



SUNSHINE COAST AIRPORT MASTER PLAN PROPOSED PLANNING REGIME

8 November 2021

Purpose

The purpose of this report is to seek the support of Council for an application to Economic Development Queensland for the Sunshine Coast Airport (SCA) site to be declared by regulation as a Priority Development Area (PDA) under section 37 (1) of the *Economic Development Act 2012*.

Sunshine Coast Airport - Context

- Key contributor to the regional economy – being one of the region’s most significant economic assets
- a platform for a diverse aviation and aerospace industry hub of national significance; and
- a new - and direct - international business, food export and tourism gateway within the region, facilitating connectivity with international export markets and greater visitation
- \$334 million expansion project – now complete – designed to drive a \$4.1 billion contribution to the region’s economy through to 2041 – if the full potential of the Sunshine Coast Airport as an asset can be realised

Commercial relationship with Council

- 9 February 2017 - Council entered into a long-term commercial agreement with Palisade Investment Partners Limited in respect to the operation and management of the Sunshine Coast Airport (SCA). Council is contractually committed to the Airport Objectives in the SCA Framework Agreement.
- 1 December 2017 - Council ceased to have responsibility for control of the Airport site, operations, tenancies and operating business.
- Council retains ownership of the Airport land and receives an annual lease payment of 5% of gross revenue generated from SCA operations – identified by QTC at the time as an exceptionally good outcome for council and unprecedented.
- Council therefore, has an ongoing interest in maximising the return from operations of the Airport – as it increases the annual lease payment to Council
- October 2019 - Under the terms of the SCA Framework Agreement, SCA Pty Ltd finalised a new Master Plan 2041 for the site.

SCA Master Plan

- Complies with the contractual requirements of the SCA Framework Agreement.
- Does not constitute an approval under the *Sunshine Coast Planning Scheme* - the Airport must still obtain all necessary statutory approvals, such as planning and development approvals.
- Has no statutory effect and development of the SCA site continues to be regulated through the *Sunshine Coast Planning Scheme 2014* under the *Planning Act 2016*.
- Of the 15 top-ranked airports in Australia, the SCA is the only one where development is regulated under a local government planning scheme.

Impacts of the COVID-19 Pandemic

- The impact of the COVID-19 pandemic on the tourism industry and airport operations has emphasised the importance of the Airport being able to pursue additional and alternative revenue streams – consistent with the intent of the Master Plan.
- According to the CEO of SCA Pty Ltd, the pandemic has had a significant impact on the Airport operations, generating virtually no revenue with impacts including:
 - a significant drop in passenger numbers, both inbound and outbound – noting 97% of passengers come from interstate markets;
 - a reduction in retail and food and beverage at the Airport; and
 - a reduction in revenue from ancillary facilities being car parking rentals and car parking fees for both long term and short-term stays.

The Challenge

- SCA Pty Ltd has advised that Palisade Investment Partners has planned to invest in excess of \$200 million in capital improvements to the SCA over the next five years, consistent with the intent of the SCA Master Plan. This investment includes:
 - a terminal redevelopment
 - the development of the Gateway Precinct at the entrance to the SCA site and
 - the expansion of the Aerospace Precinct - the home of general aviation and aerospace business on the Sunshine Coast
- For the SCA to achieve the outcomes that have always been envisaged for that asset – and with a reasonable level of certainty associated with the scale of intended investment proposed by Palisade - an appropriate land use planning regime needs to apply to the site

Current Planning Regime not adequate

- SCA Pty Ltd and Council officers are of the view the current planning regime (ie. through the *Sunshine Coast Planning Scheme 2014*):
 - is a significant impediment to future SCA development, will be difficult and time consuming to modify and respond to the needs of a contemporary airport
 - is not a responsive and does not afford sufficient certainty for the necessary investment in the site to be realised in a timely manner
 - Exposes Council and the region's ratepayers to the cost and time impacts of submitter appeals
- In addition to the inadequacies of both the current planning regime and the other options available under the *Planning Act 2016* (the majority of which would see Council retain authority for planning and development assessment decisions in relation to the SCA site), a matter of particular concern is there exists for Council a real conflict of interest.

Conflicting Roles of Council

- Council has a number of distinct roles in relation to the SCA site, being:
 1. As a local government established under the *Local Government Act 2009*, with statutory responsibility for the good rule and governance of the local government area
 2. As the statutory assessment manager under the *Planning Act 2016* for any development application or planning scheme amendment
 3. As owner of the SCA land
 4. Council's commercial interest in maximising the operations of the SCA. Council has a clear commercial interest in supporting the maximisation of the revenue generated from airport operations.
- Legal advice suggests Council could put in place alternative governance and probity arrangements – this would not entirely resolve the ongoing conflict that exists for Council, particularly in the context of Council's commercial interest.

Proposed Way Forward

- To address the conflict that exists for Council and provide greater certainty for the SCA Pty Ltd –
 - it is proposed that Council support an application by the SCA to the Deputy Premier for the declaration of the SCA site as a Priority Development Area under section 37(1) of the *Economic Development Act 2012*.
- A PDA would afford clearer separation between the respective roles and interests of Council in relation to the SCA site.
- As a PDA, the planning and development assessment approval authorities would reside with Economic Development Queensland – not Council.
- For comparable reasons, Council sought and obtained a PDA for the Maroochydore City Centre site.

How a PDA declaration would operate

- On declaration, an Interim Land Use Plan would be in place, to facilitate initial developments until a Development Scheme is made (approx. 12 months)
- Draft development scheme must be publicly notified and the community has the opportunity to make submissions on the draft scheme, which must be considered before the scheme is finalised
- The public submission period is a minimum of 30 business days for a proposed development scheme – Council could seek that this be for a longer period
- Council would continue to maintain its role as landowner, would be an advice agency in the context of both the preparation and consideration of the development scheme (and any amendment) and for any development applications
- Most importantly however, as landowner, Council's consent is required for any development application relating to the site.
- This is a key lever for Council in the context of any development proposal that may be incompatible with the Airport objectives and/or the approved development scheme

Officer Recommendation

That Council:

- a) Receive and note the report titled "Sunshine Coast Airport Master Plan – Proposed Planning Regime”;
- b) Agree to support an application to Economic Development Queensland for the Sunshine Coast Airport site to be declared by regulation as a Priority Development Area (PDA) under section 37 (1) of the Economic Development Act 2012;
- c) Subject to (b), authorise the Chief Executive Officer to inform the Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning of Council’s support for the declaration of the Sunshine Coast Airport site as a Priority Development Area; and
- d) Note, that Council as landowner, must provide consent to any development application made over the site, which provides a key lever for Council in the context of any development proposal that may be considered incompatible with the airport objectives and/or the approved development scheme for the site.

Thank you.



See council's website for further details
www.sunshinecoast.qld.gov.au