



30 November 2023

Director, Aviation White Paper Project Office
Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
GPO Box 594
CANBERRA ACT 2601

Dear Director,

Re: Submission to the Aviation Green Paper

I am writing to you on behalf of Sunshine Coast Airport Pty Ltd (SCA) to formally submit our response to the Aviation Green Paper. We appreciate the opportunity provided by the Department to contribute to this significant initiative.

Our submission, enclosed with this letter, outlines SCA's perspectives and suggestions on key issues and opportunities within the aviation sector. We believe that our insights, drawn from our experience as a rapidly growing regional airport, will be valuable in shaping the future of aviation in Australia.

SCA is committed to working collaboratively with the Australian Government and industry stakeholders to address the challenges and harness the opportunities presented in the evolving aviation landscape. We look forward to engaging in further discussions and contributing to the development of a robust and forward-looking Aviation White Paper. Additionally, I confirm SCA is happy for our submission to be made public, or published, in due course as part of this process.

Thank you for considering our submission. Please do not hesitate to contact us should you require any further information or clarification.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Mills", with a long, sweeping horizontal stroke extending to the right.

Chris Mills
Chief Executive Officer
Sunshine Coast Airport Pty Ltd



Sunshine
Coast
Airport

Sunshine Coast Airport Submission

Aviation Green Paper

November 2023



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1. Introduction – Sunshine Coast Airport (SCA)

Sunshine Coast Airport Pty Ltd (SCA) is located in the heart of the Sunshine Coast Region at Marcoola, Queensland, 100km north of Brisbane. The airport has been operational for more than 60 years and continues to be a critical part of the Sunshine Coast, Noosa Shire and wider community.

In December 2017, Sunshine Coast Council entered into a 99-year lease with Palisade Investment Partners (Palisade) to operate Sunshine Coast Airport Pty Ltd. Palisade entered into the transaction on behalf of its managed investors including its flagship Palisade Diversified Infrastructure Fund and Brighter Super Group (formerly LGIASuper, a 100 percent member-owned fund).

As the gateway to the Sunshine Coast, Noosa and wider regions, SCA is a pivotal point of access to South-East Queensland with a catchment that extends from the north of Brisbane to Bundaberg. SCA is a key enabler of the region's growth aspiration, supporting approximately 550 direct and indirect jobs and facilitating economic activity through the movement of passengers and freight.

The SCA catchment area of approximately one million is projected to grow by an additional 528,000 people over the next 23 years¹, and if migration numbers continue to exceed expectations, this figure would reasonably increase.

In FY23, SCA experienced significant record growth, recording 1.62 million passengers – a 29% increase on pre-COVID numbers, making SCA the fastest growing airport in Australia. In that time, the airport has grown the destinations it now services from 4 to 14, with plans to expand to more destinations, including additional international locations.

This growth is expected to continue with the airport forecast to facilitate more than 2.1M passengers by 2026, 2.6M by 2030 and 3.5M by 2040.

The airport's 2040 Masterplan² and the Queensland State Government's recent announcement to declare SCA a Priority Development Area (PDA), recognises the airport's strategic importance to the region. SCA is working closely with the Queensland Government through Economic Development Queensland (EDQ) and Sunshine Coast Council to plan the growth of the airport. This will create a modern and competitive airport that will deliver significant economic benefits to the region through new employment and business opportunities.

¹ https://planning.statedevelopment.qld.gov.au/__data/assets/pdf_file/0019/83242/seq-regional-plan-shapingseq-update-2023-high-res.pdf - Figure 4: SEQ's current and projected population

² <https://www.sunshinecoastairport.com.au/wp-content/uploads/2019/11/Sunshine-Coast-Airport-Master-Plan-2040.pdf>

As a major regional airport, SCA's continued growth and development will also be critical in delivering State and Federal Government policy and strategy. The Queensland State Government's bold overnight visitation expenditure (OVE) tourism targets and the delivery of the 2032 Olympic and Paralympic Games (further outlined in this submission) support the need for the airport to grow domestic and international capacity.

SCA welcomes the release of the Aviation Green Paper Towards 2050 and looks forward to engaging with the Australian Government and fellow industry participants throughout the White Paper process.

The White Paper offers an opportunity to set the aviation sector upon the path to meaningful change and presents an opportunity to create sustainable settings for a more productive and prosperous Australia.

2. Green Paper Topics – SCA's Views and Input

SCA's submission has been framed against the Green Paper's chaptering structure to capture subject specific views and insights where relevant to SCA or the airport/aviation industry more broadly.

3. Role of Regional Airports to 2050

As we approach 2050, the role and development of aviation will be pivotal, not just in connecting people and places but also in driving economic growth and fostering collaboration across our country and abroad.

One key aspect of this transformation is the increasing importance and role regional airports and the communities they service will be required to play. This is particularly true in respect to the national housing market which is placing unprecedented levels of stress on consumers and shifting the spotlight to the regions, as many simply will not be able to buy, or rent in capital cities if the trend continues.

The Sunshine Coast region was one of the fastest growing areas in regional Australia over the last three years growing annually at 2.3 percent over the period³.

There will be a need to place a greater focus on regional airports over the coming decades. These airports, often overshadowed by their larger capital city counterparts, face distinct opportunities and challenges including high barriers to entry in this evolving landscape.

Whilst regional areas face their own affordability and supply chain issues, Government policy settings need to ensure there is a strong focus on regional centres and the industries directly supporting these communities. Government at all levels need to continue to work with regional airports to best manage the changing future we find ourselves heading towards.

Rather than seeing regional airports as an additional cost to support, they should be viewed as an opportunity to unlock significant broader economic growth benefits.

³ Regional Population, 2021–22 | Centre for Population

4. Airlines, Airports and Passengers: Competition, Consumer Protection and Disability Access Settings

SCA supports a balanced approach to regulation in the aviation industry, emphasising the benefits of light-touch regulation. Excessive government regulation on any sector can often lead to unintended consequences, with such an approach likely to increase complexity in airport pricing and competition settings. This complexity does not necessarily translate into benefits for the industry or consumers. Instead, it can add layers of bureaucracy that hinder efficient operations and stifle innovation.

SCA is also committed to improving accessibility for all passengers, including those with disabilities. However, the financial implications of such improvements are often substantial. There can also at times, be a disconnect between airlines and airports on the responsibilities for the introduction of infrastructure that benefits the customer. This further supports the need for better partnership arrangements and funding accessibility for growing regional airports to work with government to implement necessary changes effectively.

Where improved facilities and services can be offered and catered for SCA is already doing so. Recently SCA was the first airport in Australia to install BindiMaps a digital accessible wayfinding solution to help passengers and visitors independently and seamlessly navigate the airport.

SCA believe ensuring accessibility is not just a regulatory requirement, but a commitment to inclusivity and delivering services customers deserve.

Lastly, in line with fostering competition and operational efficiency, SCA encourages the liberalisation and modernisation of the Slot Management systems at strategic hub airports such as Sydney. Efficient operations at major airports are crucial for the operational effectiveness of regional airports and can significantly influence their growth and service quality, particularly concerning 'On Time Performance', the rate of cancelled flights and the potential for additional flights.

5. Regional and Remote Aviation Services: Barriers and Opportunities

Aviation plays a crucial role in regional development, especially in servicing the needs of regional and remote communities. This includes providing access to essential services and addressing pressures upon State and Federal Governments to support and provide for regional Australians. The viability of regional air services is fundamental to the liveability of regional Australia.

The securing of Bonza airlines at SCA as their first hub in Australia will have bought 300,000 seats directly into the Sunshine Coast Region in the first year of operations. This partnership showcases the potential of regional airports in fostering economic growth and connectivity.

Regional communities across Australia are now connected better than ever before with eight of the Bonza routes brand new for SCA. In addition, the local community has directly benefitted through new employment and business opportunities.

SCA is serviced by nearly all major domestic airlines and has seen continued record monthly growth since COVID-19. This however is not without its challenges.

Regional airports like SCA face distinct challenges. Attracting new domestic and international services are a challenge due to initial low volumes, higher operational requirements and regulator costs (for example higher Airservices Australia costs due to economies of scale). In addition, SCA's designation as Restricted Use International Airport limits SCA's ability to effectively grow its international connections.

In addition, as a private company leasing the airport from the Sunshine Coast Council, SCA finds itself ineligible for Federal and Queensland Government infrastructure grants compared to other Local Government owned and regional airports.

SCA has demonstrated a commitment to investing in infrastructure and services for the benefit of the wider community. This has been demonstrated through progressive upgrades and developments of the airport, notably, in June 2020, the new 13/31 runway was opened as part of the Sunshine Coast Airport Expansion Project.

However, with the expected growth on the way, SCA would welcome the prospect of partnering with Government as other airports have done successfully, to expedite and truly capitalise on the transformational opportunities ahead.

SCA supports opportunities where government and the private sector can partner to fund investment that facilitates the faster implementation of projects that are essential for boosting regional growth and supporting government regional policy.

There needs to be a clearer and fairer pathway for all airports, regardless of their ownership structure, to access funds for infrastructure and development projects. Whilst in recent years there have been Federal programs to fund small regional sites and low value infrastructure, the medium sized and privately owned airports are excluded entirely.

In passing these observations and views, SCA aims to ensure that regional airports are well-equipped to contribute significantly to the growth and sustainability of the aviation sector in the years leading up to 2050.

6. Maximising Aviation's Contribution to Net Zero

SCA has made significant investments towards becoming a sustainable and environmentally responsible airport recording a 40% reduction in scope 1 and 2 emissions since 2012. This resulted in the Airport being the first in Australia to achieve "Level 3+ Neutrality" under the ACI Airport Carbon Accreditation management program.

To achieve these significant improvements in sustainability, SCA has invested in energy reduction, waste reduction, water and carbon offset initiatives and environmental management. The Airport increased the energy efficiency of its air conditioning systems and installed LED runway lighting to further reduce energy consumption. Potable water consumption was reduced by implementing urban sensitive land design for irrigation and by utilising harvested rainwater from the terminal roof in amenities and landscaping. SCA has invested in carbon offsets to negate any remaining carbon emissions.

In addition, SCA manages and protects 90 hectares of precious vegetation areas which are home to many vulnerable and endangered flora and fauna species.

At a broader sector wide level, SCA strongly supports the adoption of Sustainable Aviation Fuels (SAF) as a key strategy in the aviation sector's journey towards net zero emissions.

SAF offers numerous environmental benefits, including significant reductions in greenhouse gas emissions compared to traditional jet fuels. SCA is keen to facilitate the greater uptake and implementation of SAF and to support associated burgeoning industries, aligning with the broader sustainability goals of the aviation sector.

SCA is a strong advocate for a collaborative approach between the aviation industry, government, and research institutions to maximize aviation's contribution to net zero. By supporting the development of SAF systems and infrastructure and other environmental initiatives, we can ensure a sustainable future for the aviation sector and its stakeholders.

7. General Aviation (GA)

SCA acknowledges the important role of General Aviation (GA) in the broader aviation ecosystem, as highlighted in the Aviation Green Paper. GA activities at SCA encompass flight training, charter operations, and aeromedical services.

As the airport grows and aims to attract new domestic and international carriers, and with it, increased flight traffic, it is imperative to harmonise GA activities with broader airport operations, ensuring ongoing safety and efficiency for all users.

SCA's commitment to GA operators has seen the airport recently invest in airside infrastructure to support growth.

8. Fit-For-Purpose Agencies and Regulations

Under the existing regulatory frameworks SCA has experienced steady growth, maintaining functional and generally positive relationships with sector agencies. However, SCA concurs with the views highlighted in the Green Paper that these agencies' roles and responsibilities must evolve in response to emerging challenges and policy developments. It is crucial that any changes in regulatory frameworks are not unilateral and are communicated effectively and incorporate industry feedback to ensure their efficacy.

In terms of cost recovery more broadly, the proposed increases in ASA charges currently before the ACCC are significantly higher for SCA than those at major city airports. This discrepancy in costs, places undue financial pressure on a number of regional airports. The charges if approved, will escalate passenger costs at a higher rate for airlines servicing SCA which will not only directly impact passengers, but potentially impact the viability of services into the future. SCA seeks greater consultation on this issue.

SCA supports the introduction of biometric technologies and seamless passenger experiences across airports. However, this requires strong government leadership and a clear framework for implementation. The government should ensure there is minimal, or no funding gap, when introducing such policies, especially in areas like security enforcement equipment. SCA will likely be required to address a shortfall in government funding to meet previously announced requirements for enhanced security screening equipment.

Finally, airspace management is a critical area for SCA and while a challenge, we see it as an opportunity to partner with agencies to trial technology that delivers mutually beneficial outcomes.

Currently tower hours at SCA do not cover full operational hours, with SCA airspace converting to class G (uncontrolled) up to 4500ft outside of tower hours. Both IFR and VFR aircraft are permitted to fly in the airspace and neither require ATC clearance during these hours. ATC does not provide separation services in uncontrolled airspace, but instead provides a Flight Information Service and Traffic Information Service to aircraft flying on instrument flight rules and on request to aircraft flying on visual flight rules, with air traffic flying 4500ft being controlled by Brisbane Centre.

SCA is an ideal candidate to pilot technology programs, particularly those focusing on surveillance or remote tower services. Such technologies could significantly alleviate the challenges associated with limited Air Traffic Control (ATC) resources. By hosting these trials, SCA can not only contribute to the development of these technologies but also leverage them to improve operational efficiency and safety, aligning with our goal to be at the forefront of aviation innovation.

SCA welcomes the opportunity to partner with agencies to implement and trial digitalised tower solutions after existing work finishes with Canberra and Western Sydney Airports. This also extends to the Stage 1 Visual Surveillance System (VSS) trial. Solutions such as these could be game-changing for SCA in opening up our airspace, alleviating cost pressures, and delivering a better airport experience.

We would encourage State and Federal Governments to look to the regions when seeking to develop and deploy new technologies, as the benefits can be multiplied due to broader operational challenges.

9. International Aviation

9.1 Broader International Policy

International aviation plays a central role in the Australia's economy, fostering international trade, tourism, and cultural exchange. It acts as an artery for global connectivity, enabling countries to expand their economic and societal horizons. For SCA, international aviation is poised to be a key driver of regional growth and prosperity.

SCA is identified as one of Queensland's four gateway airports by Tourism and Events Queensland (TEQ), being key to its growth strategy. The airport is also one of three international gateway airports identified by the Queensland State Government to support the 2032 Olympic and Paralympic Games delivery. SCA's role in international aviation and its ability to grow international connectivity is crucial for supporting government initiatives tapping into new markets, enhancing tourism, and driving the local economy.

The "TEQ Blueprint: *A Plan To Support The Towards Tourism 2032 Strategy*",⁴ which aims to elevate Queensland's overnight visitor expenditure to \$38.5 billion by 2027 and \$44 billion by 2032 highlights SCA's fundamental role in boosting international and domestic connectivity. This strategy, which is one of various plans to grow the Queensland economy aligns with SCA's recent surge in Regular Public Transport movements, which has increased by over 29% from pre-COVID levels.

To this end, SCA continues to strongly advocate for the proactive expansion of Bilateral Air Rights Agreements, recognising their significant multiplier effects on local economies, tourism, and export sectors. The expansion of these agreements, particularly ahead of demand, is crucial for fostering international connectivity and economic growth. The "Regional Package" within these agreements, allowing unlimited international flights to regional airports, is especially vital for SCA. This policy not only diversifies our visitor base but also enhances the economic impact and resilience of international tourism and trade in our region.

9.2 Resourcing Related Matters

SCA is designated as a Restricted Use International Airport meaning SCA has to submit a detailed business case for every new international route proposed (currently only a seasonal service to Auckland is supported under the Agreement).

Given the role SCA will play in the government's tourism growth strategy and delivery of the 2032 Olympic and Paralympic Games, SCA would welcome a review of the current process.

SCA acknowledges the expansion of international services at major regional airports, requires corresponding increases in resources for essential services. The concern noted in section 11.4 of the Green Paper, under the heading "*Increased numbers of international airports place pressures on border agencies...*" discusses the pressures which the increasing number of international airports place on border agencies is cause for some

⁴ <https://teq.queensland.com/content/dam/teq/corporate/corporate-searchable-assets/industry/strategies/03102023teqblueprint.pdf>

concern. The language of this section and subsequent subheadings is sympathetic to the burden on border agencies but seems to overlook the benefits of increasing border agencies capacities and resourcing to meet demand and diversify our aviation system.

Whilst we appreciate the acceptance that the current arrangements may not be appropriate, and we agree with this, the Australian Government needs to consider increasing resourcing so as to not stifle regional growth and impede regions, states and the country from accessing the benefits of expanded international capability.

Due scrutiny should be applied to new airports seeking to enter the international market so border agencies are not drowned in servicing ports of no strategic or logical value. SCA welcomes such scrutiny as we believe it will demonstrate that our case is valid. Striking the balance between supporting the sector and encouraging new entrants with appropriate deployment and cost structures for border agencies, is going to be critical. We urge the Government to work with industry to generate efficiencies where possible.

10. Future Industry Workforce

While the geographical location and lifestyle opportunity is a talent attractor for SCA, the airport does find it difficult to attract skilled professionals across a range of fields. Attracting the right people with the right skills at the right time is crucial for innovation and maintaining competitiveness. A regional housing shortage driven by an increase in interstate migration to Queensland and the broader Sunshine Coast region, as well as cost of living pressures is creating barriers for potential employees to relocate to the region.

A recent Rental Pain Index report by property research and analysis firm Suburbtrends⁵ found that some Sunshine Coast residents are spending up to 60 per cent of their income on rent. All of these factors contribute to challenges in both maintaining and attracting the talent SCA will need as we continue to grow at such a fast pace.

SCA is currently reviewing its workforce strategies but acknowledges the view which is largely held across the sector with respect to improving and increasing career pathways. Various discussion papers and reports have highlighted the challenges of a depleted industry workforce coming out of COVID, with a range of professions and trades falling severely under the demand required.

A large percentage of job loss over recent years and current airport related job growth is particularly impacting workforce needs at airports. Whilst recovering, there have also been significant changes in operational needs in the specific areas of ground-crew and airport security.

The workforce landscape has undergone shifts, marked by retirements and diversification into alternative careers, leaving a skills gap, especially among the younger demographic (under 25) in airport employment. As airports embrace technological advancements like automation, digitalisation, and stringent compliance standards, there is a disparity in preparing and engaging the youth workforce to meet these evolving demands. The

⁵ <https://www.suburbtrends.com/media-centre/rental-pain-index-october-2023>

challenge intensifies as outdated regional airport facilities experience unprecedented growth against a backdrop of record-low unemployment, often in areas where skill shortages have been a prolonged issue.

A solution to addressing this multifaceted problem could be supported by a tailored qualification pathway designed for "airports" as opposed to the current generalised "aviation" focus. Creating government funded entry-level pathways aligned with specific qualifications would alleviate skill shortages across the industry, inject youth-based careers and likely improve diversity and inclusion at the same time. Notably, airport-related apprenticeships and traineeships, unfortunately, are not currently prioritised on the current Australian Apprenticeship Priority list⁶.

In summary, airport employment challenges require a strategic approach that recognises the unique needs of airport operations. Establishing targeted qualification pathways and integrating airport-focused apprenticeships and traineeships into national priority lists has become critical to bridging the existing gaps and support the industry against future workforce challenges.

⁶ <https://www.dewr.gov.au/skills-support-individuals/resources/appendix-australian-apprenticeship-priority-list>