

Sunshine Coast Airport Expansion

“Field of Dreams”

Presentation by ResDev

Sunshine Coast Airport Expansion

Background

- The Sunshine Coast Council has submitted an EIS to the Queensland Coordinator General for the expansion of the Sunshine Coast Airport (SCA) with a new, 2.45km, east west runway.
- ResDev, a subgroup of the Mudjimba Residents Association, has examined the EIS for the SCA Expansion and made submissions to the Coordinator General challenging a range of issues in the EIS.
- Following an assessment of the 986 submissions from the public (85% opposed to the Project), the Coordinator General sought additional information from the proponent and then public comment on the Additional EIS.
- The Coordinator General conditionally approved the EIS and AEIS in its report of May 2016.

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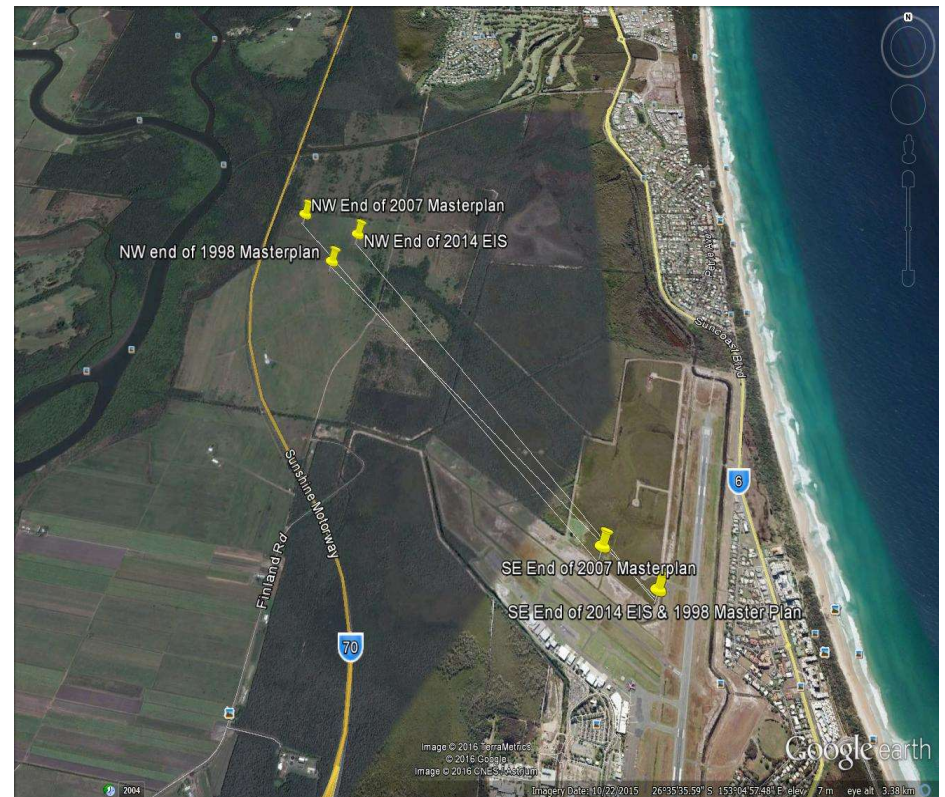
Some Facts about the existing SCA

- Main 18/36 runway - 1793m x 30m
Minor 12/30 runway - 695m x 18m
- Fully laden B737 and A320 aircraft can reach destinations on the east coast of Australia.
- The runway length can reduce outbound carrying capacity to Auckland and Adelaide (by 17%).
- Hence, the existing runway can service flights to 85% of the Australian and 90% of the NZ populations.



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- Since the airport opened in 1961 residential development in Mudjimba and Marcoola has avoided the flight path of 1230 east west runway (bearing 308 degrees true north).
- Through the mid 1980s to the 1998 Airport Master Plan the future east west (13/31) runway had a bearing of 316 degrees true north.
- The Maroochy 2000 Plan also indicated the bearing of the future 1331 runway to be 316 degrees true north.
- Council's draft 2006 Airport Master Plan recommended extending the 18/36 runway in preference to extending the 13/31.
- However, without community consultation, Council approved the 2007 Airport Master Plan with a future 13/31 runway, rotated 6.5 degrees, to 322.5 degrees true north.
- The 2014 EIS moved the 1331 runway 310m closer to Mudjimba on the bearing of 322.5 degrees, placing the flight path only 60m directly above Mudjimba homes.



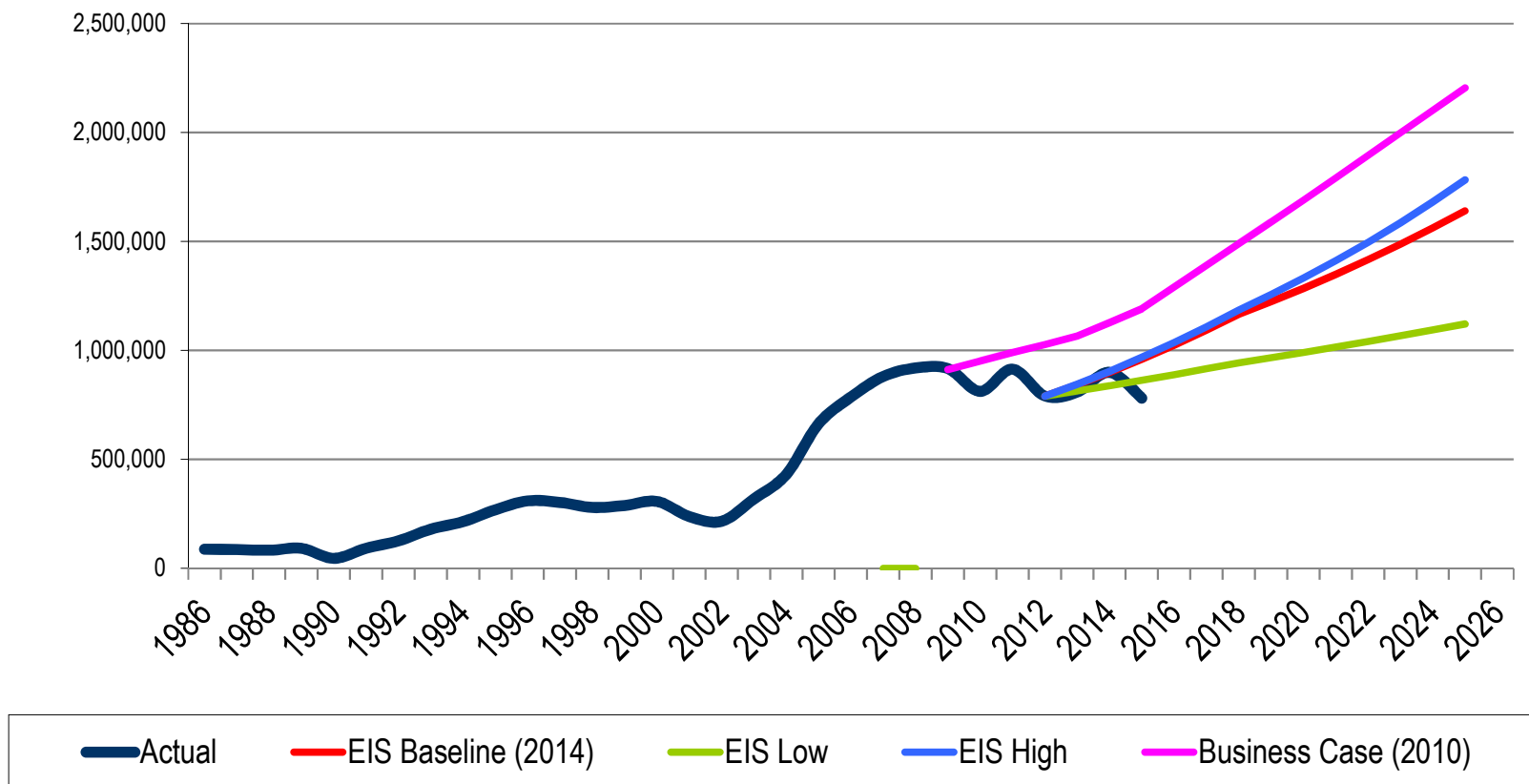
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EIS Projected Patronage, 2012- 2040

- The airport generated 808,983 passenger movements in 2012-2013. (in 2017 patronage had increased to 1mil pa)
- The EIS identified a high passenger growth rate of 5.7% p.a. and a low growth rate of 2.6% p.a., before adopting a baseline passenger growth rate of 4.8% p.a.
- Even the low growth rate of 2.6% p.a. fails to match the flat performance of the SCA since 2008.

Sunshine Coast Airport Passenger Movements

SCA RPT Passenger Forecasts



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Projected Patronage, 2012- 2040

- The Council's "build it and they will come" approach is from Hollywood's "Field of Dreams" and should **not** be the basis for a \$400m investment.
- The Mayor claims the airlines are queuing up to come to the SCA if we have the longer runway. Where are their letters of commitment ?
- The current airport services 85% of the Australian population and 90% of NZ population (but has performed poorly since 2008).
- It clearly has difficulty attracting custom locally, so what chance of attracting business from Asia?

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Projected Patronage, 2012- 2040

- The current operators, Jetstar and Virgin, have both expressed concerns about the need for SCA expansion.
- Virgin CEO, John Borghetti, does not support Council's proposed Sunshine Coast Airport expansion, and he questioned,

“why the region would spend millions on an upgrade when Brisbane airport was only an hour away.”

Mr Borghetti made it clear “Virgin had no need at this time to increase its services to the region”.

- Jetstar CEO, David Hall, told Council to exercise “economical responsibility and not to let regional airports turn into white elephants”.

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Economic Justification in the EIS

The EIS assessed a Benefit Cost Ratio (BCR) over an appraisal period to 2040, discounted to 2014\$.

- The EIS identified total benefits of \$411m and total costs of \$168m. These total benefit divided by total costs produced the EIS BCR of 2.45.
- The \$411m benefits were generated from the "baseline" patronage forecast (4.8% pa).

The EIS acknowledged that when the low growth rate of (2.6% pa) is used, the benefits fall to \$238m and the BCR falls to only 1.42.

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Economic Justification in the EIS (cont)

The total costs in the EIS of \$168m failed to include;

- | | |
|--|----------|
| 1. the construction risk contingency | - \$58m |
| 2. a double discount on the cost of the runway | - \$43m |
| 3. landside improvements (car parks and roads) | - \$20m |
| 4. dredging costs (post BAC's dredging) | - \$15m |
| 5. terminal expansion | - \$20m |
| 6. Principal's project costs | - \$90m. |

These \$251m of additional costs increase the costs in the BCR to \$419m.

With costs of \$419m (cost estimate submitted to Infrastructure Australia, 2010)

And \$411m benefits (4.8% pa growth rate), the BCR falls to only **0.98**, or

with \$238m benefits (2.6% pa growth rate), the **BCR falls to only 0.57**.

Investors must be very concerned by such a low BCR.

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Economic Justification in the EIS (cont)

- The “do minimum” option to only increase the width of the 18/36 runway to 45m was dismissed in the EIS for not accommodating the “Asian” aspiration of SCA (long haul B787 and A340 aircraft).
- The Brisbane and Gold Coast Airports prudently have both invested solely in their north south runways to satisfy their international markets, so why do we need the expensive 13/31 runway?
- Given the “Field of Dreams” patronage projections adopted in the EIS it may be more prudent to consider a strategy to stage the expansion of the SCA 18/36 runway.
- A more affordable option to “reach Asia” is to widen the 18/36 runway to 45m and extend it to 2250m (by diverting David Low Way) at an estimated cost of \$130m.
- With benefits of \$238m (low 2.6% p.a. growth rate), a 2250m long 18/36 produces a BCR of **1.83**. A more realistic approach to airport expansion.

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Economic Impact of the SCA Expansion on Sunshine Coast Ratepayers

- The Sunshine Coast Council with 126,579 rate payers generating annual revenue of \$174m and assets of \$4.14 billion, can borrow from lenders.
- In the last annual report it declared a debt to the QTC of \$224m.
(the interest repayment being approx. \$124pa per ratepayer)
- If Council borrows a further \$400m to build the new runway, the Council debt will triple to \$624m and the annual interest bill to \$44m.
(or \$344 pa per ratepayer, just to service the debt, not to pay it off).

Councillors claim that no ratepayer will be burdened by the borrowing. Can we be sure?

In 2007, Gladstone Regional Council (GRC) decided to invest \$70.5m (\$5.5m from Fed Gov) to expand the Gladstone Airport to meet the forecast future demand.

Unfortunately, the forecasts were inaccurate, leaving a considerable shortfall in the ability of the Gladstone Airport to fund their debt.

Gladstone Regional Council, the sole shareholder, had to assume responsibility and meet these obligations through rates increases.

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The East West Runway

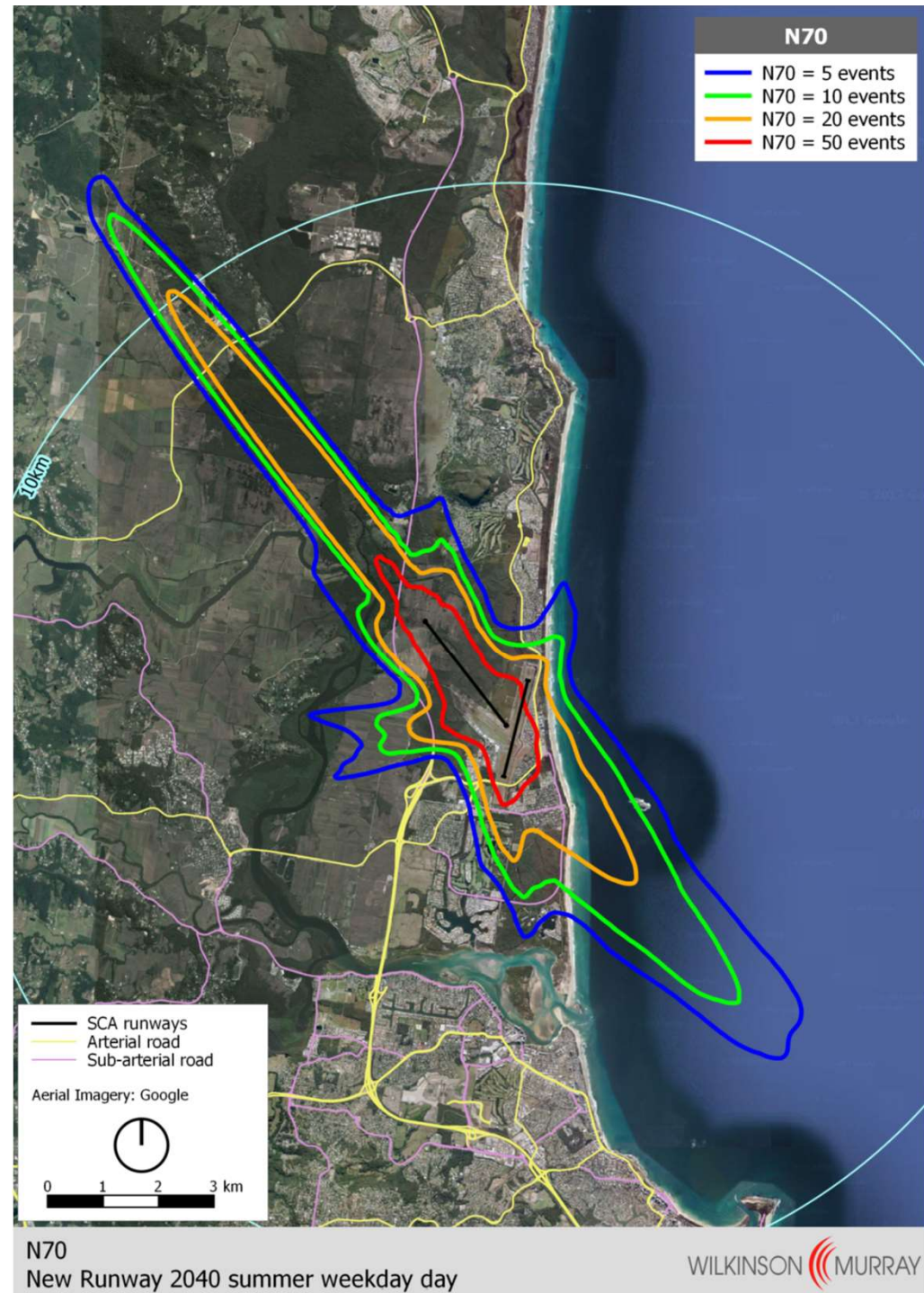
- The flight path from 13/31 will pass directly over a significant area of the built development in Mudjimba and adversely impact on most of the residences in the suburb (514 acknowledged in the EIS)
- In section 5.6.2.4 “Noise induced vibration”, the EIS concedes that;

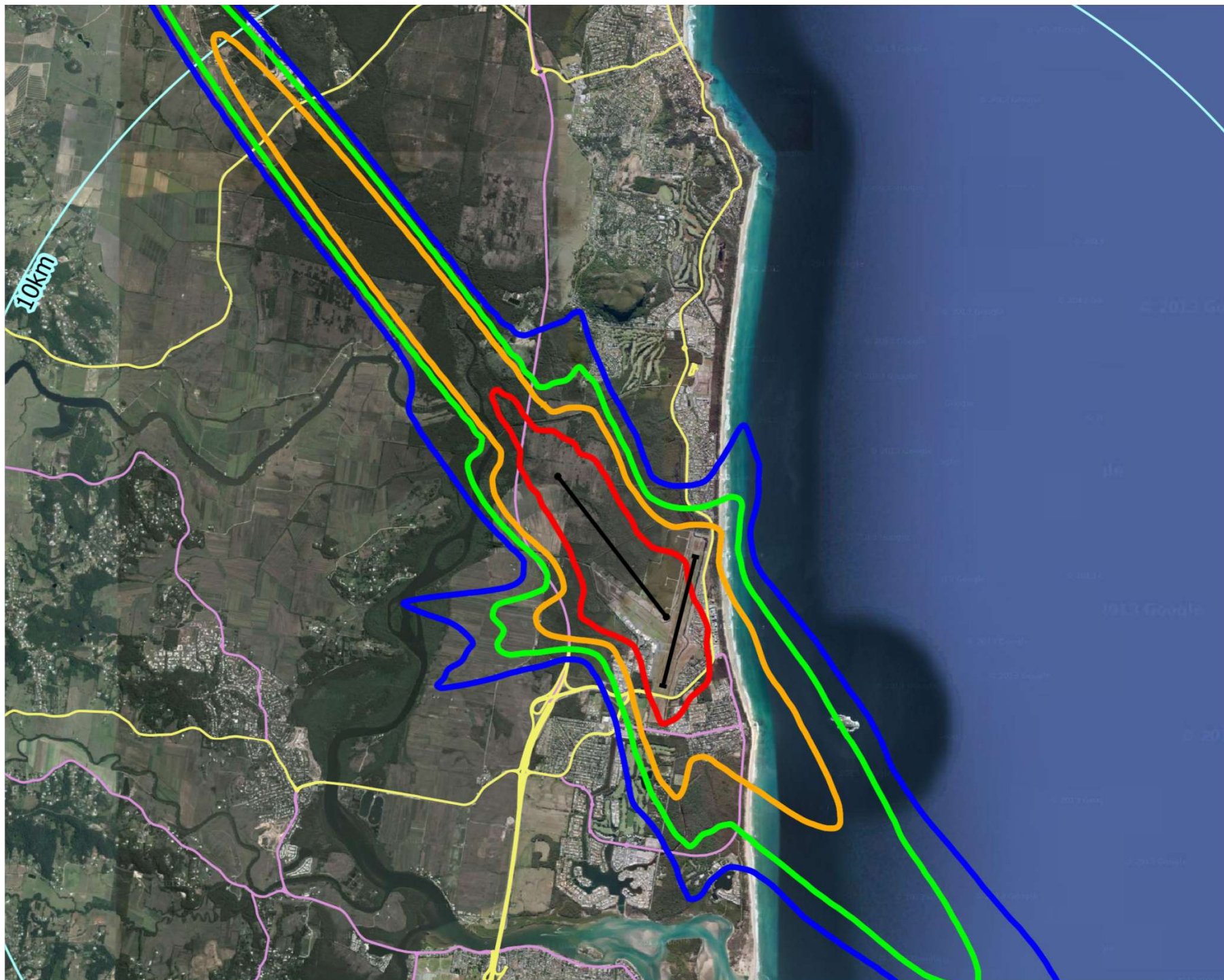
“with the new RWY 13/31, parts of Mudjimba and Marcoola immediately east of the new runway are predicted to experience noise levels exceeding 90dB(A) during departures and arrivals”.



Fig.D3:B-109

If you zoom in, Fig D3:B-109 shows that all of Mudjimba & South Marcoola will fall within the N70 > 20 events per day contour in 2040.





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The East West Runway

So what does the EIS offer to those effected residents?

- In 5.8 Mitigation, the EIS concluded that;

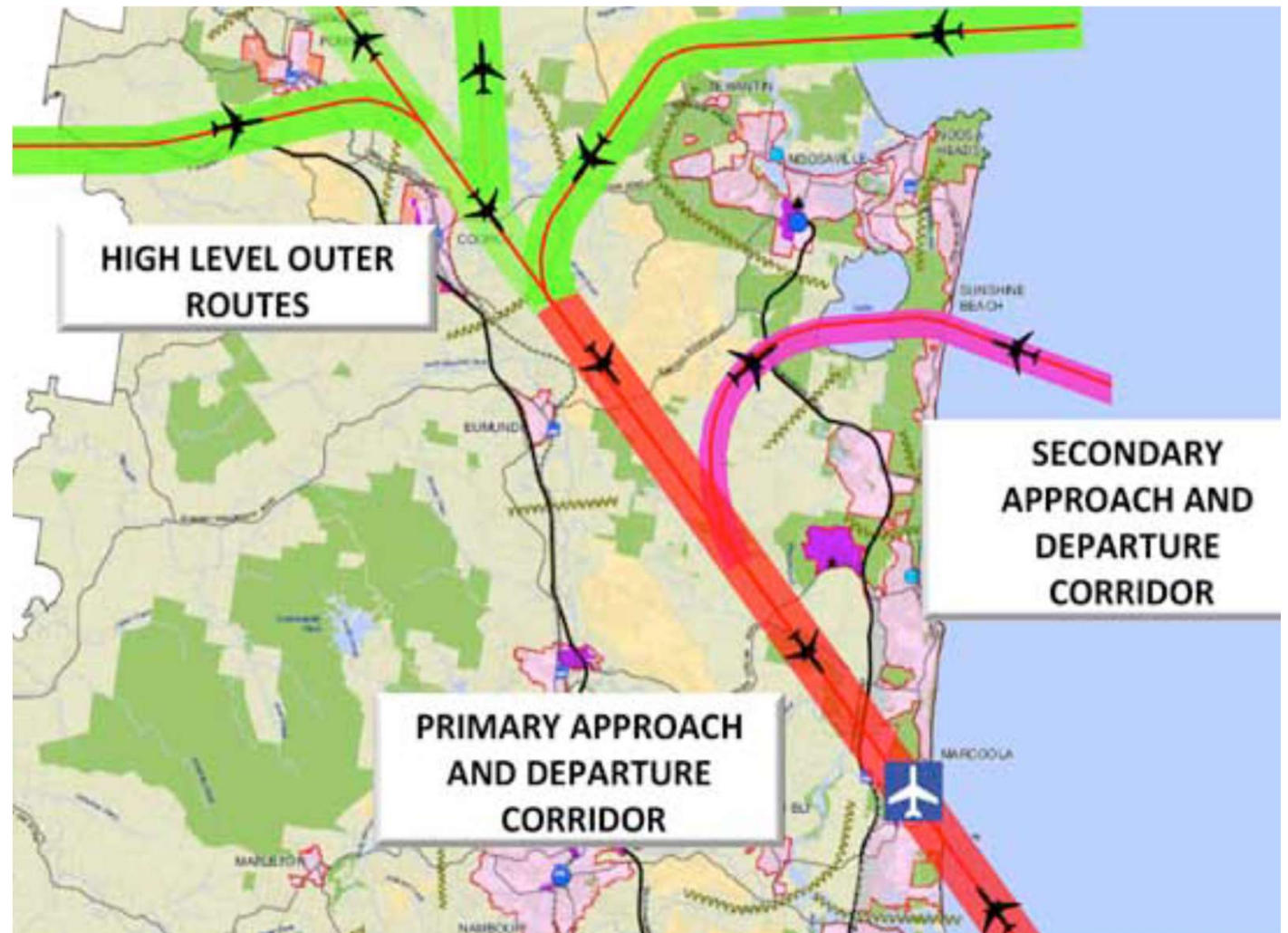
Changing the alignment of the main runway at SCA from the 1836 to 13/31 results in a significant reduction of the number of dwellings impacted by aircraft noise, therefore mitigating the impact of aircraft related noise associated with SCA.

Cool comfort for Mudjimba and Marcoola residents under the 13/31 flight path.

- Conveniently, the EIS focuses on a net benefit to local residents, and ignores the impact on those adversely effected by the 13/31.
- The EIS indicated that the 1836 runway would remain in use for light aircraft. However, under new ownership, in 2018 the SCA indicated that the 1836 runway will be **permanently closed by 2020**.

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The flight path from 13/31 will also effect residents under the approach flight paths to the north of the proposed runway.



Drainage Impacts

Existing flooding for a Q100 event indicates flood prone residential areas of North Shore, from Twin Waters to Yaroomba, to the east of the Motorway.

The Council should be planning works to improve the existing amenity of these areas (which do not satisfy current flood protection standards).

However, Council pushes ahead with the new runway, which will form a major barrier to the drainage paths, risking an increase in flood levels in these areas.



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The East West Runway (drainage)

- The existing suburbs of Mudjimba, Pacific Paradise and Marcoola are poorly drained, under protected from stormwater runoff and prone to local flooding during storm events.
- The location of the proposed runway will effectively dam any west and south bound drainage of water towards the Maroochy River.
- The EIS does acknowledge the vulnerability of this low lying area to flooding, but.... offers nothing to mitigate the threat.
- The EIS offers no mitigation to the potential impact that this barrier will have to the poorly drained residential areas to the east of the airport.

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Summary

- The patronage projections for the 13/31 runway are based on “the Field of Dreams” approach of Council and lacks evidence of demand.
- The flawed BCR exposes the weak Business Case to the risk of financial failure and the SCA will be the “white elephant” in SEQ.
- The “do minimum” option was dismissed prematurely and may be a more bankable approach to stage the airport expansion.
- The adverse impacts of the 13/31 runway have not been fully documented, or compared with other viable options such as the “do minimum” , or the 12/30 alignment.
- The 2014 EIS 13/31 runway alignment is rotated 14.5 degrees from the existing 1230 east west runway and 6.5 degrees since 1998 Master Plan.