

APPENDIX M

Please note the economic modelling undertaken and presented in this appendix presents different results to those outlined in the EIS, and should not be directly compared.

Key reasons for the differences in results are:

- The Input-Output multipliers used in this study are developed based on national Input-Output transaction tables for 2009-10 produced by the Australian Bureau of Statistics (ABS, 2013), which are then regionalised to the relevant catchment areas outlined in section 1.4 using cross-industry location quotients and demand-supply pool functions. This approach to developing multipliers differs from the approach used in the EIS, and thereby produces different multiplier impacts.
- While the base assumptions used in this study are based on the assumptions outlined in the EIS (Sunshine Coast Airport, 2014), the manner in which they are applied in the modelling differs in some regards between the two studies. The model drivers used in this study and manner in which they were applied is presented in section 3.1. Refer to the EIS for details regarding model drivers and their application in the EIS.

APPENDIX M

Additional economics information

Economic Assessment of the Sunshine Coast Airport Expansion Project

Sunshine Coast Airport/ Sunshine Coast Council
2015



Document Control

Job ID: 18072
Job Name: Economic Assessment of the Sunshine Coast Airport Expansion Project
Client: Sunshine Coast Airport/ Sunshine Coast Council
Client Contact: Peter Pallot
Project Manager: Ashley Page
Email: ashley.page@aecgrouppltd.com
Telephone: 07 3831 0577
Document Name: SC Airport EIA Report
Last Saved: 7/8/2015 1:13 PM

Version	Date	Reviewed	Approved
Draft v1.0	8 th July, 2015	KL	AP
Final	6 th August, 2015	KL	AP
Final (a)	7 th August, 2015	KL	AP

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Pty Ltd does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Pty Ltd or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

Executive Summary

Background

The Sunshine Coast Airport Expansion Project (the project) is designed to provide a new runway capable of servicing Code E aircraft such as the A330, B787 and B777. The apron at the existing terminal is also proposed to be extended to accommodate Code E aircraft.

Purpose of this Study & Approach

This report provides details regarding the types and quantum of economic benefits anticipated to result from the project, in the Sunshine Coast, broader Sunshine Coast Airport catchment area, Queensland and Australia.

Economic modelling results in this report differ to those outlined in the Environmental Impact Statement (EIS), and should not be directly compared. Key reasons for the differences in results are:

- The approach to developing multipliers in this study differs from the approach used in the EIS, and thereby produces different multiplier impacts.
- While the base assumptions used in this study are based on the assumptions outlined in the EIS, the manner in which they are applied in the modelling differs in some regards between the two studies.

Findings

Economic Benefits During Construction

The aggregated benefit during construction between 2014 and 2020 is shown below.

Table ES.1. Economic Activity Supported by Construction Phase, Total (Direct + Flow-On)

Geography	Gross Value Added (\$M)
Sunshine Coast	\$144.6
Rest of Catchment Area	\$11.7
Rest of Queensland	\$81.7
Rest of Australia	\$32.6

Note: Totals may not sum due to rounding.

Source: ABS (2015), ABS (2013), ABS (2012), Sunshine Coast Airport (2014), AEC.

Economic Benefits During Operation

Once fully delivered and operational, the project will deliver significant economic benefits for the economies of Sunshine Coast, Sunshine Coast Airport Catchment Area, Queensland and Australia. The table below outlines the economic benefits anticipated in the years 2020-21, 2030-31 and 2040-41.

Table ES.2. Economic Activity Supported by Operations Phase, 2020-21, 2030-31 and 2040-41 Total (Direct + Flow-On)

Geography	Gross Value Added (\$M)		
	2020-21	2030-31	2040-41
Sunshine Coast	\$37.6	\$223.4	\$310.5
Rest of Catchment Area	\$4.2	\$35.0	\$49.4
Rest of Queensland	\$8.6	\$70.3	\$99.2
Rest of Australia	\$7.6	\$59.0	\$83.1

Note: Totals may not sum due to rounding.

Source: ABS (2015), ABS (2013), ABS (2012), Sunshine Coast Airport (2014), TRA (2015), AEC.

Supporting Regional Economic Growth

Sunshine Coast Council, as part of its Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013), identifies four key strategic economic development targets to 2033 – growing to a \$33 billion economy, increasing employment in high value industries, increasing export revenues, and lifting the average household income to above the Queensland average. The Sunshine Coast Airport Expansion Project will assist in achieving each of these targets through the five pathways established in the Regional Economic Development Strategy:

- **Leadership, Collaboration and Identity:** Developing national and global partnerships with a diversity of business and cultural outcomes is identified as a key element of Sunshine Coast’s regional identity. The project will assist in delivering this identity by significantly enhancing connectivity between the Sunshine Coast and domestic and international markets.
- **Capital Investment:** A number of ‘game changer’ major projects are expected to have transformational impacts on the Sunshine Coast economy, including the Sunshine Coast Airport Expansion Project, and represent catalytic developments to growth the region and meet growth targets. These projects provide significant synergies, with the benefits of any one development magnified by the development of the others to provide a connected, innovative, high value economy.
- **High Value Industries:** Seven high value industries are identified in the Regional Economic Development Strategy as platforms for growing the Sunshine Coast economy. The project will benefit and support the development of all seven high value industries, but in particular the tourism, sport and leisure industry and the aviation and aerospace industry:
 - **Tourism, Sport and Leisure:** Direct international linkages offers significant opportunities to grow the Sunshine Coast’s international business and leisure visitation, which is a very high value visitor market. Increased visitation and visitor spend in the economy will generate additional demand for a range of goods and services in the Sunshine Coast and broader economy.
 - **Aviation and Aerospace:** An opportunity exists to considerably expand the region’s aviation and aerospace industry to 2033, and create a significant aviation and aerospace industry hub. Domestic and international passenger and freight movements at the expanded Sunshine Coast Airport will be a catalyst to this growth. Growth opportunities include the areas of passenger services, helicopter engineering, advanced pilot training, aircraft engineering training, maintenance repair and overhaul and knowledge-based aviation technology, and will be supported by development/ expansion of two specialised aviation precincts – the Sunshine Coast Aerospace Precinct and Caloundra Aerodrome.
 - **Other Industry Impacts:** In addition to the above, the agribusiness industry will benefit through enhanced opportunities for export of fresh and perishable produce both domestically and overseas, the education and research industry and knowledge and business services industry will likely benefit from additional demand in the supply chain through growth in aviation and tourism demand, while all industries in the Sunshine Coast economy will benefit from improved accessibility to and from the Sunshine Coast, both domestically and overseas, reducing travel times and costs for business uses such as worker travel and rapid freight, and opening up new markets.
- **Local-to-Global Connections:** The Sunshine Coast Airport Expansion Project represents a critical piece of infrastructure in connecting the Sunshine Coast with domestic and international markets, opening up new trade opportunities and supporting the attraction of new international investment in the local economy. The project also provides an opportunity for the Sunshine Coast to tap into the high value international events market.
- **Investment in Talent and Skills:** The project will act to further enhance the Sunshine Coast’s attractiveness and appeal as a place to live, work and do business. The project will create job opportunities across many industries during construction and operation. Once developed, the enhanced accessibility to the Sunshine Coast, along with the significant investment being undertaken in the region in conjunction with the project

APPENDIX M

Additional economics information (continued)

*Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council*

(see 'Capital Investment' above) will likely result in businesses relocating to the region to take advantage of the high quality infrastructure and access to domestic and international markets. Reduced travel times and cost effective flights will also appeal to those seeking a residence with ready access to air transport to visit friends and family both domestically and overseas.

Table of Contents

DOCUMENT CONTROL	I
EXECUTIVE SUMMARY	II
TABLE OF CONTENTS	V
1. INTRODUCTION	1
1.1 BACKGROUND	1
1.2 PURPOSE OF THIS REPORT	1
1.3 APPROACH	1
1.4 GEOGRAPHIC SCOPE	2
2. PROJECT DESCRIPTION	3
2.1 DESCRIPTION	3
2.2 IMPLICATIONS FOR PASSENGER MOVEMENTS & VISITATION.....	3
3. ECONOMIC IMPACT ASSESSMENT	6
3.1 MODEL DRIVERS.....	6
3.2 MODEL RESULTS.....	9
4. SUPPORTING REGIONAL ECONOMIC GROWTH	11
4.1 LEADERSHIP, COLLABORATION AND IDENTITY	11
4.2 CAPITAL INVESTMENT	11
4.3 HIGH VALUE INDUSTRIES.....	12
4.4 LOCAL-TO-GLOBAL CONNECTIONS	14
4.5 INVESTMENT IN TALENT AND SKILLS	14
REFERENCES	15

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

1. Introduction

1.1 Background

The Sunshine Coast Airport is located at Marcoola, mid-way between Caloundra and Noosa. Sunshine Coast Airport is approximately 110 kilometres (km) north of Brisbane and a one hour drive from Brisbane's northern suburbs.

The Sunshine Coast Airport Master Plan was released in September 2007 and details the long-term strategic development objectives of the airport, as well as the work required to achieve these by 2020. This included identification of new runway options. The Sunshine Coast Airport Expansion Project (the project) is designed to provide a new runway capable of servicing Code E aircraft such as the A330, B787 and B777. The apron at the existing terminal is also proposed to be extended to accommodate Code E aircraft. The runway would also provide unconditional compliance with Civil Aviation Safety Authority (CASA) standards.

Sunshine Coast Airport lodged an Environmental Impact Statement (EIS) for the project in late 2014. The Queensland Government has requested additional information on aspects of the EIS, and Sunshine Coast Airport is currently in the process of preparing this additional information.

1.2 Purpose of this Report

This report is designed to address comments from the Queensland Government regarding the economic analysis undertaken as part of the EIS. Specifically, this report provides additional details regarding:

- Economic impacts of the Project.
- Additional investment/ economic activity that may occur as a result of the infrastructure upgrade – particularly focused on the tourism industry.
- Other broader economic benefits flowing from the Project.

1.3 Approach

Input-Output modelling has been used to quantify the direct and flow-on (indirect) impacts anticipated to result from the project. In understanding the drivers of economic impacts from the project, AEC Group Pty Ltd (AEC) has used information regarding the project and anticipated construction and operational implications for increased demand for goods and services outlined in the economic analysis conducted as part of the EIS (Sunshine Coast Airport, 2014).

Comparison with Economic Impacts Outlined in the EIS

Economic modelling undertaken and presented in this report presents different results to those outlined in the EIS, and should not be directly compared. Key reasons for the differences in results are:

- The Input-Output multipliers used in this study are developed based on national Input-Output transaction tables for 2009-10 produced by the Australian Bureau of Statistics (ABS, 2013), which are then regionalised to the relevant catchment areas outlined in section 1.4 using cross-industry location quotients and demand-supply pool functions. This approach to developing multipliers differs from the approach used in the EIS, and thereby produces different multiplier impacts.
- While the base assumptions used in this study are based on the assumptions outlined in the EIS (Sunshine Coast Airport, 2014), the manner in which they are applied in the modelling differs in some regards between the two studies. The model drivers used in this study and manner in which they were applied is presented in section 3.1. Refer to the EIS for details regarding model drivers and their application in the EIS.

1.4 Geographic Scope

Four geographic regions are examined in this report:

- **Sunshine Coast:** Encompassing the Sunshine Coast and Noosa Council areas.
- **Sunshine Coast Airport Catchment Area (Catchment Area):** Based on the catchment radius outlined on the Sunshine Coast Airport website (Sunshine Coast Airport, 2015), covering the area south to Strathpine, Tin Can Bay to the north, and west past Kilcoy. For the purposes of this study the Sunshine Coast Airport Catchment Area is assumed to cover the Sunshine Coast and Noosa Council areas as well as a range of Australian Bureau of Statistics (ABS) Statistical Area 2 geographies (SA2s).¹
- **Queensland and Australia.**

¹ Cooloola; Gympie Region; Gympie – North; Gympie – South; Kilcoy; Woodford – D’Aguilar; Bribie Island; Elimbah; Beachmere – Sandstone Point; Wamuran; Caboolture; Upper Caboolture; Caboolture – South; Dayboro; Morayfield; Morayfield – East; Burpengary; Burpengary – East; Deception Bay; Narangba; Dakabin – Kallangur; North Lakes – Mango Hill; Rothwell – Kippa Ring; Scarborough – Newport; Redcliffe; Margate – Woody Point; Clontarf; Petrie; Murrumba Downs – Griffin; Lawnton; Cashmere; Strathpine – Brendale; and Bald Hills.

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

2. Project Description

2.1 Description

The Sunshine Coast Airport is owned, managed and operated by the Sunshine Coast Council (Council). The airport typically services approximately 87,000 aircraft movements per annum comprising Regular Public Transport (RPT) and General Aviation (GA) activities. The airport terminal has capacity to service around one million passengers per annum. In 2012, just under 800,000 passengers were serviced from the terminal.

The proposed Sunshine Coast Airport Expansion Project (the project) will involve construction and operation a new runway (13/31) and associated infrastructure at the present airport site at Marcoola on the Sunshine Coast. The new runway forms part of the Sunshine Coast Airport Master Plan, which was endorsed and formally adopted by Council in September 2007.

The proposed project includes:

- A new 2,450 metre runway that will operate in an East/West direction. The runway will be 45 metres wide, and centred within a 300 metre wide runway strip.
- Upgrades to the existing terminal.
- Expansion of the RPT apron.

2.2 Implications for Passenger Movements & Visitation

Forecasts of passenger movements through Sunshine Coast Airport were developed and presented in the EIS (Sunshine Coast Airport, 2014). Three scenarios of forecast growth were developed, and the assumptions behind these scenarios are summarised in the dot points below:

- **Conservative Scenario:** Assumes continued lower than historic rates of economic growth in Europe and the USA; the China economy slows more dramatically than anticipated; continuation of a strong Australian dollar; ongoing financial and industrial relations issues hamper the ability of airlines to quickly respond to market forces; and other factors such as increasing fuel prices and major events such as financial crises or natural disasters impact on growth.
- **Baseline Scenario:** Assumes the economies of Europe and the USA return to rates of growth in line with historic trends; a slight weakening in the Australian dollar; expansion of low cost carrier services in Asia and Australia; Sunshine Coast's current development pipeline proceeds; demand for long distance commuter traffic grows and is captured through current charter operations as well as newly established RPT to destinations specialising in the resources sector; and long term expansion occurs in international services beyond New Zealand, to new markets in China, South East Asia and elsewhere.
- **Aggressive Scenario:** Includes similar assumptions as the baseline scenario, but these factors culminate in substantial increases in Sunshine Coast economic activity and growth. This includes significant positive implications for aviation demand from major local projects such as the Sunshine Coast Hospital, Maroochydore PRAC and other major projects.

A summary of the passenger forecasts across each scenario is presented in Table 2.1. This includes a comparison to a 'do nothing' scenario, in which no infrastructure investment into upgrading the airport is undertaken. For the purposes of the comparison the impact of the do nothing scenario is assumed to be a loss of services by Code 4C aircraft (B737, A320) to Sunshine Coast Airport. This assumption is made because:

- It denotes the risk to Sunshine Coast Airport arising from a lack of future investment.
- The risk to services remains as recent changes to CASA requirement regarding narrow runway operations now make individual airlines responsible for the management of narrow runway operations, rather than the airport and CASA's history of amending these regulations with great frequency over the past two decades.

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

- Without Code 4C operations the viability of RPT services to Sunshine Coast Airport would be questionable.
- The passenger numbers reflect turbo-prop services with Code B aircraft, typically of not more than 30 seat capacity.

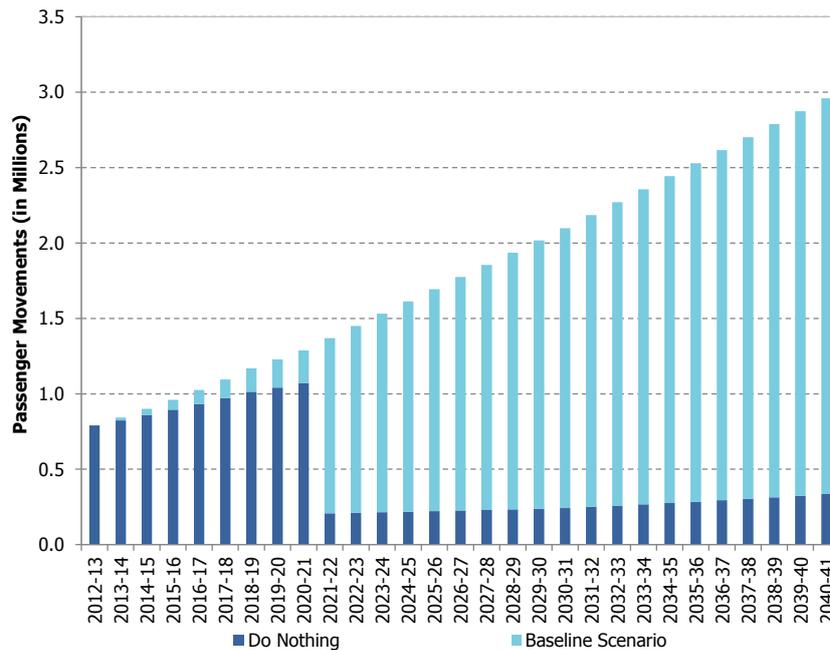
Table 2.1. Summary of Passenger Movements by Scenario

Impact	2012-13	2018-19	2020-21	2030-31	2040-41
Conservative Scenario	790,002	1,013,354	1,071,526	1,268,639	1,623,965
Baseline Scenario	790,002	1,168,449	1,288,215	2,098,367	2,959,954
Aggressive Scenario	790,002	1,185,580	1,332,118	2,385,620	3,704,795
Do Nothing Scenario	790,002	1,013,354	1,071,526	241,995	335,070

Source: Sunshine Coast Airport (2014).

For the study the baseline scenario has been compared to the do nothing scenario to identify the net additional passenger movements through Sunshine Coast Airport expected to be supported by the project. The baseline scenario is used in this assessment as this is considered to be the most likely of the three scenarios of growth. Figure 2.1 presents a comparison by year of projected passenger movements through Sunshine Coast Airport between the baseline scenario and the do nothing scenario.

Figure 2.1. Projected Passenger Movements at Sunshine Coast Airport, With Project (Baseline Scenario) vs Without Project (Do Nothing)



Source: Sunshine Coast Airport (2014).

Projections of the net additional passenger movements generated by the project are used to identify additional visitation induced by the project. The following assumptions are made:

- 50% of flights represent travel of people that reside in the Sunshine Coast Catchment Area (or nearby areas) either beginning their travel (outbound) or returning home (inbound). The other 50% represent visitors using Sunshine Coast Airport as an entry point for their travel (inbound), or as an exit point to either return home or travel to another destination (outbound).
- Each passenger typically has two flights – an inbound and outbound flight.

APPENDIX M

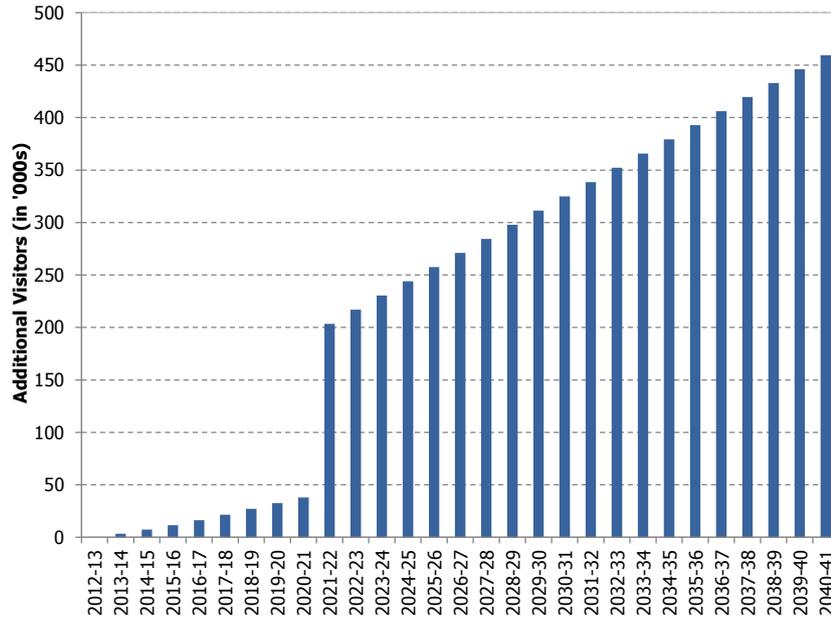
Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

- 70% of visitor growth due to the expansion would represent induced additional visitation (Sunshine Coast Airport, 2014), with the other 30% representing a transfer from another airport (e.g. Brisbane Airport).

The projected induced visitation due to the project based on the above assumptions is outlined in Figure 2.2.

Figure 2.2. Projected Induced Visitation Due to the Project, Baseline Scenario



Source: Sunshine Coast Airport (2014), AEC.

3. Economic Impact Assessment

Economic modelling in this section estimates the economic activity supported by construction and operational activity of the Sunshine Coast Airport Expansion Project.

Economic modelling results in this report differ to those outlined in the EIS, and should not be directly compared. See section 1.3 for additional details.

3.1 Model Drivers

3.1.1 Construction Phase Drivers

The project has construction activity planned to occur between 2014 and 2020. For the purposes of modelling and clarity of reporting, the construction phase has been examined in terms of economic activity supported overall rather than on an annual basis.

Not all activity will be undertaken within the Sunshine Coast, Sunshine Coast Airport Catchment Area, Queensland or Australian economies. For example, some professional services and marketing activities are likely to be sourced from interstate. The following assumptions regarding where relevant activity is anticipated occur and be sourced from were made and applied in estimating the economic impacts of construction.

Table 3.1. Location of Construction Phase Activity by Industry

Industry	Sunshine Coast	Catchment Area	Queensland	Australia
Location of Activity				
Heavy and Civil Engineering Construction	100%	100%	100%	100%
Construction Services	100%	100%	100%	100%
Non Metallic Mineral Mining	25%	35%	100%	100%
Structural Metal Product Manufacturing	100%	100%	100%	100%
Cement, Lime and Ready-Mixed Concrete Mftg.	100%	100%	100%	100%
Plaster and Concrete Product Manufacturing	100%	100%	100%	100%
Basic Chemical Manufacturing	100%	100%	100%	100%
Professional, Scientific and Technical Services	25%	35%	100%	100%
Finance	25%	35%	100%	100%
Transport Support services and storage	25%	35%	100%	100%
Public Administration and Regulatory Services	25%	35%	100%	100%
Source of Activity (i.e. Where Businesses Are Based)				
Heavy and Civil Engineering Construction	69%	73%	85%	87%
Construction Services	31%	40%	98%	100%
Non Metallic Mineral Mining	25%	35%	100%	100%
Structural Metal Product Manufacturing	76%	82%	92%	96%
Cement, Lime and Ready-Mixed Concrete Mftg.	66%	68%	78%	81%
Plaster and Concrete Product Manufacturing	66%	68%	78%	81%
Basic Chemical Manufacturing	75%	81%	91%	95%
Professional, Scientific and Technical Services	25%	35%	100%	100%
Finance	25%	35%	100%	100%
Transport Support services and storage	25%	35%	100%	100%
Public Administration and Regulatory Services	25%	35%	100%	100%

Note: For the purposes of modelling, it has been assumed construction companies and sub-contractors sourced from outside the relevant geography will contribute approximately one quarter (25%) of the level of Type I (production induced) flow-on activity within the economy that a locally sourced company does, and approximately 5% of Type II (consumption induced) flow-on activity. This reflects that construction companies working on site but sourced from outside the geography will contribute to local supply chains in terms of sourcing some goods and services they require locally (Type I), as well as spending some wages and salaries locally on items such as food and drink (Type II).
Source: Sunshine Coast Airport (2014), AEC.

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

3.1.2 Operation Phase Drivers

Key operational phase activities associated with the project will include additional operational activities of the Sunshine Coast Airport, as well as additional visitor spend resulting from induced visitation.

Facility Operation

It is estimated in the EIS the project will result in an increase in Sunshine Coast Airport operating expenditure of approximately \$7.3 million annually once completed and operational (Sunshine Coast Airport, 2014).

Induced Visitor Spend

Estimates of the amount of induced visitors attracted by the project are outlined in section 2.2. This represents not only the additional visitors to the Sunshine Coast, but also the additional visitors assumed to be attracted to Australia as a result of the project.

In estimating the induced visitor spend to the Sunshine Coast, Sunshine Coast Airport Catchment Area, Queensland and Australian economies, assumptions were developed regarding:

- The proportion of induced visitation that is domestic versus international visitors.
- Average spend per domestic and international visitor.
- The proportion of domestic and international visitor spend that is captured within the economies of each geography examined (Sunshine Coast, Sunshine Coast Airport Catchment Area, Queensland and Australia).

Data from Tourism Research Australia's (TRA, 2015) National Visitor Survey and International Visitor Survey were used to identify the typical proportion of domestic overnight versus international visitors to the Sunshine Coast, as well as their average spend. Based on this data, it is assumed around 92% of induced visitors will be domestic overnight visitors, with the remaining 8% international visitors.

National average expenditure by expenditure item for domestic and international overnight visitors in the 2014 calendar year (TRA, 2015) was used to understand the average spend per visitor. Some exclusions of expenditure items were made (e.g. expenditure on international and domestic airfares as this would likely be made outside the relevant economies). Average expenditure estimates per person by expenditure item were rounded to the nearest \$5, and are summarised in Table 3.2.

Table 3.2. Average Expenditure per Visitor by Expenditure Item

Industry	Domestic Overnight	International
Tours	\$30	\$100
Rental vehicles	\$15	\$65
Petrol	\$75	\$60
Vehicle maintenance/repairs	\$5	\$0
Motor vehicle purchase	\$0	\$100
Taxi and local public transport	\$15	\$100
Long distance public transport	\$5	\$15
Accommodation	\$170	\$680
Food and drink	\$190	\$795
Shopping / gifts /souvenirs	\$60	\$450
Entertainment	\$20	\$60
Gambling	\$5	\$20
Education fees	\$0	\$540
Convention / Conference/ Exhibition fees	\$5	\$20
Phone, fax & postage	\$5	\$45
Other expenditure	\$5	\$45
Total	\$605	\$3,095

Source: TRA (2015), AEC.

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

While the additional visitors induced by the project enter through Sunshine Coast Airport, it is reasonable to assume that not all of their expenditure will be captured within the local Sunshine Coast economy. For example, some visitors can be expected to take day trips to areas outside the Sunshine Coast during their stay, for some visitors (in particular international visitors) it can be expected the Sunshine Coast is one of a number of destinations they intend to travel to during their visit, and for some visitors it can be expected the Sunshine Coast will simply be a convenient entry point before travelling and visiting another region of Australia.

In order to accurately estimate the economic impact of induced visitor spend it is necessary to make assumptions regarding the proportion of expenditure, on average per visitor, reasonably expected to be captured within the economies of each geography examined (Sunshine Coast, Sunshine Coast Airport Catchment Area, Queensland and Australia). The assumptions used for domestic overnight and international visitor spend are outlined in Table 3.3.

Table 3.3. Economy in Which Visitor Expenditure is Captured

Industry	Sunshine Coast	Catchment Area	Queensland	Australia
Domestic Overnight Visitors				
Tours	60.0%	90.0%	100.0%	100.0%
Rental vehicles	100.0%	100.0%	100.0%	100.0%
Petrol	80.0%	90.0%	100.0%	100.0%
Vehicle maintenance/repairs	100.0%	100.0%	100.0%	100.0%
Motor vehicle purchase	100.0%	100.0%	100.0%	100.0%
Taxi and local public transport	80.0%	90.0%	100.0%	100.0%
Long distance public transport	60.0%	75.0%	90.0%	100.0%
Accommodation	90.0%	95.0%	100.0%	100.0%
Food and drink	90.0%	95.0%	100.0%	100.0%
Shopping / gifts /souvenirs	80.0%	90.0%	100.0%	100.0%
Entertainment	80.0%	90.0%	100.0%	100.0%
Gambling	80.0%	90.0%	100.0%	100.0%
Education fees	100.0%	100.0%	100.0%	100.0%
Convention / Conference/ Exhibition fees	100.0%	100.0%	100.0%	100.0%
Phone, fax & postage	90.0%	95.0%	100.0%	100.0%
Other expenditure	90.0%	95.0%	100.0%	100.0%
International Visitors				
Tours	30.0%	40.0%	75.0%	100.0%
Rental vehicles	70.0%	80.0%	90.0%	100.0%
Petrol	50.0%	60.0%	80.0%	100.0%
Vehicle maintenance/repairs	60.0%	70.0%	85.0%	100.0%
Motor vehicle purchase	50.0%	60.0%	80.0%	100.0%
Taxi and local public transport	50.0%	60.0%	80.0%	100.0%
Long distance public transport	25.0%	35.0%	60.0%	100.0%
Accommodation	60.0%	70.0%	85.0%	100.0%
Food and drink	60.0%	70.0%	85.0%	100.0%
Shopping / gifts /souvenirs	50.0%	60.0%	80.0%	100.0%
Entertainment	50.0%	60.0%	80.0%	100.0%
Gambling	50.0%	60.0%	80.0%	100.0%
Education fees	60.0%	70.0%	85.0%	100.0%
Convention / Conference/ Exhibition fees	60.0%	70.0%	85.0%	100.0%
Phone, fax & postage	60.0%	70.0%	85.0%	100.0%
Other expenditure	60.0%	70.0%	85.0%	100.0%

Source: AEC.

APPENDIX M

Additional economics information (continued)

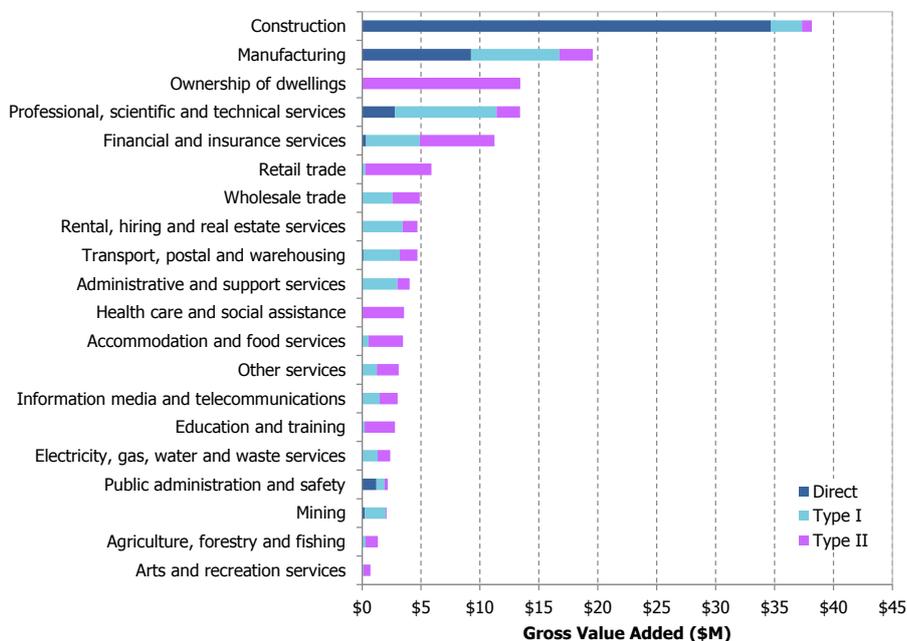
Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

3.2 Model Results

3.2.1 Construction Phase

A total of \$144.6 million in gross value added (GVA) activity is estimated to be supported within the Sunshine Coast economy over the construction phase (2014 to 2020) in total. A breakdown of GVA supported by industry in the Sunshine Coast economy during the construction phase (2014 to 2020 in aggregate) is outlined in Figure 3.1 below. Over \$35 million in GVA activity is estimated to be supported in the Sunshine Coast construction industry during construction, and almost \$20 million in GVA is estimated to be supported in the manufacturing industry. Over \$10 million in GVA is also estimated to be supported in the sector of ownership of dwellings and industries of professional, scientific and technical services, and financial and insurance services.

Figure 3.1. GVA Supported by Industry, Construction Phase (Total), Sunshine Coast (\$M)



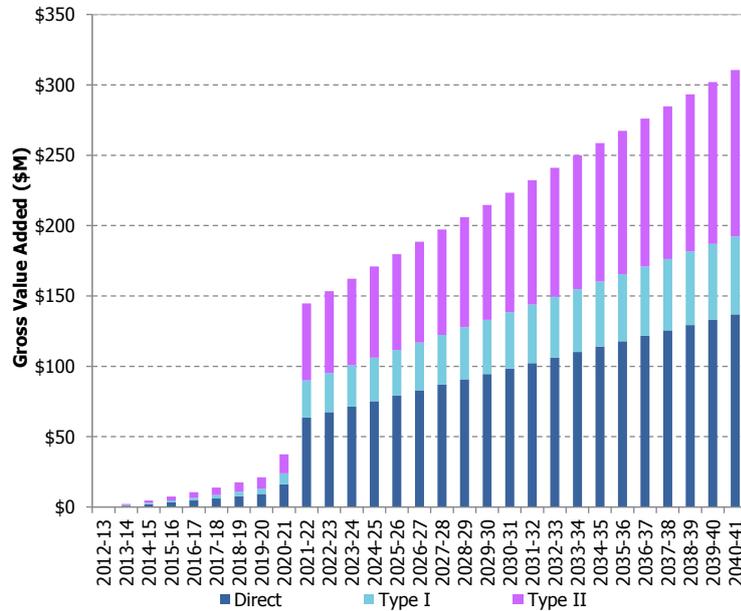
Source: ABS (2015), ABS (2013), ABS (2012), Sunshine Coast Airport (2014), AEC.

3.2.2 Operations Phase

Annual estimates of GVA supported in the Sunshine Coast economy by operations phase activity between 2012-13 and 2040-41 are presented in Figure 3.2. The figure highlights the significant step in economic activity supported by the project post 2020-21 that would be otherwise lost if the project does not proceed. By 2040-41, the project is estimated to support \$310.5 million in GVA activity within the Sunshine Coast economy (including direct and flow-on activity).

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

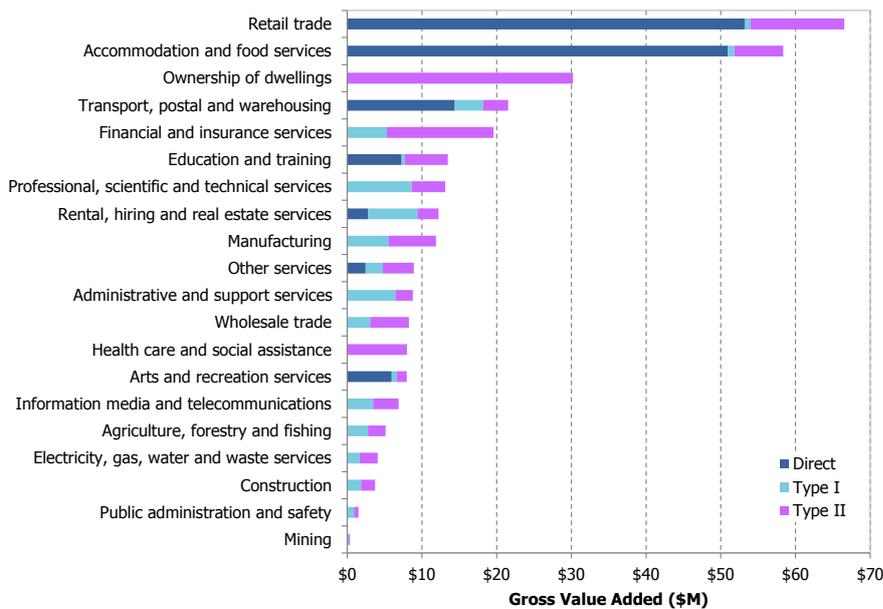
Figure 3.2. Annual GVA Supported by Operations Phase Activity, 2012-13 to 2040-41, Sunshine Coast (\$M)



Source: ABS (2015), ABS (2013), ABS (2012), Sunshine Coast Airport (2014), TRA (2015), AEC.

A breakdown of GVA supported by industry in the Sunshine Coast economy through operational phase activity in 2040-41 is outlined in Figure 3.3. Over \$50 million in GVA activity is estimated to be supported in the Sunshine Coast industries of retail trade and accommodation and food services, and more than \$20 million in GVA in the sector of ownership of dwellings and industry of transport, postal and warehousing.

Figure 3.3. GVA Supported by Industry, Operations Phase, 2040-41, Sunshine Coast (\$M)



Source: ABS (2015), ABS (2013), ABS (2012), Sunshine Coast Airport (2014), TRA (2015), AEC.

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

4. Supporting Regional Economic Growth

In addition to the economic impacts outlined in section 3, the project will represent key catalytic infrastructure to meet Sunshine Coast economic development and growth targets.

Sunshine Coast Council as part of its Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013) identifies four key targets to 2033:

- Growing to a \$33 billion economy.
- Increasing employment in high value industries.
- Increasing export revenues.
- Lifting the average household income to above the Queensland average.

To achieve these targets, five pathways are outlined:

- **Leadership, Collaboration and Identity:** Strong and collaborative leadership between government, business and industry, and a recognised, competitive regional identity.
- **Capital Investment:** Securing capital investment in regional infrastructure priorities and maximising the value of key economic infrastructure.
- **High Value Industries:** Attracting, growing and developing high value industries.
- **Local-to-Global Connections:** Positioning the Sunshine Coast as a competitive sources of goods and services in key national and global markets, with businesses that are export-ready and responsive to market forces.
- **Investment in Talent and Skills:** Attracting and retaining skilled workers to support the growth of high value industries, and providing a regional education and training system geared to the demands of the developing Sunshine Coast economy.

The Sunshine Coast Airport Expansion Project represents a critical piece of regional infrastructure that supports each of the five pathways to deliver upon Council's targets to 2033.

4.1 Leadership, Collaboration and Identity

The Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013) identifies the regional economic identity will "highlight the importance of developing national and global partnerships and a diversity of business and cultural outcomes". Development of the Sunshine Coast Airport Expansion Project will assist in delivering the reality of this regional identity by significantly enhancing connectivity between the Sunshine Coast and domestic and international markets and making these connections a physical reality.

The project will also represent an important, collaborative development between Council and the Queensland Government, supported by key aviation businesses and airport users.

4.2 Capital Investment

The Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013) identifies a number of 'game changer' major projects expected to have transformational impacts on the Sunshine Coast economy and represent catalytic developments to growth the region and meet growth targets. 'Game changer' projects identified in the Regional Economic Development Strategy 2013 – 2033 include the Sunshine Coast University Hospital, an expanded University of the Sunshine Coast (including a Business and Technology Precinct adjacent to the University), a new city centre in Maroochydore, upgrade of the Bruce Highway from Caboolture to the Sunshine Coast, and the Sunshine Coast Airport Expansion Project.

In addition to these 'game changers', Sunshine Coast Council is exploring the potential for an internet gateway providing a landing spot for a submarine telecommunications cable in

the Sunshine Coast, which will be a major drawcard for businesses and industries requiring very high speed internet access, as well as a light rail system between Maroochydore and Caloundra.

These projects represent the regional infrastructure priorities to support growth and meet economic growth targets. These projects also provide significant synergies, with the benefits of any one development magnified by the development of the others to provide a connected, innovative, high value economy. All of these game changing initiatives will be supported and enhanced by the project through the provision of improved connectivity with domestic and international markets.

4.3 High Value Industries

Sunshine Coast Council as part of its Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013) identifies seven high value industries that will be the platform for growing and diversifying the Sunshine Coast economy to 2033:

- Health and well-being services.
- Education and research.
- Tourism, sport and leisure.
- Knowledge industries and professional services.
- Agribusiness.
- Aviation and aerospace.
- Clean technologies.

The Sunshine Coast Airport Expansion Project has the potential to benefit and support the development of all seven high value industries, but in particular the tourism, sport and leisure industry and the aviation and aerospace industry.

Tourism, Sport and Leisure

The Sunshine Coast's tourism, sport and leisure industry is a significant feature of the regional economy. The picturesque coastal and hinterland attracts millions of visitors each year. Expansion of the Sunshine Coast Airport will act to significantly further bolster the accessibility of the Sunshine Coast and broader region's tourism appeal by providing direct connections to international markets as well as enhanced linkages to domestic markets.

Direct international linkages offer significant opportunities for targeted destination marketing to grow the Sunshine Coast's international business and leisure visitation, which presently lags the nearby Brisbane and Gold Coast markets (which have direct access to international markets). For example, in 2014, the Sunshine Coast attracted around 253,000 international visitors, representing around 8% of the Sunshine Coast's overall overnight visitor market (TRA, 2015). Sunshine Coast's international visitor market was around one quarter of Brisbane's 997,000 international visitors (which comprise approximately 16% of Brisbane's total overnight visitor market) and around 30% the Gold Coast's 847,000 international visitors (which comprise approximately 20% of Gold Coast's total overnight visitor market).

The international visitor market is a high value tourism market, with the typical international visitor spending around four to five times more on average per visitor than a domestic overnight tourist (as outlined in section 3.1.2). The economic modelling outlined in section 3.2.2 makes a highly conservative assumption that the proportion of international visitors remains at 8%. However, there is a strong likelihood the introduction of direct international flights will increase the proportion of international visitors, which would result in additional visitor spend being attracted to the Sunshine Coast and the broader regional economy as well as quite likely Queensland and Australia. If the proportion of international visitors were to double to 16%, this would increase the contribution of the project to Sunshine Coast GRP in 2040-41 by \$22.5 million, and employment by 274 FTE jobs.

Increased visitation and expenditure will generate additional demand for a range of goods and services, primarily in the industries of retail trade and accommodation and food services (as outlined in section 3.2.2), but also for a range of visitor experiences and

APPENDIX M

Additional economics information (continued)

*Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council*

services including entertainment, leisure, sport and recreation, as well as business meetings, conferences and events. This demand will support local businesses in these industries and enhance their growth potential and sustainability, and is ultimately likely to encourage and attract new investment in tourism related infrastructure and services to meet the needs of visitors.

Aviation and Aerospace

The Sunshine Coast is home to a thriving, diverse aviation industry encompassing training and education, manufacturers, freight operators, pilot training, project management companies, mechanical design, charter and emergency services, maintenance and overhaul facilities. The existing Sunshine Coast Aerospace Precinct provides prime airside and landside sites for smart and innovative aviation-related businesses including 35,000m² of hanger space, world class fully serviced facilities and best practice infrastructure solutions. A second precinct, Caloundra Aerodrome, is an important part of the Southeast Queensland general aviation network and accommodates approximately 20,000 aircraft movements per annum plus a diverse range of highly rated businesses.

Sunshine Coast Council has identified an opportunity to considerably expand the region's aviation and aerospace industry to 2033, and create a significant aviation and aerospace industry hub supporting not only the local economy but also exporting goods, services and knowledge/ training to support other regions in Queensland, Australia and potentially globally.

The ability of the regional economy to meet Council's expectations and goals for the growing aviation and aerospace industry is contingent on the delivery of an international gateway by 2020, which is part of the Sunshine Coast Airport Expansion Project. This will provide the platform for significant growth in the industry as a result of increased demand for passenger and freight services, and facilitating access to international markets.

Growth opportunities are forecast predominantly in the areas of passenger services, helicopter engineering, advanced pilot training, aircraft engineering training, maintenance repair and overhaul and knowledge-based aviation technology. Industry growth is underpinned and supported by a Master Plan to guide future investment and development, and will be facilitated by:

- Around 35,000m² of prime airside and landside sites available at the Sunshine Coast Aerospace Precinct, providing a unique competitive advantage of complementary investment opportunities.
- Caloundra Aerodrome will provide the opportunity to attract traditional general and recreational aviation businesses plus high value niche businesses complementing the existing industry cluster.

It is anticipated the project will represent a critical piece of enabling infrastructure to generate demand and attract aviation and aerospace industry investment to these two precincts, thus providing the Sunshine Coast (and Queensland) with a strong and sustainable, high value regional aviation and aerospace industry.

Other Industry Impacts

While the Sunshine Coast Airport Expansion Project is primarily expected to directly support the tourism, sport and leisure industry and the aviation and aerospace industry, other high value industries in the Sunshine Coast will also benefit:

- The **agribusiness** industry will benefit through enhanced opportunities for export of fresh and perishable produce both domestically and overseas, increasing potential markets and overall demand for products.
- The **education and research** industry will likely benefit from an enhanced aviation and aerospace and tourism, sport and leisure industry by creating additional demand for education and research services in these industries.
- **Knowledge industries and business services** will also likely benefit from expansion in the tourism, sport and leisure and aviation and aerospace industries, primarily through supply chain impacts as knowledge industries and business services supply goods and services to support growth.

- All industries will benefit from improved accessibility to and from the Sunshine Coast, both domestically and overseas, reducing travel times and costs for business uses such as worker travel and rapid freight, and opening up new markets.

4.4 Local-to-Global Connections

Sunshine Coast Council's Regional Economic Development Strategy 2013 – 2033 (Sunshine Coast Council, 2013) identifies connecting the Sunshine Coast with domestic and international markets as being vital to growing the economy. The Sunshine Coast Airport Expansion Project represents a critical piece of infrastructure in delivering this aim, as it will enable the long term provision of passenger and freight services domestically and internationally to access these regions and markets.

Direct international flights will significantly enhance the Sunshine Coast's exposure to international business markets, with greater accessibility for business-to-business travel, improved rapid freight options, direct exports (and imports) of goods, and an enhanced awareness of the region in international markets.

Provision of direct international flights could also lead to the attraction of greater international investment in the region, and also provide an opportunity for the Sunshine Coast to tap into the high value international events market.

4.5 Investment in Talent and Skills

Development, attraction and retention of skilled workers will be critical for the Sunshine Coast in order to meet Council's goals for growing the economy (Sunshine Coast Council, 2013). Key decision criteria for individuals and families regarding their preferred residential location often include items such as job opportunities, lifestyle, climate, local service and infrastructure quality, and accessibility to family and friends. The Sunshine Coast scores well in these criteria, and the Sunshine Coast Airport Expansion Project will act to further and significantly enhance many of these qualities.

First and foremost, the project will create job opportunities for skilled workers, primarily to support growth in the tourism, sport and leisure and aviation and aerospace industries directly related to additional passenger, freight and aviation cluster development, but also to support growth in other sectors as a result of flow-on activity generated by the project. The enhanced accessibility to the Sunshine Coast, along with the significant investment being undertaken in the region in conjunction with the project (see section 4.2) will also likely result in businesses relocating to the region to take advantage of the high quality infrastructure and access to domestic and international markets.

Additionally, as the digital economy expands and the need for centralised office locations diminish, there will be an increasing opportunity to attract and retain skilled workers residing on the Sunshine Coast and working remotely either from tele-hubs or from home offices. The project will improve the attractiveness of the Sunshine Coast as a residential location of choice for these workers by providing cost competitive business travel options with reduced travel times to meet their travel needs. Fast and cost effective flights will also appeal to those seeking a residential location with ready access to air transport to visit friends and family both domestically and overseas.

APPENDIX M

Additional economics information (continued)

Economic Assessment of the Sunshine Coast Airport Expansion Project
Sunshine Coast Airport/ Sunshine Coast Council

References

- ABS (2012). *Census of Population and Housing 2011 – Employment by Place of Work*. Cat. No. 2068.0. Australian Bureau of Statistics, Canberra.
- ABS (2013). *Australian National Accounts: Input-Output Tables – Electronic Publication, 2009-10 tables*. Cat. No. 5209.0.55.001, Australian Bureau of Statistics, Canberra.
- ABS (2015). *Consumer Price Index, Australia*. Cat. No. 6401.0, Australian Bureau of Statistics, Canberra.
- Sunshine Coast Airport (2015). *Sunshine Coast Airport Catchment Area*. Available from: <http://www.sunshinecoastairport.com.au/go.cfm/catchment-area>. Last accessed: 29 June, 2015.
- Sunshine Coast Airport (2014). *Environmental Impact Statement: Sunshine Coast Airport Expansion Project*. Available from: <http://www.statedevelopment.qld.gov.au/assessments-and-approvals/sca-expansion-project-eis-documents.html>. Last accessed: 29 June, 2015.
- Sunshine Coast Council (2013). *Sunshine Coast – The Natural Advantage: Regional Economic Development Strategy 2013-2033*. Sunshine Coast Council. Available from: <http://invest.sunshinecoast.qld.gov.au/sitePage.cfm?code=regional-economic-development-strategy>. Last accessed: 2 July, 2015.
- TRA (2015). *TRA Online Databases*. Tourism Research Australia. Available from: <http://www.tra.gov.au/tra-online.html>. Last accessed: 2 July, 2015.
- West, G. R. (1993). *User's Guide, Input-Output Analysis for Practitioners An Interactive Input-Output Software Package Version 7.1*. Department of Economics. University of Queensland, 1993.



Brisbane	Level 5, 131 Leichhardt Street Spring Hill QLD 4000	PO Box 942 Spring Hill QLD 4004	T +61 7 3831 0577
Darwin	Level 1, Paspalis Centrepoint Building 48-50 Smith Street Mall Darwin NT 0800	PO Box 942 Spring Hill QLD 4004	T +61 8 8943 0600
Melbourne	Level 13, 200 Queen Street Melbourne VIC 3000	PO Box 942 Spring Hill QLD 4004	T +61 3 8648 6586
Perth	Level 2, 580 Hay Street Perth WA 6000 Australia	PO Box 942 Spring Hill QLD 4004	T +61 8 6555 4940
Sydney	Level 3, 507 Kent Street Sydney NSW 2000	PO Box 942 Spring Hill QLD 4004	T +61 2 9283 8400
Townsville	233 Flinders Street East Townsville QLD 4810	PO Box 5804 Townsville QLD 4810	T +61 7 4771 5550
Bangkok	Level 11 Glas Haus Building 1 Soi Sukhumvit 25, Sukhumvit Road Wattana, Bangkok 10110 Thailand		T +66 2 402 8400
Shanghai	46F Hongkong New World Tower, 300 Huahai Road Central 200021 China		T +8621 6135 2310

www.aecgrouppltd.com