Sunshine Coast Aviation and Aerospace Industry Audit and Profile

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Executive Summary

This report summarises the outcomes of a survey of the aviation and aerospace sector on the Sunshine Coast. It is understood to be the first survey of its kind undertaken in the region.

It was carried out through face-to-face interviews with 36 firms of the 75 identified firms in the sector and resident on the Sunshine Coast. The survey was carried out in July 2015 and is statistically accurate.

This sector on the Sunshine Coast is principally clustered around the Sunshine Coast Airport and Caloundra Airport. While statistically quite small sector compared with the overall Sunshine Coast economy, this is a high value sector in capital and human resource terms and while comparatively small, it is important in both providing support to critical transportation infrastructure and to spill over effects in the region over effects to the wider economy.

The findings of particular note were:

- Rather than a single sector, these activities encompass a number of sub-sectors ranging from pilot training and other education through to aircraft maintenance and consultancies. Each relates to aviation and aerospace but the strength of the links between individual firms and the balance of the sector vary considerably.
- The firms are generally privately owned, and small but appear to be reasonable stable and sustainable.
- Many rated their business prospects as good or better though some sub-sectors appear to be less optimistic.
- Most of the respondents found their location and accommodation beneficial however there were concerns about on-street parking at the Sunshine Coast airport estate and some tenure/lease matters which may be worthy of further investigation.
- There are however areas of concern that range from suitable training, improved profile from the sector and, for a number major businesses, threats for urban encroachment - these affect even some of the larger firms and, on the face of it, could affect their longer term viability.
- Firms see the value in their clusters and many see an opportunity for the sector and its positive attributes to be given more prominence.
- Many also would like the facilitated opportunity to have improved links and information sharing with other resident firms.

Overall therefore, the sector has a relatively sound base and a potential that lies beyond scale. It would appear that, despite the diversity within the sector, there are a number of generic theme that have emerged that would benefit from a level of leadership, coordination and intervention.

This report provides a basis for the development of a targeted sectoral strategy and support which would form the next phase of an ongoing strategy for this sector.
Part 1  Title

Sunshine Coast Aviation and Aerospace Industry Study sectoral snapshot (Audit and profile)

Part 2  Purpose

The purpose of this project is to provide a statistically robust quantitative and qualitative study describing the aviation and aerospace sector within this region. It also identifies, from that initial analysis, the characteristics of the sector and its components to identify common issues, challenges and opportunities.

From this evidence base, more detailed work on industry strategies and relevant support mechanisms can be undertaken into the future.

Part 3 Activities, timing, ethical clearance

The information herein was based on a review of interviews and collected through pro forma, face-to-face survey undertaken in July 2015. It was carried out fully by the University of the Sunshine Coast (USC) researchers in consultation with members of the Sunshine Coast Aviation Aerospace Industry Taskforce and representatives of the Sunshine Coast Council Economic Development Branch.

The survey questions were developed following recognised research practices and refined though consultative meetings with the Taskforce and Council representatives.

The project received ethical clearance from the University of the Sunshine Coast on 20 May 2015. The Research Project Information Sheet is provided in Attachment 1.

Part 4  Parameters, definitions and limitations

The study aimed to be as comprehensive as possible; consequently, attempts were made to contact all known firms and organisations involved directly or indirectly in the aviation/aeronautical sector who reside in the Sunshine Coast region.

Given the purpose of the study (refer to Part 2 above) this report concentrated on survey outcomes and their interpretation. It provides a brief summary of research and regional information to provide a theoretical and contextual base (Part 7). The key focus, however, related to knowledge of the firms involved in the sector here and an identification of emerging issues. Developing specific solutions or remedial actions for identified issues were outside the brief of this research.

The aviation and aerospace industry has been identified as one of seven high-valued industries expected to play a pivotal role in building and shaping the new Sunshine Coast economy. In an overall sense, the sector includes:
• Passenger services
• Charter services
• Pilot training (helicopter and fixed wing)
• Maintenance repairs and overhaul (MRO)
• General Aviation (GA)
• Recreational Aviation (RA)
• Knowledge-based aviation and aerospace technologies

This is the first such comprehensive data collection of this sector on the Sunshine Coast known to have been undertaken. This is somewhat surprising and obviously limits longitudinal and trend analysis.

Part 5 Methodology

A single questionnaire and face-to-face interview was selected as appropriate for this research. A copy of the questionnaire is included as Attachment 2.

A comprehensive data basis of resident firms that were linked in a significant way to aviation and aerospace was identified. The data basis was drawn principally from Sunshine Coast Council (SCC) records, combined with information and contacts from the Aviation and Aerospace Taskforce and from USC researchers’ own investigations. Some of the data bases contained duplicates and/or now redundant entries.

Some organisations identified in those preliminary lists were no longer in business or active. Encountering such situations is not unusual when updating or integrating databases and nothing regarding the sector should be construed from this basis.

The data was cleansed and 55 locally-based firms known to be directly or industry involved in this sector were identified. All were contacted and informed of the process (as per Attachment 2) and followed up with a telephone call to make an appointment.

Firms were advised of the ethical clearance in place for this work and that individual responses would be held in confidence. The independence of the University was recognised by many.

The final list of potential responses developed proved quite accurate though a number of businesses could not be located or did not respond. Of the 55 in the population, 36 firms responded – and face-to-face interviews held with all of those respondents. That sample size (65%) is exceedingly high and therefore is statistically accurate.

Overall the firms were very positively disposed to being involved. In the first instance, meetings were difficult to arrange because of the pressure of their work commitments. Once interviews were established, however, respondents were very forthcoming with their input and many interviews went well past the anticipated time. On average, each interview took about 35 to 40 minutes.

While respondents were advised that there was no obligation to respond to specific questions, most did provide answers to practically all questions.
A common response was that they believed the survey was very timely (arguably overdue) and they were pleased to be involved. However, two common and understandable conditions placed on their involvement were that:

- there would be feedback in due course; and
- there was a hope that the Council/Taskforce would act on significant/generic issues raised.

Questions were both quantitative (to better enable statistical interpretation and comparison) and qualitative to allow for respondents to speak more generally about wider issues and opportunities that they observed for their businesses and for the sector in the region more generally.

**Part 6 Research personnel**

Professor Mike Hefferan – Research Leader/Author

Dr Pam Wardner – Project Manager

Mr Daniel Lange – Researcher
Part 7 Background

[The essential task of this paper is to report and provide a summary of the above described survey undertaken in July 2015.

Nevertheless it is important that some general context be provided. It is stressed that it is a literature summary only, highlighting some particularly relevant background information. It needs to be read with that in mind and not as a definitive literature review related to these topics.]

7.1 Sunshine Coast Regional Economic Development Strategy (REDS)

In 2013, key institutions and business associations on the Sunshine Coast, led by the Sunshine Coast Council, and developed a new economic strategy – Regional Economic Development Strategy – 2013 – 2033 (REDS).

This strategy highlighted that, if the region was to develop in an economically and physically sustainable way and prosperity was to be increased, then the economy would need to broaden and deepen.

To that end, the strategy set a number of purposely ambitious goals.

It particularly recognised emerging opportunities in health and education and key short- and longer-term ‘game-changer’ infrastructure and related projects; particularly identified were the Sunshine Coast University Hospital and precinct, the development of a new city centre at Maroochydore, the planned extension of The Sunshine Coast Airport, the expansion of the University of the Sunshine Coast and the further development of transport infrastructure – particularly the upgrade of the Bruce Highway.

If the area was to achieve the planned necessary growth it would require a combination of leadership, capital investment, globalisation in markets and investment in talent and skills. Furthermore it was recognised that a number of high-value industries and sectors would be critical to this new growth.

These high-value industries were identified as:

- health and well-being
- cash and research
- tourism, sports and leisure
- knowledge industries and professional services
- agribusiness
- aviation and aerospace
- clean technologies

(As regards aviation and aerospace, the sector was defined as ‘aviation and aircraft services, helicopter engineering, advanced pilot training, aircraft
Some of these identified sectors were already mainstream, others are smaller in scale but are recognised as essential into the future given their growth potential and/or their catalectic impact on the wider economy and community.

To help advance each of these industry sectors, Council, with the co-operation of other stakeholders, established task forces to provide leadership, communication, advice and to assist in operationalising each of the industry areas in the region.

In the case of aviation and aerospace, a steering committee was established in 2013 and its membership and direction was reinforced under a predetermined time frame, in 2015.

7.2 Regional aviation

The study of regional aviation is a complex exercise. A number of quite distinct and different subsectors can be identified within it and the links between those subsectors range from very strong to quite weak.

These subsectors include infrastructure and ground-based activities, those involved in actual flying, those companies, associations and institutions who support those aviation operations and finally governments who have a role as regulators and/or asset owners and/or provide subsidies and support to maintain adequate services nationally and internationally.

Given this conglomeration the scale and stratification varies considerably.

Airports and related activities provide enormous economic contribution to Australia – $17.3 billion or 1.2% of Gross Domestic Product (Deloitte Access Economics 2011). Approximately 115,200 full-time-equivalent workers are also involved.

The majority of activity lies in the six major airports, although it is important to note that numerically this is a very small proportion of the more than 400 civil airports around Australia.

The large proportion of airports (principally in regional areas) are owned by local government and as many as 50% of them are run at a loss each year (Australian Airports Corporation 2012).

Decisions on routes and frequency of flights are critically important to the viability of regional airports and these are the domain of commercial airline companies. The Commonwealth Government is important as the regulators of the entire aviation industry including a range of certifications and safety considerations, etc.

State governments’ role is typically to provide sectoral support. These activities include subsidies of otherwise uneconomical routes to remote areas and, to varying extents, economic development activities flowing from the sector, broadly defined.
In recent years, and particularly as in Queensland, the state government roles have evolved. In aggressive economic development strategies, dating back 15 years, the Queensland Government attracted investment in the commercial airline industry (e.g. Virgin Airlines) plus the development of major maintenance facilities (e.g. QANTAS), training (Aviation Australia) and research. Additional, the state government was instrumental in the attraction of major systems development and aviation/helicopter manufacture facilities (e.g. Boeing, Ferra Engineering and others).

Critical to this also was defence support and Office of Defence Materiel spending and links with the Defence Department for new equipment and maintenance at Amberley, Oakey and elsewhere.

A final initiative here related to the use of facilities in Queensland for defence training most heavily involving civil airport facilities, notably in Rockhampton and Townsville. These clearly had regional focus and impact.

Of recent years, however, this level of regional intervention has arguably decreased though regional activities on the Gold Coast, Bundaberg and Toowoomba continue.

Significant state government efforts into the sector emphasise the securing of defence contracts and while his priority is justified from a state-wide perspective, the impact on the regional aviation sector in areas such as the Sunshine Coast is limited.

Importantly, the state government does have an Economic Directions Statement Queensland Airports 2013, 2023 which recognises the critical role that airport infrastructure plays in such a decentralised state and particularly for the tourism and resources sectors.

This report notes that there are 90 metropolitan and regional airports across the state which are considered to be of strategic economic importance (including the Sunshine Coast – Maroochydore and Caloundra).

This report highlights particularly:

- the overall need for further investment into the sector (at all levels, including infrastructure and equity and debt capital for establishing or existing firms)
- the need for collective and coordinated efforts by all levels of government and by firms and relevant organisations to advance the sector.

The report further highlights:

- the need to ‘internationalise’ the offer, not simply in terms of aircraft activity but also in training (citing Becker Helicopter Services, Sunshine Coast as an important example)
- the role of air transportation to support the resources sector and the growing importance of tourism and visitations from Asia – particularly China
- military and defence expenditures (in training, airport infrastructure and bases)
- the potential related to agriculture
- industry development in maintenance, repair and overhaul capacity and contracts and in defence contracts
• skills development and training
• airport/industrial precincts
• scientific research and technical innovation notably around unmanned aircraft systems (UAS).

These observations are well made and should be considered at a Sunshine Coast regional level in any further representations to the stage government or others.

7.3 Cluster theory

In economic development studies, the concepts of competition analysis has represented a major research/policy area for over a quarter of a century. The seminal work undertaken by Michael Porter (1990, 1992) recognised that competitive advantages for individual firms and regions could be achieved in many cases by the closer physical locations of competitive as well as complementary firms (i.e. clusters). In part this may seem counter-intuitive particularly for closely competitive firms who, it may appear, would be well advised physically and in other ways to ‘distance themselves’ from competition.


Clusters are defined as geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries and associated institutions (Porter 1998).

Many of these authors note of course that such tendencies are not novel and can be easily recognised in the guilds and trades from medieval and renaissance times through to the present.

These authors generally note that, in more contemporary times, this tendency has increased and has indeed become more complex – citing such cases as fashion and leather design clusters in Northern Italy, pharmaceuticals in Boston and San Diego, IT and software development in Austin, Texas and, most notably, in Silicon Valley in San Francisco.

A range of aggregating forces can be identified which encourage clusters across various sectors and subsequently aid the competitiveness and innovation potential of participating firms. These include:

• The ability to secure identity, prestige and specialisations across sector and beyond
• The ability to better link with some key component of that sector – be it a particular resource, piece of infrastructure and/or major customer, etc.
• The ability to share resources, develop supply chains and work more efficiently and potentially with lower transport costs
• To support individual managers and individuals to raise corporate entrepreneurship
• To attract and hold key skilled labour
• To have better potential, either individually or in aggregation, to reach economies of scale
• To ‘leverage off’/share and increase the momentum of innovation and to better link both as individuals and in aggregation with national bodies, governments, industry associations, universities and (particularly) research institutions.

Moretti (2012) makes several important observations in this regard. First, there is strong evidence that the economic and social encouragement of firms to cluster is in fact increasing with the rise of knowledge-based sectors and industries. Perhaps this is in some ways unexpected given that those types of activities typically involve ‘weightless’ or near weightless product and therefore the physical logistics for these new sectors would not seem so important. He makes the point, however, that the development of knowledge requires the close association of like-minded, highly-skilled individuals and therefore the physical interaction is even more important, – as it was for manufacturing where heavy, low unit cost product was being moved along the supply chain.

A second important observation here is that in the contemporary environment, the location of successful clusters is not as prescriptive as it was in previous areas of heavy manufacturing. Consequently such clusters will sometimes emerge in somewhat unlikely places. (Moretti cites San Francisco and surrounds as examples where there was little, 30 or 40 years ago, to suggest it would become the world’s most successful cluster which started very modestly indeed based on a few individuals who happened to be at Stamford University.)

Additionally he notes that clusters may not be necessarily and strictly confined to a single location as may have been the case previously.

Based to some extent on the cluster theory, more recent work by Glaeser (2010, 2011), Enrico (2013) and Delgado and Orr (2014) now speak of ‘agglomeration’. They consider that the nature of these aggregating forces may not now be as strictly locationally based as before, rather they can spill over to other parts of the regions and beyond, depending on the other locational influences of those particular firms. That is to say that their level of specialisation and their particular needs to be physically very closely located or otherwise will vary from other firms in the sector. Information and Communication Technology (ICT) links now available obviously loosen those bonds of physical immediacy, but do not change the overall need for regular face-to-face communication.

In other words ‘place and clusters’ still matter – but now in a somewhat different and evolving form – would reinforce the importance of even smaller scale clusters such as regional aviation and aerospace. The argument would run that even though over specialisation of a cluster may have inherent risks, the practical outcomes see high profile, innovative activities and that of their staff have significant ‘spill over’ effects in culture, entrepreneurship, human and social capital and networks across the region. While difficult to measure qualitatively, these cultural changes and rising levels of confidence and ‘economic enthusiasm’ are obvious and evident, particularly if sectoral success is recognised, publicised and celebrated.

Hefferan (2013) identifies that there are in fact a range of different cluster types – all are drawn by forces to locate in close proximity to others but the nature and form of those varies according to the sector and the firm involved. Some of these different forms are as follows:
(1) **Bilateral** – a cluster of businesses and activities around a particular key activity or piece of infrastructure. By way of example consider the firms that will establish themselves in close proximity to a seaport – stevedoring, warehousing, customs agents and road transportation firms. While these firms may have loose or intermittent dealings with firms nearby, it is the bilateral link (i.e. port-to-individual business that is critical component that holds the cluster together.

(2) **Supply chains** – typically in such arrangements there will be one or more dominant down-stream customer and a number of firms will supply componentry or some other value added activity that feeds into the final end user. Sometimes inputs will be sequential; other times they will arrive with the downstream customer separately but simultaneously, reinforced by contemporary ‘just in time’ logistic strategies.

Depending on the commodity (particularly its size, weight, unit value and the type of processes involved, those supply chains can be aggregated in particular locations. Others, supported by relatively cheap transportation costs can supply into the chain from quite remote locations.

The automotive components industry represents a good example of this. In that case, there are a very small number of down-stream customers. Those who supply into that chain with heavy componentry (transmission components, engine components etc.) will find competitive advantages by being located close to those final users. On the other hand, smaller lightweight components such as instrumentation or fittings, may well be supplied to the final customer from much more distant locations.

(3) **Organic** – these represent a very common form of clustering that emerge over time to sometimes ‘take-over’ or dominate a particular existing locality. They often emerge from a relatively small number of firms arriving at the same locational decisions as others because the area has certain advantages or image. Thereafter, the area can (often quite quickly) develop ‘a name’ recognised by final consumers and can also be important in attracting human and social capital. There are numerous examples of these – fashion precincts in Fortitude Valley, Brisbane, or Richmond in Melbourne; IT companies at Toowong, Brisbane; engineering consultancies on Coronation Drive, Brisbane; lifestyle companies in Hastings Street, Noosa and so on. These clusters may not be exclusive and sometimes merge from quite small competitive advantages – for example, where the owner and executive wishes to live, the existing style of the location, proximity to universities or to a social scene.

(4) **A 'locational point of difference'/identity** – These clusters involve different sorts of businesses aggregating in a particular area because of some real or perceived local theme. Sometimes these can be on an environmental or tourist basis but they cross over into a range of manufacturing and other uses. One of the best examples of this in Australia is the clustering that exists in Byron Bay. (Initially this region had an image of quality coastal environment, alternative lifestyles etc.) Importantly it is a name that is recognised. From there, and a very innovative use of land use planning in the region’s main industrial estates, a wide combination of small to medium but highly successful companies have clustered, successfully using the
brand name ‘Byron Bay’ with all that that represents. The firms involved are quite eclectic – ranging from fashion, food manufacture of various sorts, personal services, sports equipment manufacture and a wide range of others.

(5) **Symbiotic** – these represent the most sophisticated form of clusters in the most contemporary urban forms. Typically firms in these clusters are interlinked, interdependent and, while freestanding and working in global environments, cluster in an area with particular comparative advantages – these may be around teaching and research hospitals, sometimes around universities and will almost invariably be globally linked.

Firms in these types of clusters are particularly focussed on two distinct levels of operation; the first is very local – the immediate physical environment and the ability to attract and hold suitably skilled and ‘knowledgeable’ workers; the second level is global where their often weightless product is transferred electronically to potential customers worldwide. Flexibility and adaptability are key attributes and the nature of the physical environment needs to reflect the ethos and image of the company, its size and typical working arrangements. Clustering here provides a level of identity and shared experiences with other similar firms and an improved chance of attracting venture, debt funding and partnerships.

As regards aviation, it will be noted that bi-lateral characteristics are often very important (perhaps explaining the relatively low interaction between resident firms noted in this survey). Organic development over time is also important.
Part 8  Summary of Outcomes

8.1  Responses to Specific Questions

As noted in Part 5 above the questionnaire used in this research was a mixture of quantitative and qualitative data.

Summarised below are quantitative responses, grouped together to align the general themes of the questionnaire (A) Details of individual business and (B) Linkages with the aviation sector and the Sunshine Coast

Key observations are as follows:

A.  Details of individual business

  (1)  Subsectors

  A key finding is the need to recognise that while the sector is identified as ‘aviation and aerospace’, there is a wide spread of different sub-sectors involved. From the sample:

    o  8 firms were involved in pilot training and related (i.e. about 22% of the sample)
    o  4 manufacturing (i.e. about 11% of the sample)
    o  11 maintenance (line, general maintenance repairs and overhauls) (i.e. about 31% of the sample)
    o  6 in various consultancies (i.e. about 17% of the sample)
    o  3 hanger space and rentals (i.e. about 8% of the scale)
    o  3 sales (i.e. about 8% of the sample)

  Each of these groups has varying characteristics and specific issues which are not necessarily closely related to other subsectors. There appears to be quite limited interaction between firms in the same subsector and even less across the regional sector as a whole.

  (2)  Production of final good or service – The vast majority (some 92%) of the sample identified that they produced a final good or service and consequently it would not be surprising that there is only limited evidence of supply chains within the sector in this region.

  (3)  Specialisation – the respondent firms exhibited a high level of specialisation and exclusivity for the sector with almost 90% reporting that the aviation sector, broadly defined, represented between 75 and 100% of their business.

  (4)  Corporate Structure – 84% of respondents were single proprietors, partners or in a private company which would have significant implications on scale and on the role of the owner/CEO and decision making processes.
(5) **Primary location** – the sector is highly localised – 86% identifying the Sunshine Coast as their ‘Head Office’ and 69% having only one business address and a further 22% having only 2 addresses.

(6) **Length of time in business** – the results here, shown in the histogram below, are worthy of note. While there is large standard deviation (13.8) the longevity of firms (median age 20 years) is quite remarkable for a small to medium enterprise (SME) sector and would indicate a level of stability in the sector.

The length of time in business on the Sunshine Coast was very similar to the above.

The length of time at the present location presented an odd profile (see below), these statistics may simply reflect the short-term churn of firms in commercial leases sub-leases – often between three and five years and the other major period (11 – 20 years) may coincide with the wider development of the industrial estate at the Sunshine Coast Airport.
(7) **Annual turnover** – these are quite sensitive figures particularly for privately owned companies and it received the lowest response rate (23). Because of the sensitivity, these enquiries was not pursued and nor confirmed. However it would indicate that over 50% of business have a turnover of less than $2M a year (reflecting the SME nature of most of the sector though with about a third of the respondents having a turnover of less than $4M and three outlier companies with turnover in excess of $20M.

(8) **Number of employees** – the distribution recorded is typical of an SME based sector and not dissimilar to a number of other sectors in the region.
(9) **Breakdown of employee types** – again, because of the nature of the businesses, it is often difficult to differentiate work roles given that the same employee may carry out a number of functions. Nevertheless, it is important to note that over three quarters of all employees were considered as ‘professional’ or ‘technical’.

B. **Linkages with the aviation sector**

(1) **Training** – 78% of firms provided skills or other developmental programs with their staff, noting that upskilling and refresher courses were often required to maintain various accreditations and standards. 46% of such training was classified as ‘on the job’ and almost half (47%) was structured technical training either ‘on or off the job’.

An important result was that regional skills development support was widely considered as only fair to poor. Given the parameters of this report, this finding was not able to be examined further but should lead to further enquiry.

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**Regional skills development support (rating)**

(2) **Business prospects** – this showed an unusual distribution, overall the response is quite bullish with some 50% of respondents reporting business prospects over the next two years as excellent to good. Of concern, however, is that over a quarter of the businesses consider their prospects over the next two years as ‘poor’. A significant number of these were involved in aircraft maintenance and were unsure of a future workflow. However, there were others with similar views scattered across the other subsectors. Despite the majority of positive responses, the fact that a quarter of firms surveyed had a pessimistic outlook is a matter of concern and would warrant further investigation. (It should be noted,
however, that in such surveys the owners of smaller firms in particular will typically have a conservative approach to out years.

(3) **Business premises** – physical accommodation and suitability for use do not seem to be issues, with 74% considering their premises play a good or excellent role in supporting their business. Only 6% rate their accommodation as poor.

Similarly, some 87% rated their immediate location/physical environment as good or excellent.
Overall therefore, the physical environment and infrastructure for the businesses (at the two key locations of Maroochydore and Caloundra) should be considered as a very positive attribute to the sector in this region.

(4) **Customer base** – because of the diversity of the subsectors, aggregate figures on the customer base of firms can be somewhat misleading. However, it is clear that for some sectors, such as flight training and maintenance, the services are delivered locally, but, again depending on the service, to a client base that was much more diverse.

(5) **Physical clustering** – a question on the importance of clustering produced a very diverse response.

These responses require further investigation – over one third consider clustering as essential but qualitative responses would indicate that individual firms even in the same subsector have only casual and intermittent interaction. It may be that firms are simply responding to the bilateral need to be located at or near an airport and to be in a location with a level of identity as regards the aviation sector.

(6) **Staffing, hiring, attracting** – as might be expected in an area of high skill, the attracting and retaining suitable staff was seen as a high priority with 61% identifying it as a critical or absolutely critical area for them; likewise (and reinforcing earlier comments) over 50% saw that continuing training is essential to their business.

Note 1 being not important and 5 being absolutely critical
8.2 Qualitative responses

The survey included a range of qualitative questions regarding the overall state of the sector on the Sunshine Coast and suggestions to advance and improve it. Many of these questions were purposely open-ended to ensure that a full range of opinions were solicited. While necessary, this approach does create difficulties in analysis and in attempting to draw out common themes.

This is particularly the case for a sector that is itself divided into clear subsectors, each with its own characteristic, issues and opportunities. Given that and the diverse CEO and senior staff interviewed, the responses were somewhat eclectic. It has therefore been necessary to use some editorial licence in drawing some of these themes together in this section.

However, this has been done very carefully so that the underlining and important themes have been recommended, though in aggregate or summary form. In such analysis also, not all opinions or ‘one off’ comments could be included and it is perhaps dangerous to do so given that a pressing or immediate issue for an individual or firm may well not be shared by others, or indeed many, across the sector.

The matters identified below are typically those, which in one form or another, emanated from a number of sources. With all of that in mind, key qualitative issues included:

- The Sunshine Coast aviation offer is very sound – having excellent training facilities and environment (though some of these are under threat), an excellent lifestyle while training and the ability to fly in various environments with close proximity. All of this, and location only an hour or so north of a major city and international airport are very significant comparative advantages that should be promoted more.

- There was a need for a more structured and focussed way of promoting the sector in a number of ways – firstly to attract more students and to better link the sector with other complimentary sectors, such as tourist and accommodation and education.

- To train and improve the profile of the sector as a whole and the individual firms within it – past the obvious concerns of noise at take-off and landing.

- CASA and others need to be better connected with the industry and be more aware of the issues surrounding regional aviation.

- (In the opinion of a number) the sector on the Sunshine Coast is to some extent stagnating and needs to be re-energised with government listening more to private investors.

- There are particular issues around leases and logistics such as parking and traffic movements.

- A stronger team environment and esprit de coups is required in the whole regional sector and not simply between the firms but involving the council (as landlord and sectoral supporter) and out to the wider community.
Part 9  Emerging themes

As previously noted, the primary purpose of this research/paper was to provide both quantitative and qualitative details of the aviation and aerospace sector on the Sunshine Coast.

Care needs to be taken not to advance too quickly without more definitive and detailed discussions on certain issues, opportunities and themes which appear to be emerging from this data.

These emerging themes and characteristics are as follows:

- Even though the large majority of firms interviewed were involved solely in some component in the aviation sector, they quite clearly each belonged to a subsector. On this basis, it is important that future sectoral development strategies respond to the unique characteristics and challenges of each of those subsectors.

- Firms within the sector in the region have typically been established over a long period of time and appear relatively stable. Most are small but even the larger ones are typically privately owned and are resident on the Sunshine Coast because of certain comparative advantages and often very pragmatically, because the owner/owners reside in the locality and with therefore remain. This on the face of it, gives a level of stability but some of those competitive advantages and the operating environment are under significant challenge particularly from urban encroachment and the curtailment of flight training activities. There is potential for real danger of losing smaller but also some larger firms unless innovative solutions are found.

- Human resources and training for staff are fundamental to this sector but responses received would indicate a dissatisfaction with current training support. It is beyond the parameters of this research to investigate this issue further but it does appear to be a matter that requires further attention.

- There is a widely held view that the benefits and positive impacts of the sector are not well recognised and, even if issues such as noise in aircraft take-offs and landings are avoided, there are a range of good stories emanating from firms in the sector that could be better highlighted by the council, politicians and others – which could be done, for example, by promotional material, press articles or even recognition in certain awards.

- Training organisations within the sector note that they appeared to be excluded from the Sunshine Coast Education and Training Taskforce and given their importance and scale they believe they would benefit from such involvement.
Give the number of visitations and short to medium term stays for various training activities, a more coordinated approach between the training providers and accommodation suppliers would work to the benefit of all.

At the Sunshine Coast Airport there is a level of ongoing frustration and business disruption caused by restrictions on kerbside parking. It is recognised that parking controls around the terminal are essential but a voucher system or similar could be introduced to accommodate visitors to resident firms.

Firms generally report a good working relationship with the management of the Sunshine Coast Airport; however, on a number of occasions, issues were raised on land leases in the precincts which, on the face of it, were disrupted to security of tenure and the ongoing use/value of fixed improvements. Further, a number of respondents believed that rents were set and adjusted without particular regard to aviation tenants’ ability to pay based on aviation market conditions.

The validity of these criticisms is outside the parameters of this research and has therefore have not been investigated but these criticisms have been presented here for noting given the matters were raised on a number of occasions. The issues seem wider than the normal commercial debates between landlord and tenant.

Respondent firms were supportive and enthusiastic about the new runway/upgrade proposals for the Sunshine Coast Airport but noted that it would probably have quite limited impact on the general aviation section (which was never the project’s main aim).

Even though clustering was seen as very important to a large number of survey respondents, the cohesion and communication between firms within the sector on the Sunshine Coast are not strong and many believed that the hosting of an occasional function/workshop to share industry knowledge and improve networks would have considerable value.

As well as the threats posed by urban encroachment and related community complaints, the future of some significant companies relies on ongoing and new contracts. It is not known whether there are any actions that the council, or the sector more widely, can take to help secure them into the future thus assisting in the viability of the firm and sector as a whole.

This is not to imply that some form of financial incentive is required and no action should be undertaken that seeks to interfere with the firms’ own acumen or activities to win contracts. Nevertheless, the taskforce and council should now consider a range of options aimed at improving the profile and overall competitiveness of those firms, to assist in sharing industry information and where appropriate, to assist in the coordination and representation of the sector in this region.
Part 10  Recommendations for further activities and studies

Given the request of participants, it would be important in the near future that the results of the survey be made available at perhaps an industry function where a presentation can be made.

Secondly, there appear to be several generic issues that would require further investigations and/or clarifications. This might include a closer study of those firms that were not optimistic of business prospects, issues with training, certain matters with tenure and leases and activities that would enhance the profile of the sector. Some further investigation on the support and related sectors for training (e.g. accommodation, recreation, support for international students etc.) would have value.

While outside the parameters of this study there would seem to be value in investigating several regional case studies that are recognised as being active in promotion of regional aviation and aerospace activities.

Finally, given the diversity of the sector, future planning for support should have particular regard to the individual requirements of those sub-sectors.
References

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Project title
Aviation clusters, supply chains, networks and prospects Sunshine Coast Region | Ethics number A/15/669

Brief description
This research is being conducted by the University of the Sunshine Coast (USC) for the Sunshine Coast Council (SCC) as part of their implementation of the Regional Economic Development Strategy (REDS) and, as a component of that, to support the continued development of Aviation, Aerospace and related sectors/businesses in the region which is headed by its own Taskforce.

The Taskforce has identified a two-stage research project (1) Audit and profile and (2) Sector analysis and opportunities to use as a foundation for support and development of the sector in the region.

This research project is only for Stage 1. It involves undertaking a detailed survey of approximately 40-50 firms with direct aviation or aeronautic operations, support services, and other suppliers and subcontractors in the supply chain. This includes knowledge experts who identify themselves with the industry.

It will be conducted in the form of a survey to identify the individual firms involved and their capabilities in terms of product and market reach, how they can be clustered and what gaps in the supply chain that needs nurturing and support.

Your participation
Your participation in this project is voluntary. It will involve taking part in a face-to-face interview, for no longer than an hour, at a convenient central location (e.g., your office). A copy of the questions and topics covered will be provided to you prior to this interview. The information sought is about your business, linkages to the sector, and linkages to the Sunshine Coast region and other general open-ended questions.

Your honest, open and candid responses will be most appreciated in being able to develop a profile of your industry sector.

Key components of interview will be noted by hand and destroyed after transcription, but all comments and responses will be de-identified and will be treated confidentially at all times.

Consent: Your participation in answering questions in this interview process will be taken as consent to participate in the research project. You may however choose to discontinue participation at any time without penalty or need to explain. If you wish to discontinue, any notes taken will be destroyed and eliminated from the aggregated analysis.

Research results: The results of this data collection will serve as inputs to Stage 2. The participants to this Stage 1 however will be invited to a final presentation to debrief them of the overall findings. The Taskforce has agreed to host this event as a networking function for participants as well. The date of this event will be determined within one month of completion of the final survey.

Risks: There are no risks beyond normal day-to-day living associated with your participation in this project.

Benefits of participation: Thank you for your consideration of participation in the study. Your inputs will assist us to: establish the nature, activities and scale of existing operations, highlight the importance of clustering and relationships (internal to the region and external to it) and, most importantly, secure the general opinion of the state of the sector directly from the individuals and firms operating it. This will be the foundation for Stage 2 research which will identify the opportunities and issues into the future.

Questions or further information about the project
Questions related to the project are welcome at any time. Please direct them to the Chief Investigator, Professor Mike Hefferan (details below).
Concerns or complaints regarding the conduct of the project

If you have any complaints about the way this research project is being conducted you can raise them with the Chief Investigator or, if you prefer an independent person, contact the Chairperson of the Human Research Ethics Committee at the University of the Sunshine Coast (c/- the Research Ethics Officer, Office of Research, University of the Sunshine Coast, Maroochydore DC 4558, Australia; telephone + 61 7 5459 4574; email humanethics@usc.edu.au).

Appreciation

The project team and the University of the Sunshine Coast are grateful for the time and effort you have taken to participate in this research project.

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Aviation clusters, supply chains, networks and prospects Sunshine Coast Region
Stage 1 – Audit and Profile

Part 1 About your business

1. Business name ______________________________________________________________

2. Address ___________________________________________________________________

3. Interviewee/position in company ______________________________________________

4. Type of business/services provided (list all) _____________________________________
   ___________________________________________________________________________

5. Does your firm provide a final/complete goods/service ________________________

6. Corporate structure (please choose)
   • Single proprietorship
   • Partnership
   • Company
   • Other _________________
   • Public
   • Private

7. SCALE OF OPERATIONS

   Is this a head office? • Yes • No Number of sites _____________

   Length of time in business (years) _________
   On Sunshine Coast (years) __________
   In present location (years) ___________

   Annual turnover (approximate only) $ ______________

   Number of employees: Sunshine Coast ______________ Total ______________

   Percentage breakdown of employees on the Sunshine Coast:
   Management _____%
   Administration _____%
   Professional _____%
   Technical _____%
   Other (details if possible) _____%
   TOTAL 100 %
8. TRAINING

Do you provide a skills development/training program for your employees?   · Yes   · No

   If yes, at what level   · tertiary   · technical   · on-the-job

   How would you rate the skills development support in this region?

   · Excellent   · Good   · Average   · Fair   · Poor

   How can it improve: ________________________________________________________________

9. GENERAL PROJECTIONS

Likely total number of employees by end 2016 ________ (number)

Is this likely to change over next 3 to 5 years? Yes/No

   Elaborate as appropriate __________________________________________________________

   How would you rate your business prospects in the next 2 years?

   · Excellent   · Good   · Average   · Fair   · Poor

10. YOUR BUSINESS PREMISES

   Land area _______ sqm

   · Owned   · Leased (approx. length of lease) _____________ years

   Please rate your building/premises in supporting your business (size/quality/building services etc.)

   · Excellent   · Good   · Average   · Fair   · Poor

   Comments: __________________________________________________________________________

   Please rate the immediate location supporting your business

   · Excellent   · Good   · Average   · Fair   · Poor   · Does not apply

   Comments: __________________________________________________________________________
Part 2 Links to the Aviation Sector

11. What percentage of your business relates to aviation (broadly defined)? _____%

12. About your customers

Who are your key customers? ____________________________________________

What percentage of your Sunshine Coast business do they represent? _____%

Percentage distribution of customer base:
   ____% local (within the Sunshine Coast area)
   ____% regional (within South-east Queensland)
   ____% national (Australia-wide)
   ____% global (international) please indicate countries served: ______________________

13. Are there particular other businesses here that are critical to your business and its future prospects (advise type, upstream or downstream local or wider) ____________________________________________

________________________________________________________________________

________________________________________________________________________

14. What’s missing? (If there were 3 things that would really drive the development of this sector forward in this region, what do you think they would be?)

(1) __________________________________________

(2) __________________________________________

(3) __________________________________________

[These may relate (among other things) to targeting new specific types of firms to relocate, skills development, infrastructure, business support, promotion or other. Please attempt to identity actions that are reasonably achieved]

15. From where do you get your industry/business information? ______________________

16. Please rate how important is physical clustering for your type of business (e.g. at airport/close to like businesses)?

   From a scale of 1 to 5 (with ‘1’ - being not important and ‘5’ being absolutely critical) – please choose only 1

   • 1       • 2       • 3       • 4       • 5
Part 3  Links to the Sunshine Coast

17. In essence why is your business located in the Sunshine Coast region?

______________________________________________________________________________

______________________________________________________________________________

18. What would you identify as the key benefits of siting these types of businesses in the region?

(1) ________________________________________________________________________________

(2) ________________________________________________________________________________

(3) ________________________________________________________________________________

19. What do you see as the major challenges to a business such as yours in the aviation sector on the Sunshine Coast (i.e. particularly related to regional/sectorial issues possible)?

(1) ________________________________________________________________________________

(2) ________________________________________________________________________________

(3) ________________________________________________________________________________

20. Can you rate the following staff issues:

From a scale of 1 to 5 (with ‘1’ - being not important and ‘5’ being absolutely critical) – please choose only 1

<table>
<thead>
<tr>
<th>Staff Issues</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<td>Training</td>
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<tr>
<td>Holding/Retaining</td>
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Comments: ________________________________________________________________________________
Part 4 General

21. Who other the key informants (i.e. more knowledgeable) people you know of to also give us the benefit of their observations to these matters?
___________________________________________________________________________________________

22. Are you aware of other regional cluster/aviation services precincts that appear to ‘do it well’ in aviation?
___________________________________________________________________________________________
___________________________________________________________________________________________

23. Are there other things that you believe the State/Local Council could do to assist your industry (please note legal and financial restrictions that apply to those organisations).
___________________________________________________________________________________________
___________________________________________________________________________________________

24. In 5-7 years, what do you think this sector could look like on the Sunshine Coast?
___________________________________________________________________________________________
___________________________________________________________________________________________

25. Are there other matters that you would like to add?
___________________________________________________________________________________________
___________________________________________________________________________________________

Thank you