



Caloundra Aerodrome Business Strategy



Caloundra Aerodrome Att 3 Business Strategy

August 2012

Table of Contents

Table of Contents	2
1 Executive Summary	5
1.1 Purpose of Business Strategy	5
1.2 Site	5
1.3 Business Objectives	8
1.4 Business Outcomes	9
2 Introduction	10
2.1 Purpose of Business Strategy	10
2.2 Context – the General Aviation History	10
2.2.1 Aviation Support Industries	11
2.2.2 GA Industry Drivers	11
3 Situational Analysis	12
3.1 Background	12
3.2 Site Characteristics	13
3.3 Current Utilisation	14
3.4 Surrounding Uses	15
3.5 Strategic Risks	16
3.6 Operational Risks	17
4 Business Objective	18
4.1 Regional Outcomes	18
4.2 Financial Objectives	18
4.3 Aerodrome Management	19
4.4 Operational Objectives – Aerodrome Regulatory System	20
4.5 Revenue Growth Objectives	20
4.6 Cost Management Objectives	21
4.7 Tenant Commercial Relationship and Customer Service Objective	21
5 Demand Analysis	22

Caloundra Aerodrome Att 3 Business Strategy

5.1	Aviation Demand	22
5.1.1	General Aviation Business Categories	22
5.1.2	Regional Demand	23
5.1.3	Operational Needs Identified By Existing Operators	24
5.1.4	Landside	24
5.1.5	Airside	24
5.2	Non – Aviation Property Demand	25
6	Supply Analysis	26
6.1	Aviation	26
6.2	Non Aviation	26
7	Infrastructure Analysis.....	27
7.1	Existing Infrastructure Asset Base	27
7.2	Airside Assets	27
7.2.1	Runways 05/23 and 12/30	27
7.2.2	Aircraft Apron	27
7.2.3	Runway Lighting	28
7.2.4	Navigational Aids	28
7.2.5	Security	28
7.3	Landside Assets	28
7.3.1	Pathfinder Drive	28
7.3.2	Henebery Place	28
7.3.3	Public car park	28
7.3.4	Public toilet	29
7.3.5	Drainage	29
7.3.6	Utilities	29
8	Opportunities and Constraints	30
9	Preliminary Financial Modelling.....	32
10	Consultation.....	35
11	Conclusion	36
12	Relevant Information/Studies	37
	Attachments.....	38

DRAFT

1 Executive Summary

1.1 Purpose of Business Strategy

The purpose of this Business Strategy is to provide the strategic direction to the future operation of Caloundra Aerodrome. The Business Strategy will provide the basis for the proposed Leasing Strategy and inform the forthcoming Aerodrome Master Plan.

1.2 Site

The 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.

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".



Figure 1 – Caloundra Aerodrome



Caloundra Aerodrome Att 3 Business Strategy

Table 1

**Summary of General Aviation Activities
occurring at Caloundra Aerodrome**

Site	Business/Activity	Site Area m2
A	Tadgell Aviation Services Pty Ltd	1862
B	Lester Neideck's Sunshine Coast Air Charter Warbirds Sunshine Coast Pty Ltd	2931
C	Freeflying Caloundra Suncoast Aero Engines Suncoast Air Parts	2200
E	BP Australia	825
G	Chopperline Flight Training Coastline Flight Training	1375
H	AMS - Aircraft Maintenance Specialists QAS - Qld Aviation Service	3025
I	Qld Air Museum	2 ha
J	Qld Institute of Aviation Engineering	2153
K	Australian Air Cadets Support Group Inc	4000
L	Heli-Centre Australia Pty Ltd Heli-Mods	1815
M	Westpac Lifesaving Helicopter Service	3003
N	Sunshine Coast Skydivers	1200
P	Heli-Centre Australia Pty Ltd	1469

Caloundra Aerodrome Att 3 Business Strategy

1.3 Business Objectives

The outcomes being sought from the development of Caloundra Aerodrome are:

- Diversification of the region's economy
- Support existing aviation businesses
- Facilitation and attraction of new businesses to the region
- Support of the Sunshine Coast's tourism industry
- Continuation of reasonable access for aviation-related community groups and, where appropriate, emergency services

These outcomes are consistent with the themes expressed in the SCRC Corporate Plan.



Caloundra Aerodrome Att 3 Business Strategy

1.4 Business Outcomes

Sunshine Coast Airport Management proposes to develop and operate Caloundra Aerodrome in an economically sustainable manner by applying Full Cost Pricing over time. This involves pricing the business activity on a commercial basis.

For the 2011-2012 Financial year, the Aerodrome is forecast to produce an operating deficit of \$381,447.

By the application of sound business practices it is forecast that Caloundra Aerodrome can provide an improved operating result in a relatively short time, whilst continuing to support regional economic diversity and new employment for our community.

Specifically it is proposed to undertake the following major initiatives to achieve a break even or better result:

- Develop an Aerodrome Master Plan
- Develop an approved Caloundra Leasing Strategy
- Leases to be negotiated at commercial market rates in accordance with the Strategy
- Introduce landing and parking fees for aircraft

- Provide sufficient leased land to manage the site to meet demand through:
 - the creation of an additional 6.8 ha of leasable land for aviation purposes (1.5 ha stage 1
 - where the purpose of additional leased land would not constrain aircraft operations, creation of leased sites for non-aviation purposes
- Establishment of an Aerodrome Consultative Committee



2 Introduction

2.1 Purpose of Business Strategy

The purpose of this Business Strategy is to provide strategic business direction to the future operation of Caloundra Aerodrome. The Business Strategy will provide the foundation for the proposed Leasing Strategy and inform the forthcoming Aerodrome Master Plan.

2.2 Context – the General Aviation History

The Queensland Government's SEQ Regional Plan articulates as one of its key policy statements that the State will support development of regional airports as significant economic and social links for regional communities.

Similarly, Council, through its Corporate Plan themes of "Robust Economy" and "Effective Business Management" has identified aviation as a driver of the regional economy. The development of Caloundra Aerodrome will contribute to the strength and diversity of the economy of the Sunshine Coast.

The Bureau of Infrastructure, Transport and Regional Economics within the Department of Infrastructure, Transport, Regional Development and Local Government, in its

2008 Statistical Report of General Aviation Activity defines General Aviation (GA) as "*all non-scheduled (non-RPT) flying activities other than flying activities performed by major Australian airlines*".

The categories of GA activity are:

- Aerial work – including survey, photography, spotting, stock mustering, search and rescue, ambulance, fire fighting, coast surveillance
- Agricultural aviation – operations involving carriage and/or spreading of chemicals, seed etc, including for the purpose of pest and disease control
- Business – flying by the aircraft owner, employees or the hire of the aircraft for business or professional reasons, but not directly for hire or reward



Caloundra Aerodrome Att 3 Business Strategy

- Charter – carriage of cargo or passengers on non-scheduled operations by the aircraft owner or employees for hire or reward
- Private – flying for private pleasure, sport or recreation
- Training – flying under instruction for the issue or renewal of a licence or rating or for conversion training or aircraft or type endorsement
- Test and ferry – flying associated with the testing of an aircraft or with its delivery or movement to another location for maintenance, hire or other planned use.

2.2.1 Aviation Support Industries

GA flying usually attracts a range of ancillary/support industries to aerodromes from which GA aircraft operate. Typical support activities include:

- Line service – fuelling and sale of lubricants
- Aircraft storage
- Aircraft maintenance – major repairs and reconstruction, minor repairs etc
- Engine maintenance
- Avionics – sales and service
- Aircraft sales and rentals

- Parts sales and service
- Flying instruction

2.2.2 GA Industry Drivers

A review of the state of the GA sector in SEQ was completed in 2007 (Rehbein AOS) to assess the needs and determine the likely infrastructure required to meet those needs. The report identified the following key industry drivers affecting the physical and geographical requirements for GA infrastructure in SEQ over the next 20 years:

- Aircraft maintenance – access to maintenance facilities
- International pilot training
- Private, business and charter flying
- Sports and recreational flying
- Helicopter industry – both training and maintenance activities
- The principal SEQ Airports of Brisbane, Gold Coast and Sunshine Coast will become increasingly harder for smaller GA operators to access

The report also confirmed that there would appear to be ongoing demand for commercial GA facilities in the Caloundra catchment area.

3 Situational Analysis

3.1 Background

The Caloundra Aerodrome was established as an aircraft landing ground in 1931. In 1978, the two runways were sealed and have been further upgraded catering for approximately 100 aircraft movements per day. 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. These studies looked at the Caloundra Aerodrome to establish the operational sustainability of the aerodrome, within the context of the Caloundra City Plan. These studies 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 by, and put at risk by urban encroachment. Subsequent studies have investigated opportunities for the relocation of Caloundra Aerodrome, with a preferred site being identified at Johnsons Road, located to the east of the Bruce Highway.

At its meeting on 19 August 2010, Council resolved that the existing site would be retained unless certain conditions in relation to the preferred site were met by the State. On 2 September 2010, the State announced it would not be meeting the conditions outlined by Council. Consequently, Council determined that the existing Caloundra Aerodrome site would remain as an operating aerodrome.



Caloundra Aerodrome Att 3 Business Strategy

3.2 Site Characteristics

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

The site is relatively flat and low lying with suitable foundations for a variety of uses. The site forms part of the Lamerough Creek catchment area for which a Management Plan was completed in 2003.

Whilst this Management Plan outlines remediation works to address flood risk and water quality issues, there are no specific requirements for the aerodrome site and there is an assumption that the aerodrome would not be expanded.

On this basis, any expansion of the site may require some reconsideration of this Management Plan.

Additionally, the former Caloundra City Council undertook a range of vegetation management and flood studies that identified approximately 5.6 hectares for potential development for additional aviation businesses.



Caloundra Aerodrome Att 3 Business Strategy

3.3 Current Utilisation

The aerodrome consists of 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 categorized under the Civil Aviation Safety Regulations as “Other Aerodromes – operations under proposed CASR 135”.

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.



Caloundra Aerodrome Att 3 Business Strategy

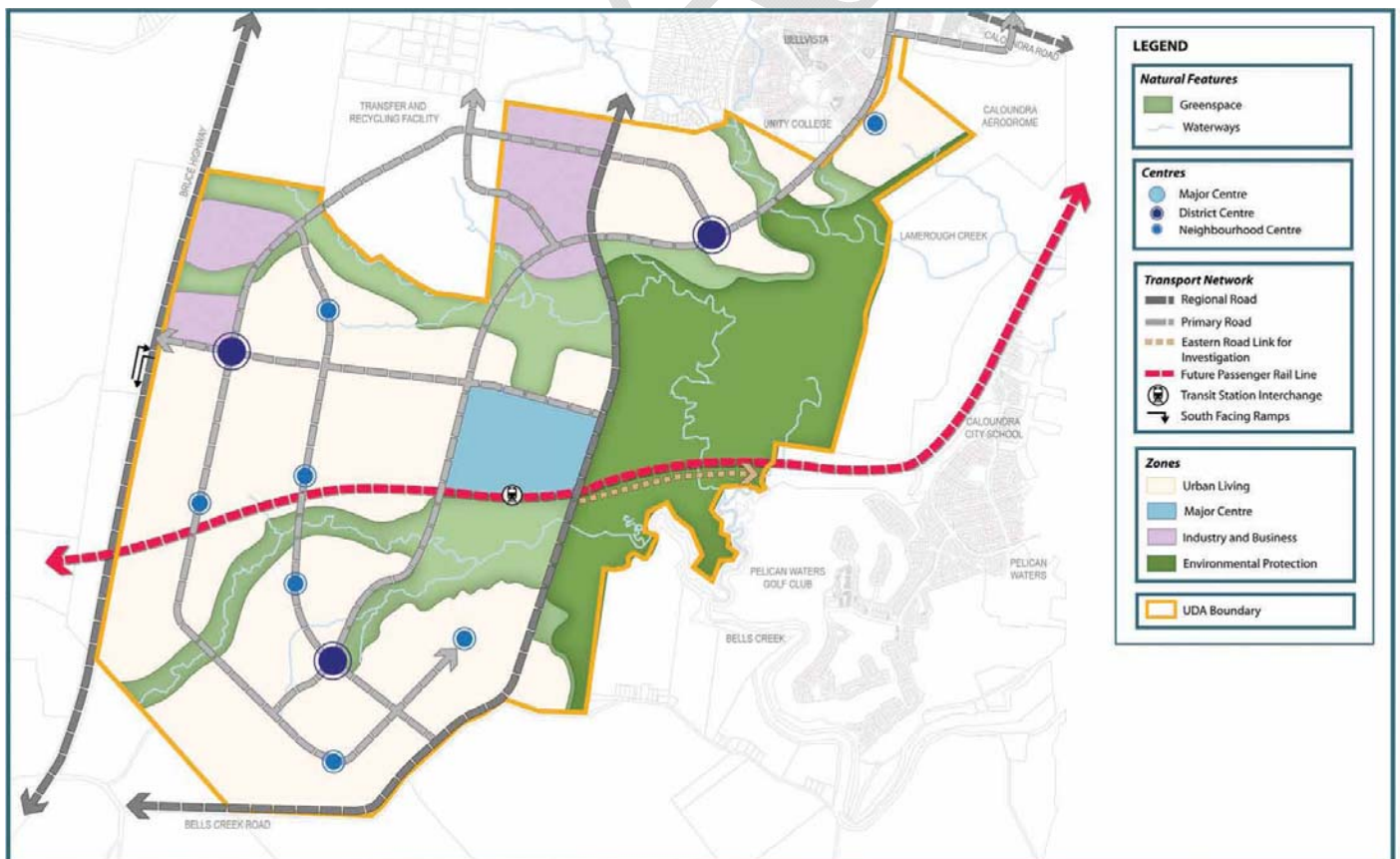
3.4 Surrounding Uses

To the north west of the site is the Caloundra West Industrial Estate which accommodates a range of industrial and commercial activities servicing Caloundra City.

To the east of the aerodrome is Duck Holes Creek Reserve which provides boardwalks across rehabilitated wetlands. Further east is a recreation reserve which accommodates sporting facilities and playing fields. This latter reserve adjoins a retirement village and residential development.

To the west of the site is the Bellvista residential estate, including the proposed Bellvista Stage 2 residential development which the Queensland Government's Urban Land Development Authority has recently approved.

To the south is the Caloundra South Urban Development Area, under the control of the Urban Land Development Authority, which includes the proposed development of approximately 20,000 dwellings over the next 30 years. A proportion of these dwellings will be affected by current and future operations at Caloundra Aerodrome.



Caloundra Aerodrome Att 3 Business Strategy

3.5 Strategic Risks

Airport Management recently commissioned a risk assessment, with the primary risk being assessed being the risk to aviation safety.

The primary concerns of strategic significance to the business are:

- exposure to liability due to regulatory compliance issues
- exposure to political risk and adverse community reaction as a consequence of State Government approvals for major residential developments adjoining and within close proximity to the aerodrome

With regard to the first of these, a priority treatment was the registration of the aerodrome under Civil Aviation Safety Regulation 1998 (CASR) Part 139 and in accordance with Manual of Standards 139 – Aerodromes (MOS 139). The risk assessment recommended that registering the aerodrome will bring a higher level of management and CASA oversight. It will also potentially highlight awareness of regulatory requirements and reinforce a required shift to a more safety conscious culture.

Whilst cognisant of the development approvals already in place, the most effective measure to reduce both current and future

risk exposure is to seek State Government endorsement to have this facility nominated as being of State Significance and subjected to the requirements of the *State Planning Policy 1/02 – Development in the Vicinity of Certain Airports and Aviation Facilities*. Determination of State significance is on the basis of a facility meeting one or more of a number of criteria, including whether the facility:

- is an economic or tourism centre
- is likely to influence major land-use decisions
- plays a key emergency services role

Management considers that the Caloundra Aerodrome would meet all three above criteria.

The most significant risk for the ongoing operation of Caloundra Aerodrome remains the encroachment of incompatible urban development. In particular recent state government approvals of residential development on land immediately adjoining the 12/30 runway and the proposed Caloundra South Development will place future residents in locations where the normal operations of the Aerodrome will cause disturbance.

Caloundra Aerodrome Att 3 Business Strategy

A number of actions are proposed to reduce this ongoing risk:

- continue to advocate the need for best practise noise attenuation in affected dwellings with Council and the State Government
- Seek state government cooperation to include Caloundra Aerodrome within the provision of State Planning Policy 1/02 – “Development in the Vicinity of Certain Airports and Aviation Facilities”
- Work with Council to ensure that prospective purchases and residents of dwellings within noise affected areas are made aware of the aerodrome and its operations

3.6 Operational Risks

The above-mentioned risk assessment also assessed operational risks within a safety context, measured in terms of harm to people and damage to property. Security was considered in terms of potential damage to property, risks associated with harm to the environment were also assessed.

The assessment found that a number of general areas of activity posed some level of risk to one or more of the dimensions of risk

mentioned above, including:

- Aircraft operations
- The surface of the runway strip and other non-movement areas
- Apron parking
- Fire safety, including storage of fuels, oils and other flammable substances
- Security

The assessment identified specific treatments for which implementation will be outlined in the forthcoming Master Plan.



4 Business Objective

4.1 Regional Outcomes

The outcomes being sought from the sustainable growth of Caloundra Aerodrome are:

- Diversification of the region's economy through growing aviation (in particular, general aviation) as a cornerstone industry cluster
- Facilitation and attraction of new businesses to the region – particularly given the shrinking opportunities for aviation infrastructure in the broader South East Queensland region
- Growth of the Sunshine Coast's tourism industry through the development of an iconic tourist attraction at the Air Museum
- Continuation of reasonable access for aviation-related community groups and, where appropriate, emergency services

These outcomes are consistent with the themes expressed in the Sunshine Coast Regional Council Corporate Plan.

4.2 Financial Objectives

Sunshine Coast Airport Management proposes to develop and operate Caloundra in an economically sustainable manner by applying Full Cost Pricing over time. This involves pricing the business activity on a commercial basis which will provide Council with the full cost of the provision of all goods and services, taxes and similar charges.

For the 2010-2011 Financial year, the Aerodrome has produced an operating deficit of \$106,465*.

NOTE: *\$115,000 for the completion of a Master Plan for the Aerodrome that has been excluded from this estimate due to its one-off project nature. Should this be included the projected deficit would be \$221,465 for 2010-2011.

By the application of sound business practices it is forecast that Caloundra Aerodrome can provide an improved operating result in a relatively short time, whilst continuing to support regional economic diversity and new employment for our community.

Caloundra Aerodrome Att 3 Business Strategy

Specifically it is proposed to undertake the following major initiatives to achieve a break even or better result:

- Develop an Aerodrome Master Plan
- Implement the approved Caloundra Leasing Strategy
- Leases to be negotiated at commercial market rates in accordance with the Strategy
- Introduce landing and parking fees for aircraft
- Establish an Aerodrome Consultative Committee
- Provide sufficient leased land to manage the site to meet demand through:
 - the creation of additional 6.8 ha of leasable land for aviation purposes (1.5 ha Stage 1)
 - where the purpose of additional leased land would not diminish Caloundra Aerodrome operations, creation of leased sites for non-aviation purposes

The latter initiative has the potential to create a more balanced revenue stream to off-set the sometimes variable revenue received

from aeronautical activity. Given the high fixed costs in maintaining the aerodrome, this structure will insulate the aerodrome somewhat from external influences affecting aircraft activities.

It is assumed that all land leased for commercial purposes on the aerodrome site will achieve market rentals. A Community Service Obligation for the commercial lease costs for the Queensland Aviation Museum, Caloundra Air Cadets Support Group Inc and Westpac Lifesaving Helicopter Service is anticipated. (See the Preliminary Financial Model at Section 9).

4.3 Aerodrome Management

It is proposed that the current management model for the aerodrome, that is that aerodrome be managed on behalf of Council by Sunshine Coast Airport, be continued.

It is not proposed to establish a separate Council business unit in the short term or at least until the initiatives discussed above have been fully explored.



Caloundra Aerodrome Att 3 Business Strategy

4.4 Operational Objectives – Aerodrome Regulatory System

The aerodrome is currently classified as an Aircraft Landing Area. As such it is the responsibility of the Pilot in Command to ensure that the aerodrome is suitable for their particular operation and is the lowest standard of aerodrome classification.

As indicated in Section 3.5, this situation has the potential to expose Council, as the operator of the aerodrome, to the consequences of an incident occurring at the aerodrome.

As a potential mitigating factor against risks and to optimize aviation safety on the aerodrome, Sunshine Coast Airport Management will implement a staged process to achieve certification under Civil Aviation Safety Regulation 139 – the first step being registration under CASR 139.

Whilst there are some costs involved in achieving certification (predominantly in the implementation of an accredited Safety Management System), those costs are considered acceptable, given that a similar system has already implemented at Sunshine Coast Airport.

4.5 Revenue Growth Objectives

- Aeronautical-specific Revenue – a sustainable level of revenue achieved through commercial aeronautical charging for aircraft landing and

- parking. Subject to Council acceptance of proposed landing and parking fees – see Attachment 2.
- Property and Land Development – increase the long-term sustainable revenue from land resources without compromising the primary aeronautical function and ensure compatibility with surrounding non-aerodrome land uses.
- Council at it's meeting of 7 December 2011 resolved to seek exemptions from the Minister for Local Government to enable the existing commercial leases at the aerodrome to be renewed without a public tender being called for each lease area. The outcome of the exemption request will determine the leasing strategy going forward. Recognising that the supply of apron frontage/airside land is a finite resource the objective of the leasing strategy will be to encourage the continuance of existing, and the establishment of new, aviation businesses.
- Revenue from leasing of land for non-aviation-related purposes – given that Caloundra Aerodrome is a Reserve under the *Land Act 1994* consideration has been given to the ability of Council, as trustee, to lease

Caloundra Aerodrome Att 3 Business Strategy

- part of the land for uses that may not be directly involved in the general aviation industry. Section 59 of that Act enables approval for such leases if the proposed use does not diminish the purpose for which the land was reserved
- The income from such leases would be utilised to enhance the development and operation of the aerodrome

4.6 Cost Management Objectives

- Capital Costs – A 10 year capital program as per Council requirements will be maintained. All projects will be supported by business cases clearly demonstrating cost/benefit and operational alignment to the Aerodrome
- Operating Costs – The cost effective management of maintenance and renewal of aerodrome assets to maintain the required regulatory level of services to the general aviation users of the facility

4.7 Tenant Commercial Relationship and Customer Service Objective

- Ensure a high quality of service to the General Aviation industry, aerodrome lessees and the regional community, built on commercially-driven mutual obligations and negotiations
- Strategies to foster this level of service include:
 - Establishment of a Caloundra Aerodrome Consultative Committee – and liaison with the existing tenants and business operators to develop a formal Terms of Reference for such a committee
 - Foster regular and open dialogue between tenants, business operators and Sunshine Coats Airport Management
 - Engage Council's Economic Development Section in providing assistance to current and future businesses

5 Demand Analysis

5.1 Aviation Demand

5.1.1 General Aviation Business Categories

The Queensland Government is promoting the state as a major aviation industry hub for the Asia-Pacific region. Whilst much of this growth is centred on repair, maintenance and overhaul support to military and large commercial aircraft, general aviation (GA) plays a significant role in the overall health of the aviation industry.

As indicated in the November 2008 draft report from Department of Infrastructure and Planning's *Replacement Aerodrome Study for Caloundra Aerodrome Phase One – Stages 1 and 2*, Caloundra is generally unsuitable for the establishment of major international pilot training facilities to the standard that will be required to attract students from the major Asian airlines.

Therefore, the primary General Aviation business categories that would be attracted to Caloundra in order to achieve the above objectives are:

- Aircraft maintenance – access to maintenance facilities, which in turn require suitably qualified personnel, is fundamental to GA operations
- Private, business and charter flying – the market for business and charter operations will continue. The study also found that private flying (although generally not commercially attractive for airport operators) may increase with an emerging demand for high-quality support operations as a result
- Sports and recreational flying – particularly in the provision of an accessible network of facilities throughout the SEQ region
- Rotary wing aviation industry – with the strength of this sector, there is significant potential for Caloundra to capitalize on its growth by supporting through the provision of a base for training and maintenance activity. Caloundra businesses currently provide helicopter training to State organisations from around the world and maintenance and overhaul services covering Queensland, New South Wales and a number of international customers

Caloundra Aerodrome Att 3 Business Strategy

5.1.2 Regional Demand

Across the SEQ region, studies over the past decade have indicated that there is sufficient demand to justify a dedicated GA facility on the basis of consolidation of some of the existing facilities.

In particular, regard has been had to the March 2007 report prepared by Rehbein AOS for the Queensland Department of Infrastructure, Review of the State of the GA Sector in SEQ, and the November 2008 draft report for the Department of Infrastructure and Planning – Replacement Aerodrome Study for Caloundra Aerodrome – Draft Report for Phases One-Stages 1 and 2 – draft prepared by GHD.

For the purposes of this high-level Business Strategy further detailed regional demand studies have not been undertaken, as the GA sector has remained relatively unchanged since these reports.

These studies identified that sufficient demand exists for further development of commercial general aviation facilities at Caloundra Aerodrome.

With the recent decision by both the Sunshine Coast Regional Council and the Queensland Government to retain the existing Caloundra Aerodrome site as an operating airfield, the option of consolidation of general aviation facilities (potentially Caboolture and Redcliffe), presents itself as

an opportunity to attract compatible businesses to Caloundra.

Both Caboolture and Redcliffe Aerodromes are experiencing pressure from competing urban land uses. In the case of Redcliffe the situation is further complicated by the changes to its operating airspace that will result from the new parallel runway at Brisbane Airport from 2018.

Specific studies have been commissioned in the past 12 months to prepare aircraft movement forecasts for Caloundra Aerodrome. The most recent, completed in April 2011 concludes that the aerodrome will grow organically to approximately 84,000 aircraft movements per annum by 2030 compared to around 40,000 movements per annum currently.



Caloundra Aerodrome Att 3 Business Strategy

5.1.3 Operational Needs Identified By Existing Operators

Uncertainty about the future of Caloundra Aerodrome has led business owners to defer decisions on major capital investment and tempered the potential for growth of a number of businesses at the airport. Discussions with existing operators have confirmed their desire to expand their businesses if sufficient security of tenure were to be provided. Several of the businesses indicated that they would seek to double their current operating areas. The opportunity for existing business operators (who for the most part are not lessees) to secure long term tenures will depend to some extent upon the outcome of the request exemption to the public tendering requirements discussed in Section 4.5.

5.1.4 Landside

Three of the four landside lease areas are currently occupied by community based organisations. At its meeting of 7 December 2011, Council resolved to “authorise the Chief Executive Officer, on behalf of Council to enter into leases with Queensland Air Museum, Surf Lifesaving Queensland and with respect to the Caloundra Air Cadets: the Department of Defence. The lease conditions are to include a nominal rental and be otherwise consistent with Council’s usual practices with regard to the leasing of land to community groups”.

Management support the continuation of support for these organisations and in particular recognise the opportunity for the QAM to become an iconic tourist attraction for the region.

The fourth airside lease area is currently leased commercially as a skydiving centre. This area, known as lease area N, is subject to Council’s resolution with respect to seeking an exemption to the tendering process.

5.1.5 Airside

Airside leases are due to expire in December 2014.

Preliminary discussions with the existing operators indicate a spatial requirement of approximately 13,000m² of floor space. With a likely achievable site coverage of 60%, this would translate to an area of approximately 21,500m² of land required for leasing to airside operators.

The total area of land that is currently available for airside commercial leasing is approximately 17,655m², leaving a shortfall of approximately 4,000m².

It is acknowledged that no firm commitments have been made to lease land at Caloundra

Caloundra Aerodrome Att 3 Business Strategy

Aerodrome other than by some of the existing lessees who seek to have existing leases renewed or extended. There is therefore some risk that the projected demand for additional lease areas may not be realised. Given the demand analysis discussed earlier in this paper the risk that developed land will remain vacant for an extended period has been judged as unlikely. The risk can be further mitigated by staging the tender and land development processes so that “new” land would not be developed until “existing” land was fully subscribed.

5.2 Non – Aviation Property Demand

During Council’s investigations and planning in relation to the former CalToc proposal, demand for a range of potential business-oriented land uses within the aerodrome’s locality was established. Further, Council’s Economic Development Officers have indicated that a demand for land to support

‘high-end manufacturing’ purposes, (businesses that require spaces comprising a mix of corporate offices/boardrooms accompanied by large span industrial buildings) exists within the locality of the aerodrome.

These activities are appropriate land uses in the vicinity of an aerodrome, were contemplated within the CalTOC proposal and would provide an additional revenue stream to support the aerodromes aviation activities.

Preliminary investigations indicate that an area of approximately 8.5 hectares would be available for such purposes in the south eastern corner of the site subject to vegetation management issues and detailed analysis of recently completed flood modelling. This part of the site would also be well placed to be serviced by public transport on the CAMCOS corridor should it ever eventuate.



6 Supply Analysis

6.1 Aviation

As outlined in the previous sections, there is a shortfall in the current supply of airside land available for leasing to the existing operators of approximately 4,000m². To satisfy this immediate shortfall, there is a requirement for an expansion of the existing airside lease area. Figure 2 indicates an area identified by the former CCC as the most appropriate site for airside expansion. This site would yield about 1.5 ha in net lease area and remains the most appropriate site to extend the airside lease areas, subject to a detailed assessment. The Master Plan identifies further development opportunities for aviation related lease sites in later stages of the aerodrome's development.

6.2 Non Aviation

Preliminary investigations indicate that a potential 8.5 hectare site may be available for non-aviation property leasing purposes on the eastern boundary of the aerodrome to supplement the aeronautical revenue of the aerodrome.

Caloundra Aerodrome's current positioning in the property development cycle to-date has been focussed on the GA property market, with minimal property risk, as lessees develop the sites to satisfy their respective business requirements.

The development risk on non-aviation property has yet to be fully investigated and will be subject to the results of a detailed demand analyses to determine the level of development risk exposure that Council may be willing to accept.



7 Infrastructure Analysis

7.1 Existing Infrastructure Asset Base

The existing aerodrome asset base includes both airside and landside assets.

7.2 Airside Assets

The principal airside assets are described as follows:

7.2.1 Runways 05/23 and 12/30

Runways 05/03 and 12/30 are both 795m in length, 18m in width, in good condition and are suitable to meet the needs of the current aerodrome users in the short to medium term. There is potential to extend the 05/23 runway to enable code B operations, and whilst this extension is not proposed in the short or medium term, the potential should be recognised and protected.

7.2.2 Aircraft Apron

The apron is contiguous to the lease areas and is capable of accommodating up to 30 light aircraft and / or helicopters. A secondary natural surface apron is located abeam the northern end of the sealed apron.

The apron and apron edge taxiways are in reasonable condition. Some pavement restoration will be required within the next 2 years in the southern apron parking area.

The natural surface apron is unusable for a significant part of the year due to water logging and it is proposed to gravel this in the short term.

The capacity of the apron is insufficient to meet current requirements and provides a challenge for aircraft maintenance organisations to park aircraft awaiting maintenance. This situation is exacerbated to some extent by the location of the fuel bowzers and the long term parking of unserviceable aircraft.

It is proposed to take the following actions to address the capacity and efficiency of the current apron:

- (a) investigate the relocation of the refuelling facilities
- (b) introduce aircraft parking charges
- (c) reconfigure the apron parking and taxiways within the existing sealed area
- (d) upgrade the existing natural surface apron to gravel apron

Caloundra Aerodrome Att 3 Business Strategy

7.2.3 Runway Lighting

Pilot activated runway lighting is provided on the 05/23 runway for night time operations. No augmentation of this system is currently proposed. The system would be extended in the future to compliment any extension of the 05/23 runway.

7.2.4 Navigational Aids

Caloundra Aerodrome is not equipped with navigational aids. The aerodrome has two illuminated windsocks which are considered adequate to meet short and medium term needs.

7.2.5 Security

The airside area of the aerodrome is suitably fenced with access controlled by locked vehicle gates and keypad operated pedestrian gates. The gates and fencing have been substantially upgraded in the past 2 years and are considered appropriate for the security needs of the aerodrome. The extensive length of the fencing, at approximately 5.3 km, does mean that the maintenance of the fence requires ongoing resources.

Closed circuit television cameras have also been installed to assist in the investigation of any security breach. The cameras focus upon the apron and taxiway to runway 05/23.

7.3 Landside Assets

7.3.1 Pathfinder Drive

Pathfinder Drive as it occurs within the boundaries of the aerodrome is not a dedicated public road. It remains part of the reserve for landing ground.

The road is in reasonable condition with some localized failures of the pavement at heavily trafficked turning points on a number of the driveway crossings.

The kerb and gutter on both sides of the road is in good condition with a small number of minor localised repairs needed.

7.3.2 Henebery Place

Henebery Place requires resealing for approximately 50% of its length (the eastern end). Kerb and gutter is only provided on the southern side of the road.

7.3.3 Public car park

The sealed public car park accommodates approximately 30 vehicles. The car park, if it is to be retained, requires resealing as the existing surface has begun to deteriorate. No line marking to delineate parking spaces is present.

Caloundra Aerodrome Att 3 Business Strategy

7.3.4 Public toilet

A brick public toilet block with separate male and female facilities is provided. The building appears to be well maintained and in an acceptable condition. It is noted that some attempt has been undertaken to make the building wheelchair accessible. However, the gradient of the existing concrete ramps, the lack of a pathway to the car parking area or 'pram crossings' through the kerbing that surrounds the car park would likely render the facility non-compliant from a Disability Discrimination Act perspective.

7.3.5 Drainage

The drainage system existing at Caloundra Aerodrome consists of a mixture of piped and open (some lined, some unlined) drainage lines. Drainage has been included as a landside asset purely as a convenience, as it is readily apparent that the drainage network crosses the landside/airside boundary in many locations.

Only a cursory examination of the drainage network has been carried out to date.

It is known that whilst the runways remain above the Q100 level that there are nuisance flooding events associated with the taxiway and grass areas adjacent to the existing aircraft apron become unusable for even light aircraft after relatively minor rain events.

The open unlined drainage channel that crosses under the south western extent of Pathfinder Drive also requires modification.

7.3.6 Utilities

The aerodrome is provided with the typical suite of urban utilities i.e. power, lighting, water, sewer and telecommunications. The condition and capacity of these networks will be the subject of discussions with the utilities providers during the master planning process.



8 Opportunities and Constraints

Opportunities		Issues
Business Growth	Potential expansion of existing businesses together with relocation from nearby facilities	<ul style="list-style-type: none"> • Projections would be readily verified via an open tender process
Expansion of developable land	Existing operators have expressed interest in expanding their business operations, fuelling demand for larger site areas	<ul style="list-style-type: none"> • Interest needs to be confirmed via a tender process and binding agreements • Lease terms need to be agreed at commercial market rents • Aeronautical fees at commercial rates • Decanting Strategy needs to be developed
Regulatory Compliance	Aerodrome Regulatory System – categorised as a Landing Area	<ul style="list-style-type: none"> • Opportunity to implement staged process to achieve Certification under CASR139
Land-use planning	Opportunity to increase regional employment and capacity	<ul style="list-style-type: none"> • Potential to develop land for non-aviation activities subject to an analysis of constraints such as flooding and flora/fauna issues
Business Sustainability	Opportunity to operate the business in a sustainable manner	<ul style="list-style-type: none"> • Lease terms negotiated at commercial market rentals • Aeronautical fees at commercial rates • Additional commercial opportunities possible • Potential to attract companion investment onto aerodrome site • Additional land would be required to be developed – depending on financial feasibility

Caloundra Aerodrome Att 3 Business Strategy

Constraints		Issues
Traffic Growth – noise impacts on the local community	Potential for ongoing pressure from local residents being too close to the aerodrome	<ul style="list-style-type: none"> • Bellvista Stage 2 approved • Implementation of Aeronautical fees • Develop Communication plan with users & Council • Implement Fly Neighbourly Policy • Control activities through lease arrangements • Inclusion in SPP 1/02
Business Sustainability	The business of operating the aerodrome is adversely impacted due to unsustainable commercial terms	<ul style="list-style-type: none"> • Lease terms negotiated at non-commercial terms • Aeronautical fees • Additional commercial opportunities likely but presently no vacant lease areas are available
Land-use planning	Planning outcomes compromise airport sustainability	<ul style="list-style-type: none"> • Planning scheme should protect aerodrome from urban encroachment • Airport Master Plan is developed and approved by Council • Consideration needs to be given to an application by Council for Caloundra Aerodrome to be included in relevant State Planning Policies
	Inconsistency with SEQ Regional Plan	<ul style="list-style-type: none"> • Current version of SEQ Regional Plan requires relocation of Caloundra Aerodrome
	Location of fuel farm	<ul style="list-style-type: none"> • Location may restrict ability of adjoining tenants to expand on their existing sites • Relocation costs are unknown at this time.

9 Preliminary Financial Modelling

This model reflects the total costs of continued operations and expansion of leased areas at Caloundra Aerodrome. These include:

- Operational costs
- Administrative and overhead costs based on what is currently allocated from other areas of Council
- Depreciation
- Interest and Redemption payments associated with the Capital program

The financial forecasts are based on the best information available at the time of compilation. In many cases this is high level data only and substantiation of business case strength would be made prior to any project proceeding.

The model assumes rentals will be more reflective of commercial market rental rates when leases are awarded after the expiry of current leases in December 2014. Ongoing tenancy (no vacant lease areas) is assumed in the model.

The model assumes sites I and K (Queensland Air Museum and Air Cadets) for Community Organisations continue at current

substantially discounted **what happened to life savers??**

lease rates facilitated through the Community Service Obligation avenue.

The development of the Stage 1 expansion area is included with capital expenditure for 2011-12 **Sue – should this be 2012-13?** and staged leasing reflected in revenue projections over the next four years.

It is estimated that the introduction of landing and parking fees will see a change (possible reduction) in usage patterns at the aerodrome. This is expected in both landing and parking. This is principally due to the close proximity of several other aerodromes that are free of charge for operators, however as fees have not been applied at Caloundra before it is difficult to forecast the actual impact. Any reduction might also be offset by a substantial take-up of the option to prepay these charges by current tenants.

Alternative revenue sources such as advertising or commercial industrial (non-aviation) land precincts have not been included in the forecasts.

Indexing of revenue and expenses over the life of the model is aligned with Council rates used in the current long term financial models.

Caloundra Aerodrome Att 3 Business Strategy

Maintenance forecasts are currently not supported by an Asset Management Plan (AMP) and are at best estimates pending an AMP being finalised.

Allocation of on costs to the aerodrome from Council is currently not reflected in the financials. Estimates of these expenses (included in the Airport Management Fee) based on experience at Sunshine Coast Airport have been applied pending corporate accounting allocation directly to the Aerodrome.



Income Statement – with Community Owned at Reduced Rates Galsandra Aerodrome Att 3 Business Strategy

Income & Expenditure Forecast For year ending 30 June	YE Est 2012	Budget 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenue										
Tenant Leases	243,850	297,375	347,937	434,746	492,976	554,752	574,150	594,228	615,008	636,517
General Aviation	-	-	43,265	44,779	46,347	47,969	49,648	51,385	53,184	55,045
Advertising	-	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	243,850	297,375	391,202	479,526	539,323	602,720	623,798	645,614	668,192	691,562
Operating Expenses										
Employee costs	31,000	-	-	-	-	-	-	-	-	-
Maintenance Expense	169,300	115,000	136,811	138,065	146,565	181,008	166,276	158,528	168,297	171,303
Management Fee and Indirect Costs	236,000	204,000	211,140	218,530	226,178	234,095	242,288	250,768	259,545	268,629
Other Expenses:	98,000	26,935	27,878	28,853	29,863	30,909	31,990	33,110	34,269	35,468
Subtotal Op. Expenses (exc Int, Tax & Depn)	534,300	345,935	375,829	385,448	402,607	446,011	440,555	442,406	462,111	475,400
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	(290,450)	(48,560)	15,373	94,077	136,716	156,710	183,243	203,208	206,081	216,162
Depreciation expense	90,997	80,793	82,813	84,883	87,005	89,180	91,410	93,695	96,038	98,439
Total Operating Expenses	625,297	426,728	458,641	470,332	489,612	535,191	531,965	536,101	558,148	573,839
EBIT	(381,447)	(129,353)	(67,440)	9,194	49,711	67,529	91,833	109,512	110,044	117,723
Interest expense	-	29,504	27,891	92,543	87,053	81,159	74,829	68,033	60,736	52,900
EBT	(381,447)	(158,857)	(95,330)	(83,349)	(37,342)	(13,629)	17,004	41,479	49,308	64,823
Income Tax Equivalent	-	-	-	-	-	-	5,101	12,444	14,792	19,447
Earnings Contribution/(Shortfall) after tax	(381,447)	(158,857)	(95,330)	(83,349)	(37,342)	(13,629)	11,903	29,036	34,516	45,376
Capital Revenue										
Capital contributions - cash										
Capital contributions - fixed assets										
Capital grants and subsidies										
Operating Result	(381,447)	(158,857)	(95,330)	(83,349)	(37,342)	(13,629)	11,903	29,036	34,516	45,376
Other Capital Funding Sources										
Loan proceeds	-	400,000	900,000	-	-	-	-	-	-	-
Depreciation Utilised	50,000	21,871	23,484	74,425	79,915	85,809	91,410	93,695	96,038	98,439
Asset sale proceeds										
Total Capital Funding Sources	50,000	421,871	923,484	74,425	79,915	85,809	91,410	93,695	96,038	98,439
Capital Funding Applications										
Renewals	50,000									
New Assets	-	400,000	900,000							
Constructed assets										
Contributed assets										
Loan redemptions		21,871	23,484	74,425	79,915	85,809	92,139	98,935	106,232	114,068
Total Capital Funding Applications	50,000	421,871	923,484	74,425	79,915	85,809	92,139	98,935	106,232	114,068
Transfers (to) reserves	-									
Transfers from reserves										
Carryover	-									
Contribution to Surplus	(381,447)	(158,857)	(95,330)	(83,349)	(37,342)	(13,629)	11,174	23,796	24,321	29,747

Caloundra Aerodrome Att 3 Business Strategy

10 Consultation

In relation to the development of this strategy, the following stakeholders have been identified as interested parties:

- SCRC Councillors and Executive
- Queensland State Government
- Commonwealth Government
- Lessees of Caloundra Aerodrome
- Businesses operating out of Caloundra Aerodrome
- Community Groups – e.g. Caloundra Aerodrome Community Forum
- Regional General Aviation aerodrome owner/operators – e.g. Moreton Bay Regional Council



11 Conclusion

Caloundra Aerodrome presents an opportunity to further Council's corporate objectives with respect to economic development, diversification of employment opportunities, and social sustainability.

This Business Strategy establishes the direction for the ongoing management of the aerodrome and will inform the preparation of the forthcoming Aerodrome Master Plan. It is proposed that the aerodrome will continue to be managed as a Council facility on Council's behalf by Sunshine Coast Airport.

By the application of sound business practices it is forecast that Caloundra Aerodrome can provide an improved operating result in a relatively short time, whilst continuing to support regional economic diversity and new employment for our community.

Specifically it is proposed to undertake the following major initiatives to achieve a break even or better result:

- Develop an Aerodrome Master Plan
- Develop an approved Caloundra Leasing Strategy

- Leases are to achieve, at a minimum, commercial market rates, as set by an independent valuer
- Introduce landing and parking fees for aircraft
- Provide sufficient leased land to manage the site to meet demand through:
 - the creation of an additional 6.8 ha of leasable land for aviation purposes (1.5 ha stage 1)
 - where the purpose of additional leased land would not diminish CA operations, creation of leased sites for non-aviation purposes
- Establish an Aerodrome Consultative Committee

A strategy to facilitate the leasing of commercial and community land within the aerodrome is provided at Attachment 3 to this document.

It is proposed to prepare a draft aerodrome Master Plan to progress the objectives of this business strategy.

Caloundra Aerodrome Att 3 Business Strategy

12 Relevant Information/Studies

- November 1997 – Caloundra Aerodrome Draft Management Plan
- 30 June 1999 - Caloundra Aerodrome Land Use Study – prepared by GHD – Old Caloundra Council File no. 446 002 000.
- September 2000 – SEQ General Aviation Needs & Opportunities Study Information Paper – Qld Transport report prepared by Economic Associates & Aerodrome Operations Support
- Queensland Aviation Strategy 2001 and Queensland Aerospace Industry Development Plan 2001 – Queensland Government
- April 2005 – Caloundra Aerodrome Investigation – Background Report (Caloundra City Council)
- 2007 – Review of the State of the GA Sector in SEQ – prepared by Rehbein AOS
- June 2011 - Caloundra Aerodrome Safety/Compliance Risk Assessment – Aviation Projects
- November 2008 – Department of Infrastructure and Planning – Replacement Aerodrome Study for Caloundra Aerodrome – Draft Report for Phases One - Stages 1 and 2 – draft prepared by GHD
- 2008 BTRE Report – General Aviation Activity 2008
- December 2009 – Commonwealth Government Aviation White Paper – Chapter 3 – General Aviation
- Report for 2030 Aircraft Movement Forecast – Caloundra Aerodrome April 2011.
- July 2011 - Stage 1 Environmental Assessment Report Caloundra Aerodrome, WSP
- August 2011 - Caloundra Aerodrome – Economic Contribution – PWC
- April 2011 - Caloundra Aerodrome – Threatened Flora and Fauna Assessment
- 2011 - Caloundra Aerodrome Biodiversity Assessment and Management

Attachments

Attachment 1

Plan of existing lease areas

Attachment 2

Proposed Fees and Charges

DRAFT

Attachment 1

Plan of existing lease areas

DRAFT

Caloundra Aerodrome Att 3 Business Strategy



Attachment 2

Proposed Fees and Charges

DRAFT

Caloundra Aerodrome

Draft Fees and Charges

DRAFT

Caloundra Aerodrome Att 3 Business Strategy

Proposed Fees and Charges

	(GST incl)
Landing Charges	
Charge per Rotary Wing Aircraft (per 1000kg)	\$3.50
Charge per Fixed Wing Aircraft (per 1000kg)	\$4.80
Prepaid Landing Charge - Rotary Aircraft	
3 months (per 1000kg)	\$145.00
6 months (per 1000kg)	\$225.00
12 months (per 1000kg)	\$257.00
Prepaid Landing Charge - Fixed Wing	
3 months (per 1000kg)	\$198.00
6 months (per 1000kg)	\$307.00
12 months (per 1000kg)	\$351.00
Parking Charges	
Parking Fee - daily rate (per 1000kg)	\$3.00
Prepaid Parking Charge	
3 months (per 1000kg)	\$137.00
6 months (per 1000kg)	\$219.00
12 months (per 1000kg)	\$274.00

Advanced Purchase Discounts. Non-transferable and for the time period specified or part thereof. All payments must be received in advance to be eligible for Advance Purchase Discount.

Charges apply to Aircraft parked in non-leased areas only. Charges apply per 24 hours or part thereof

DRAFT

DRAFT