stimulated in the region by encouraging growth at the Airport of specific local activities/industries, as well as attracting and supporting new complementary activities/industries and individual businesses.

In order to deliver such outcomes, it is necessary for Airport Management to understand and consider:

- Global, National, State and Regional drivers of economic growth.
- Global, National, State and Regional opportunities and challenges for regional economic development.

***The following External Analysis has been undertaken in order to identify opportunities and challenges associated with current and recent global, national, state and regional trends that are relevant to Kingscote Airport and should be considered by all regional airports (updated annually).***

#### **3.1 Global Economic Trends**

The 21st century commenced with an acceleration of Asian economic development and population growth, especially in China, India and Indonesia, largely in response to economic strategies designed to avoid the economic and political crises experience during the 1990s.

As Asian economies developed, global urbanisation moved from western to Asian cities as large populations sought to take advantage of urban employment and lifestyle opportunities. This was

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accompanied by rapid growth in commodity demand and prices, especially from China and India, fuelling recent 'mining booms' in Australian states, including South Australia, along with increasing oil prices driven by increased global demand.

The global population has boomed over the last century, with more than four billion people – more than half the global population – living in urban areas. This trend has been accelerating around the world. It is expected that by 2050 the global urban population will more than double, and seven out of ten people worldwide will live in cities and urban areas. For the first time in history, the majority of people live now in urban areas. The proportion of the world's population which is urban has been growing rapidly and a larger fraction of the total population lives within cities now than at any previous period in history<sup>2</sup>. It has been acknowledged in global studies of urban development that **once a city or town is built, its physical form and land-use patterns (e.g. airports) can be locked in for generations, which means important policy decisions have lasting implications.** It's important to take care to build urban and contiguous areas that work – are inclusive, safe, resilient, and sustainable – which requires intensive policy coordination and intelligent investment decisions.

The advantages of economic concentration through urbanisation can be explained through two concepts: division of labour and economies of scale<sup>3</sup>. These concepts are:

1. **Firms organise around particular products or tasks (e.g. Airports)** , yielding efficiencies and enhanced skills. But specialisation also applies at the city and town level, where we see similar types of gains in comparative advantage when a region focuses its efforts on a function or group of functions. This becomes more important as external trade grows and competition intensifies<sup>4</sup>.
2. **Benefits of internal economies of scale, which are specific to the firm and relate to lower unit costs and other efficiencies from large-scale activities such as airports. Benefits also come from external economies of scale (or "agglomeration economies"), which come from proximity to other firms and markets.** These include lower transaction costs and synergistic network effects, such as shared information. The bigger the network, the larger the pool of knowledge and intelligence. Agglomeration economies derive other

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<sup>2</sup> United Nations, 2007, Principles and Recommendations for Population and Housing Census, United Nations

<sup>3</sup> Ivan Turok, Gordon McGranahan. June, 2013. Urbanization and economic growth: the arguments and evidence for Africa and Asia. Environment and Urbanization. Volume: 25 issue: 2, page(s): 465-482

<sup>4</sup> Ivan Turok, Gordon McGranahan. June, 2013. Urbanization and economic growth: the arguments and evidence for Africa and Asia. Environment and Urbanization. Volume: 25 issue: 2, page(s): 465-482

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proximity effects from a larger pool of labour, suppliers, customers, and competitors within the same area (localisation economies), as well as firms in other industries (urbanisation economies).

**In the case of Kingscote Airport**, its location close to Kingscote provides for its comparative advantage with proximity to the urban area, and to rural factors of production.

Globalisation confronts regions, whether urban or rural, with new opportunities and threats. **The new paradigm's objective is to reduce persistent inefficiency, underutilisation of assets and resources resulting in income below potential, which is the case with Kingscote Airport and other South Australian regional airports.**

### ***Opportunities for Rural Urban Communities (Kangaroo Island)***

In the last 30 years urban cores regained population due to intensive use of technology in rural areas. First, the reservoir of potential rural-urban migrants as a result of technical change in agriculture was reduced. Rural to urban migration slowed down as agricultural population declined and its processes made more intensive use of technology. Economic factors such as globalisation, concentration of human capital and increased female participation levels have resulted in a more fragmented pattern of urbanisation. Some towns, particularly those heavily dependent on ageing industrial structures which had lost comparative advantage continued to decline. However, as a consequence of more efficient transportation systems that have allowed for further concentration of human capital commuting from rural and intermediate regions and into urban cores, urbanisation in OECD countries has implied a greater use of land and consequently sprawl.

Rural regions in proximity to major cities, such as Kangaroo Island, have prospered in OECD countries. Functionally, however, they are now essentially urban and act as significant dormitory areas for the largest cities although still visually 'rural'. Earlier retirement and greater leisure time may allow small numbers of people to move entirely away from cities to destinations such as Kangaroo Island for some or all of the time (some high paid city workers have their main homes in distant countryside but maintain a second home in the central city – others choose smaller houses in the Central city but a second home in attractive surroundings) the absolute numbers involved are small<sup>5</sup>. It is recognised here that the current global pandemic (Covid-19) has influenced these trends with a growing number of people working from home and an uplift in demand for regional housing.

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<sup>5</sup> OECD (2019) Trends in Urbanisation and Urban Policies in OECD Countries: What Lessons for China?, OECD.

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Some of the other global trends and factors relative to regional communities and airports include:

- Airports are also often places where knowledge spill overs take place, benefiting not only a town (e.g. Kingscote) but also the wider regional area.
- Economic growth in urban areas is driven on endogenous factors such as human capital, physical capita (e.g. infrastructure), but also spatial factors such as agglomeration economies and proximity to markets.
- One of the key challenges for continued economic growth and productivity increase in many regions is how to attract and retain more qualified people and attract others.<sup>6</sup>
- Previously, small numbers of highly skilled and specialised workers, artists, composers, specialised designers or IT workers, worked from homes in distant locations but almost all would have spent a significant part of their formative working lives in large cities. Only when they became established and built up professional networks was it possible to move to more remote rural areas such as Kangaroo Island. This has changed in recent years with the introduction of broadband internet seeing a wider range of industries and greater number
- Many dormitory and industrial towns are struggling as they lack the character and attractiveness of affluent villages and the vibrancy of big cities<sup>7</sup>.
- Dysfunctional systems create problems — such as gridlock, power cuts and insecure water supplies — which in turn create extra business costs, reduce productivity, and deter private investment. The balance between urban agglomeration economies and diseconomies will influence whether city economies flourish, stagnate, or decline.

Other important global trends important in the context of an Airport Economic Development Plan include:

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<sup>6</sup> OECD (2019) Trends in Urbanisation and Urban Policies in OECD Countries: What Lessons for China?, OECD.

<sup>7</sup> Dembski, Sykes, Couch et al (2019) “Reurbanisation and city regions – some trends and reflections” presented at COLLQUIUM: THE GOVERNANCE OF METROPOLISES AND CITY-REGIONS, Tours, 11–12 April 2019

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### ***Sustainability***

Governments, businesses and consumers are being more highly driven by the need for environmentally and financially sustainable practices. There has been an emergence of 'eco-firms' and higher values attached to eco-friendly products and services.

### ***Commoditisation of Water and Carbon***

Water and carbon are rapidly becoming commodities, which is leading to new industries in areas such as water management, green energy production (e.g. solar), hybrid vehicles, nano-technology and carbon control.

### ***Food, Water and Energy Security***

Global population growth and climate change are elevating the importance of food, water and energy security in the policies of nations, especially in Asia. **The Kingscote Airport Master Plan** should have sustainable water and energy security as high priority infrastructure requirements to support a world class economic structure along with associated market opportunities for investment and export development.

### ***Asia's Urbanisation and Economic Resurgence***

The 2007/08 global financial crisis emphasised the long-term trend and re-emerging dominance of Asia in terms of economic development and population growth, especially China, India and Indonesia. Western economic dominance, temporarily achieved via the industrial revolution, colonisation and world wars, is being eroded by Asia's economic development resurgence driven by abundant and cheap labour and aspirations for improved standards of living. International trade is starting to recover, but more particularly it is China, India, Indonesia and Asia generally that are moving back to pre-GFC levels the quickest. Major developments associated with this long-term trend, which the short-term shock of the GFC has accelerated, include:

- The loss of manufacturing capacity and jobs in western economies, including Australia, as manufacturing gravitates to Asia.
- Strong Asian demand for Australian resources, especially mining and energy.
- Strong growth in Asian trade with Australia.

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- Growth of the Asian middle class with aspirations for higher living standards including high quality, clean food and beverage products.
  - Strong growth in Chinese tourism with a focus on wine, gambling and golf.
  - A focus in western economies on higher value added manufacturing afforded some protection by innovation and research.
  - A resurgent Australian services sector (in terms of economic growth and employment) especially in sectors afforded some protection from import competition. This includes health, education, transport and business and financial services.

It is therefore asserted that demand for Australian resources and services will surge in coming years on the back of population growth (Asian and Australian) and sustained demand increase from Asia for Australian mining, energy and agricultural exports.

Notwithstanding this expected demand increase, it is noted here that recent developments such as the global pandemic and trade wars (especially involving China, the USA and Australia) will impact immediate demand trends.

### ***Ageing Populations***

Ageing of populations in industrialised countries, including Australia, will have important demand implications for human services including the delivery of government and commercial services.

### ***Global Health Pandemic and Trade Wars***

The outbreak of the Novel Coronavirus (COVID-19) has demonstrated the fragility of the global economic system due to global integration of supply-chains and economic interdependency. The impact upon Australia may be much higher due to the higher economic trade and investment dependence between Australia and China, and recent higher tariffs and trade restrictions placed on Australia by China.

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### 3.2 National

In Australia, there have been some particular developments in recent times that have had important consequences for State and regional economies. These include:

- Conclusion of the economic stimulus projects which contributed to Australia's post-GFC performance and expected conclusion to the Covid-19 economic stimulus packages during 2021.
- A shift to online retail and subsequent retail store closures reflecting consumer uncertainty – pre and during Covid.
- Climate change and unpredictable weather patterns.
- The roll out of the National Broadband Network (NBN).
- Work from home trend associated with Covid-19 along with reduced demand for commercial office and retail space.

The experience in Australia has identified numerous regional problems over recent decades that have demanded the attention of local and state governments. These problems include the sudden economic shocks caused by downturns in "one industry towns" as a result of economic restructuring; the continued emptying of the inland; the ongoing (and increasing) domination of State economies by their capital cities as a result of the processes of globalisation; increasing disparities within and between regions across a wide range of social and economic indicators; and environmental pressures and high unemployment in rapidly growing coastal regions<sup>8</sup>. The causes of regional disparities in investment, growth and employment levels between regions and within regions are complex. Regional development policies and Airport Economic Development Master Plans must take into account and address a number of divergent economic trends across the State including:

- The limited or declining growth of many smaller, inland towns.

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<sup>8</sup> Collilits (2000) Small Town Decline and Survival: Trends, Success Factors and Policy Issues, NSW Department of State and Regional Development



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- Persistently high unemployment and skill shortages in a number of regions.
  - The rapid population growth in some coastal locations, largely associated with retirement and tourism, and more recently work from home trends.
  - Dramatic farm adjustment processes which have important consequences for rural communities.
  - The steady growth of the major regional centres which are increasingly absorbing government and private sector services, often at the expense of surrounding smaller centres.
  - Difficult rural trading conditions accentuated by recent droughts and trade wars.

Rural communities have relied on the farm sector for their economic well-being. But over the past 40 years the farm sector has changed dramatically, with important consequences for rural communities. Agriculture accounts now for far less of the State's and the nation's economic output, farms are fewer and bigger, and farms have become increasingly mechanised resulting in a fall in farm labour. While small town economies may rely on the export of goods and services for their economic base, they are typically made up of small independently owned businesses that focus on the local market. This is why the loss of population and services is felt so severely in small towns. Most firms in small towns employ fewer than five employees.

Location theory explains why businesses choose to locate in certain areas. These theories focus on least cost models, market area models and profit maximising models. A wide range of factors determine business location decisions, including access to raw materials, labour, skills, support services and markets. Traditionally, transport costs have been important for some industry sectors. Locations seek to attract businesses for obvious reasons – they create direct jobs, as well as two kinds of indirect jobs (“multipliers”). These are jobs created by the existence of suppliers and service industries, and jobs created by the consumption needs of employees.<sup>9</sup> Increasingly complex and interrelated global, national and local trends are changing the way we live, what we consume, how we work and our economic opportunities, as well as our health and social connections. Infrastructure

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<sup>9</sup> Collilits (2000) Small Town Decline and Survival: Trends, Success Factors and Policy Issues, NSW Department of State and Regional Development

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Australia identified seven significant and interconnected trends for the future of Australia and urban areas including <sup>10</sup>:

1. Quality of life and equity: our quality of life is high, but not everyone benefits equally.
2. Cost of living and incomes: the cost of living is rising for some people, while incomes have not grown substantially.
3. Community preferences and expectations: communities are expecting more customised, real-time and interactive services and products from governments and businesses.
4. Economy and productivity: economic growth is slowing, while our economy is transitioning towards a service and knowledge-based future, which is increasingly located in our cities.
5. Population and participation: our population is growing and urbanising, and participation in the workforce is increasing for women and older people.
6. Technology and data: technology is transforming the way we live, but not everyone benefits equally.
7. Environment and resilience: our environment is increasingly vulnerable to the effects of climate change, and our response to reducing emissions is falling behind international progress.

### ***3.3 State and Regional***

South Australia has benefited in recent years from a lower Australian dollar and low interest rates. These factors are conducive to business investment and are encouraging growth in export-oriented sectors including agriculture, food and beverages, manufacturing, tourism and international education.

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<sup>10</sup> Infrastructure Australia (2019), Australian Infrastructure Audit 2019

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A solid pipeline of public sector capital works led by road, water infrastructure, renewables, education and health facilities are also supporting economic activity.

Some of the factors effecting South Australia's economic outlook include:

- Public sector investment is expected to continue to support economic growth over the medium term, reflecting sizable government transport, water, electricity, health, education and other infrastructure projects in addition to newly announced Covid-19 initiatives.
- Exports will be supported by a lower Australian dollar, with growth expected across key export sectors including food and beverages, agriculture, mining and tourism. China's recent disruption of demand from Australia is noted here. This has recently and will continue to have an impact on overall demand necessitating that Australian companies look to market diversification.
- Employment growth in South Australia slowed in 2018-19. The ABS estimates that employment growth in SA slowed from a recent peak of 2.6% p.a. in April 2018 to 1.5% p.a. in April 2019 (trend). The Budget forecasts employment growth to strengthen back to 2.0% p.a. in 2019-20 and 2.25% p.a. each of the three years to 2022-23.
- Defence industry growth, including naval shipbuilding, space industry development and major project activity will help to expand job opportunities over this period, including in supply chain businesses.
- South Australia's economic growth rate historically lags and is generally lower than the Australian average. In many studies and reports on the State's economy this is attributed to South Australia having a lower population growth rate than other mainland States.

There are significant structural differences between the economies of South Australia and the other States which contributes significantly to differences in economic performance. South Australia, historically more heavily reliant on manufacturing and substantially under-represented in services sector activity (business services, transport, etc.), has in the past not been well placed to take advantage of emerging new global opportunities. Also, business downturns bite much deeper in South Australia with much larger negative economic growth rates during recessions. Other key trends include:

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### ***Investment Climate***

Following a period of sustained investment in public and private sector infrastructure and productive capacity, South Australia should be in a position to offer investors an attractive and competitive environment for business and industrial investment.

### ***Private Sector Investment***

Public sector infrastructure investment has provided the confidence for private sector investment in productive capacity for sustained economic growth.

### ***Economic Diversification***

Along with the recent mining boom, increased economic diversification will provide further stimulus to the South Australian economy including major defence and community infrastructure projects.

### ***Population Growth***

Population growth, an important element of demand sustainability and long term investor confidence, is a key element of the State Government's Strategic Plan which is targeting a population of 2 million people by 2027. The State's aggressive population growth strategy is reflected in recent growth rate trends and a substantial narrowing of the gap between the South Australian and national growth rates.

### ***Cost Competitive***

South Australia is the second least costly State to set up and do business in Australia and is the most cost-competitive State in Australia for Research and Development and the Corporate Services industries.

## ***3.4 Kangaroo Island Socio-Economic Overview***

As previously noted, the Kangaroo Island Council area is located off the south-eastern tip of the Fleurieu Peninsula of South Australia, about 110 kilometres south-west of the Adelaide CBD. The Kangaroo Island Council area is surrounded by the Southern Ocean, located at its nearest point about 15 kilometres from the South Australian mainland.

The Kangaroo Island Council area is predominantly rural, with significant conservation areas, and prior to the recent bushfires and Covid-19 had a growing tourism sector. The main townships are Kingscote, American River, Parndana and Penneshaw, with smaller settlements at Baudin Beach, Brownlow, Emu Bay, Island Beach, Nepean Bay and Vivonne Bay. The Council area encompasses a total land area of 4,400 square kilometres. Land is used mainly for agriculture, particularly sheep grazing (wool and meat) and grain growing, with fishing and forestry also being important industries. There is also some cattle grazing and crop growing. Tourism is an important industry.

The following tables detail Kangaroo Island's registered business by industry showing how many businesses there are in the Kangaroo Island Council area within each industry sector (2019) using the Australian Bureau of Statistics (ABS) Business Register, which itself is derived from the GST register held by the Australian Tax Office (ATO).

As indicated by the tables, Kangaroo Island's business structure is dominated by Agriculture, Forestry and Fishing (44.6%), Construction (13.1%) Rental, Hiring and Real Estate Services (7.7%) and Accommodation and Food Services (7.3%).

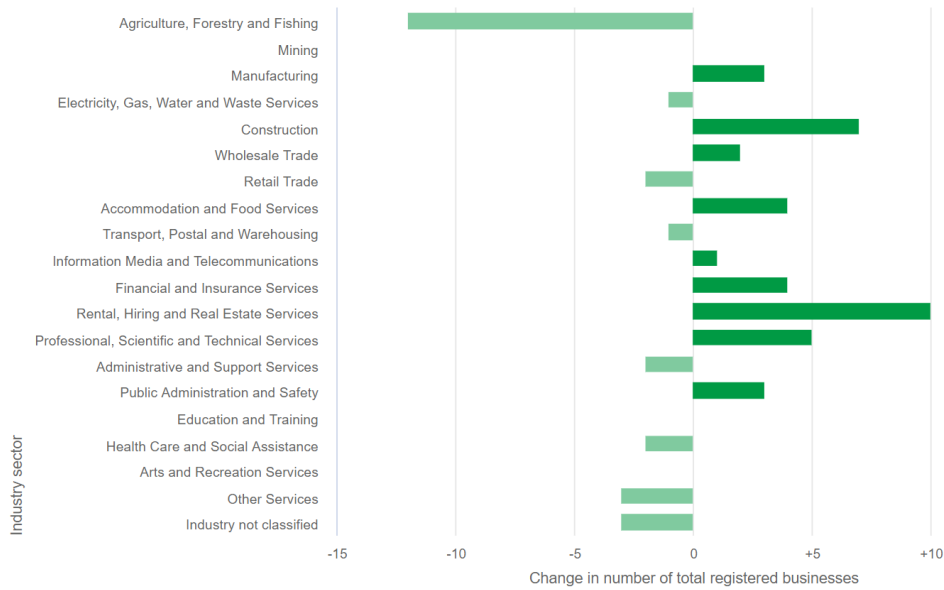
However, between 2018 and 2019 there was a substantial decline in the number of Agriculture, Forestry and Fishing businesses (12) while Rental, Hiring and Real Estate Services and Construction increased by 10 and 7 businesses respectively.

**Table 3.1 – Kangaroo Island Registered Businesses**

Industry	Number	%	% South Australia
Agriculture, Forestry and Fishing	320	44.6	11.1
Mining	3	0.4	0.3
Manufacturing	21	2.9	4.1
Electricity, Gas, Water and Waste Services	3	0.4	0.4
Construction	94	13.1	15.5
Wholesale Trade	10	1.4	3.4
Retail Trade	39	5.4	5.5
Accommodation and Food Services	52	7.3	3.9
Transport, Postal and Warehousing	29	4.0	6.9
Information Media and Telecommunications	4	0.6	0.7
Financial and Insurance Services	16	2.2	10.0
Rental, Hiring and Real Estate Services	55	7.7	11.7
Professional, Scientific and Technical Services	28	3.9	9.6
Administrative and Support Services	12	1.7	3.8
Public Administration and Safety	3	0.4	0.3
Education and Training	0	0	1.0
Health Care and Social Assistance	14	2.0	6.2
Arts and Recreation Services	4	0.6	1.0
Other Services	10	1.4	4.3
Industry not classified	0	0	0.3
Total business	717	100.0	100.0

Source: <https://economy.id.com.au/rda-ahfki>

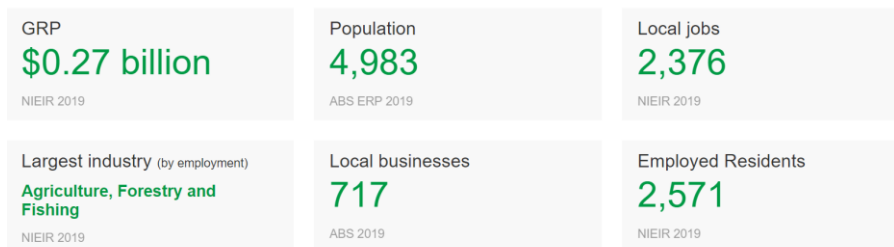
**Table 3.2 – Kangaroo Island Change in Registered Businesses 2018 to 2019**



Source: <https://economy.id.com.au/rda-ahfki>

The following table summarises key economic data for Kangaroo Island

**Table 3.3 – Kangaroo Island Key Economic Statistics 2019**



Source: <https://economy.id.com.au/rda-ahfki>

As at the 2016 Census, there were 4,702 people in Kangaroo Island (DC) (Local Government Areas). Of these 51.1% were male and 48.9% were female. Aboriginal and/or Torres Strait Islander people made up 1.4% of the population. The median age was 49 years. Children aged 0 - 14 years made up 16.5% of the population and people aged 65 years and over made up 23.2% of the population.

There were 2,286 people who reported being in the labour force in the week before the 2016 Census night. Of these 46.2% were employed full time, 41.7% were employed part-time and 5.2% were unemployed. The most common occupations included Managers 25.1%, Labourers 16.2%, Technicians and Trades Workers 12.1%, Professionals 11.6%, and Community and Personal Service Workers 11.6%. In comparison with South Australia, as at the 2016 Census:

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- Kangaroo Island's unemployment rate was 5.2% compared with 7.5% for South Australia and 6.9% for Australia,
  - The Agriculture, Forestry and Fishing industry had the largest number of total registered businesses in Kangaroo Island Council, comprising 44.6% of all total registered businesses, compared to 11.1% in South Australia.
  - Agriculture, Forestry and Fishing was the largest employer in the Kangaroo Island Council, making up 21.6% of total employment compared with 4% for South Australia.
  - In the Kangaroo Island Council 49.7% of the local workers (all industries) are males and 50.4% are female compared with 51.8% and 48.2% respectively for South Australia.
  - In 2018/19 , the total tourism and hospitality sales in the Kangaroo Island Council was \$41.2m and the total value added (Gross Regional Product or salaries, wages, profits, etc.) was \$23.1 million which represented (0.4% of the South Australian total).

*Notwithstanding the above data and trends, Covid-19 is expected to have a significant negative impact on Kangaroo Island's economic performance for 2020 and 2021 with declines in Gross Regional Product and total employment. This will compound the impact of the 2019-20 summer bushfires on Kangaroo Island which were the largest in the island's recorded history. 46% of the island was burnt with all of the state-owned parks at the western end of the island burnt, with farming and forestry land (the greatest contributor to the island economy) also heavily impacted. Notwithstanding the devastating impact of the bushfires, the Island can expect medium and longer term investment during the recovery phase.*

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## 4. STAKEHOLDER CONSULTATION

Appendix 1 contains the detailed findings of the stakeholder consultation and follows the sequence of the approved consultation template. The following 15 organisations contributed to the consultation via an online Survey Monkey survey.

- Kangaroo Island Health Advisory Council
- Southern Ocean Lodge
- Kangaroo Island Councillors (3)
- Exceptional Kangaroo Island
- Yumbah Kangaroo Island
- Kangaroo Island Ocean Safari
- Kangaroo Island Business and Brand Alliance
- Qantas Airways
- David Mepham Consulting
- SA Health
- Kangaroo Island Council
- State Recovery Office
- Westmeath Consulting Services

This section of the report summarises by question some of the major issues identified in the consultation for consideration in the Airport Economic Development Master Plan (Note that Question 1 containing detailed respondent contact data is excluded from this summary and Appendix 1).

### **Q2 - What do you consider to be the major business and economic strengths of the Kingscote Airport?**

- Location - relatively central to the major population centre at Kingscote and the farming communities further west. It is at the "cross-roads" of the Island, and therefore its ease of access for most residents. is land adjoining the airport that can be developed for uses that are complementary to the airport and Island function. These uses include air services, food/cold storage, warehousing, various light industrial and tourism.
- Excellent facilities for travellers, ease of access, affordable parking, possible meeting facilities.
- Facility for commercial passenger aircraft for the major domestic carriers.
- Provides for charter flights (fixed and rotary aircraft) and emergency services aircraft.
- Provides a freight link for locally produced goods to markets.
- The airfield land can and has been used as a staging post for fire fighting equipment, vehicles, accommodation and HQ.



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- Luxury lounge area - prior to the 2019-2020 bushfires Southern Ocean Lodge leased the area in the terminal
  - Provides direct and indirect employment for the island.
  - Enables local small business owners, medical specialists, contractors, and consultants to travel into and out of the local community for work.
  - Two of the three biggest industry sectors - Public Administration and Tourism – use the airport as a business tool.
  - Space available - the land area surrounding the terminal and the terminal itself offer opportunities for expansion and greater utility
  - Solar power infrastructure, and its potential for expansion.
  - The space is attractive and made more so by the art exhibitions.
  - Excellent branding.
  - Electric vehicle charging.

**Q3 - What do you consider to be the major business and economic weaknesses of the Kingscote Airport?**

- No aviation refuelling infrastructure at the airport.
- Poor utilisation of space within the terminal, that could be better used to generate revenue for council and stimulate economic development on the island.
- Lack of business diversity on airport land.
- The airport is not promoted to potential airport users such as recreational aviators, charter operators, other commercial passenger aircraft operators such as Virgin/Alliance.
- The airport is not well networked with other regional and major city airports.
- No dedicated airport website or social media presence.
- Limited flights currently due to COVID-19 restrictions.
- The airport is currently functioning below capacity. The lower patronage impacts on the community confidence about the airport asset, existing airport business and on the viability of future business and investment.
- It is not feasible for the owners of private aircraft to utilise the airport due to location, security factors and convenience.
- Its remoteness makes it less practical as a business or meeting hub, although its central location on the Island does have some advantages.
- Lack of frozen freight infrastructure and capability.
- Too few businesses - should be a business hub as well as an airport.
- No rental vehicle refuelling / service station.

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#### **Q4 - What are the major opportunities for business and economic development at the Kingscote Airport?**

- A 'business hub' for visitors to use hot desks and have access to free wireless, printers, computers, amenities such as toilets and beverages much like an airport lounge.
- The proposed SA Water pipeline will run past the airport and this opens up possibility of diversifying business activities at the airport and greening the runway edges during summer to improve aircraft operating efficiency.
- Freight centralisation on the island. Create an intermodal for road and air connections.
- Refuelling facilities for aircraft and vehicles (no government investment required private operators). Including all electric charging for cars and aircraft i.e. Uber flying taxis that are electric.
- Aircraft maintenance facilities and at least one licenced aircraft maintenance engineer would add value to the airport.
- Create an Aviation Village airside (called Air Parks in the USA). Land for houses, with hangers are connected to a runway via shared taxiways, enabling residents to take off with ease.
- Basing of emergency services at the airport...CFS, SES, SAPOL. One purpose built co- located facility. Central to the Island, plenty of space to train, shared facilities reduced operational costs and better co-operation, ready to go HQ for major emergency events.
- A Civil Defence (ADF Reservists) training facility for the whole of Australia. The diversity of landscapes on Kangaroo Island make for an ideal training theatre.
- Research and development infrastructure that is related to aviation or space. This could range from launching satellites from aircraft, autonomous firefighting aircraft, ag-science aircraft, military operations out over the Southern Ocean.
- Drone aircraft operators and trialling of drone aircraft (from ag services spraying crops and or weeds to surveying and geological analysis, to shark beach safety, to air sea search and rescue).
- Kingscote Airport has significant vacant land that could attract businesses to build local offices, factories, processing and distribution centres because of the readily accessible air transportation.
- Recreational aviation is a contributor to regional GRP and is a big opportunity for Kingscote Airport, if the services recreational aviators need were available at the airport. Many local farmers have their own aircraft, operating from dirt strips on their farms. An airport offering maintenance services, refuelling, hangars or at least cover from the direct sun and weather, may attract local aircraft owners to base their aircraft at the airport.
- With the right services the airport could attract tour operators to operate scenic flights around the island (fixed wing and rotary) and could be an ideal location for example for a 'parachuting business' during the high tourism season. Scenic flights of KI originate in the main from Goolwa and Aldinga airfields.

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- Conferencing facilities could be established to enable the Island's industry associations to hold events, expos, etc
  - A 24-hour service station and fast food outlet on the Arronmore Road - Playford Highway intersection., on the corner of the airport site.
  - The development of a hotel with associated restaurant facilities adjacent to -- or even interconnected with -- the terminal.
  - Location of the proposed KI Art Museum on a site adjacent to the airport, and within an easy walk of other facilities.
  - Development of the present cafe/restaurant facilities in the airport as a full-scale cafe/coffee shop operation over a 12 to 14 hour period every day.
  - Location of an attractive tourism hub on the site.
  - Aviation school, open up to more charters from the mainland (less landing fee's).
  - Food and beverage production and storage with other complementary uses.
  - Refrigerated storage to aid transport logistics.
  - Valet Parking & Detailing
  - Tourism KI Offices

**Q5 - What are the major opportunities for increasing exports of Kangaroo Island products or services from the Kangaroo**

- Abalone, crayfish, marron and other fresh seafood.
- Gourmet produce that is branded KI Produce.
- Wine and spirits for targeted markets interstate within the restaurant/café market of Melbourne and Sydney. High value, premium wine, pre COVID, was in demand from restaurants and cafes in the eastern States
- ADF Reservists to set up training on KI at the Airport. This would open the door to Civil Defence training being offered for nations in Australasia Pacific Rim. KI could host civil defence exercises with participants from Japan, Singapore, Malaysia, New Zealand etc.
- Honey production and export.
- Tertiary education hub which could include some research plots.
- Largely a function of supply / demand and volume of exports, both current and projected. Current aircraft type (Q300) limited in freight capacity and any up gauge in aircraft would be dependent on an increase in passenger numbers.

**Q6 - What are the major opportunities for developing tourism and related services at Kingscote Airport?**

- One day tours of KI.
- Citizen science linked to ongoing research in KI parks - wildlife fauna and flora.

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- Indigenous tourism.
  - KI produce/product shop at the airport.
  - Childcare for day trippers.
  - Storage facilities that are temperature controlled for exporting Ligurian bees honey, wine, food stuffs such as fish, abalone, crayfish.
  - The terminal lends itself to hosting a major visitor centre for transiting passengers that could showcase what is available on the Island
  - A Kangaroo Island produce shop would be beneficial, similar to the one at the SeaLink terminal at Penneshaw. It would provide a further outlet for producers on the Island.
  - Tourism needs bigger number to come through to make any venture worthwhile- possibly opening up as a function centre or restaurant/ bar.

#### **Q7 - What are the major requirements for additional infrastructure at Kingscote Airport?**

- Take advantage of the SA Water pipeline
- Broadband voice and data over optical fibre (and if no fibre link to the mainland comes out of the current telecommunications grants on offer) then the airport needs its own micro-wave link to the mainland.
- Infrastructure to store water and/or fire retardant for firefighting aircraft; including hardstand area for the aircraft to load water or retardant.
- Redesign the interior of the terminal to put the café near a spot where people can sit and have a coffee or something to eat and watch aircraft movements.
- Business Hub within the terminal to facilitate business to business meetings, hot desking, strong business focus that promotes business on the island and encourages investment in the island.
- An airport taxi/uber type service to move passengers between the airport and Kingscote.
- Additional power outlets within the terminal, with easy access, to allow passengers to recharge their mobile devices.
- Purpose developed site for emergency services and ADF reservists to set up operations in the advent of a major emergency; site to be adequately powered and adequate lighting, septic tanks, water access.
- Put in place roads and street lighting and public utilities within a designated area for the proposed Aviation Village.
- Firefighting technology that can be automatically activated to protect the airport terminal.
- Underground bushfire safety bunker for airport staff and emergency event workers at the airport during a bushfire. Would negate evacuation of key staff.
- Temperature controlled warehousing at the airport.
- Security screening hardware and software infrastructure to future proof the airport as passenger traffic grows and passengers can travel with confidence regards safety.

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- Significant expansion of solar facilities, along with battery back-up, might enable the site to be marketed for its green credentials.
  - Aviation fuel supplies would enhance the airport's ability to act as a training centre.
  - Refrigerated storage/bulk transport handling facilities.
  - Private Healthcare centre / Dental Centre.
  - Ability to create spaces that are flexible within the airport. Ensuring that these spaces can be used during flights.
  - Close gates 3/4 to create an independent space. More radical, close gates 1&2 and use the "new end" as the commercial space and use gates 3/4 for coming and going of flights.

**Q8 - What do you think are the major disadvantages/impediments to doing business or investing at Kingscote Airport?**

- Elected Members currently do not have an appetite to see any further investment made into the airport.
- The skilled people required to grow the airport and manage an effective and efficient airport (and indeed an economic development strategy and action plan) are difficult to attract to the island as the Council does not pay salaries or contracts commensurate with similar mainland jobs.
- The current lack of tourist movement through the airport. Most people now arrive by ferry. We need far more air services, at a reasonable price, at a time when people want to travel; e.g., flights coming to the Island early in the morning, returning to Adelaide in the evening. Flights could be linked with accommodation and tour services sold as packages along with air fares.
- Distance from town.
- Perceptions that KI does not have a progressive economic strategy, one that encourages innovation and builds on and enhances local business opportunities.
- Affordability of flights is the next biggest impediment. Competition could solve this, together with marketing of the Island and a program to encourage professionals to use the airport rather than visit by car/ferry.

**Q9 - How do you think Kingscote Airport can be made a more attractive place to do business?**

- Marketing and promotion of what is available at the airport..
- Seek support from the State and federal government to create a special economic zone at the airport that will be exempt from costs normally incurred if a business operated outside the airport perimeter.
- Exempt businesses operating within the airport boundary from paying rates for the first five years.

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- Hold aviation related events to attract aviators to the airport e.g. a 'Fly-in' Airshow for recreational aviators.
  - Highspeed and high capacity broadband services free at the airport terminal, and new buildings can hook up to the same broadband for the first 12 months they operate on the airport grounds.
  - Energise the airport so visitors view it as the gateway to the Island. Currently the airport is a transit point only with very limited information provided to visitors. Establishing a Visitors Centre and/or a business hub with relevant convention style facilities will offer businesses on the Island the opportunity to engage more actively with visitors.
  - Yes. The airport lobby looks like a hospital waiting room. It could be improved with a welcoming hotel lobby look and feel - more soft furniture, work stations, maybe access to meeting rooms.
  - Business-specific sites in the terminal, with associated facilities (power, charging, Wi-Fi). At the moment, business visitors who have time to spare must juggle their computers at a table or on their laps. A small group of desks or cubicles in the main lounge, such as those seen at other airports, would assist.
  - Also, dedicated meeting room, for privacy.
  - Put in a really good restaurant and bar to attract guests -open late. People could also go earlier to eat and drink before flight - art gallery.
  - Encourage tour operators to move their head office (not their ops depot) to the Airport.
  - Full-hours café; Small meeting/convention space (need to relocate the baggage handling conveyor that kills the large room).
  - Tourism Information Centre; Art Museum; North Coast Fossil Museum.
  - Council works depot (this alone would probably keep the cafe on the map)
  - Small serviced offices.

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**Q10 - Finally, do you have any other comments or suggestions regarding the Kingscote Airport Economic Development Master Plan?**

- As a general observation there have been too many Master Plans produced and no commitment from Council to implement and drive the Master Plans.
- Council needs to make the commitment to borrow the money needed to bring the airport to a commercially viable standard and access Building Better Regions funding or the Premier's Local Government Infrastructure Partnership Program to match what is borrowed to make the investment needed in the airport, to make the airport a viable business proposition.
- We need a very large tourism display- an interactive area that people can see when disembarking to have big visuals of experiences and opportunities to make bookings and pick up the relevant information- the current set up is extremely poorly thought out- seeing information as you depart is useless - we need a better option.
- Creating an economic development plan for "just" the airport seems short sighted, it needs to be part of an island wide integrated economic plan.

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## 5. KEY ISSUES, OPPORTUNITIES AND CHALLENGES

Sections 2 and 3 above provide the contextual background to regional airports in Australia and South Australia, Kingscote Airport specifically and socio-economic trends to be considered in development of the Kingscote Airport Economic Development Plan. Section 4 summarises the findings of the Stakeholder Consultation.

This section summarises the key issues, opportunities and challenges (constraints) for incorporation in the Airport Economic Development Master Plan.

### ***5.1 Key Issues***

Table 2.1 and 2.2 in Section 2 show the impact that the 2019-20 bushfires and Covid-19 have had already on the Airport with declines in revenue passenger numbers and aircraft movements of 27.29% and 20.96% in 2019-20. This represents a loss of 5,500 inbound passengers per annum and 236 inbound aircraft movements.

#### ***Bushfires and Covid-19***

A major issue and priority for the Airport Economic Development Master Plan must be recovery of these passenger and aircraft traffic losses and then building on the Airport's strengths and opportunities to see ongoing future growth. While not a physical master plan issue/opportunity, the stakeholder consultation was consistently firm that this is currently the Airport's over-riding concern and if not addressed will severely restrict future economic development opportunities at the Airport and throughout Kangaroo Island.

#### ***Integration with an Island Economic Development Strategy***

It is important that the Airport Economic Development Master Plan be consistent with Council's other plans and strategies and especially an Island Economic Development Strategy. This is important as regional communities need to recognise the role of airports as commercial, industrial and employment centres for their respective regions if they are to be integrated with regional economies and urban/rural form. This will require effective governance arrangements to ensure integration rather than Airport development in isolation.

The lack of a current Island Economic Development Strategy presents a challenge for an Airport Economic Development Master Plan and was highlighted as a major concern in the stakeholder consultation. Notwithstanding this important short coming, Kangaroo Island Council does have a current Strategic Plan and a Draft Airport Master Plan has been prepared. The implications of these are discussed later in this plan.



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### ***Airport Capacity***

The newly built airport infrastructure, new terminal and surrounding facilities and land are significantly underutilised and offer substantial scope for future economic development investment.

### ***Island Growth Industries***

Kangaroo Island's business structure is dominated by Agriculture, Forestry and Fishing, Construction, Rental, Hiring and Real Estate Services and Accommodation and Food Services. However, between 2018 and 2019 the major business growth was in Rental, Hiring and Real Estate Services and Construction which should be priorities for the Airport Economic Development Master Plan.

### ***Economic Development and Staging***

Regional airports are generally not economic development catalysts in themselves. They are facilitators and respond to demand signals from regional industries and business, such as tourism, and stages of local urban development. Stages of airport development therefore normally progress according to demand and a local economic and urban development signals. This is an important consideration for the Kangaroo Island (and other) Economic Development Master Plan.

### ***Airport Name Branding and Marketing***

As noted earlier, the Airport is mostly referred to as Kangaroo Island Airport but its official designation is Kingscote Airport (KGC). This is an important strategic issue, especially for Airport Branding and marketing., As Kangaroo Island is the defacto name generally used, and that Kangaroo Island is readily recognised nationally and internationally, it **is recommended that the Civil Aviation Safety Authority be approached by Council to officially change the Airport's designation to Kangaroo Island Airport.**

### ***Marketing Strategy***

An important Airport weakness is the lack of a comprehensive Marketing Strategy for the Airport that can be used to promote and contribute to an Airport Economic Development Plan. Once the Airport Economic Development Master Plan is endorsed, it is recommended that a Marketing Strategy be prepared for the Airport.

## ***5.2 Major Airport Economic Development Opportunities***

The following list contains the major opportunities for the Airport Economic Development Plan as identified during the preceding research and stakeholder consultation. These are categorised as High, Medium and Low opportunities based on the size of the economic/business opportunity and the ease of attraction/implementation (i.e. how realistic is it that the opportunity can be realised).

### ***High Priority***

- 
- **Contiguous Residential and Commercial Urban Development** – While the Airport’s location has been recognised as a strength being at the ‘cross roads’ of island towns and traffic, it is also a weakness in that there is lack of surrounding urban activity to build critical mass in support of Airport business. This could be addressed by extending the Airport Economic Development Master Plan to encompass surrounding land holdings that are currently farmland. Master planning and rezoning would be required to activate this strategy, along with viable development proposals and investors. This would also support the establishment of other off airport business such as:

- Petrol station/convenience store.
- Drone operators.
- Existing and new tourism ventures.
- Tour bus operators.
- Education and training (e.g. university campus, flight training office).
- Hotel/motel.
- Caravan/cabin/RV park.
- Recreation facilities.
- Visitor information center spoke.

- **General Aviation and Aircraft Hangers** – General Aviation activities are being priced out of major city airports and are gravitating to secondary/regional airports. This presents an opportunity for Regional Airports. The Draft Airport Master Plan includes Aircraft Hangers and notes the following:

*For future long term planning, light aircraft hangars should be linked to the western end of the apron and utilise the northwest sector of the airport as shown on the plans.*

*To economise on available space and minimise supporting infrastructure, small hangars should be grouped into blocks, with each block capable of supporting 6-10 aircraft; as opposed to having 10 small individual buildings.*

*If an unexpected demand for general aviation parking occurs additional apron could be developed south of the apron into the grassed area set aside for helicopter parking. The current helicopter area consists of a grassed area marked with cones which could easily be relocated further east if required*

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- **Business and Industrial Park** - Development of business and industrial parks based on regional economic strengths including current growth sectors of Rental, Hiring and Real Estate Services, and Construction. There is a national trend for major city airports (mostly capital city) to generate non-aeronautical revenue streams (e.g. commercial property development) that are fast becoming major income sources for such airport owners. In comparison with major city airports, regional airports have fewer opportunities to generate revenue and capital from non-aeronautical sources but still represents an economic opportunity. Expressions of Interest could be called for Kangaroo Island and other South Australian companies to locate at the Park. Financial and other incentives could be developed and offered to assist Park development.
  - **Business/Innovation Hub** – The existing Airport terminal has sufficient space to accommodate a business/innovation hub with cooperative work spaces and associated meeting rooms for use by Kangaroo Island business and visitors. This could be activated by relocating an existing enterprise or Council section to the Airport (e.g. existing Business Hub, Council's economic and business support functions, etc.) or establishing a Visitor Information Centre spoke with regional produce. This strategy would see greater demand for the existing café and would justify longer opening hours.
  - **Aviation Fuel/Refuelling Facility** – There are no current facilities for refuelling RPT aircraft as these have traditionally flown between Adelaide and Kangaroo Island (Kingscote). That short stage length makes it cheaper to refuel on the mainland. However, combined with a lack of hangers at the Airport, no aviation fuel/refuelling facilities makes Kingscote Airport an unattractive destination for recreational flyers, general aviation, flight training, charters, local residents and other potential users (e.g.. RFDS, RAAF, etc.). This is a high priority along with hangers for the Airport to be able to develop and market the destination. It will be difficult for the Airport to reach its potential without refuelling facilities. The stakeholder consultation raised the cost to Council of providing this service however associated income plus the broader economic and social benefits, including jobs and Gross Regional Product, could potentially outweigh such costs. The Draft Airport Master Plan includes Fuel Facilities and notes the following in relation to this opportunity:

*For an apron with free-moving parking positions; as opposed to fixed aerobridge positions, the use of mobile tankers working from a tanktainer farm offers the most adaptable method.*

*Fixed fuel hydrants are expensive to install and often end up being in an incorrect location when a change to the aircraft model operating occurs. A tank connected to a bowser and hose reel, while quite common, can only reach a parking position within*

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*30m of the bowser due to limitations on the hose reel length. This places the bowser in close proximity to the terminal which is detrimental to safety as well as aesthetics. A remote location is of little use to aircraft parking in front of the terminal. For this reason a remote storage facility with mobile tankers is suggested.*

*The RPT fuel storage and tanker accommodation could be located in the precinct of the existing general aviation fuel storage located 180m off the southwest corner of the apron. The facility is suitably located clear of existing and future areas needed for aircraft parking and has therefore been retained in this Master Plan. Being located airside it allows refuelling tankers to access aircraft without the need for passing through security. External bridging tanker deliveries, operating on an infrequent basis, would be escorted airside as required.*

- **Events** – A calendar of aviation and non-aviation events offers a great and inexpensive strategy to activate economic destinations such as airports.
- **Recreation** – Airport localities are often used for recreational activities such as golf driving ranges due to other development constraints. Other possibilities include a driver training circuit, mini golf, adventure playground, etc.

### **Medium Priority**

- **Flight Training** - The majority of flying training for international and national carriers in South Australia is currently undertaken at Parafield Airport. Training around Australia is focused on airports located close to capital cities or major regional centres which must be taken into consideration by regional airports should they wish to explore this opportunity further. There are essentially two different categories of flying training. The training of pilots sponsored by airlines and the training of private pilots. Training of airline pilots is generally focused on capital cities because of the proximity to controlled airspace, the wide variety of navigational aids and proximity to amenities for the trainee pilots. The training of "other" pilots is more suited to regional centres.
- **Emergency Services Hub** - During emergency events such as bushfires the Airport is heavily used by emergency services for aircraft movements (military, passenger and firefighting aircraft) and the airfield land used as a staging post for fire fighting equipment, vehicles, accommodation and head quarters. A purpose built emergency services centre could be a co-located base for CFS, SES, SAPOL, etc. (CFS currently operate out of Turkey Lane). Such a centre would be central to the island, offer space to train, share facilities (reduced operational costs) and foster cooperation between the services. Most importantly, it would provide a

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prepared head quarters for major emergency events. Cooperation between the services and substantial investment would be required to realise this strategy.

- **Solar Farm** – There is ample space on the Airport open space for an expanded solar initiative subject to sufficient demand and grid connection. The future development of a Solar Farm on site is included in the Draft Airport Master Plan.
- **Aircraft Maintenance Support Facilities** – Included in the Draft Airport Master Plan, these facilities would be expected in a developing airport with demand for RPT and general aviation services. It is also an important service should an **Emergency Services Hub** be established at the Airport.

### ***Low Priority***

- **Freight and Cold Storage Infrastructure** – As identified in the Draft Airport Master Plan, local seafood and farm produce has potential for air freight especially where larger regional airliner aircraft are used. However, very little export air freight is generated from regional airports, including Kangaroo Island, to Adelaide because the cargo capacity of aircraft operating regional air services is very limited and few products are of high enough value to sustain the air freight cost irrespective of back loading issues. Kangaroo Island and other regional airports can not accommodate freight flights to interstate freight consolidation points. The only regional high value time sensitive product that has been carried by air in significant quantities in the past is live lobster out of Port Lincoln on light aircraft charter to Adelaide.
- **Airpark** - Based on the stakeholder consultation industry research, it is concluded that the concept of an airpark with associated housing and storage is not a viable option for expanded development at the Kingscote Airport, and is not included as a priority for the Airport Economic Development Plan. Most importantly, research has identified numerous examples of proposed airparks that have failed to realise their potential despite being in locations with much larger populations, such as at Port Pirie.
- **Farming/agribusiness** – Subject to bird constraints and suitable soil, spare/available land at the Airport could be used for cropping and/or higher value added farm activities/crops including, for example, flowers (e.g. roses, lavender, etc) or fruit.

Importantly, all the above high, medium and low opportunities are interpreted to comply with Council's Principles of Development Control which stipulate the following land uses as complying developments:

- 
- Air passenger or air freight terminal.
  - Aircraft related facilities.
  - Airport.
  - Fuel depot.
  - Light industry ancillary to and in association with aviation activities.
  - Recreation area.
  - Service industry ancillary to and in association with aviation activities.
  - Shop within the terminal building.
  - Warehouse ancillary to and in association with aviation activities.

### **5.3 Major Challenges (Constraints)**

While the above prioritised opportunities are recommended for the Airport Economic Development Master Plan, implementation must ensure that future development complies with Council's Development Plan and Land Use Guidelines which state that *the long-term operational, safety, commercial and military aviation requirements of airfields (airports, airstrips and helicopter landing sites) continue to be met.*

The Principles of Development Control have constraints related to:

- Height and location of buildings.
- Lighting and glare.
- Smoke, dust and exhaust emissions.
- Air turbulence.
- Storage of flammable liquids.
- Attraction of birds
- Reflective surfaces (e.g. roofs of buildings, large windows).
- Materials that affect aircraft navigational aids.
- Outdoor lighting within 6 kilometres of the Airport.

In relation to the high priority recommendation of *Contiguous Residential and Commercial Urban Development*, the Land Use Guidelines note the following:

*Dwellings should not be located within the 80 dB(A) and above contour as shown on Concept Plan Map KI/5 – Aircraft Noise Contours. Individual dwellings proposed to be located within the 80 dB(A) and above contour shown on this Concept Plan Map should be designed and constructed to achieve the interior noise levels specified in Table 3.3 of Australian Standard*

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*AS2021-2000 – Acoustics – Aircraft Noise Intrusion – Building Siting and Construction. New dwellings within the 90 dB(A) should not be allowed.*

*The Land Use Guidelines also note that:*

*Land should not be divided unless it facilitates the more efficient operation and use of the airport.*

*Dwellings should not be located within the 80 dB(A) and above contour as shown on Concept Plan Map KI/5 – Aircraft Noise Contours. Individual dwellings proposed to be located within the 80 dB(A) and above contour shown on this Concept Plan Map should be designed and constructed to achieve the interior noise levels specified in Table 3.3 of Australian Standard AS2021-2000 – Acoustics – Aircraft Noise Intrusion – Building Siting and Construction. New dwellings within the 90 dB(A) should not be allowed. The siting of buildings and structures located in the area shown as 'potential runway extension' on Overlay Map KI/9 - Development Constraints should not obstruct the potential extension of the Kangaroo Island (Kingscote) Airport runway RWY 01/19 to allow for the landing and take-off of domestic jet aircraft.*

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### Map 5.3.1 – Potential Runway Extension



Extract from Overlay Map KI/9

A91 - Kingscote Airport  
A882 - Potential runway extension

Note Zone A refers to building height constraint

Other major challenges/constraints to future Airport economic development include:

- Improvements to road infrastructure networks accessing Kangaroo Island.
- Improved motor vehicle capabilities.
- Additional competition from ferry services to Kangaroo Island.



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## 6. RECOMMENDED AIRPORT ECONOMIC DEVELOPMENT MASTER PLAN

This section of the report details the recommended Airport Economic Development Master Plan (EDMP) for Kingscote Airport. The EDMP is based on the preceding research and consultation including Council's other strategies and plans and discussions with Council and its executive on Council's role in economic development.

### 6.1 Council's Strategic Context and Role in Economic Development

One of the challenges for Council is to define its role in economic development so that it can decide how it should address the above key issues and opportunities identified in the Airport research and consultation. It is important that this Airport Economic Development Master Plan for Kingscote Airport sit within the context of, and add value to, Council's other strategies and plans.

Appendix 2 provides a context within which Kangaroo Island Council (and other regional Councils) can assess and determine their long term involvement in economic development.

In its 2019-20 Annual Report, Kangaroo Island Council identified that a key objective of the financial year was to set in place a new Strategic Plan for 2020-2024.

*The Plan was to develop a foundation that builds on Council's desire to bring the focus back to basics. This shift in focus for Council included moves to reign in Council debt and reduce operational expenditure by over \$1M, on top of the previous financial year's cost reduction of \$1.3M. Running a lean Council encouraged greater reliance on advocacy for increased investment by the Federal and State governments, to deliver key island foundation projects to enable and support economic growth.*

Council's Draft Airport Master Plan reflects this conservative financial and economic objective as follows:

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*The strategic vision for Kangaroo Island (Kingscote) Airport to develop facilities to a standard that would promote increased tourism to Kangaroo Island through the use of larger turbo prop and medium sized 100 seat passenger jets was realized with main RWY upgrade to accommodate larger aircraft up to B717-200 size in 2017. Other regular passenger airliners will increase in size as the current aircraft fleet is replaced by new 50 – 75 seat models. Remain cognizant of industry changes including in the security realm to ensure facilities adequately meet community and traveler needs.*

Key Objectives in the Draft Airport Master Plan include:

- *Through a staged approach, provide an aerodrome capable of evolving progressively to meet future demands.*
- *This will be cognizant of compliance requirements and aim for capacity and growth that is achievable and importantly sustainable for travel via the aviation sector.*
- *Infrastructure development that will support the anticipated travel demand will be considered for implementation based on future aircraft types and route destinations that will support growth in the tourism sector.*
- *Consider options to enhance growth for benefit of all industry participants including more aviation activities which may be best supported by provision of both Jet A1 and Avgas fuel.*

This Airport Economic Development Master Plan is framed within the above Council strategies and priorities.

The primary constraints on Council are resources (human and financial) and exposure to risk in economic development transactions. Council's Strategic Plan clearly indicates that it will minimise resource demands and its risk exposure

Based on Council's Strategic Plan, the pursuit of commercial economic development initiatives, either individually or in joint venture with the private sector (e.g. sole or partnership participation in residential, commercial or industrial developments) should be minimised, unless Council has expressed a desired outcome that aligns with other Council plans.

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The Airport Economic Development Master Plan must therefore complement and add value to other Council strategies without exposing Council to unreasonable resource demands and financial risk. The Economic Development Vision, Objectives and Strategies that follow are therefore deliberately conservative in approach and seek to transition Council *over time* to a greater role in economic development.

## ***6.2 Airport Economic Development Vision and Objectives***

Based on the research and consultation a vision can be stated for what success will look like following implementation of this Master Plan and includes:

- Change in the CASA designated name from Kingscote Airport to Kangaroo Island Airport with an accompanying Marketing Strategy.
- Recovery and further increase of inbound passengers and aircraft movements to pre bushfire and Covid-19 levels.
- Urban development (residential, commercial, industrial, recreational) on contiguous farm land surrounding the Airport.
- More businesses located in the Airport Terminal and Airport Precinct.
- The Airport and contiguous lands being a magnet for island connectivity and economic development.

A recommended Vision for the Airport Economic Development Master Plan is:

***By 2030, the Kangaroo Island Airport Precinct will be recognised as an exciting and developing urban destination supporting business and employment growth in a creative and sustainable environment.***

This vision will be realised by achieving the following Master Plan development objectives:

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### **High Priority**

- Contiguous Residential and Commercial Urban Development.
- General Aviation and Aircraft Hangers.
- Business and Industrial Park.
- Business/Innovation Hub.
- Aviation Fuel/Refuelling Facility.
- Events.
- Recreation.

### **Medium Priority**

- Flight Training.
- Emergency Services Hub.
- Solar Farm.
- Aircraft Maintenance Support Facilities.

### **Low Priority**

- Freight and Cold Storage Infrastructure.
- Airpark.
- Farming/agribusiness.

In pursuit of the above opportunities, it is strongly recommended that Master Plan stakeholders give consideration to financial viability and the Community Benefit/Cost balance prior to developing Strategies and Action Plans for implementation. Opportunities that are financially viable and have positive community benefit/cost balances should be prioritised for implementation. However, it is important to recognise that regional economic development opportunities often do not meet financial viability criteria but do have positive community benefit/cost outcomes and therefore warrant serious consideration for public funding, including applications for grant funds for implementation.

## **6.3 Next Steps**

Subject to acceptance of this Airport Economic Development Master Plan, the following next steps are recommended for implementation:

- Visual depiction of the Airport Economic Development Master Plan showing:
  - Proposed Airport Precinct developments.
  - Proposed Terminal developments.
  - Proposed Contiguous Land developments and rezoning.

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- Strategies and Action Plans for each development objective.
  - Grant funding applications to support developments where there are strong community benefit/cost outcomes expected.

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## **APPENDIX 1 – DETAILED STAKEHOLDER CONSULTATION**

This Appendix 1 contains the detailed findings of the stakeholder consultation and follows the sequence of the approved consultation template. The following 15 organisations contributed to the consultation via an online Survey Monkey survey.

- Kangaroo Island Health Advisory Council
- Southern Ocean Lodge
- Kangaroo Island Councillors (3)
- Exceptional Kangaroo Island
- Yumbah Kangaroo Island
- Kangaroo Island Ocean Safari
- Kangaroo Island Business and Brand Alliance
- Qantas Airways
- David Mepham Consulting
- SA Health
- Kangaroo Island Council
- State Recovery Office
- Westmeath Consulting Services

Aggregated responses to the consultation questions follow (Note that Question 1 containing detailed respondent contact data is excluded):

### **Q2 - What do you consider to be the major business and economic strengths of the Kingscote Airport?**

- The airport services commercial passenger aircraft for the major domestic carriers; QANTAS, Rex and provides for charter flights (fixed and rotary aircraft), emergency services aircraft (fixed and rotary – though there is also a helicopter landing site neared to the Kingscote Hospital.
- QANTAS passenger aircraft also carry freight.
- The passenger aircraft up until COVID and passenger services not being guaranteed, 'bloods' from the hospital and KI Health Clinic were flown off the island for analysis (this is now done by motor vehicle and ferry and has added time to the analysis process that both doctor and patients could do without).
- From time to time 'agtractor' aircraft operate out of the airport, but ag aerial spraying aircraft tend to operate more from Turkey Lane (a dirt airstrip to the west).

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- The RAAF and pilot training schools based at Parafield use the airport for 'touch and go' training, but often restrict their training to practicing approaches, not touching down on the runway.
  - During emergency events such as bushfires the airport is heavily used by emergency services for aircraft movements (military, passenger and firefighting aircraft) and the airfield land used as a staging post for fire fighting equipment, vehicles, accommodation and HQ.
  - Rotary aircraft used specifically for inspecting power lines on the island, use the airport as a base.
  - Recreational flyers are rare visitors (anecdotally due to no refuelling infrastructure) but from time to time they do fly into Kingscote Airport.
  - Hire car services operate out of the airport terminal and use the airport car park for storing hire vehicles.
  - Prior to the Black Summer Bushfires Southern Ocean Lodge (five star accommodation completely destroyed by the fires) leased a privately accessed luxury lounge area in the terminal to entertain and serve their clients flying in and from Kangaroo Island. Clients were predominately of a high net worth and could from time to time require their own personal security services travelling with them. Such clients often flew to Kangaroo Island in leased or privately owned corporate jets or helicopters.
  - A small Café, pre COVID, operated within the terminal.
  - Kingscote Airport provides direct and indirect employment. Directly employed employees range from an airport manager and airport maintenance staff within the terminal and airside. The commercial airlines employ staff to manage the movement of their aircraft, freight, luggage and passengers. The Café employs staff, Cleaners are employed. Hire car agents staff and manage the terminal hire car services. Indirectly locals are employed operating vehicles to transport passengers around the island on tours and to and from accommodation. So many local SME's in part exist because of the airport.
  - Kingscote Airport provides a freight link for locally produced goods to markets throughout Australia and in some cases around the world for locally produced goods, accessing international flights at ADL airport.
  - Kingscote Airport enables local small business owners, medical specialists, contractors, and consultants to travel into and out of the local community for work. In some situations the terminal can be used to conduct business to save time (indeed business meeting facility are lacking on KI generally).
  - The airport is easily accessible on the Island and easily accessible for aircraft operations. It is positioned within relatively quiet airspace. (The airport is a short 35 minute flight ADL to KGC; or MLB to KGC 90 minutes)
  - The airport also plays an important role in linking locals to the mainland, especially those seeking medical treatment, appointments, check-ups etc that are not available on the island.

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- Turning a trip to Adelaide into a same day trip is important to the local economy when locals cannot afford to be away from their farm or SME.
  - Air travel is convenient. Tourists usually have a finite amount of time to spend when on holiday. The time spent traveling to and from a destination is often a factor in deciding where to holiday. Locals are often time poor and the less time spent on the mainland the better! To travel from Adelaide to KI by vehicle is a 90 minute drive to a ferry, must be there 30 minutes prior to departure, 45 minute ferry, plus travel time from the eastern end of the island to your destination (if Kingscote another 45 minutes). Total travel time to Kingscote from Adelaide 3.5 hours minimum. Travel by air, 20 min to airport, 30 minute prior to flight, 30 minute flight, 15 minutes to Kingscote. 1 hour 35 minutes. (It should also be noted that the actual cost and loss of time cost of travelling by ferry is prohibitive compared to air travel)
  - The third biggest employer and industry sector on the island is Public Administration. Two of the three biggest industry sectors - Public Administration and Tourism – use the airport as a business tool. Prior to the bushfires and COVID air travel was a strong contributor to tourism as overseas tourists and tourists from Victoria were the islands biggest source of tourists.
  - Public servants were a big user of air travel, serving in the main the State government agencies and departments represented on the island
  - Location - relatively central to the major population centre at Kingscote and the farming communities further west
  - Space available - the land area surrounding the terminal and the terminal itself offer opportunities for expansion and greater utility
  - It's central location at the "cross-roads" of the Island, and therefore its ease of access for most residents.
  - The size of its land holding.
  - The existing solar power infrastructure, and its potential for expansion.
  - In light of the three points above, its potential as a business hub.
  - Great facility, that can cater for more traffic
  - There are actual and potential strengths. The targeted strength/themes need to complement and enhance the airport and wider KI economy now and into the future.
  - There is land adjoining the airport that can be developed for uses that are complementary to the airport and Island function. These uses include air services, food/cold storage, warehousing, various light industrial and tourism.
  - Regrettably the prospects of making the airport viable are minimal, the airport redevelopment was based on very false assumptions.
  - The location of the airport can have potential for non aeronautical activities, but being far removed from the township of Kingscote and the availability of space within this precinct, relocation and establishment of enterprises at the airport would not prove viable.
  - The terminal building is offered for events, but with sponsorship of events by Council limit the fiscal returns, plus Kingscote has plenty of venues available which are greatly underutilised.



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Perhaps in the long, long term Council may be able to base its operations from the airport site.???

- Leases now exist for agriculture development and cropping, but caution is needed to prevent any activity that would encourage birds.
- Many hours of thought have been directed by Council in making the airport viable at pre Covid traffic numbers in the 37,000 pax per an
- It is a magnificent building with excellent facilities for travellers, ease of access, affordable parking, possible meeting facilities. It proved most useful during the bushfires of 2019-20 and it would be hard to imagine how the old airport would have coped.
- The space is attractive and made more so by the art exhibitions.
- The branding is excellent and accords with the Brand Values of Kangaroo Island, see [www.authentickangarooisland.com.au](http://www.authentickangarooisland.com.au).
- The solar array is a good signal to visitors as well as a practical and financial benefit to the KI Council.
- Island access for business contacts and customers on short travel time restraints.
- Central location, contemporary design, spacious, plenty of un-utilised land around existing development, lots of capacity for a range of aircraft.
- Being able to fly in and out in one day for appointments- unfortunately at the moment this is not happening- offering connection between interstate and international visitors that arrive by plane to jump on straight to KI from Adelaide airport.
- RPT services to Kingscote from Adelaide
- Charter services to KI
- To promote and accommodate 12-15 seat frequent (3 return/day) RPT services from Adelaide expanding to 30-35 seat RPT services only when demand established.
- Note: 1/ 50seat service a day is hopelessly self defeating. Demand is based around service availability (frequency)
- Ability to provide alternative method to visit KI from ADL and other parts of Australia
- Proximity to Kingscote and American River
- The extended and strengthened runway
- It's close location to Kingscote
- Relatively quick and easy check-in / baggage collection
- Very spacious
- Cafe - should be open more but due to COVID.....
- Good parking facilities
- EV Charging
- Solar powered
- This is a difficult question to identify strengths. There is a lack of planes coming and going. The airport has significant red-ink on the Council's books.

- 
- Aerodrome
  - Future retail

### **Q3 - What do you consider to be the major business and economic weaknesses of the Kingscote Airport?**

- No refuelling infrastructure at the airport.
- Poor utilisation of space within the terminal, that could be better used to generate revenue for council and stimulate economic development on the island.
- Lack of business diversity on airport land.
- The airport is not promoted to potential airport users such as recreational aviators, charter operators, other commercial passenger aircraft operators such as Virgin/Alliance.
- It is also not very clear at all, even to the owners of the Kingscote Airport, as to what is the capacity of the airport runway. What types of aircraft can operate from the extended runway? i.e. if Adelaide Airport is fogged in or closed to aircraft can approaching aircraft be diverted to Kingscote Airport?
- The airport needs to be run as a business and not run by Councillors. Properly managed and planned, it could raise revenue for Council.
- Council needs a proactive and closer everyday relationship with SATC that has the relationships with the likes of QANTAS to incentivise flights to and from the airport.
- The airport is not well networked with other regional and major city airports.
- The airport needs a 'business hub' for visitors to use hot desks and have access to free wireless, printers, computers, amenities such as toilets and beverages much like a QANTAS lounge.
- The airport needs to be plugged into optical fibre telecommunications and if no fibre connection to the mainland, set up its own microwave link to the mainland.
- The proposed SA Water pipeline will run past the airport and this opens up possibility of diversifying business activities at the airport and greening the runway edges during summer to improve aircraft operating efficiency.
- No airport website or social media presence
- Limited flights currently due to COVID-19 restrictions
- Community disagreement about how best to capitalise on the use of the facility
- Political infighting at Local Government level that has a negative impact of fully utilising the facility
- The infrastructure itself is too extensive for an Island our size. We simply do not need a terminal building of the size and scale of the present one. The cost of maintaining an asset of this size exceeds the financial capacity of the Council.
- Not enough services per week to sustain the community, business growth, visiting business people, let alone tourism

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- The airport is currently functioning below capacity. The lower patronage impacts on the community confidence about the airport asset, existing airport business and on the viability of future business and investment. We need to build both air and landside use to achieve ongoing viability.
  - 84,000 pax would pass through the airport in 20/21. I believe our community is only interested in frequency of service, for a short distance route Ksc to Adl the wrong type of aircraft are being used, the community was much better served with the 10/20 seater aircraft. It will always be a challenge to compete with the SeaLink service as to cost and experience of travel. This is a factor with tourists but the time scarce public servants and visiting legal and medical will take advantage of the morning and afternoon air services. Approaches have been made in the past to the Parafield flying schools to base more training operations at the airport, the availability of now simulated training do not now require such instrument training such as NDB approaches, the only nav aid at Kingscote. It was not possible or economically viable to incorporate more aids such as ILS. It is not feasible for the owners of private aircraft to utilise the airport due to location, security factors and convenience.
  - It's remoteness makes it less practical as a business or meeting hub, although its central location on the Island does have some advantages.
  - It has no supply of aviation fuel.
  - Regular, affordable and competitive air services would enhance the viability of the airport.
  - Scheduled Flight times and lack of frozen freight capability.
  - Lack of utilisation for air freight, lack of consistent air service (even pre-Covid) which was marketed consistently with packaged experiences. Air service providers have traditionally stated that the distance from Adelaide is a challenge for the existing regional aircraft - lots of cost is getting off the ground and no sooner got up to cruise altitude and it is time to land. Therefore the interstate links are really an important longer term strategy.
  - It's current limited operations is its weakness -we need a regular reliable affordable carrier Capacity 600-700,000 when demand is only 5,000 PAX
  - Airport landing tax needs to be \$25/Pax for survival and this will activate other landing facilities (private strips) on KI closer to intended Resorts – Golf Course (American River), Vivonne Bay, Penneshaw, as well a seaplane (Adelaide/American River) start up.
  - No Jet A1 refuelling / No Avgas Refuelling
  - Under utilised space
  - To few businesses based there - should be a business hub as well as an airport
  - No rental vehicle refuelling / service station - you have to drive into Kingscote to refuel.
  - No indication of how much carbon the solar is saving.
  - Lack of flights that service the island. By "service the island", I mean that they don't support the ability for professionals (such as specialists) to come to the island for the day and consult. They are required to come for multiple days - many simply don't come.

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- Tourism - in the past some flight operators failed to connect with those flying on from Adelaide. This is the broken link in the journey.
  - Many flights that have occurred support tourism.
  - Community - from a health point-of-view, residents cant take a day-trip to Adelaide under the current flight arrangements.
  - Where it's built
  - Aviation
  - Quick access to Adelaide

**Q4 - What are the major opportunities for business and economic development at the Kingscote Airport? These could be specific opportunities such as aviation businesses or broader sector opportunities such as recreation, sport, education and other business services and facilities.**

- The airport needs a 'business hub' for visitors to use hot desks and have access to free wireless, printers, computers, amenities such as toilets and beverages much like a QANTAS lounge. Would be popular with public sector and business people flying in and out, or visiting the island on holidays. These facilities would allow businesses on KI to host clients or potential clients in state-of-the-art meeting rooms (with KI now a GM free zone, buyers seeking such produce could meet at the airport with producers before making farm visits).
- The proposed SA Water pipeline will run past the airport and this opens up possibility of diversifying business activities at the airport and greening the runway edges during summer to improve aircraft operating efficiency.
- Freight centralisation on the island. Create an intermodal for road and air connections.
- Refuelling facilities for aircraft and vehicles (no government investment required private operators). Including all electric charging for cars and aircraft i.e. Uber flying taxis that are electric.
- Aircraft maintenance facilities and at least one licenced aircraft maintenance engineer would add value to the airport.
- Tourism related business at the terminal that sells local produce (not a VIC).
- Create an Aviation Village airside (called Air Parks in the USA). Land for houses, with hangers are connected to a runway via shared taxiways, enabling residents to take off with ease.
- Aircraft viewing areas around the airport, near the runways in safe locations, served by popup coffee snack vendors.
- An aircraft viewing area within or part of the terminal would be popular, especially if served by the café.
- Basing of emergency services at the airport...CFS, SES, SAPOL. One purpose built co- located facility. Central to the Island, plenty of space to train, shared facilities reduced operational costs and better co-operation, ready to go HQ for major emergency events.

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- A Civil Defence (ADF Reservists) training facility for the whole of Australia. The diversity of landscapes on Kangaroo Island make for an ideal training theatre.
  - Research and development infrastructure that is related to aviation or space. This could range from launching satellites from aircraft, autonomous firefighting aircraft, ag-science aircraft, 'secret squirrel' military operations out over the Southern Ocean.
  - Drone aircraft operators and trialling of drone aircraft (from ag services spraying crops and or weeds to surveying and geological analysis, to shark beach safety, to air sea search and rescue).
  - Seaplanes that can be based at the airport and operate in the peak season from Kingscote and or Penneshaw.
  - Kingscote Airport has significant vacant land that could attract businesses to build local offices, factories, processing and distribution centres because of the readily accessible air transportation.
  - Recreational Aviation is a contributor to regional GRP and is a big opportunity for Kingscote Airport, if the services recreational aviators need were available at the airport.
  - Many local farmers have their own aircraft, operating from dirt strips on their farms. An airport offering maintenance services, refuelling, hangars or at least cover from the direct sun and weather, may attract local aircraft owners to base their aircraft at the airport.
  - With the right services the airport could attract tour operators to operate scenic flights around the island (fixed wing and rotary) and could be an ideal location for example for a 'parachuting business' during the high tourism season. Scenic flights of KI originate in the main from Goolwa and Aldinga airfields.
  - If the airport was to offer refuelling that was run by an international refueller service provider, the door would open to national and international promotion. The airport featuring as being attractive for corporate jets could attract a new market segment and lifts the profile of KI to the investor, business and tourism sector
  - Ideal location for a KI Business Hub that could become the main business hub on the Island with satellite locations at major population centres
  - Space available lends itself to the establishment of an emergency services command and control centre
  - Conferencing facilities could be established to enable the Island's industry associations to hold events, expos, etc
  - A 24-hour service station and fast food outlet on the Arronmore Road - Playford Highway intersection., on the corner of the airport site. I'd love to get OTR to move its present Kingscote-based facility to this location.
  - The development of a hotel with associated restaurant facilities adjacent to -- or even interconnected with -- the terminal.
  - Location of the proposed KI Art Museum on a site adjacent to the airport, and within an easy walk of other facilities.

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- Development of the present cafe/restaurant facilities in the airport as a full-scale cafe/coffee shop operation over a 12 to 14 hour period every day.
  - Location of an attractive tourism hub on the site, not only for marketing but to provide comprehensive information about the Island: historical, environmental, commercial, etc.
  - Aviation school, open up to more charters from mainland (less landing fee's) and more schedules services each week to sustain visiting businesses
  - The airport is a significant local asset that can be utilised in various ways. A plan/vision should position the asset as a key element in a precinct. That precinct might be a combination of fresh food and beverage production and storage with other complementary uses.
  - Expressions of interest from the KI/SA business community can guide precinct themes and inform investment in appropriate infrastructure to support business.
  - There are also opportunities to build partnerships with education and training institutions in the areas of 'clean and green' food and tourism sustainability. KI has lots of accommodation space downtime in winter that could be better utilised for these purposes.
  - There are 10 privately owned aircraft on KI, each owner operating from his own property. None use the Kingscote airport, and would never contemplate using any fuel supplies located at the KI airport. It has been erroneously consider that having fuel available at the airport would increase private and other commercial activities, completely false, but many believe in this assumption.
  - Council has offered the terminal facilities as a possible Art Museum, but this has been completely rejected by the Art Museum committee, they want it at Kingscote.
  - You may be aware that Council through the DEW have suggested that the terminal building could be used as a "one stop interpretive centre" outlining all the attractions of KI.
  - In the process of applying for Grants to redevelop the airport, it was highlighted the prospects of flying out fresh seafood , and other farm products for the international market , a cold storage unit was to be erected on the airport site, since then the Marine parks has reduced the fishing industry on KI plus production of fresh vegetables has not occurred, most other items such as eggs are daily shipped via SeaLink. It is assumed that the industry groups have so far failed to recognise any airfreight advantages.
  - The airport needs more aviation business and assistance to recover from the impact of COVID-19.
  - It has not been marketed for business use. A dedicated "desk" area for business people to use, with power points, phone charging, would be useful, and more permanent cafe facilities. Also, a dedicated meeting/conference room would be useful, with AV facility.
  - Better tourism information services would assist. I do not see many people using the digital services.
  - Refrigerated storage to aid transport logistics.
  - Flight training, freight exchange, industrial land development, co-operative business space

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- For the carriers to work with tour companies and package up fly in tours. Joy flights and possibly charters could be an option when numbers are back after COVID
  - Very poor opportunities whether freight, or other. All have been done to death during emotive hype to "justify" the oversize airport. The island issue for the airport is the same for all aspects of island - inadequate critical mass.
  - An external demand must be facilitated such as Asian direct tourist charter.
  - There simply is NOT adequate air freight demand that is not killed off by air freight prices. Abalone, crayfish etc do not have sufficient Tonnage
  - Rather than have a new Artist centre (at great expense) why not utilise the Airport for arts centre
  - Post
  - Service Station
  - Aviation fuelling
  - Valet Parking & Detailing
  - Tourism KI Offices
  - Encourage businesses to move
  - Make it more an airport - something going on all day not just when flight arrive
  - Kangaroo Island is close enough to Adelaide to work from home, with the necessary visits to Adelaide. None of the flights support this.
  - Create the opportunity and we can draw more professionals to the island (higher wages, buy land, bring families and bring skills to the island).
  - From aviation point-of-view - create a location that attracts both those who are pilots (small craft) and charter (small craft) to come for the weekend - make it easy for them to come and go, along with good facilities.

**Q5 - What are the major opportunities for increasing exports of Kangaroo Island products or services from the Kangaroo**

- Abalone, crayfish, other fresh seafood.
- Gourmet produce that is branded KI Produce.
- Wine and spirits for targeted markets interstate within the restaurant/café market of MLB and SYD. High value, premium wine, pre COVID, was in demand from restaurants and cafes in the eastern States
- Should the ADF Reservists set up training on KI at the airport, this would open to the door to Civil Defence training be offered for nations in Australasia Pacific Rim. KI could host civil defence exercises with participants from Japan, Singapore, Malaysia, New Zealand etc.
- Honey production and export.
- Island Airport? These could be specific opportunities such as wine exports or broader sector opportunities such as education services.

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- Certainly there is the potential for fresh seafood exports, including marron.
  - I'm not sure of education services: I presume you mean things like pilot training. I'm not too sure that people living anywhere near the airport would be too happy with the frequency of flights and overhead aircraft that might result.
  - High quality KI food, wine and beverage is both a farm and tourism theme that can be developed and better promoted for the Island and the airport. There seems to be opportunities to promote high quality seafood.
  - As discussed, education and training can be a natural extension of these KI strengths. The under utilised airport space can be used for affordability of air services is the major stumbling block, not just for cargoes but also for passengers.
  - I am unsure of the cargo handling abilities and that may be the case for some of our exporters too. Office and training to support these activities.
  - Seafood transport
  - Tertiary education hub which could include some research plots
  - These would need to be priced right to have exports flown from KI - unfortunately I don't think they could match normal freight on Sealink - take care with KI wine - it does not have a good quality reputation and also low volumes.
  - Largely a function of supply / demand and volume of exports, both current and projected. Current aircraft type (Q300) limited in freight capacity and any up gauge in aircraft would be dependent on an increase in passenger numbers.
  - Ask freight forwarders and Exporters - looks to me like Airfreight has died with COVID
  - When things get back to normal there probably needs to be well connecting freight flights and the ability for cold storage?
  - Best to ask the Aquaculture & Farmers
  - There is the opportunity to move KI produce from the island. This however will require business cases to be developed by the producer, their clients and the airport.

**Q6 - What are the major opportunities for developing tourism and related services at Kingscote Airport? This could be the development and expansion of existing businesses or the establishment of new businesses.**

- One day tours of KI.
- Charter tours linking Qld, NT, SA outback and KI, then on to Tasmania.
- Citizen science linked to ongoing research in our parks ) wildlife fauna and flora.
- Indigenous tourism is a sleeping giant.
- Civil Defence a recommendation from the Bushfire Royal Commission.
- KI produce/product shop at the airport.
- A business hub created within the terminal.



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- Childcare for day trippers.
  - Storage facilities that are temperature controlled for exporting Ligurian bees honey, wine, food stuffs such as fish, abalone, crayfish.
  - The Business Hub would have facilities for food and beverage producers to showcase their wares to potential clients who fly in, holding tastings in purpose built meeting rooms.
  - The terminal lends itself to hosting a major visitor centre for transiting passengers that could showcase what is available on the Island
  - The opportunities are under our nose. We need to articulate and promote these ideas beyond KI. New business can be attracted with an enthusiastic and positive message from Council. New opportunities, such as training and education, can better utilise existing tourism and farm/business resources.
  - Consider the local tourism industry is so fragmented and self centred. SeaLink is the dominant provider and would wish to preserve their privileged position. Many years past SeaLink did invest in an air service to KI that ended up as a complete financial debacle.
  - The future investment in the destroyed KI Southern Ocean Lodge is uncertain, they were a factor in the successful utilisation of our airport and a major cash flow source.
  - A Kangaroo Island produce shop would be beneficial, similar to the one at the SeaLink terminal at Penneshaw. It would provide a further outlet for producers on the Island.
  - The digital information service for tourists is good but perhaps could be better sign-posted or have a staff member to assist.
  - Alignment of domestic flights with international departures.
  - There is plenty of capacity currently underutilised. You will know from historic data there has been a much higher level of patronage in the past.
  - Tourism needs bigger number to come through to make any venture worthwhile- possibly opening up as a function centre or restaurant/ bar.
  - Major promotion of tourism has already been run and failed. The KI commissioner promised \$191m in development would follow from the airport (5 resorts) and were approved by SA major projects - all have failed to happen. Many extensive studies
  - What was intended as resort tourism has morphed into Airbnb tourism and now undermines the viability of the resorts. e.g. Airbnb
  - 2016 totalled 32 properties, is now over 300. The market has shifted. that does not mean that the B&B tourism could not be flown in.
  - Ideally this question would have been asked before the expansion. I am not anti-upgrade, however I don't support how the upgrade was envisaged.
  - I would urge that a legitimate community engagement process is run across the island and the South Australian tourism sector to seek from their brains trust.
  - Regular service to Adelaide

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**Q7 - What are the major requirements for additional infrastructure at Kingscote Airport? This could be soft infrastructure such as health facilities or hard infrastructure such water, power, roads, etc.**

- Take advantage of the SA Water pipeline
- Broadband voice and data over optical fibre (and if no fibre link to the mainland comes out of the current telecommunications grants on offer) then the airport needs its own micro-wave link to the mainland.
- Infrastructure to store water and/or fire retardant for firefighting aircraft; including hardstand area for the aircraft to load water or retardant.
- Redesign the interior of the terminal to put the café near a spot where people can sit and have a coffee or something to eat and watch aircraft movements.
- Business Hub within the terminal to facilitate business to business meetings, hot desking, strong business focus that promotes business on the island and encourages investment in the island.
- An airport taxi/uber type service to move passengers between the airport and Kingscote.
- Additional power outlets within the terminal, with easy access, to allow passengers to recharge their mobile devices.
- Purpose developed site for emergency services and ADF reservists to set up operations in the advent of a major emergency; site to be adequately powered and adequate lighting, septic tanks, water access.
- Put in place roads and street lighting and public utilities within a designated area for the proposed Aviation Village.
- Firefighting technology that can be automatically activated to protect the airport terminal.
- Underground bushfire safety bunker for airport staff and emergency event workers at the airport during a bushfire. Would negate evacuation of key staff.
- Temperature controlled warehousing at the airport.
- Security screening hardware and software infrastructure to future proof the airport as passenger traffic grows and passengers can travel with confidence regards safety.
- Best to consult with Local Government authority
- There is sufficient space to host a demountable/container style emergency services coordination centre for use during times of emergency response
- Significant expansion of solar facilities, along with battery back-up, might enable the site to be marketed for its green credentials.
- I would like to see the existing cycle/walking/jogging track that runs along the Kingscote foreshore from Reeves Point to Brownlow extended to the racecourse, and on to the airport. This might allow the hiring of electric bikes for people coming to the Island for a couple of days and wanting to stay in Kingscote.
- The existing water and road infrastructure is probably sufficient.

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- Increase private charters. Reduce landing fee's etc
  - This will depend on the preferred precinct vision - this needs to be clearly articulated and branded - KI light industry/food precinct, etc. The stakeholders can then articulate their specific needs.
  - Disadvantage, so far away from other commercial activities, the airport is 14km from the CBD.
  - Council has recognised the potential for a transport hub at the Airport.
  - Aviation fuel supplies would enhance the airport's ability to act as a training centre.
  - Refrigerated storage/bulk transport handling facilities.
  - I think there is excellent access, mains water adjacent, 3 phase power, fixed Wi-Fi broadband within range. Airside fuel would enhance the utilisation by charter operators - at the moment they need to fly via ADL at least one way
  - Given the extremely challenging environment the aviation industry is facing due to Covid and the projected long recovery, any investment in additional infrastructure that leads to a subsequent increase in airport charges would be cautioned against with the preference to avoid, defer or minimize.
  - If there was to be an expansion of the Airport into a business park & airport centre then obviously there would be the opportunity for Private Healthcare centre / Dental Centre - state of the art! Attract the people to the site.
  - Ability to create spaces that are flexible within the airport. Ensuring that these spaces can be used during flights.
  - Some ideas could include: Close gates 3/4 to create an independent space. More radical, close gates 1&2 and use the "new end" as the commercial space and use gates 3/4 for coming and going of flights.

**Q8 - What do you think are the major disadvantages/impediments to doing business or investing at Kingscote Airport?**

- Elected Members currently do not have an appetite to see any further investment made into the airport.
- There is no agreed, whole of island approach to economic development.
- The skilled people required to grow the airport and manage an effective and efficient airport (and indeed an economic development strategy and action plan) are difficult to attract to the island as the Council does not pay salaries or contracts commensurate with similar mainland jobs.
- The cost to get goods or people to the island by ferry is an impediment to economic growth per se and impedes any development on the island, let alone at the airport. A new house can cost upwards of \$30k more to build on the island (compared to the mainland) to bring the building materials to the island. Commercial buildings face similar hard costs to set up. This skews the business case to invest in the island and set up new businesses on the island.

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- Kingscote Airport does not appear to have bounced back as strongly as other regional airports such as Port Lincoln and Mt Gambier and Whyalla. This would be a reflection of the local island economy that continues to struggle, especially in regards to tourism.
  - Local authorities are best placed to address this issue together with Local Industry Associations including KI Tourism, Food, Wine and Beverage, Kangaroo Island Business and Brand Alliance, and Agriculture KI
  - The current lack of tourist movement through the airport. Most people now arrive by ferry. We need far more air services, at a reasonable price, at a time when people want to travel; e.g., flights coming to the Island early in the morning, returning to Adelaide in the evening. Flights could be linked with accommodation and tour services sold as packages along with air fares.
  - Ideally we need a strong, consistent Qantas presence, along with Qantas marketing. Rex has not been effective in capturing the tourist market. It does not advertise. It's aircraft are old and uncomfortable, and people do not enjoy the flight experience.
  - Distance from town
  - Perceptions that KI does not have a progressive economic strategy, one that encourages innovation and builds on and enhances local business opportunities.
  - You only get investment where you can make a profit. Will business take advantage of a leasehold at the Airport, or have the security of freehold in a developed commercial precinct.
  - Council would be unable to offer incentives for airport development ? at present we cannot meet our needs with asset management of our present infrastructure.
  - The infrequency of flights this year due to COVID has severely hampered the businesses already operating there - cafe, hire car, bus transfers, airport ground staff.
  - Recovery from these impacts is essential for the airport, those businesses and the general visitor economy on the Island.
  - Affordability of flights is the next biggest impediment. Competition could solve this, together with marketing of the Island and a program to encourage professionals to use the airport rather than visit by car/ferry.
  - Flight schedules, lack of flights to aid local needs and freight.
  - Distance to accommodation or other services
  - Really simple. Very low total population, aged low socio-economic population on KI.
  - Take care with Airport location. It is as popular as Parndana. People do not go to an island (at least not this one) to recreate, live or work inland.
  - Too far from centre of town?
  - Without critical mass to make it interesting for business it won't get off the ground.
  - Having to deal with council, who do not have a master-plan or vision that clearly articulates the direction of the airport. An example that I will use is the Southern Ocean Lodge lounge. I am firmly of the opinion that many more lounges/small offices could have been leased.
  - The cafe was never tendered to seek a commercial operator. Missed opportunity.

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- Distance
  - KI too remote

### **Q9 - How do you think Kingscote Airport can be made a more attractive place to do business?**

- Marketing and promotion of what is available at the airport.
- Added amenity and facilities as mentioned previously e.g. the Business Hub.
- Seek support from the State and federal government to create a special economic zone at the airport that will be exempt from costs normally incurred if a business operated outside the airport perimeter.
- Exempt businesses operating within the airport boundary from paying rates for the first five years.
- Hold aviation related events to attract aviators to the airport e.g. a 'Fly-in' Airshow for recreational aviators.
- Highspeed and high capacity broadband services free at the airport terminal, and new buildings can hook up to the same broadband for the first 12 months they operate on the airport grounds.
- Energise the airport so visitors view it as the gateway to the Island. Currently the airport is a transit point only with very limited information provided to visitors. Establishing a Visitors Centre and/or a business hub with relevant convention style facilities will offer businesses on the Island the opportunity to engage more actively with visitors.
- Yes. The airport lobby looks like a hospital waiting room. It could be improved with a welcoming hotel lobby look and feel - more soft furniture, work stations, maybe access to meeting rooms.
- It would be great if we could sell or lease out the Airport, it is a noose around the communities neck.
- Business-specific sites in the terminal, with associated facilities (power, charging, Wi-Fi). At the moment, business visitors who have time to spare must juggle their computers at a table or on their laps. A small group of desks or cubicles in the main lounge, such as those seen at other airports, would assist.
- Also, dedicated meeting room, for privacy.
- Schedule flights so locals can day trip for business and medical requirement's, this will dramatically increase passenger numbers.
- Put in a really good restaurant and bar to attract guests -open late. People could also go earlier to eat a drink before flight - art gallery
- MOB is looking for a place to display art this could be a good option for them.
- Sell it!
- There need to be incentives for business to move to the airport
- Start by getting Tourism Organisation Centre at the Airport

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- Encourage tour operators to move their head office (not their ops depot) to the Airport
  - Currently the airport is a serene location that is occasionally interrupted by a plane landing. Whilst this is sarcastic, it is the truth. The airport needs to create an attraction, so that it is a place that people want/need to go? I would suggest one/some of the following (no particular order): Full-hours café; Small meeting/convention space (need to relocate the baggage handling conveyor that kills the large room); Tourism Information Centre; Art Museum; North Coast Fossil Museum
  - Petrol Station/Service Location
  - Council works depot (this alone would probably keep the cafe on the map)
  - Small serviced offices (about the size of the Southern Ocean Lodge lounge - huge opportunity missed there)
  - Retail space for Kangaroo Island produce (check out King Island airport - much smaller and much better)
  - Art sales (working on a practical model, rather than the current one)

**Q10 - Finally, do you have any other comments or suggestions regarding the Kingscote Airport Economic Development Master Plan?**

- As a general observation there have been too many Master Plans produced and no commitment from Council to implement and drive the Master Plans.
- Council need to make the commitment to borrow the money needed to bring the airport to a commercially viable standard and access Building Better Regions funding or the Premier's Local Government Infrastructure Partnership Program to match what is borrowed to make the investment needed in the airport, to make the airport a viable business proposition.
- Too many people are fixated on talking down the airport. Council need to lead a positive discussion about the possibilities for a better functioning and better utilised airport asset, one that builds on and enhances the KI economy.
- Do trust that you can come up with something new and enterprising, many hours of consideration has been given to how this airport can be made to be viable, a community with a rate base of \$7m per year. just cannot absorb the operational loss of \$1m per year would require a 10% increase in rates to cover this loss.
- The redevelopment at \$22M would have been better spent on other community infrastructure. Rex Airlines did tell us that the old facilities could handle some 150,000 pax per year but the elected members and the admin thought we needed direct jet flights from Mel, Syd and Perth and consultants confirmed that this was possible. Strange that aviation consultants do not understand the airport HUB.
- Encourage early morning and late afternoon flight schedules.
- We need a very large tourism display- an interactive area that people can see when disembarking to have big visuals of experiences and opportunities to make bookings and pick

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up the relevant information- the current set up is extremely poorly thought out- seeing information as you depart is useless - we need a better option.

- It is on Council's assets as a \$32m asset. We lose money on it every day. The Prudential Review that was undertaken prior to wasting \$21m recently was that there was no risk because if all the hoped for projections did not eventuate, it could always be sold. Time to seriously reflect on this option now.
- Creating an economic development plan for "just" the airport seems short sighted, it needs to be part of an island wide integrated economic plan. The airport wont blossom by itself.
- Sport & Rec SA has worked out that single use sporting facilities rarely work by themselves. The airport needs to be a multi-purpose,
- Multi-dimensional facility.

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## APPENDIX 2 – DISCUSSION – COUNCIL ROLES IN ECONOMIC DEVELOPMENT

### *Local Government and Economic Development*

The development of this Airport Economic Development Master Plan is framed around some core propositions with respect to the role of Local Government in economic development. These are as follows:

#### ***Proposition 1: Markets left alone will not lead to optimal economic outcomes from a regional perspective***

There are many varying opinions about the roles that local government could and should take in terms of economic development. The arguments for involvement are based on recognition of market failures (imperfect competition, economies of scale, public goods, including information). Many of these arguments focus on national level policy (e.g. infant industry arguments, critical mass). At the regional or local government level, the core aspects<sup>11</sup> include:

- Entrepreneurs and investors have incomplete access to and use of information about the nature of a region in terms of opportunities that exist, or issues such as regional planning constraints. Put bluntly – **unless informed, many potential investors will not even know a particular region exists as an option for establishing their business.**
- Individual entrepreneurs and investors ignore externalities in considering their investment. While discussion around externalities often focuses on the ‘negatives’, the benefits created by change processes within a region will not necessarily be understood in the context of individual projects unless it has some controlling or influencing factor. Clearly local government has systems in place (planning) to effectively manage the ‘negatives’ but also such systems can create good outcomes.

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<sup>11</sup> Timothy J. Bartik, *The Market Failure Approach to Regional Economic Development Policy*, Economic Development Quarterly, November 1990



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***Proposition 2: Local Government does not have a role in controlling macro-economic drivers***

Core drivers of investment are to be found in the macro-economic environment. Factors such as exchange rates, interest rates, wage rates, cost structures and inflation determine the competitiveness of a business and its ability to be profitable. These are clearly in the main national arena – particularly the first two aspects. Local government can have an impact on local costs (e.g. land costs, service costs, and even wage costs) but usually at a minor level. **Demand will be a local aspect in locally focussed businesses, but is also heavily impacted by national factors.**

Therefore, it is suggested that Local Government economic development roles will be about influencing and informing other levels of government on the macro-economic factors, but focussing on the issues they can impact. It should be noted that in recent years, there has been a tendency for regional and local projects to be driven by centralised processes – national programs around school and community buildings, about other items of infrastructure (e.g. the Commonwealth Government's Building Better Regions Program). There are many advantages of using the local knowledge and local influence of local government in directing the investments being made.

***Proposition 3: Local Government can/should influence local factors***

The contention is that Local Government should pay attention to economic development in its region, and take active steps to encourage development. At the short end, issues such as the regional environment, planning regulation, and synergies between land uses are all factors that need to be considered. **The core question is what else can be influenced and how far does a particular council go?** There are those who argue against governments (at any level) having any involvement in correcting market failures, based on a position that government failures will be worse than market failures. This is certainly possible, and calls for a balanced approach. It means actions need to be informed and set within an informed strategy. It reinforces the importance of the process for formulation of this EDMP for Kingscote Airport.

It is noted that one of the arguments against, for example, state government's active involvement in economic development is that in the end it simply becomes a benefit to the business rather than the creation of activity – as businesses play one region off against another. This again points to the need to ensure that actions provide real benefits that will increase the level of activity across all regions rather than just pull activity from one region to another. Strategies to support more **regional**

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**development** should be locally owned and developed, with central government to provide overall national or state goals and funding support.

Much of the literature on the role of Local Government focuses on Regional Economic Development - and usually emphasises non-metropolitan regions. Rural areas do have somewhat different issues (mainly that travel costs in journey to work tend to emphasise the imperative of locally supplied employment, and less leakage in purchases of lower valued goods). However many of the arguments about the positioning re economic development remain similar for metropolitan regions. O'Neil and Walsh in 'Rethinking the Approach to Regional Development in South Australia', SACES, University of Adelaide (2010) strongly state that "South Australia's economic progress, its social cohesion and the development of its natural resources depend entirely on the economic performance, social vitality and natural resource of all its regions" (p1). **They argue that regions should develop aspirations and plans for themselves in economic, social and environmental development, arguing that this endogenous approach is that advocated by the OECD and employed commonly across OECD countries - that is that economic development opportunities are not something to be imposed from outside, but to be developed from within.**

Dr. Paul Collits of the Page Research Centre notes the difficulty in this proposition in a discussion paper Regional Development: Future Policy Options that "Regional policy is notoriously open to multiple and confused objectives and to claimed ownership by many and varied players who include Ministers, Mayors, practitioners and 'communities'. Regional policy by its very nature lends itself to politically selective largesse. Moreover, any form of regional policy intervention will necessarily be controversial, since:

- There is disagreement over what ultimately drives regional performance, hence there will also be disagreement about the efficacy of any intervention – e.g. An Airport Economic Development Master Plan.
- There is disagreement about which regions/projects should be assisted by government.
- It is difficult to know whether (and to what extent) any intervention has 'worked'.
- As governments know, and most have admitted, there is no 'silver bullet' solution to regional growth and decline.

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- It will always be hard to separate 'regional policy' from 'policies that benefit regions'.
  - There is disagreement over regional policy objectives."

### ***The Role of Local Government***

The proposition above is that, despite the difficulties and controversy, Local Government should take an active role in economic development and in this case the Kingscote Airport Economic Development Master Plan. The arguments focus around the benefits of active participation, though of course the benefits are dependent on results rather than activities per se – effectiveness is paramount. The benefits from a regional perspective of having stronger economic growth (and it needs to be considered whether this growth be in employment or in income per employee or both) include:

- Providing local employment opportunities for residents reduces journey to work times, and as such provides benefits in terms of access and travel time – with associated environmental benefits.
- Local business failures bring significant community costs (underutilised resources, falls in land value, etc.).
- The possibility of reducing access costs for local residents by having locally supplied products and services – having more activity within the region gives local residents the chance to buy locally, with less in the way of search costs.
- Economic growth generates rates revenue (in excess of costs) through an increase in the number of commercial and industrial properties, and if industry profitability is enhanced, increased value of properties – with such revenue increases underpinning council operations<sup>12</sup>

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<sup>12</sup> Deborah A. Carroll, *Tax Increment Financing and Property Value, An Examination of Business Property Using Panel Data*, Urban Affairs Review, March 2008

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- Growth in the economic base provides potential sources of other revenue for the Council, improving financial sustainability including, for example, revenue from customers and suppliers (parking fees, use of local facilities by business customers and suppliers).
  - Local businesses will consider corporate sponsorships and support as part of their community contribution and as such potentially provide inputs for local social infrastructure and initiatives.
  - Additional activity provides critical mass for hard infrastructure that also benefits the broader community (e.g. underlying market scope for transport improvements, for broadband and other communications).

The second question is with respect to focussing on what economic development factors local government should concentrate on. In addressing this issue the literature focuses on the following targets.

- The provision of locally oriented infrastructure (or working with other councils in improving regional infrastructure). This includes transport (air, roads, rail), communication (broadband), provision of quality residential facilities, social and community services (for use by workforce).
- Local Government has particularly been focused on the importance of or need for business operating and development skills, which are seen as key for the effective development of small businesses in an area, and that local businesses have access to skilled workers.
- The provision of information about the nature of the area, and of how to manage the local planning regulatory system (business advisory).

The third question that must be addressed by local government decision makers is about the nature of the activities that Local Government should be involved in, which overlaps the above question of focus, but with an emphasis on programs and activities.

One dimension in which this can be looked at here is by type of activity. Options include:

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- Effective regulations and planning systems (ensure the negative impacts or planning controls and regulations are effectively managed, and cost impacts minimised).
  - Subsidies - the provision of direct and indirect subsidies to businesses to improve cost competitiveness – such as rate discounts.
  - Service provision – providing direct input into business activity, not only in the standard Local Governments services of rates, road and rubbish, but in services to business such as information exchange, development project facilitation, etc.

A second dimension is to consider how far the Council is prepared to go in terms of the risk involved.

- The lowest risk type of activities will be those that focus on local infrastructure provision and the local business environment (i.e. regulations, local services).
- The second level of risk is to look at activities that complement or add value to activities being undertaken by state and commonwealth government (examples might include training programs or overseas trade missions).
- Lastly there are the higher risk activities of more innovative and directly impacting or contributing to projects – this might include taking on commercial activities and, in the case of this project, developing and implement an Airport Economic Development Master Plan.

The third aspect around which the Council needs to decide is with respect to the geographical reach of programs in which they get involved. They can focus on local businesses and local activities or can reach outside to provide information on or get involved in national and international activities – such as trade missions, targeting international investors or national companies (e.g. investment attraction programs).

The following diagrams reflect these role and geographic options.

