



### Summary of Initiative Profiling – Overview, Rating and Justification

#### Part A - Overview

##### Title of Initiative – Sunshine Coast Airport Realignment

##### Summary of Initiative –

The Sunshine Coast Airport is a vital piece of infrastructure for the economy and community of this rapidly growing region. Physical and commercial realignment of the Airport is required, however, to sustain and expand the economic and community performance of this asset. The Sunshine Coast Regional Council (SCRC) proposes to construct a new (2450m x 45m) runway at Sunshine Coast Airport (SCA) with associated apron, taxiways, terminal and infrastructure to support the rapidly growing population of the Sunshine Coast Region and develop the productive potential of the airport in aviation-related industries. This catalytic infrastructure project will fast-track the realisation of the airport precinct's economic potential. The project enjoys very strong community support harnessed during the development, and subsequent Council-endorsement, of the Airport Master Plan 2007. It will create sustainable long term benefits for the community, the environment and the economy while greatly enhancing safety for residents, passengers and aircraft operators and reducing aircraft noise in local communities. It will facilitate better freight transport and significantly improve interstate and international transit links for residents, business and tourism visitors in a region which enjoys significant lifestyle attributes. The project will stimulate companion investment of \$500m, support the equivalent of 6,000 jobs during its development and will increase employment to 2,300 permanent jobs on completion. The project delivers substantive benefits on all key selection criteria and can be delivered in an accelerated time frame.

#### Part B – Rating and Justification

Item	Expand Australia's productive capacity	Increase Australia's productivity	Diversify Australia's economic capabilities	Build on Australia's global competitive advantages	Develop our cities and/or regions	Reduce greenhouse emissions	Improve social equity, and quality of life, in our cities and our regions	Linkages
Rating	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>	<b>Highly Beneficial</b>
How does the initiative meet the strategic priority?	<p>The project will add to Australia's productive capacity by:</p> <p>Catering for recent and future population growth occurring in a major 'sea change' region.</p> <p>Facilitating new international routes particularly south east Asian tourism routes.</p>	<p>Accelerating the achievement of the productive capacity of the airport precinct through a major infrastructure investment will yield a significant increase in domestic and international passenger movements by catering for larger aircraft with greater range and</p>	<p>Bring forward the development of a robust aviation sector and associated industries for the region.</p> <p>Provide for niche aviation-related markets within a 90 minute drive of the Brisbane international and domestic airport.</p> <p>Diversification</p>	<p>The new facilities will allow direct access to this region for freight, business and tourism.</p> <p>Allows the region to take advantage of its lifestyle and liveability attributes, agreeable climate, and political stability to attract international businesses to</p>	<p>As the air gateway to the Sunshine Coast region, the airport is intrinsically linked to the regional economy through access for business and tourism to connect to the rest of the country and eventually the world.</p> <p>Sunshine coast is a Pacific rim</p>	<p>Emissions reduced by:</p> <p>Enabling larger more efficient aircraft to service the region.</p> <p>Opportunity to introduce energy and water efficient design and equipment in all new facilities.</p> <p>Decreasing road freight and</p>	<p>Significantly increases the safety and social amenity of the community by reducing the aircraft noise footprint over residential areas.</p> <p>Increases safety by removing the risk from existing Public Safety Area incursions and ensuring that no homes are located</p>	<p>Links the northern SEQ region to the rest of Queensland and the broader national and international economy.</p> <p>Provides infrastructure to meet the demands of a sea change affected region.</p> <p>Provides linkage with environmental</p>

	<p>Guaranteeing the continued operation of a State Significant Airport and the main air gateway to the Sunshine Coast region and its tourist accommodation, hospitality and retail capacity.</p> <p>Attracting the establishment or re-location of a cluster of aviation-related industries from other Pacific rim regions and generate quality jobs in sound industries which are robust during times of economic downturn.</p>	<p>economy to service the region, and will decrease travel times for freight and work related travel.</p> <p>It will allow the region direct access to more distant domestic markets and new international tourism markets.</p> <p>Development of the airport precinct will increase revenue and operating benefits including fees and charges for passengers, aircraft fees, car parking and terminal and property charges, which can be directed to recovery of companion commercial capital investment.</p>	<p>from traditional reliance on agriculture and property and construction-based industries constrained by urban footprint, toward growth industries linked to knowledge economy and tourism.</p>	<p>establish in the Region.</p> <p>Provides employment opportunities for Australia's highly skilled workforce.</p>	<p>region with the potential to attract industries looking to relocate in a nation with a robust and healthy economy.</p> <p>Provides opportunities for aviation-related industries to co-locate and achieve synergies.</p> <p>The airport is sited within easy access of well established residential areas capable of providing for the residential needs of the workforce.</p> <p>The creation of aviation-related jobs in the airport precinct will lead to flow-on econometric gains in the service sectors.</p>	<p>passenger travel to and from Brisbane, particularly by establishing a greater employment base in the Sunshine Coast Region.</p> <p>Protection of adjacent Wallum Heath will be assured.</p>	<p>in the new Public Safety Zones.</p> <p>Provides for more frequent services for business travellers and attracts businesses that rely on telecommuting.</p> <p>Creates local employment opportunities to keep the Sunshine Coast community strong, integrated and resilient.</p>	<p>initiatives of the Maroochy River and Noosa National Park.</p>
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<p>Provide data and evidence of how the initiative meets/does not meet the strategic priority</p>	<p>Sunshine Coast has already attracted aviation industries such as Singapore Airlines flight training.</p> <p>Brisbane and Townsville Airports have been successful in attracting new industry by upgrading their facilities and providing appropriate supporting infrastructure.</p>	<p>This project is the most likely in the SCRC's Major Projects portfolio to generate productive capacity. Thus, it has distinct advantages over projects which target issues such as traffic congestion which are the product of poor historical growth management.</p> <p>Will enable airport to accommodate aircraft of sizes up to B787<sup>3</sup>.</p>	<p>SEQ Regional Plan identifies shortage of industrial land, and importance of diversification in Sunshine Coast economy.</p> <p>Aviation sector supports business model for Sunshine Coast Airport.<sup>7</sup></p>	<p>Sunshine Coast Airport Economic Impact Assessment.<sup>8</sup></p>	<p>Sunshine Coast Airport Economic Impact Assessment.<sup>8</sup></p> <p>The Sunshine Coast has existing tourism accommodation investments of several billion dollars which must be sustained with reliable and efficient transport links.</p>	<p>Larger next generation aircraft more fuel efficient.</p> <p>New technology provides opportunity to incorporate energy efficient design and principals.</p> <p>Wallum Heath compatible with airport operational and buffer areas.</p>	<p>Australian Noise Exposure Forecasts conducted for the Sunshine Coast Airport Master Plan – September 2007.<sup>3</sup></p> <p>Public Safety Areas identified in Master Plan.</p>	<p>National Tourism Investment Strategy to encourage additional ongoing investment in regional international airports.</p> <p>Qld Tourism Strategy to achieve a stronger domestic and regional network of air services.</p>
<p>Provide an outline of how the initiative is dependant on policy, regulatory, demand pricing, efficiency and/or capital investment initiatives.</p>	<p>A BCR of 4.75:1 shows that substantial net economic benefits will flow from capital investment.</p> <p>Direct revenue flows to cover the investment in core infrastructure cannot be identified with certainty however, as these are subject to future negotiable arrangements with infrastructure customers.</p>	<p>Consistent with:</p> <p>SCRC Economic Development Strategy.</p> <p>SEQ Regional Plan urban footprint.<sup>14</sup></p> <p>Queensland Airports and Regulated Air Transport Plan.<sup>19</sup></p>	<p>Consistent with:</p> <p>National Tourism Investment Strategy to encourage additional ongoing investment in regional international airports.</p> <p>Qld Tourism Strategy to achieve a stronger domestic and regional network of air services.</p>	<p>This project will generate significant real terms additional productive capacity for the Sunshine Coast Region.</p> <p>The SEQ Regional Plan identifies Maroochy as the Principal Activity Centre and Sunshine Coast Airport as a Specialist Activity Centre.<sup>14</sup></p>	<p>Consistent with:</p> <p>Australian Government Climate Change Strategy.</p> <p>SCRC Environmental Investment Strategy 2008.</p> <p>The Maroochy Shire Biodiversity Strategy 2006.<sup>13</sup></p>	<p>Consistent with:</p> <p>State Planning Policy 1/02 – Public Safety Areas.<sup>16</sup></p> <p>AS2021-2000, Acoustics, Aircraft Noise Intrusion – Building Siting and Construction.<sup>9</sup></p>	<p>Project is consistent with multiple Queensland Government Strategies including Aviation Economic Development, Regional Planning, and Tourism.</p>	



## Summary of Initiative Appraisal - Key Results and Assumptions

### Part A - Overview

Title of Initiative – Sunshine Coast Airport Realignment

Stakeholder – Sunshine Coast Regional Council

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#### Summary of submission –

The Sunshine Coast Airport currently contributes over \$390m to the regional economy each year and supports 4,900 direct and indirect jobs. Size, safety and noise constraints arising from the existing runway operations limit the capacity for growth at the airport and could threaten ongoing air passenger traffic to the Sunshine Coast.

By constructing a new and better runway along a safer alignment, the Sunshine Coast can secure a vital source of supply for tourism, and provide the basis for a growing aviation sector which diversifies the employment base of the Sunshine Coast region.

The Sunshine Coast Regional Council proposes to construct a new (2450m x 45m) runway at Sunshine Coast Airport (SCA) with associated apron and taxiways. A 10,000 m<sup>2</sup> terminal building and associated infrastructure will also be constructed to support the growing population of the Sunshine Coast Region to 2050 and beyond, and bring forward the realisation of the economic potential of the airport and airport precinct. It will facilitate better freight transport and significantly improve interstate and international transit links for residents, business and visitors in a region which enjoys significant lifestyle attributes. This catalytic infrastructure project enjoys strong community support demonstrated by a Public Participation Program undertaken in 2007, where the overwhelming majority of the 783 submissions supported the new runway option.

The displacement of aircraft from the existing runway to the proposed new runway will enhance safety for residents, passengers and aircraft operators. Communities currently affected by aircraft noise will be substantially relieved of this nuisance. Operational concessions for B737 and A320 aircraft to operate from the existing narrow (30m) runway will no longer be required eliminating the risk of the concession being withdrawn which would effectively cease passenger traffic into the Sunshine Coast.

During its development, the project will support 6,000 jobs directly and indirectly and increase directly-related airport employment to 2,300 jobs on completion.

By investing \$250m in this project the Commonwealth will stimulate a further \$500m in companion infrastructure investment resulting in a total infrastructure investment of \$750m. It will nearly double the airport's contribution to the region to over \$733m per annum and increase total airport-related employment to 6,700 jobs.

This project delivers substantive benefits in all key selection criteria identified by Infrastructure Australia. The project can be delivered in an accelerated time frame as required to achieve investment driven productivity and employment gains for the regional and national economy.

## Summary of Initiative Appraisal - Key Results and Assumptions

### Part B – Cost Benefit Analysis – Monetised Benefits and Costs

#### Title of Initiative – Sunshine Coast Airport Realignment

Item	Assumption
Key drivers	<ul style="list-style-type: none"> <li>Regional economic benefits through access for business and tourism to connect to the rest of the country and eventually the world.</li> <li>Sunshine Coast Regional population growth forecast 381,000 by 2016 and 461,000 by 2026 (Qld Government PIFU medium series).<sup>17</sup></li> <li>Forecast average passenger growth of 5.3% through to 2015, and 3.9% thereafter.<sup>3</sup></li> </ul>
Base case <sup>3</sup>	<ul style="list-style-type: none"> <li>The position of the existing runway and adjacent residential areas result in dimension constraints on the length and width of existing runway.</li> <li>Impacts on public safety areas and increased noise pollution prevent extension of the existing runway.</li> <li>This limits the size, range and payload of aircraft and the airport is reliant on CASA's continuing operational concession to B737/A320 aircraft operating from 30m wide runways. Reduced tolerance to crosswinds further impact on service availability.</li> <li>This restricts the number and origin/destination of passengers and volume of freight.</li> <li>Utilisation of the facility is typified by short peak demand and periods of inactivity.</li> <li>The limited availability of aircraft bays constrains the number of peak-period passengers.</li> <li>In the medium term, redevelopment of the existing terminal and additional aircraft bays will only allow for the addition of some restricted Trans-Tasman routes.</li> <li>Anticipated passenger growth will reach facility capacity by 2020 thus constraining realisation of regional economic benefits.</li> </ul>
First year of construction	2015... The project can be delivered in an accelerated time frame as required to achieve investment driven productivity and employment gains for the regional and national economy.
Last year of construction	2020 based on 2015 commencement year.
Discount rate	<ul style="list-style-type: none"> <li>Real pre-tax WACC 10.38% based on Queensland Treasury Corporation WACC Report July 2007 updated for movement in interest rates. Sensitivity analysis undertaken using discount rates in Table 1.<sup>18</sup></li> </ul>
Appraisal period	<ul style="list-style-type: none"> <li>In line with Sunshine Coast Regional Council's long-term financial planning horizon, a 30 year appraisal period from 2008-09 to 2038-39 has been used.<sup>7</sup></li> </ul>
Remaining life	<ul style="list-style-type: none"> <li>Existing facilities are expected to reach capacity by 2015.</li> <li>By 2040, the remaining life of the new runway earthworks is expected to be 81 years; pavement 51 years, drainage, roads and services 31 years; terminal building 31 years; and terminal infrastructure 34 years.<sup>7</sup></li> </ul>
Residual value	<ul style="list-style-type: none"> <li>\$149m residual value, based on land values at 2039 and written down value of new infrastructure depreciated on straight line basis.</li> </ul>
Benefit ramp up	<ul style="list-style-type: none"> <li>Benefits ramp up once the infrastructure is finalised (larger aircraft, increased growth capacity, leasing of terminal space and commercial areas).</li> <li>Over the life of this project it is estimated that over 6,000 FTE will be sustained by this project. It is also estimated that additional projects to the value of \$500m will be stimulated by this initiative. Of the \$750m investment generated by this initiative over \$560m will be retained by Sunshine Coast Region businesses and workers.</li> <li>These benefits will be realised over the life of the project from project initiation.</li> </ul>
Capital cost	<ul style="list-style-type: none"> <li>\$250 million – comprising \$100m for new runway, \$70m for new terminal, \$80m for supporting service infrastructure.</li> <li>Project capital expenditure spread between 2009 and 2020.<sup>7</sup></li> </ul>
Operating and Maintenance costs	<ul style="list-style-type: none"> <li>Maintenance estimates for project infrastructure are based on 2% of capital construction cost, in line with accepted industry practice. Minor savings in maintenance costs are envisaged due to the old runway coming offline and the alternate use projected for the existing terminal building. Operational costs are expected to transfer to the new infrastructure operations.<sup>7</sup></li> </ul>
Benefit components	<ul style="list-style-type: none"> <li>Benefits accrue for cash flows after 2020 (additional flights, terminal leasing, aviation support services and leasing commercial areas).</li> <li>From 2021, the annual incremental change in value-added to the economy from airport operations and passenger expenditure of \$165m p.a. (direct effects only) has been included in the NPV analysis.</li> <li>Flow-on effects on the economy from airport operations, passenger expenditure and the direct and flow-on effects from construction activity (including the \$500m in related initiatives from the private sector between 2008 and 2020) have been excluded from the NPV analysis.</li> <li>Information on these effects is provided in the preliminary economic impacts report.</li> <li>Time efficiencies, service level improvements and airline operating cost savings have not been quantified.</li> </ul>
Cost and benefit time streams	<ul style="list-style-type: none"> <li>Refer to attached NPV summary for cost and benefit time streams. Appendix 1 includes economic benefits and Appendix 2 excludes economic benefits.</li> </ul>
Other	<ul style="list-style-type: none"> <li>NPV model inputs in real dollars as per guidelines.</li> </ul>

Related initiatives <sup>8</sup>	<ul style="list-style-type: none"> <li>The new runway and terminal will stimulate approximately \$500m in additional capital investment through associated projects for the redevelopment and extension of:  <u>\$180m Aviation Support Services:</u> <ul style="list-style-type: none"> <li>Rescue and fire fighting services, refuelling / bulk fuel storage</li> <li>General aviation facilities, air cargo, ground service equipment, maintenance facilities / engineering.</li> </ul> <u>\$320m Commercial Areas:</u> <ul style="list-style-type: none"> <li>Car rental offices and parking bays, freight distribution, warehousing, logistics, business park and visitor precinct.</li> </ul> </li> </ul>
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## B.2 CBA Results

### TABLE 1 – CBA RESULTS

	Discount Rate (%)		
	4%	7%	10%
BCR	7.46	5.88	4.69
NPV (\$m, 2008 dollars) i.e. 'Net Benefit'	\$1,423m	\$775m	\$434m
NPV / \$	5.55	3.02	1.69
IRR	38.3%	38.3%	38.3%

### TABLE 2 – MONETISED BENEFITS AND COSTS (\$m, 2008 dollars)

Monetised costs/benefits	Value (\$'m)	%
<b>COSTS</b>		
Capital Costs		
<ul style="list-style-type: none"> <li>Runway planning design and construction</li> </ul>	\$104.2	29%
<ul style="list-style-type: none"> <li>Terminal planning design and construction</li> <li>Car parking planning, design and construction.</li> </ul>	\$152.0	42%
Operating and Maintenance Costs 2021 to 2039.	\$101.9	29%
<ul style="list-style-type: none"> <li>Runway operating and maintenance costs</li> <li>New terminal operating and maintenance costs</li> <li>Car parking operating and maintenance costs.</li> </ul>		
<b>COSTS</b>		100%
<b>BENEFITS</b>		
<b>Economic costs/benefits to the users of the Service</b>		
Passenger Charges	\$131.2	4%
Light Aircraft Fees	\$2.5	0%
Car Park Charges	\$105.4	3%
Terminal and Property Charges	\$202.4	6%
Direct economic benefits – airport operations and passenger expenditure	\$3,141.0	88%
Regional economic benefits linked to increase in airport traffic		
Related initiatives from airlines, general aviation services, education and training, commercial		
Higher/lower prices for goods/services		
Increased payload capacity of larger aircraft leading to lower freight costs		
Passenger and airline time savings		
Travel access and waiting time reduction		
Service reliability and predictability improvements		
Airline operating cost savings		
<b>Reduced impact of deaths / injuries</b>		
<b>Economic costs/benefits to non-users</b>		
Cumulative economic impacts linked to design and construction.		
Decreased road traffic as less freight and fewer airline passengers drive to/from Brisbane		
<b>Agglomeration impacts</b>		
Develop regional aviation industry providing employment and training		
Facilitate development of export-quality professional and business services		
<b>Environmental and social costs and benefits – whole of society</b>		
Local air pollution		
Carbon emissions		
Community physical fitness		
<b>BENEFITS</b>		100%

Continuing work being undertaken to assess these benefits.

## B.3 Sensitivity Testing

TABLE 3: BCR SENSITIVITY TESTING RESULTS

Test	Variation	BCR	% Increase from 0 i.e. starting result BCR
#	Starting result	<b>4.57</b>	
1	No Economic Benefit Included	<b>0.55</b>	-88%
2	Discount Rate 4%	<b>7.46</b>	63%
3	Discount Rate 7%	<b>5.88</b>	29%
4	Discount Rate 10%	<b>4.69</b>	3%
5	Capital Costs 15% Lower than Base	<b>5.35</b>	17%
6	Capital Costs 10% Lower than Base	<b>5.06</b>	11%
7	Capital Costs 5% Lower than Base	<b>4.80</b>	5%
8	Capital Costs 5% Higher than Base	<b>4.36</b>	-5%
9	Capital Costs 10% Higher than Base	<b>4.16</b>	-9%
10	Capital Costs 15% Higher than Base	<b>3.99</b>	-13%
11	Construction Finalisation in 2018	<b>4.62</b>	1%
12	Construction Finalisation in 2022	<b>4.41</b>	-3%
13	Operating Costs 10% Greater	<b>4.52</b>	-1%
14	Operating Costs 10% Lower	<b>4.62</b>	1%
15	Demand Assumptions 20% Reduction after 2021	<b>4.16</b>	-9%
16	Demand Assumptions 20% Increase after 2021	<b>4.61</b>	1%
17	1% Real Annual Price Increase after 2020	<b>4.58</b>	0%

## Summary of Initiative Appraisal - Key Results and Assumptions

### Part C – Non-Monetised Benefits and Costs

TABLE 4 – NON-MONETISED BENEFITS AND COSTS

Cost/Benefit	Description	Rating
Supporting Regional Growth	<ul style="list-style-type: none"> <li>The Sunshine Coast has a narrow employment base, and has a history of high unemployment (up to 12% in the late 1990's). A modern, functional airport facility will provide a foundation for new industry in aviation related sectors, while supporting existing tourism accommodation capacity in the region.</li> <li>The provision of a new 45m wide runway will no longer require B737/A320 aircraft to operate under CASA operational concession to use this airport, which could be revoked at any time. This will ensure the continuity of the economic benefits the region derives from the airport.</li> </ul>	<b>Highly Beneficial</b>
Sustainable Industry Development	<ul style="list-style-type: none"> <li>The Sunshine Coast Economy has been heavily reliant upon a few key industries. Aviation has the potential to provide diversification through the creation of an alternative industry currently in its formative stage on the Sunshine Coast. Significant progress in the development of an aviation skills base has been made, however suitable land availability has inhibited growth. The new runway configuration will provide scope for an aviation sector and associated sustainable employment.</li> <li>With the reconfiguration of the runways and the release of additional land adjacent to existing road infrastructure there is significant scope to develop sustainable secondary industries to support the economic growth of the aviation sector.</li> </ul>	<b>Highly Beneficial</b>
Effective Land Use	<ul style="list-style-type: none"> <li>The Sunshine Coast has a shortage of suitable industrial land, particularly within proximity of existing infrastructure. This land supply situation exacerbates the constraints on employment opportunities in a growing urban area.</li> <li>The airport realignment project creates a significant new land suitable for commercial and industrial use, and other infrastructure.</li> <li>Enables the long term preservation and integrity of current national park buffer zones and potential extension to national park areas adjacent to the new runway.</li> <li>Proposal includes the rehabilitation of former cane lands into Wallum Heath habitat</li> <li>Within SEQ Regional Plan Urban Footprint and consistent with Rural Futures Policy on land use.</li> </ul>	<b>Highly Beneficial</b>
Greenhouse Emission Reduction	<ul style="list-style-type: none"> <li>The Sunshine Coast region is one of the most dynamic population centres in Australia and has one of the highest growth rates in the country. Organic growth will lead to increased traffic. The provision of a new runway will enable airlines to utilise larger, more efficient aircraft to transport passengers. This will reduce the growth in carbon emissions.</li> <li>The new terminal and associated infrastructure will embrace new energy efficient technology providing long term emission reductions.</li> <li>Connectivity directly to the coast will reduce the need for passengers and freight be transported to Brisbane, resulting in a reduction in greenhouse emissions and relieving the pressure on existing road transport infrastructure.</li> </ul>	<b>Highly Beneficial</b>

Public safety	<ul style="list-style-type: none"> <li>• Due to the width of the existing runway, aircraft are required to operate at reduced cross wind capabilities. This has led to the diversion or cancellation of flights to the Sunshine Coast on numerous occasions.</li> <li>• Approximately 100 houses currently lie within the existing runway public safety area. The new runway will relieve the current runway of all large aircraft operations and its public safety area does not impact homes.</li> <li>• Current houses within public safety area as designated by SPP1/02 are acceptable as the houses were existing at the time of legislation enactment. The ability to move aircraft off the existing runway on to a new runway alignment reduces the risk to the affected houses in real terms.</li> <li>• Enables compliance with the spirit of Queensland Government State Planning Policy 1/02 in relation to public safety areas.</li> </ul>	<i>Highly Beneficial</i>
Noise Reduction	<ul style="list-style-type: none"> <li>• By 2020 approximately 5,000 people will reside within the 20 Aircraft Noise Exposure Forecast contour (ANEF)* under the existing runway configuration. The Department of Infrastructure, Transport, Regional Development and Local Government's Transparent Noise Information Package (TNIP) shows a reduction of affected houses by approximately 65% with noise corridors being contained primarily over water and cane land under this new runway proposal. This will significantly reduce the noise impact on residents living in proximity to the airport. * AS2021-2000 recommends land is not appropriate for residential use within the 20 ANEF contour.</li> <li>• The current runway restricts the largest aircraft to be B737/A320 narrow body types carrying a maximum of 180 passengers. The development of new runway will allow the airport to facilitate larger more efficient aircraft and therefore assist to offset the growth in total aircraft movements at the airport. This further reduces the impact of noise on residents living in the vicinity of the airport.</li> </ul>	<i>Highly Beneficial</i>
Biodiversity	<ul style="list-style-type: none"> <li>• Ensures long term preservation of Wallum Heath. This supports the Wallum Heath Environmental Management Plan and Maroochy River Conservation Park.</li> <li>• Plans are being developed to incorporate additional environmental land to link with Councils Rivers of Green project which will preserve and rehabilitate environmentally sensitive land surrounding the Maroochy River.</li> </ul>	<i>Highly Beneficial</i>
Cultural - Community Development	<ul style="list-style-type: none"> <li>• The new runway will provide the ability for Sunshine Coast communities to connect directly with Australian and international destinations to build cultural, social and business networks.</li> </ul>	<i>Slightly Beneficial</i>
Sea Change - Demographics	<ul style="list-style-type: none"> <li>• The Sunshine Coast is affected by the Sea Change phenomenon and has been actively involved at national level in addressing the impacts on coastal communities in Australia.<sup>11</sup> The new infrastructure provides for a step change in the provision of services to cater for this unprecedented growth in population.<sup>10</sup></li> </ul>	<i>Moderately Beneficial</i>

## Part D – Appraisal Summary Table *(not completed)*

## Part E – Information Sources

1. Council of Mayors – South East Queensland, One Community Funding Submission to Infrastructure Australia. Includes Sunshine Coast Airport runway project as item 2.2.9.
2. Sunshine Coast Airport - New Runway Project Strategy. Provides an overall framework for implementation of the Sunshine Coast Airport Master Plan objectives.
3. Sunshine Coast Airport Master Plan. Guides future development decisions to achieve the Sunshine Coast Airport strategic intent.
4. Sunshine Coast Airport – Public Participation Program Report September 2006. Outcome of community consultation for the preliminary draft SCA Master Plan. It demonstrated strong community opposition to extension of the existing runway.
5. Transport Noise Information Package. Department of Infrastructure, Transport, Regional Development and Local Government Software package to model aircraft noise footprint.
6. Sunshine Coast Airport Wallum Heath Management Plan.
7. Sunshine Coast Airport 30 Year Financial Model.
8. Sunshine Coast Airport Economic Impact Assessment.
9. AS2021-2000, Acoustics, Aircraft Noise Intrusion – Building Siting and Construction. Used by State and local governments when developing land use planning in areas near airports.
10. The Cost of Growth Report: Population growth and economic change on the Sunshine Coast. A Report prepared for Maroochy Shire Council by National Institute of Economic and Industry Research, December 2007. This Report analyses growth associated with the Sea Change phenomenon and its impact on infrastructure provision.
11. Meeting the Sea Change Challenge, Report 2 for the National Sea Change Taskforce.
12. Sunshine Coast Regional Council Environmental Investment Strategy 2008. Strategic land acquisition for environmental purposes.
13. The Maroochy Shire Biodiversity Strategy 2006.
14. South East Queensland Regional Plan 2005-2026. The SEQ Regional Plan identifies Maroochydhore as the Principal Activity Centre and Sunshine Coast Airport as a Specialist Activity Centre.
15. South East Queensland Infrastructure Plan and Program 2008-2026. Outlines the Queensland Government's infrastructure priorities for the region to support the SEQ Regional Plan.
16. Queensland Government State Planning Policy 1/02. Outlines the requirements for Public Safety Areas for airport runways adjacent to residential areas.
17. Queensland Government Planning and Information Forecasting Unit. Local government area population forecasts for 5 year intervals.
18. Queensland Treasury Corporation WACC Report July 2007. Analysis of WACC for each of Sunshine Coast Regional Council's Business Units based on capital asset pricing model and industry benchmarks.
19. Queensland Airports and Regulated Air Transport Plan 2002. Part of Queensland Transport's Aviation Strategy integrating plans and strategies concerning Tourism and Commercial aviation and Aerospace Industry Development.



### Further inputs for Initiative Selection

#### Part A – Overview

Title of Initiative – Sunshine Coast Airport Realignment

#### Summary of Initiative –

Construct a new (2450m x 45m) runway at Sunshine Coast Airport (SCA) and associated apron, taxiways, terminal and infrastructure.

#### Part B – Response

Item	Response
Deliverability	<ul style="list-style-type: none"> <li>• The need for the new runway at Sunshine Coast Airport was identified in the 1985 Airport Master Plan.</li> <li>• The runway has featured in each successive master plan since then with in-principle approval granted by Council in September 2007 for construction by 2020.</li> <li>• Preliminary design and planning to achieve this timing outcome has been undertaken and a detailed project strategy developed.<sup>2</sup></li> <li>• The strategy separates the project into 5 phases with phase 1 (Pre-Feasibility) having been completed.</li> <li>• Phase 2 (Detailed Feasibility) commenced in July 2008 and has \$250,000 approved funding in 2008/09.</li> <li>• Detailed budget and timeframes have been identified with appropriate approval hold points to ensure delivery in an appropriate time and cost framework.</li> <li>• Given the development of this framework and Council's proven track record in delivery of major infrastructure projects on time and on budget the likelihood of success for this project is high subject to appropriate funding.</li> <li>• Funding of this project remains the major outstanding risk.</li> <li>• Following extensive consultation, broad community support for the project has been garnered (unusual for this type of infrastructure project) thus mitigating a number of community and social risks in the successful delivery of this project.</li> </ul>
Risks	<p>A full risk analysis has been prepared in relation to the project as part of the project strategy. Key risks identified are;</p> <ul style="list-style-type: none"> <li>• Financial - Long term nature of the project increases the risk of cost increases due to scope change, change in economic conditions and cost of capital.</li> <li>• Environmental – Environmentally significant areas may be impacted by the location of the new runway. Compensatory habitats to offset this potential risk have been identified, including the rehabilitation of former cane land.</li> <li>• Project Delivery – limited risk of delayed delivery due to conservative timeframe. There is significant opportunity to fast track this project.</li> <li>• Community – project outcomes do not meet community expectations of potential benefits</li> </ul>

<p><b>Acceptability</b></p>	<p>Community Support –</p> <ul style="list-style-type: none"> <li>• An extensive public participation program was undertaken and achieved a high level of consultation.<sup>4</sup></li> <li>• 728 submissions were received that overwhelmingly supported the new runway being bought forward instead of any extension option to the existing runway due to safety and noise concerns.</li> </ul> <p>Business Support –</p> <ul style="list-style-type: none"> <li>• This project is acknowledged by the business community as a catalyst for the growth and sustainability of the Sunshine Coast economy.</li> <li>• It has received strong support from the SEQ Council of Mayors, Chambers of Commerce, Economic Development and Tourism organisations in the region.</li> </ul>
<p><b>Staging</b></p>	<p>To achieve the milestones outlined below, the project has been broken into 5 phases, each with a number of stages. The timing of these phases has been determined by the procurement of funds over a significant period of time, should funding become immediately available it is anticipated that construction could commence within three years.</p> <p style="text-align: center;"><b>NEW SUNSHINE COAST RUNWAY</b></p> <p>The Gantt chart displays a timeline from 1-Jan-07 to 22-Dec-23. Seven milestones are marked with red dots and connected to their descriptions by lines. The milestones are: Sep-07 Gate 0 (Council Approval of Concept), Jun-08 Gate 1 (Council Endorsement of Business Plan), Dec-10 Gate 2 (Endorsement of Master Plan Amendments), Jul-12 Gate 3 (Approvals to Proceed), Aug-14 Gate 4 (Obtain Funding), Aug-16 Gate 5 (Commence Construction), and Feb-20 Gate 6 (Opening of new runway &amp; terminal).</p>
<p><b>Governance model surrounding project</b></p>	<ul style="list-style-type: none"> <li>• Sunshine Coast Regional Council proposes to deliver this project in a number of stages as outlined below with milestones and hold points embedded within the project plan to ensure appropriate review at each critical point.</li> <li>• This process will be managed by a Project Control Group reporting to stakeholders on program, environmental, social and financial progress against key indicators as outlined in the project strategy.</li> <li>• Council has implemented this strategy on previous occasions resulting in the successful delivery of major infrastructure projects.</li> </ul>
<p><b>Ownership</b></p>	<ul style="list-style-type: none"> <li>• Sunshine Coast Airport is a wholly owned business unit of Sunshine Coast Regional Council.</li> </ul>
<p><b>Timing</b></p>	<ul style="list-style-type: none"> <li>• The construction for this project is over three years with the ability to fast track the project commensurate with project funding.</li> </ul>
<p><b>Packaging</b></p>	<p>The project has been broken into 5 phases, each of which is separable and can be identified in the figure above as milestone achievements. Each phase contains a number of specific outputs.</p> <p>1. Pre-feasibility; 2. Detailed Feasibility; 3. Detailed Design; 4. Construction; 5. Review.</p>

Figure 1: Sunshine Coast Airport East West Runway NPV Outcomes Including Economic Benefits

## Incremental DCF Model Sunshine Coast Airport New East West Runway &amp; Associated Infrastructure

(\$'000)

## Assumptions

Discount Rate

10.38%

PASSENGER DEMAND AND PRICE PROJECTIONS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Demand Growth</b>											
Annual Domestic Passenger Movements	-	-	-	-	-	-	-	-	-	-	-
Additional Domestic Passenger Movements	-	-	-	-	-	-	-	-	-	-	-
Additional International Passenger Movements	-	-	-	-	-	-	-	-	4	9	14
<b>Total Passengers</b>	-	-	-	-	-	-	-	-	4	9	14
<b>COST INFORMATION</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Capital Expenditure</b>											
<b>New Capital Works</b>											
Land Acquisition	-	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	-	-	-	-	-	-	-	(10,000)	(10,000)	(30,000)	(40,000)
Airside Infrastructure	-	(700)	(700)	(700)	(700)	(700)	(700)	(10,000)	(10,000)	(20,000)	(20,000)
<b>Renewal Works</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
<b>Operating Expenditure</b>											
Airside	-	-	-	-	-	-	-	-	-	-	-
Landside	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenditure</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Costs Excl Depreciation</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
<b>REVENUE AND OPERATING BENEFITS</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Direct Project Benefits</b>											
Passenger Charges	-	-	-	-	-	-	-	-	25	63	94
Light Aircraft Fees	-	-	-	-	-	-	-	-	-	-	-
Car Park Charges	-	-	-	-	-	-	-	-	5	12	18
Terminal and Property Charges	-	-	-	-	-	-	-	-	7	16	25
<b>Total Direct Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>Economic Project Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regional Benefits - Airport Operations and Passenger Expenditure	-	-	-	-	-	-	-	-	-	-	-
<b>Total Economic Project Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>CASH FLOW PROJECTIONS</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residual Value											
Projected Costs Cash Flow	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
Projected Benefits Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>Total Free Cash Flow</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (19,964)	\$ (49,909)	\$ (59,864)
NPV Benefits	\$517,700										
NPV Costs	-\$113,374										
<b>NPV Net Benefits</b>	\$ 404,325										
<b>BCR (Benefit / Cost Ratio)</b>	4.57										
<b>IRR</b>	38.3%										

## Incremental DCF Model Sunshine Coast Airport (\$'000)

### Assumptions

Discount Rate

PASSENGER DEMAND AND PRICE PROJECTIONS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Demand Growth</b>										
Annual Domestic Passenger Movements	56	115	176	239	305	373	444	518	595	675
Additional Domestic Passenger Movements	-	22	24	25	27	44	44	44	44	44
Additional International Passenger Movements	19	90	93	104	128	140	146	146	160	175
<b>Total Passengers</b>	<b>75</b>	<b>227</b>	<b>293</b>	<b>368</b>	<b>460</b>	<b>558</b>	<b>635</b>	<b>708</b>	<b>799</b>	<b>893</b>
COST INFORMATION	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Capital Expenditure</b>										
<b>New Capital Works</b>										
Land Acquisition	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	(62,000)	-	-	-	-	-	-	-	-	-
Airside Infrastructure	(40,000)	-	-	-	-	-	-	-	-	-
<b>Renewal Works</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>\$ (102,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenditure</b>										
Airside	-	402	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)
Landside	-	(1,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)
<b>Total Operating Expenditure</b>	<b>\$ -</b>	<b>\$ (625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
<b>Total Costs Excl Depreciation</b>	<b>\$ (102,000)</b>	<b>\$ (625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
REVENUE AND OPERATING BENEFITS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Direct Project Benefits</b>										
Passenger Charges	504	1,519	1,963	2,467	3,083	3,737	4,255	4,745	5,356	5,986
Light Aircraft Fees	-	10	19	30	41	53	65	77	91	105
Car Park Charges	95	4,537	4,620	4,715	4,831	4,954	5,051	5,143	5,258	5,377
Terminal and Property Charges	132	7,121	7,414	7,746	8,151	8,582	8,923	9,246	9,648	10,063
<b>Total Direct Benefits</b>	<b>\$ 731</b>	<b>\$ 13,187</b>	<b>\$ 14,017</b>	<b>\$ 14,958</b>	<b>\$ 16,106</b>	<b>\$ 17,325</b>	<b>\$ 18,294</b>	<b>\$ 19,212</b>	<b>\$ 20,352</b>	<b>\$ 21,530</b>
<b>Economic Project Benefits</b>										
Regional Benefits - Airport Operations and Passenger Expenditure	-	165,300	165,300	165,300	165,300	165,300	165,300	165,300	165,300	165,300
<b>Total Economic Project Benefits</b>	<b>\$ -</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>
<b>Total Benefits</b>	<b>\$ 731</b>	<b>\$ 178,487</b>	<b>\$ 179,317</b>	<b>\$ 180,258</b>	<b>\$ 181,406</b>	<b>\$ 182,625</b>	<b>\$ 183,594</b>	<b>\$ 184,512</b>	<b>\$ 185,652</b>	<b>\$ 186,830</b>
CASH FLOW PROJECTIONS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Residual Value										
Projected Costs Cash Flow	\$ (102,000)	\$ (625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)
Projected Benefits Cash Flow	\$ 731	\$ 178,487	\$ 179,317	\$ 180,258	\$ 181,406	\$ 182,625	\$ 183,594	\$ 184,512	\$ 185,652	\$ 186,830
<b>Total Free Cash Flow</b>	<b>\$ (101,269)</b>	<b>\$ 177,862</b>	<b>\$ 173,692</b>	<b>\$ 174,633</b>	<b>\$ 175,781</b>	<b>\$ 177,000</b>	<b>\$ 177,969</b>	<b>\$ 178,887</b>	<b>\$ 180,027</b>	<b>\$ 181,205</b>

## Incremental DCF Model Sunshine Coast Airport (\$'000)

### Assumptions

Discount Rate

PASSENGER DEMAND AND PRICE PROJECTIONS	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Demand Growth</b>										
Annual Domestic Passenger Movements	757	843	933	1,025	1,122	1,222	1,326	1,434	1,547	1,664
Additional Domestic Passenger Movements	44	44	44	44	44	44	44	44	44	44
Additional International Passenger Movements	189	188	190	207	224	226	227	247	266	264
<b>Total Passengers</b>	<b>991</b>	<b>1,075</b>	<b>1,167</b>	<b>1,277</b>	<b>1,390</b>	<b>1,492</b>	<b>1,598</b>	<b>1,725</b>	<b>1,857</b>	<b>1,971</b>
COST INFORMATION										
Capital Expenditure	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>New Capital Works</b>										
Land Acquisition	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Renewal Works</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenditure</b>										
Airside	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)
Landside	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)
<b>Total Operating Expenditure</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
<b>Total Costs Excl Depreciation</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
REVENUE AND OPERATING BENEFITS										
Direct Project Benefits	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Passenger Charges	6,637	7,203	7,821	8,556	9,316	9,995	10,704	11,559	12,442	13,207
Light Aircraft Fees	120	135	151	168	186	205	225	246	267	290
Car Park Charges	5,499	5,606	5,722	5,860	6,003	6,131	6,264	6,425	6,591	6,735
Terminal and Property Charges	10,491	10,864	11,271	11,755	12,255	12,702	13,169	13,732	14,314	14,817
<b>Total Direct Benefits</b>	<b>\$ 22,747</b>	<b>\$ 23,807</b>	<b>\$ 24,964</b>	<b>\$ 26,339</b>	<b>\$ 27,760</b>	<b>\$ 29,033</b>	<b>\$ 30,362</b>	<b>\$ 31,961</b>	<b>\$ 33,614</b>	<b>\$ 35,050</b>
<b>Economic Project Benefits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Regional Benefits - Airport Operations and Passenger Expenditure	165,300	165,300	165,300	165,300	165,300	165,300	165,300	165,300	165,300	165,300
<b>Total Economic Project Benefits</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>	<b>\$ 165,300</b>
<b>Total Benefits</b>	<b>\$ 188,047</b>	<b>\$ 189,107</b>	<b>\$ 190,264</b>	<b>\$ 191,639</b>	<b>\$ 193,060</b>	<b>\$ 194,333</b>	<b>\$ 195,662</b>	<b>\$ 197,261</b>	<b>\$ 198,914</b>	<b>\$ 200,350</b>
CASH FLOW PROJECTIONS										
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Residual Value										\$ 149,160
Projected Costs Cash Flow	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)
Projected Benefits Cash Flow	\$ 188,047	\$ 189,107	\$ 190,264	\$ 191,639	\$ 193,060	\$ 194,333	\$ 195,662	\$ 197,261	\$ 198,914	\$ 349,510
<b>Total Free Cash Flow</b>	<b>\$ 182,422</b>	<b>\$ 183,482</b>	<b>\$ 184,639</b>	<b>\$ 186,014</b>	<b>\$ 187,435</b>	<b>\$ 188,708</b>	<b>\$ 190,037</b>	<b>\$ 191,636</b>	<b>\$ 193,289</b>	<b>\$ 343,885</b>

Figure 2: Sunshine Coast Airport East West Runway NPV Outcomes Excluding Economic Benefits

## Incremental DCF Model Sunshine Coast Airport New East West Runway &amp; Associated Infrastructure

(\$'000)

## Assumptions

Discount Rate

10.38%

PASSENGER DEMAND AND PRICE PROJECTIONS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Demand Growth</b>											
Annual Domestic Passenger Movements	-	-	-	-	-	-	-	-	-	-	-
Additional Domestic Passenger Movements	-	-	-	-	-	-	-	-	-	-	-
Additional International Passenger Movements	-	-	-	-	-	-	-	-	4	9	14
<b>Total Passengers</b>	-	-	-	-	-	-	-	-	4	9	14
<b>COST INFORMATION</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Capital Expenditure</b>											
<b>New Capital Works</b>											
Land Acquisition	-	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	-	-	-	-	-	-	-	(10,000)	(10,000)	(30,000)	(40,000)
Airside Infrastructure	-	(700)	(700)	(700)	(700)	(700)	(700)	(10,000)	(10,000)	(20,000)	(20,000)
<b>Renewal Works</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
<b>Operating Expenditure</b>											
Airside	-	-	-	-	-	-	-	-	-	-	-
Landside	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenditure</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Costs Excl Depreciation</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
<b>REVENUE AND OPERATING BENEFITS</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Direct Project Benefits</b>											
Passenger Charges	-	-	-	-	-	-	-	-	25	63	94
Light Aircraft Fees	-	-	-	-	-	-	-	-	-	-	-
Car Park Charges	-	-	-	-	-	-	-	-	5	12	18
Terminal and Property Charges	-	-	-	-	-	-	-	-	7	16	25
<b>Total Direct Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>Economic Project Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regional Benefits - Airport Operations and Passenger Expenditure	-	-	-	-	-	-	-	-	-	-	-
<b>Total Economic Project Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Benefits</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>CASH FLOW PROJECTIONS</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residual Value											
Projected Costs Cash Flow	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (20,000)	\$ (50,000)	\$ (60,000)
Projected Benefits Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36	\$ 91	\$ 136
<b>Total Free Cash Flow</b>	\$ -	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (700)	\$ (20,000)	\$ (19,964)	\$ (49,909)	\$ (59,864)
NPV Benefits	\$62,736										
NPV Costs	-\$113,374										
<b>NPV Net Benefits</b>	\$ (50,638)										
<b>BCR (Benefit / Cost Ratio)</b>	0.55										
<b>IRR</b>	4.5%										

## Incremental DCF Model Sunshine Coast Airport (\$'000)

### Assumptions

Discount Rate

PASSENGER DEMAND AND PRICE PROJECTIONS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Demand Growth</b>										
Annual Domestic Passenger Movements	56	115	176	239	305	373	444	518	595	675
Additional Domestic Passenger Movements	-	22	24	25	27	44	44	44	44	44
Additional International Passenger Movements	19	90	93	104	128	140	146	146	160	175
<b>Total Passengers</b>	<b>75</b>	<b>227</b>	<b>293</b>	<b>368</b>	<b>460</b>	<b>558</b>	<b>635</b>	<b>708</b>	<b>799</b>	<b>893</b>
COST INFORMATION	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Capital Expenditure</b>										
<b>New Capital Works</b>										
Land Acquisition	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	(62,000)	-	-	-	-	-	-	-	-	-
Airside Infrastructure	(40,000)	-	-	-	-	-	-	-	-	-
<b>Renewal Works</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>\$ (102,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenditure</b>										
Airside	-	402	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)
Landside	-	(1,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)
<b>Total Operating Expenditure</b>	<b>\$ -</b>	<b>\$ (625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
<b>Total Costs Excl Depreciation</b>	<b>\$ (102,000)</b>	<b>\$ (625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
REVENUE AND OPERATING BENEFITS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Direct Project Benefits</b>										
Passenger Charges	504	1,519	1,963	2,467	3,083	3,737	4,255	4,745	5,356	5,986
Light Aircraft Fees	-	10	19	30	41	53	65	77	91	105
Car Park Charges	95	4,537	4,620	4,715	4,831	4,954	5,051	5,143	5,258	5,377
Terminal and Property Charges	132	7,121	7,414	7,746	8,151	8,582	8,923	9,246	9,648	10,063
<b>Total Direct Benefits</b>	<b>\$ 731</b>	<b>\$ 13,187</b>	<b>\$ 14,017</b>	<b>\$ 14,958</b>	<b>\$ 16,106</b>	<b>\$ 17,325</b>	<b>\$ 18,294</b>	<b>\$ 19,212</b>	<b>\$ 20,352</b>	<b>\$ 21,530</b>
<b>Economic Project Benefits</b>										
Regional Benefits - Airport Operations and Passenger Expenditure	-	0	0	0	0	0	0	0	0	0
<b>Total Economic Project Benefits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Benefits</b>	<b>\$ 731</b>	<b>\$ 13,187</b>	<b>\$ 14,017</b>	<b>\$ 14,958</b>	<b>\$ 16,106</b>	<b>\$ 17,325</b>	<b>\$ 18,294</b>	<b>\$ 19,212</b>	<b>\$ 20,352</b>	<b>\$ 21,530</b>
CASH FLOW PROJECTIONS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Residual Value										
Projected Costs Cash Flow	\$ (102,000)	\$ (625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)
Projected Benefits Cash Flow	\$ 731	\$ 13,187	\$ 14,017	\$ 14,958	\$ 16,106	\$ 17,325	\$ 18,294	\$ 19,212	\$ 20,352	\$ 21,530
<b>Total Free Cash Flow</b>	<b>\$ (101,269)</b>	<b>\$ 12,562</b>	<b>\$ 8,392</b>	<b>\$ 9,333</b>	<b>\$ 10,481</b>	<b>\$ 11,700</b>	<b>\$ 12,669</b>	<b>\$ 13,587</b>	<b>\$ 14,727</b>	<b>\$ 15,905</b>

## Incremental DCF Model Sunshine Coast Airport (\$'000)

### Assumptions

Discount Rate

PASSENGER DEMAND AND PRICE PROJECTIONS	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Demand Growth</b>										
Annual Domestic Passenger Movements	757	843	933	1,025	1,122	1,222	1,326	1,434	1,547	1,664
Additional Domestic Passenger Movements	44	44	44	44	44	44	44	44	44	44
Additional International Passenger Movements	189	188	190	207	224	226	227	247	266	264
<b>Total Passengers</b>	<b>991</b>	<b>1,075</b>	<b>1,167</b>	<b>1,277</b>	<b>1,390</b>	<b>1,492</b>	<b>1,598</b>	<b>1,725</b>	<b>1,857</b>	<b>1,971</b>
COST INFORMATION	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Capital Expenditure</b>										
<b>New Capital Works</b>										
Land Acquisition	-	-	-	-	-	-	-	-	-	-
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Renewal Works</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landside Infrastructure	-	-	-	-	-	-	-	-	-	-
Airside Infrastructure	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenditure</b>										
Airside	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)
Landside	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)	(3,027)
<b>Total Operating Expenditure</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
<b>Total Costs Excl Depreciation</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>	<b>\$ (5,625)</b>
REVENUE AND OPERATING BENEFITS	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
<b>Direct Project Benefits</b>										
Passenger Charges	6,637	7,203	7,821	8,556	9,316	9,995	10,704	11,559	12,442	13,207
Light Aircraft Fees	120	135	151	168	186	205	225	246	267	290
Car Park Charges	5,499	5,606	5,722	5,860	6,003	6,131	6,264	6,425	6,591	6,735
Terminal and Property Charges	10,491	10,864	11,271	11,755	12,255	12,702	13,169	13,732	14,314	14,817
<b>Total Direct Benefits</b>	<b>\$ 22,747</b>	<b>\$ 23,807</b>	<b>\$ 24,964</b>	<b>\$ 26,339</b>	<b>\$ 27,760</b>	<b>\$ 29,033</b>	<b>\$ 30,362</b>	<b>\$ 31,961</b>	<b>\$ 33,614</b>	<b>\$ 35,050</b>
<b>Economic Project Benefits</b>										
Regional Benefits - Airport Operations and Passenger Expenditure	0	0	0	0	0	0	0	0	0	0
<b>Total Economic Project Benefits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Benefits</b>	<b>\$ 22,747</b>	<b>\$ 23,807</b>	<b>\$ 24,964</b>	<b>\$ 26,339</b>	<b>\$ 27,760</b>	<b>\$ 29,033</b>	<b>\$ 30,362</b>	<b>\$ 31,961</b>	<b>\$ 33,614</b>	<b>\$ 35,050</b>
CASH FLOW PROJECTIONS	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Residual Value										\$ 149,160
Projected Costs Cash Flow	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)	\$ (5,625)
Projected Benefits Cash Flow	\$ 22,747	\$ 23,807	\$ 24,964	\$ 26,339	\$ 27,760	\$ 29,033	\$ 30,362	\$ 31,961	\$ 33,614	\$ 184,210
<b>Total Free Cash Flow</b>	<b>\$ 17,122</b>	<b>\$ 18,182</b>	<b>\$ 19,339</b>	<b>\$ 20,714</b>	<b>\$ 22,135</b>	<b>\$ 23,408</b>	<b>\$ 24,737</b>	<b>\$ 26,336</b>	<b>\$ 27,989</b>	<b>\$ 178,585</b>