



About Sunshine Coast Airports

Sunshine Coast Airports (SCA) is a Business Unit of Council's Finance and Business department.

SCA is responsible for the management and operation of Sunshine Coast Airport and, since local government amalgamation in 2008, has managed the Caloundra Aerodrome and the Teewah Airfield on behalf of council. The SCA Business Unit has a staff of 24 (see Fig 1 below).

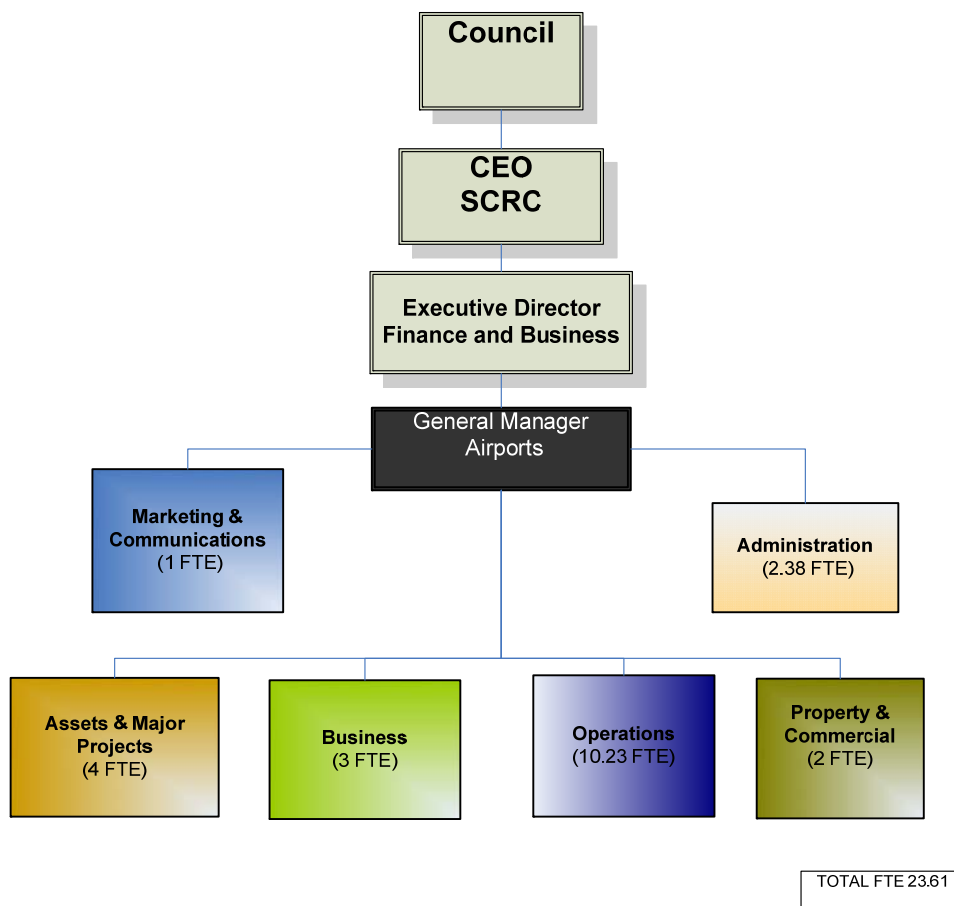


Fig 1. SCA Business Unit Structure

Sunshine Coast Airport



Sunshine Coast Airport is located at Maroocha, midway between Caloundra and Noosa. It is conveniently situated in the geographical centre of the Sunshine Coast and adjoins the regional activity centre of Maroochydore. The airport was opened in 1961 and is currently enjoying its 50th year of operation and service to the Sunshine Coast community.

The airport is owned, operated and managed by the Sunshine Coast Regional Council (SCRC) with the airport precinct consisting of a combination of land holdings including Commonwealth, State (land for which council is a trustee) and council freehold land.

Sunshine Coast Airport currently services a catchment area stretching from Gympie in the north to the outer-northern suburbs of Brisbane to the south. It provides regular services to Sydney and Melbourne, contributes more than \$475 million to the regional economy each year, directly employs more than 600 people, and provides for more than 4,400 direct and indirect jobs. The airport handles approximately 87,000 aircraft movements and around 900,000 passengers per annum.

Tourism and aviation consultancy firm Tourism Futures International (TFI) forecast passenger levels to grow on average by between 7 and 14 per cent per annum over the next five years, with 1.7 million passengers expected to pass through the airport in 2019/20. This figure is expected to grow to between 2.1 million and 2.8 million by 2029/30.

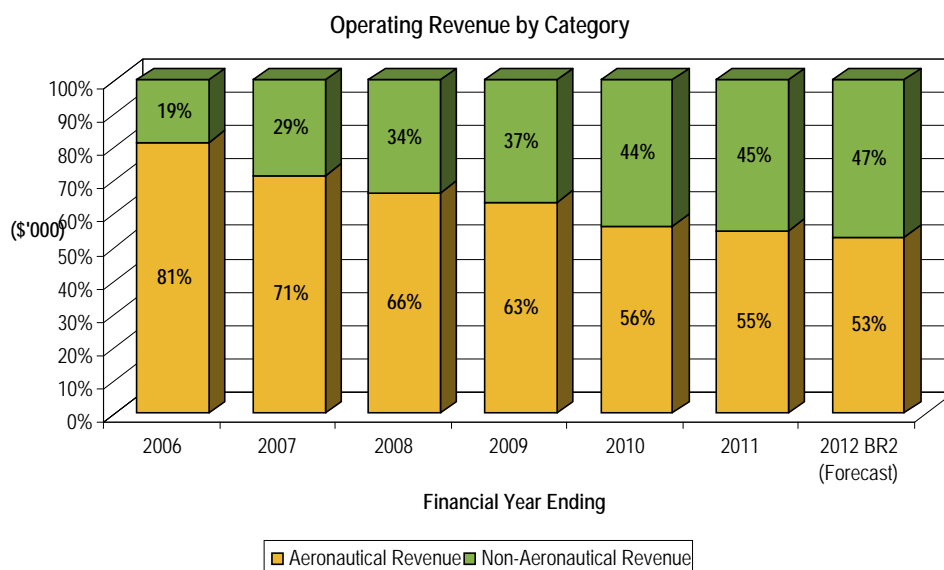
Sunshine Coast Airport is wholly responsible for management of (including collection of revenue and risk management) the terminal building, the public car park, all internal access roads, all runways, taxiways and aprons, visual aids and all serviced land at the airport. Sunshine Coast Airport also manages the concessions and leasing activities to all airport customers and stakeholders, and was recently awarded Major Airport of the Year by the Australian Airports Association.



Financial Performance

Revenue Streams

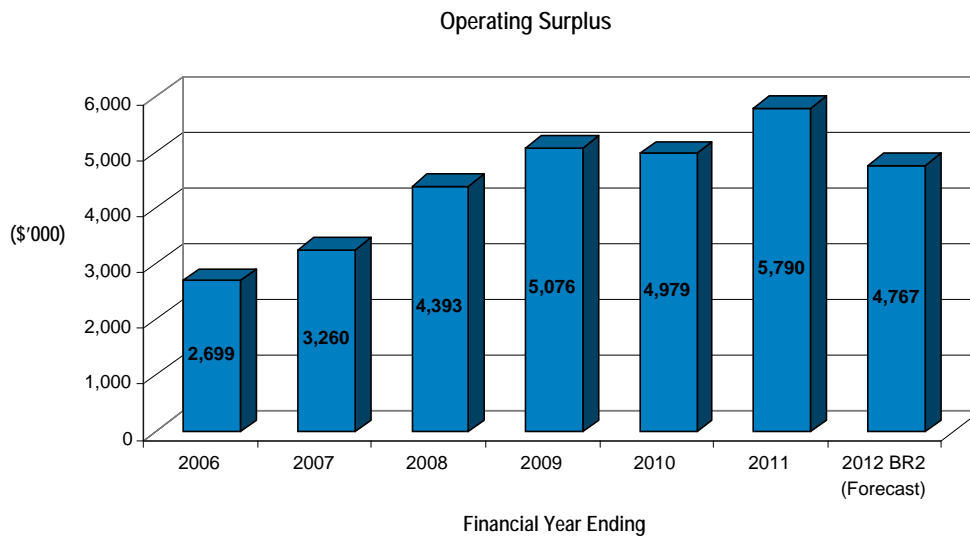
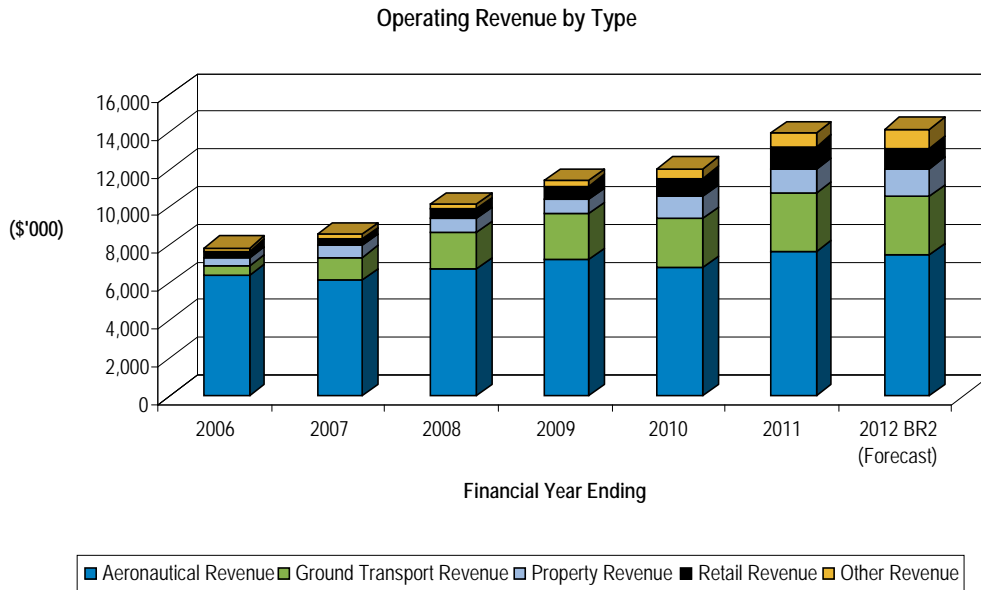
Airport revenue streams can be generally grouped into six categories including aeronautical, rent and leases, terminal concessions, ground transport, car parking, and other sales revenue. The figures in the table below show contributions to total revenue of the various streams. The airport has diversified its business to reduce direct airline dependency risk. This has increased the non-aeronautical component from 19% in 2005/2006 to 34% in 2007/2008, with further diversification of the business increasing it to 47% in 2011/2012.

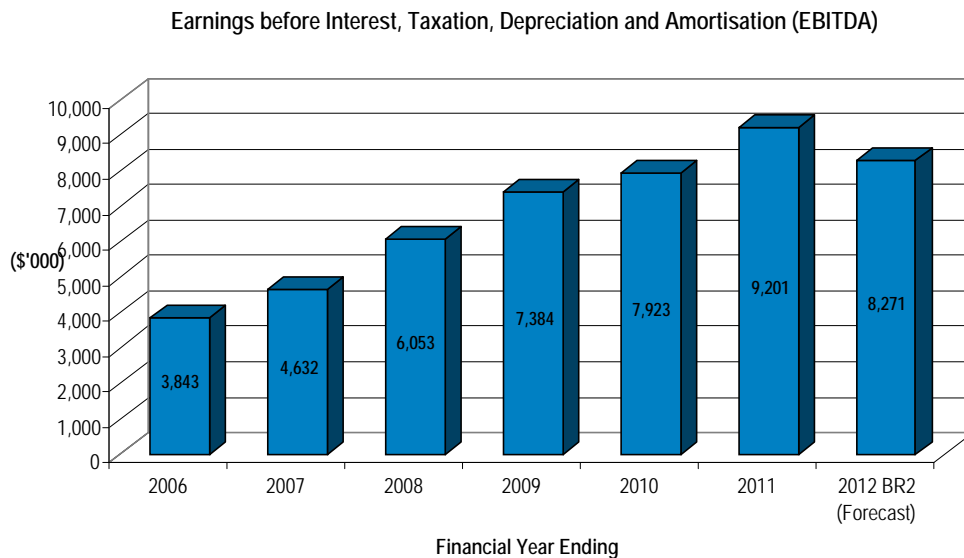


2011/12 Financial Performance Targets

Sunshine Coast Airport plans to achieve the following financial targets for the 2011/2012 financial year.

Operating revenues forecast in line with 2010/2011 level, despite suspension of Tiger Airways services from the start of the financial year 2011/2012.





Assumptions: Forecast results for 2011/2012 within the range of 5%.

Continued suspension of Tiger Airways services to Sunshine Coast for the remainder of the financial year following 2011 suspension of services.

Strategies for 2011/12

Business strategies for 2011/2012 include:

- Growth of new routes, especially concentrating on North Queensland mining and possible Trans-Tasman opportunity.
- Development of volume to Melbourne and Sydney and business friendly schedules.
- Use of aviation to diversify the economy by business attraction initiatives and the development of the Sunshine Coast Aviation Precinct.
- Commencement of the Environmental Impact Statement (EIS) for the new runway project.
- Development of the terminal master plan.
- Delivery of the capital program.

History of the Sunshine Coast Airport's development

The original Maroochydore Airport was officially opened on 12 August 1961 on land allocated by the Queensland Government and the local shire council.

The initial runway (runway 18/36) was constructed at a length of 1,372 metres and 30 metres wide on a north-south alignment. A small terminal building and a secondary, gravel runway some 670 metres long were also constructed.

The runway has subsequently been extended several times over the past 50 years to accommodate increased aircraft requirements and traffic volumes. The terminal building was

modified in 1997 and a \$9 million redevelopment to cater for security upgrades and increased services for passengers was completed in December 2009.

Unique ownership

Sunshine Coast Airport is owned and operated by the Sunshine Coast Regional Council, having previously been operated by Maroochy Shire Council prior to the amalgamation of local governments in Queensland in 2008.

The airport's standing is quite unique to that of most other regional airports in Australia in that, at no stage, has it been owned and operated by the Commonwealth Government or the Federal Airports Corporation.

Council operates the Sunshine Coast Airport as a commercial business unit under national competition principles and the *Local Government Act 2009*.

Community

Sunshine Coast Airport is a unique community asset with the ability to support and drive the regional economy of the Sunshine Coast.

The airport engages with the local community through a Community and Aviation Forum consisting of relevant divisional Councillors, local community groups, aviation businesses, and airport management. The forum discusses issues of mutual interest.

The airport operates curfew free however, given the proximity of residences to the airport, a local Fly Neighbourly Policy has been developed and implemented. This policy is a voluntary code of practice for aircraft operating at the airport, and can be found on the airport's website (www.sunshinecoastairport.com.au).

Sunshine Coast Airport Master Plan – September 2007

The Sunshine Coast Airport Master Plan – September 2007, available on the airport's website (www.sunshinecoastairport.com.au), details the long-term strategic development objectives of the airport and outlines the work required to achieve these by 2020.

The preliminary draft of the Master Plan was the subject of an extensive public consultation period and included three runway development options, all focused on development of the existing runway 18/36. A long-term recommendation for the development of a new runway – runway 13/31, to run on an east-west alignment – was also identified.

A total of 723 submissions were received during the consultation process, with the primary issues identified during this process listed below (note that some submissions concerned multiple issues):

- north-south runway (runway 18/36) extension;
- Public Safety Areas (PSAs);
- construction of an east-west runway (runway 13/31);
- noise; and
- air traffic movement.

The consultation process resulted in the emergence of a clear preference in support of construction of a new east-west runway 13/31. Of those consulted, 74.6 per cent of all stakeholders were opposed to any further development of the existing north-south runway 18/36, citing issues of public safety, noise and air traffic movements.

A new east-west runway 13/31 was seen by most submitters as the preferred option for development as it addresses the growth needs of the airport and mitigates the conflict between PSAs, Australian Noise Exposure Forecast (ANEF) contours, and surrounding residents.

The subsequent final Master Plan 2007 was written to address the feedback received during the public consultation process, council's review of that plan, and sets the direction of development for the Sunshine Coast Airport through until 2020.

The long-term, strategic development objective of the Sunshine Coast Airport is to stimulate and support the growing regional economy of the Sunshine Coast. Execution of this objective requires careful and considered planning, including the following key features discussed within the Master Plan:

- Development of a new east-west runway 13/31 and associated infrastructure to facilitate new international routes and support long-term aviation growth on the Sunshine Coast.
- Access to additional airside land to promote and grow the aviation industry in the region.
- Terminal development to provide for expected passenger growth, enhanced security requirements, additional commercial opportunities, and enhanced passenger experiences.
- Enhancements to the existing taxiway and apron system to support the expected growth in aviation traffic over the short to medium-term.
- Long-term protection of airspace associated with airport assets.
- Reserve land for any future airport activities based on the forecast growth of the airport business.

The Sunshine Coast Airport Master Plan 2007 concluded that the preferred long-term development objective of the airport is to build a new east-west runway 13/31 to facilitate new international routes and support the growing regional economy of the Sunshine Coast.

The Master Plan suggested the new east-west runway 13/31 was likely to be constructed sometime towards the end of the planning horizon (2020) or shortly thereafter. It further concluded due to community concern with extending the existing runway – as well as constraints on the ability to widen it – that no interim changes would be made to the existing runway.

However, during the Master Plan timeframe, upgrades are expected to be made to taxiways, aprons and the terminal as well as to infrastructure to support the existing runway until it is replaced as the principal runway.

Since the adoption of the Master Plan in 2007, the following elements have been completed:

- land secured for new runway;
- new airport entry road;
- terminal refurbishment;
- ground transport reconfiguration;
- checked bag screening;
- upgrade of Regular Public Transport (RPT) apron;
- expanded General Aviation (GA) area; and
- additional commercial development.

New Runway Project

As the region's population continues to grow, Sunshine Coast Airport is fast reaching its operating capacity in the face of several constraints – most notably the inability of the existing runway to handle aircraft larger than the Airbus A320 and the Boeing B737. This constraint was identified through the drafting of a new Airport Master Plan in 2007.



The new runway, to be built by 2020, will provide a take-off distance of 2,430 metres in each direction and a runway width of 45 metres, allowing larger aircraft with greater range and capacity to access the Sunshine Coast.

It is estimated that the new runway will cost \$250 million.

Other key features of the Master Plan include the construction of a new terminal, a new aircraft apron, expanded car parking facilities, new support and road infrastructure, and an expanded commercial precinct.

The total cost of the Master Plan, including the new runway, is estimated to be \$419 million.

Implementation of the 2007 Master Plan will lead to significant benefits for the Sunshine Coast, including the following:

- The aircraft noise footprint will be reduced over many areas, improving livability and amenity for local residents.
- A longer and wider new runway will provide increased safety for passengers and aircraft, and will remove the need for the airport to operate under a CASA dispensation for B737 and A320 aircraft.
- The Master Plan will ensure that no homes will be located in the new Public Safety Areas.

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- The new runway and airport upgrade will accommodate the future demands of both the residents and visitors to the region, bringing significant social and economic benefits.
 - The upgrade is expected to utilise improved energy efficiency measures, providing environmental benefits to the region.
 - A reduction in travel time will lead to a reduction in costs.
 - There will be improved national and international links for residents, businesspersons, and holiday-makers.

In November 2009, Sunshine Coast Airport commissioned leading financial firm PricewaterhouseCoopers (PwC) to undertake a Cost Benefit Analysis of the Master Plan.

Under all relevant scenarios, PwC found a positive Benefit Cost Ratio for the project, indicating there is value in the project which is not reflected in a purely financial analysis.

Construction of the new runway and upgrade of the airport's facilities will create more than 5,000 jobs, as well as providing support for local businesses and further broadening the region's economic base.

Put simply, the analysis shows the implementation of the Master Plan will return significant economic and social benefits to the local and national economy and will inject more than \$1.6 billion into the economy.

A new runway and airport upgrade will dramatically boost the tourism industry on the Sunshine Coast – allowing the region to capitalise on greater opportunities for tourism and trade in the growing Asian markets – particularly India, China and Japan.

The cost benefit analysis, however, shows that the financial returns are insufficient to attract solely private investment because the bulk of the returns are dispersed across the broader economy rather than to the airport's operator.

Funding Submission to Infrastructure Australia

Council via Sunshine Coast Airports has lodged three submissions with the Commonwealth Government agency, Infrastructure Australia.

Infrastructure Australia is charged to provide advice to Australian governments about infrastructure gaps that hinder economic growth and prosperity. It also identifies investment priorities and policy and regulatory reforms that will be necessary to enable timely and coordinated delivery of national infrastructure investment.

In the most recent Infrastructure Australia submission, council sought an investment of \$201 million by the Australian Government for the construction of a new runway set along an east-west alignment.

The submission was based upon the analysis undertaken by PwC which concluded that there is a clear role for government to provide non-commercial funding or grant funding to the project as part of a co-coordinated strategy to realise the economic, social and environmental benefits of the Sunshine Coast region.

At this stage and with construction not programmed to commence until 2015/2016, it is anticipated that council will continue to seek Australian Government funding for this project.



Current Status

Since December 2009, Sunshine Coast Airport has also completed a preliminary design and detailed cost estimate for the proposed new 13/31 runway and associated infrastructure.

Council, at its meeting of 17 November 2010, resolved to endorse the preliminary design and proceed with the next stage of the project.

An Initial Advice Statement (IAS) and a referral under the Environment Protection and Biodiversity Conservation Act (EPBC Act) have been prepared and submitted to enable the Queensland and Commonwealth Governments to determine the terms of reference for an EIS for the remaining elements of the Master Plan (including the 13/31 runway). The full EIS process will commence in 2012 once terms of reference for the EIS are delivered.

Caloundra Aerodrome



Caloundra Aerodrome is located to the south-west of Caloundra's traditional central business area. The aerodrome is located on State Government land, being a "Reserve for Landing Ground for Aircraft", with council as trustee. It was established as an aircraft landing ground in 1931 and has been in operation since that time.

The site has an area of approximately 130 hectares however only 74 hectares is currently cleared and used for aerodrome purposes.

The site accommodates two sealed runways, runway 05/23 and runway 12/30: both are 795m long and 18m wide. There is also a sealed taxiway leading to an apron which extends to the north-east beyond the end of 05/23 runway. The aerodrome is categorised under the Civil Aviation Safety Regulations as "Other Aerodromes – operations under proposed CASR 135".

The aerodrome is designated as an "Aircraft Landing Area". Facilities include two sealed runways, hard stand areas, hangars, car parking, fuel depot and associated equipment. There are currently 13 lease areas (mostly with leases to 2014) providing sites for 19 businesses (including three community based groups) which provide a range of general aviation activities such as flight training, aircraft maintenance, joy flights, skydiving, an air museum and air force cadets.

The aerodrome has been the subject of a number of studies undertaken by the former Caloundra City Council (CCC) and the State Government working with Caloundra Aerodrome operators. These studies looked at the operational sustainability of the Caloundra Aerodrome within the context of the Caloundra City Plan. The studies also identified the aerodrome as a valuable general aviation facility, providing recreational aviation facilities, training, maintenance and services for the Sunshine Coast. The aerodrome operations were however being affected, and put at risk, by urban encroachment. Subsequent studies

investigated opportunities for the relocation of Caloundra Aerodrome, with a preferred site being identified at Johnston Road, located to the east of the Bruce Highway.

Following the announcement in September 2010 that the State Government would not be pursuing or funding a relocation of the Caloundra Aerodrome, council determined that the existing Caloundra Aerodrome would remain at its current location as an operating aerodrome, thus ending a significant period of uncertainty for the businesses operating at Caloundra Aerodrome.

The aerodrome currently accommodates around 40,000 aircraft movements per annum. Flight training, particularly training for helicopters, is a significant component of the Caloundra air traffic.

Council is currently in the process of developing a Business Strategy, Master Plan and Environment Strategy for Caloundra Aerodrome. These documents will provide long term strategic guidelines for the aerodrome's future operations. The Master Plan will be the subject of a public consultation process, and a preliminary draft of the documents is planned to be presented to council in the first half of 2012 prior to the commencement of the public consultation period.

On 7 December 2011, council resolved to apply to the State to seek exemptions from tendering for the existing lessees of Caloundra. This process is currently underway with information being sought from lessees in support of the application.

Teewah Airfield



Teewah Airfield is a small grassed landing field located on 428ha of land on the Noosa North Shore. The airfield land has been a reserve established for Landing Ground for Aircraft under council control since 1948 and is strategically important to aviation on the Sunshine Coast. The airfield has three grass runways and a small shed.

Teewah Airfield is isolated from built up areas and abuts the Noosa National Park. It operates as a satellite landing ground for helicopter activities from a number of helicopter operators based on the Sunshine Coast. The airfield is also used by ultra light aircraft, gliders and model aircraft flyers. The airfield is not suitable for fixed wing airplane operations.

The airfield is accessed by land via a short track from the Teewah-Noosa Road.