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Winton Airport Runway Extension Feasibility Study

Final Report

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Airport Group (TAG) has been engaged by Winton Shire Council (WSC) to investigate the feasibility of developing the Winton Airport (IATA: WIN / ICAO: YWTN) to accommodate larger Regular Public Transport (RPT) aircraft and attract new RPT services. Winton Airport is located 5.6 kilometres northeast of the town centre and serves the regional township of Winton, situated in Central Western Queensland, Australia. The airport is owned and operated by WSC.

Winton Airport is serviced by a regulated route operated by Regional Express which is triangulated via Townsville – Winton – Longreach and is operated twice per week using the SAAB 340 aircraft.

Tourism has the potential of being a key driver for economic growth in Winton and is already a significant employer in the region. WSC is keen to explore the full potential of the Airport to support local tourism and business enterprises through extension of the runway to allow larger aircraft land at the airport, providing potential for flights from other locations and to capture the international market.

The purpose of the study is to assess the aviation market of Winton and identify if there are any opportunities for additional services. Further, the report also considers the aircraft type opportunities and trip cost estimates for Brisbane (BNE) to Winton (WIN); and Cairns (CNS) to WIN routes.

The market assessment finds that the most likely route opportunity for Winton in future is to Brisbane, and the most likely carriers would be Regional Express or Qantas. The choice of carriers was made based on aircraft seats capacity of 30 -120 seats with a range capability of the plane up to 1,150kms (distance from BNE).

This Study has found that there are three approaches that WSC may consider in order to grow RPT services at Winton Airport. These approaches are:

- Increase the use of existing services;
- Expand the airport infrastructure to accommodate larger Code 3C aircraft and;
- Expand the infrastructure to accommodate Code 4C aircraft.

Winton Airport is currently able to service Code 3C aircraft operations (medium-sized turbo prop) however to service larger Code 3C (Dash8-400) or Code 4C aircrafts such as the B717-200 and B737-800 would require Runway Infrastructure upgrades such as increasing the runway length; runway strength and expansion of the current terminal to accommodate large passenger throughputs and security screening requirements,

The report recommends that WSC:

- Undertake internal survey of existing passengers to gain a better understanding of origin – destination pattern to make future projections;
- Undertake further studies with Winton residents to determine their appetite for alternative routes to existing regulated route and consider a terminal survey at Longreach Airport to understand what the leakage is to services offered from Longreach;
- Engage and collaborate with Regional Express to discuss strategies of increasing the use of existing services e.g. through Regional Express community fares;
- Engage with TMR to advocate for changing the existing regulated route when the contract ends (end 2021) to better accommodate community needs/desires;
- Discuss with potential carriers identified in Section 5.7.1 such as Qantas, Regional Express and Alliance about opportunities for services to Winton Airport;
- Consider amending the Town Plan to permit uses at the Airport that will be conducive to aviation-related business using the Airport which will help to diversify the revenue streams from the Airport and offset expansion costs. All uses at and around the Airport must ensure protection of safe operations of the Airport;
- Seek innovative and new ideas to market Winton as an attractive outback holiday destination which subsequently will trigger growth and push demand for current services;
- Discuss with tourism operators about the possibility of attracting charter aircrafts to Winton from tourist locations (such as Cairns) and develop international tourism;

- Engage in active community marketing of existing routes which presents an opportunity to improve uptake of existing routes, as well as community awareness around fares such as the community fares offered by Regional Express; and
- Engage a surveyor to undertake an airport survey to provide advice on existing buildings and capacity to widen runway strip in future. If feasible, it is recommended to determine this prior to any airport upgrades.

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An aerial, top-down view of an airport terminal and tarmac. The terminal building is a large, curved structure with multiple gates. Several large commercial aircraft are parked at the gates, with their tails pointing towards the terminal. The tarmac is paved and has various markings. The overall scene is in grayscale, with a white rectangular box overlaid on the right side containing the title.

INTRODUCTION

1. INTRODUCTION

Winton Airport is a regional airport servicing the town of Winton in Central West Queensland. Regular Public Transport (RPT) services from the airport are provided twice weekly on Tuesdays and Thursdays by Regional Express. These services operate from Winton to Townsville, and Winton to Longreach, and are part of the Queensland Government regulated and subsidised air services to ensure that remote communities have year-round access to essential business, educational, medical and cultural destinations.

Winton's tourism sector is driven by a number of local attractions, including significant visitation to the Australian Age of Dinosaurs Museum, which is home to the world's largest collection of Australian dinosaur fossils, as well as the Waltzing Matilda Centre, a museum showcasing Australian cultural history and the region's artefacts.

1.1. Objectives of the report

The objectives of this report are to:

- Provide WSC with a greater understanding of current capacity of Winton Airport's runway;
- Provide WSC a detailed analysis of the viability and opportunities that may stem from upgrading the airport;
- Provide WSC with Future Airport Requirements for Winton Airport associated with upgrading the airport; and
- Provide WSC with a financial model outlining financial impacts associated with upgrading the airport.

1.2. Methodology Overview

The development of this report includes information gathered from initial site visit to Winton and the Airport to gain better understanding of local conditions, the Airport's operating context and the airside areas – runways, apron, taxiways and aircraft parking.

A wide range of data was reviewed in the development of this report including:

- Th Airport En Route Supplement Australia (ERSA);
- Australian Bureau of Statistics (ABS) Census data on Winton;
- Operational data for Winton Airport supplied by Regional Express;
- Financial information for Winton Airport provided by WSC; and
- Data on Winton local tourism business and operators; and Information on previous works carried out at Winton Airport provided by WSC.

The following stakeholders were engaged with in the process of developing this report:

- Winton Shire Councilors;
- Winton tourism business operators including:
 - Australian Age of Dinosaurs
 - Waltzing Matilda Centre
 - Tourism and Events Queensland (TEQ)
 - Elite Aviation
- Regional airline operators including:
 - Regional Express;
 - Hinterland Aviation;
 - Alliance; and
 - Airline industry representative.

A supplementary document containing the finalised and confirmed minutes of all engagement with stakeholders has been provided to WSC.

1.3. Report Structure

The report is divided into nine sections:

1. Introduction;
2. Winton Context;
3. Regional Airport Benchmarking;
4. Review of Aircraft in Australia;
5. Market Interest;
6. Future Airports Requirements;
7. Financial Impact; and
8. Recommendations and Next Steps.

An aerial, top-down view of an airport terminal and tarmac. The terminal building is a large, curved structure on the left side of the frame. Several commercial aircraft are parked at gates along the terminal. The tarmac is a large, paved area with various markings and taxiways. The overall scene is in grayscale, with a semi-transparent white box containing the title text overlaid on the right side of the image.

WINTON CONTEXT

2. WINTON CONTEXT

This section provides a high-level overview of Central Western Queensland, Winton, and the Winton Airport, including the site, existing infrastructure and an overview of constraints.

2.1. Central West Queensland

Central West Queensland is a remote, large region of Queensland. Central West Queensland runs along the Tropic of Capricorn from Rockhampton on the east coast to the border with the Northern Territory in the west.

Central West Queensland is one of the most sparsely populated and remote regions in Queensland. The region covers a total area of 396,609km and accounts for 22.9 per cent of the land area of Queensland¹. Central West Queensland comprises of seven Local Government Areas (see Figure 1) and has a population of about 12,500 people.

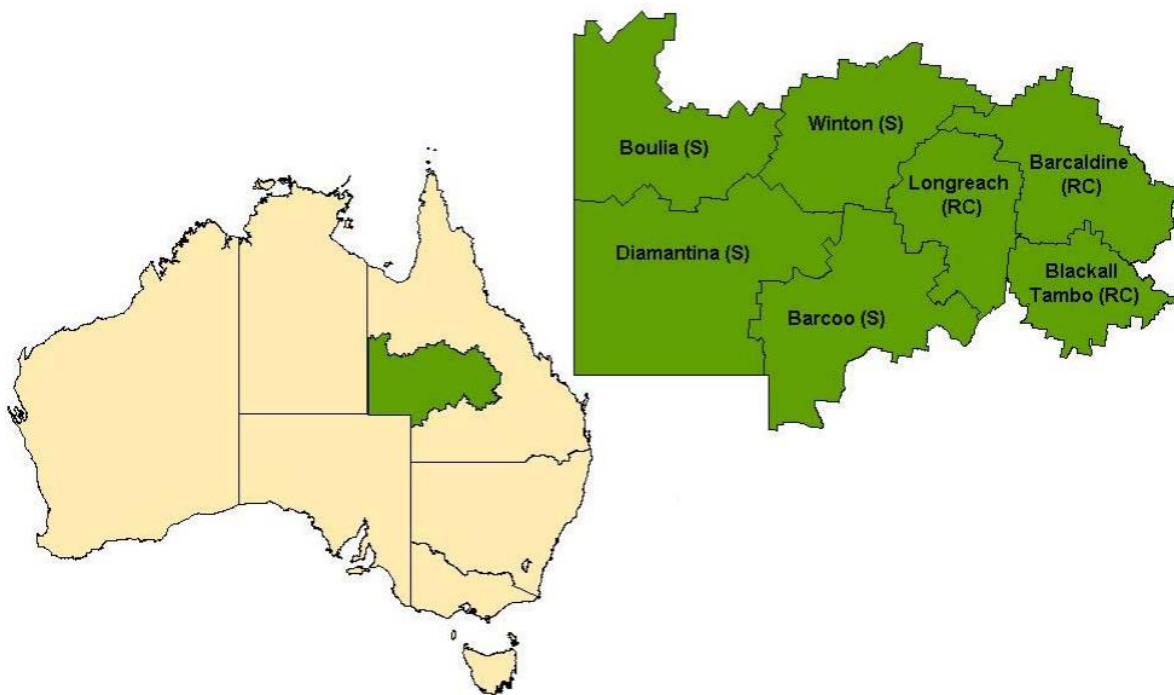


Figure 1: Western Queensland (Remote Area Planning & Development Board (RAPAD))

2.2. Winton Shire Council

Winton is situated in Central West Queensland on the Landsborough Highway, 164 kilometres North-West of Longreach and approximately 1,500 kilometres from Brisbane. The Winton Shire covers 53,935km², with a population of 1,134 people in 2016 (52.3 per cent male; 47.7 per cent female) and the median age is 46². Major towns close to Winton include Longreach (2-hour drive), Barcaldine (3-hour drive), and Blackall (4-hour drive).

Winton is accessible by car, daily coach services operated by Bus Queensland and a flight service operated by Regional Express. The Bus Queensland coach services operate from Brisbane to Mt Isa and return, with the service stopping in Winton. There are also Greyhound services operating from

¹ <https://www.rapad.com.au/assets/Uploads/Smart-Central-Western-Queensland-A-digitally-enabled-community-strategic-plan-final-SCREEN-Ver.pdf>

² https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA37400?opendocument

Longreach to Emerald. Rail travel is another option with Spirit of the Outback rail services operating twice-weekly to and from Brisbane to Longreach and a coach link to Winton. Most of the visitors to Winton arrive by car and are Australian visitors, either travelling intra-state or inter-state³. The major source of employment in the region is Specialised Beef Cattle (18.1%) and Local Government Administration (13.4%).

Tourism is a significant sector in the region with attractions such as the Waltzing Matilda Centre, Bladensburg National Park and the Australian Age of Dinosaurs Museum (see Figure 2). Winton is referred to as the Dinosaur Capital of Australia and home to the world’s only recorded evidence of a dinosaur stampede – the Dinosaur Stampede at Lark Quarry Conservation Park.



Figure 2: Australian Age of Dinosaurs

Winton is also one of ten (10) places in the world, and the only one in Australia to be named a Dark Sky Sanctuary. With one of the darkest skies in the world, the area is recognised as one of the best places in the world to look at the night sky. With the increasing popularity of astro-tourism in the world, there is potential for the region to attract international tourists. Other attractions in Winton include heritage listed Corfield and Fitzmaurice building and the Diamantina Heritage Truck and Machinery Museum.

2.3. Winton Airport

Winton Airport is located at Landsborough Highway, about 5km northeast of Winton (see Figure 3). The idea to have an airport in Winton was first discussed in April 1921 to be located on a crest north of Winton, east of the Meatworks and Hughenden road.

The site was relocated to the western side of the Meatworks on 4 July 1934, to allow the landing of larger aircrafts and as such, include Winton as a stopping place in the Australia to England Air Service route. The low hill near the runway made it difficult for fighter planes to land during World War II and in 1942.

³ Based on anecdotal data provided during stakeholder engagement.



Figure 3: Aerial image of Winton Airport

Winton Airport was moved to its present site northeast of the town along the Longreach Road (see Figure 4). The aerodrome is owned and operated by the WSC and is a key piece of Council's infrastructure.



Figure 4: Winton Airport

2.3.1. Current Infrastructure

2.3.1.1. Runway Infrastructure

Winton Airport has two runways, designated 14/32 and 05/23 (see Figure 5). Primary operations are conducted on Runway 14/32. Runway 14/32 is 1,402m long and 30m wide with a 90m runway strip. Runway 14/32 is classified as Code 3C. It has a Low-Intensity Runway Lighting (LIRL) system, with provision for portable lighting available. With a Pavement Classification Number (PCN) of 16, the Runway can support aircraft up to a Dash 8-400. It is important to note that the length and strength (PCN) of the runway are just within the range acceptable for use of aircraft such as the Dash 8-Q400. As such, in the hotter months of the year there would likely be restrictions on the regular use of such aircraft due to changes in air density at the Airport.

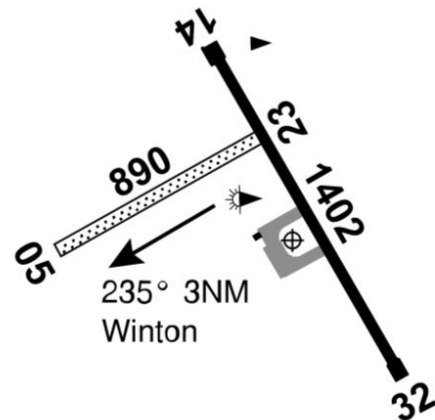


Figure 5: En Route Supplement Australia (ERSA) for Winton Airport (May 2019)

Runway 05/23 is the secondary runway. It is 890m long, 18m wide, and has a 60m runway strip. Runway 05/23 is classified as a Code 2A runway. Runway 05/23 is an unrated, gravel runway.

2.3.1.2. Taxiway and Apron Infrastructure

Aircraft at Winton Airport are required to taxi along RWY 14/32 to one of two taxiways perpendicular to the runway. The apron has one RPT aircraft parking bay (up to Dash 8-400 size), adjoining the passenger terminal (Bay 1). The apron has space for a second aircraft (up to a Dash 8-300⁴) in front of, and parallel to, the general aviation hangars (Bay 2). Bay 1 must be vacant for Bay 2 operations. Off the apron, there are four tie-down bays available for Code A aircraft. See Figure 9 following this section for indicative location of these hangars.

2.3.1.3. General Aviation

The General Aviation (GA) area is located south-east of the terminal. There are four hangars adjoining the apron for General Aviation (GA) use. A mix of Code A and Code B hangars which are utilised for private aircraft storage. These hangars can be seen in Figure 6 below.



Figure 6: View towards the general aviation hangars, RPT terminal, and apron at Winton Airport

⁴ Refer QUOTEWSC 16-084 – Appendix C

2.3.1.4. Passenger terminal

Winton Airport has a small passenger terminal. The terminal building is approximately 150m² in size and was constructed in 1963. Figure 8 and Figure 9 below, depicts the terminal building. There are no existing provisions for passenger or checked baggage screening. Currently, Winton Airport is not required to have security screening in place due to the size of aircraft operating at the airport is less than MTOW of 20,000kg. Future upgrade of the airport to land larger Code 3C or Code 4C aircraft capabilities would require an upgrade of terminal infrastructure to accommodate increase in passenger throughputs as passenger screening equipment and piece screening for luggage (see Section 6.1.4 for further details on this requirement).



Figure 8: Inside of Winton Airport terminal



Figure 7: Winton Airport terminal



Figure 9: Indicative location of infrastructure and facilities at Winton Airport

2.3.1.5. Access Roads

The current road alignment of the Landsborough Highway provides a single lane of traffic in either direction. Vehicles turning right onto the airport access road from the Highway are required to stop for any oncoming traffic. The airport access road has a single sealed lane and graded shoulders. For vehicles to pass, one vehicle must stop and pull off the sealed road onto the graded edge. If traffic increases, WSC may consider sealing the graded edge to provide space for two-way traffic.

2.3.2. Existing Passenger services

Winton Airport is serviced by a regulated route operated by Regional Express which is triangulated through Townsville – Winton – Longreach. Currently, Regional Express provides twice-weekly connections (Tuesdays and Thursdays) from Winton to Townsville, and Winton to Longreach. Winton residents or visitors travelling to Brisbane or other destinations connect in Longreach on Qantaslink or in Townsville, on a range of carriers.

The existing service is provided as part of the 'long distance air services' regulated by the Queensland Department of Transport and Main Roads⁵. These routes are serviced by Regional Express and QantasLink. A map of these services is included as Appendix A: Queensland Long Distance Aviation Services.

The 'Northern 1' route includes Winton and is operated by Regional Express, who operate this route with a SAAB 340 The Regional Express regulated route timetable for Winton Airport is provided in Table 1, below. The same schedule (below) applies for Tuesday and Thursday flights.

Table 1: Regional Express Regulated Route Timetable for Winton Airport

Departure Airport	Departure Time	Arrival Airport	Arrival Time	Flight Time
Townsville (TSV)	11:20	Winton (WIN)	12:50	1 hr 30 mins
Winton (WIN)	13:10	Longreach (LRE)	13:50	40 mins
Longreach (LRE)	14:45	Winton (WIN)	15:25	40 mins
Winton (WIN)	15:45	Townsville (TSV)	17:10	1 hr 25 mins

2.3.3. Historical passenger movements

In a 3-year period from FY2015/16 to FY2017/18, Winton Airport handled a total of 3,699 passengers across four segments (WIN-LRE; LRE-WIN; TSV-WIN; WIN -TSV). In this period, TSV-WIN (1,412) and WIN-TSV (1,368) segments had the highest throughput compared to LRE-WIN (471) and WIN-LRE (448).

It should also be noted that an additional 30 passengers travelled direct from BNE-WIN and another 30 passengers travelled from WIN-BNE on Regional Express charter flights on 22/07/2017 and 23/07/2017 respectively. This service was provided as a one-off. Including this service, the total WIN passenger count is 3,759.

A trend analysis showing the monthly breakdown of passenger travel across the four segments is provided in the graphs below, which is followed by a commentary.

⁵ <https://www.tmr.qld.gov.au/regionalconnect>

2.3.3.1. WIN-LRE segment passenger movements

Annual passenger numbers for WIN – LRE segment between FY2015/16 and FY2017/18 totalled 448. In FY2017/18, Regional Express carried 166 passengers from WIN-LRE. The strongest recorded month for travel was October 2015, where 25 passengers flew from WIN-LRE. Since FY2015/16, passenger numbers have grown from 146, however in FY2016/17, passenger numbers declined to 136.

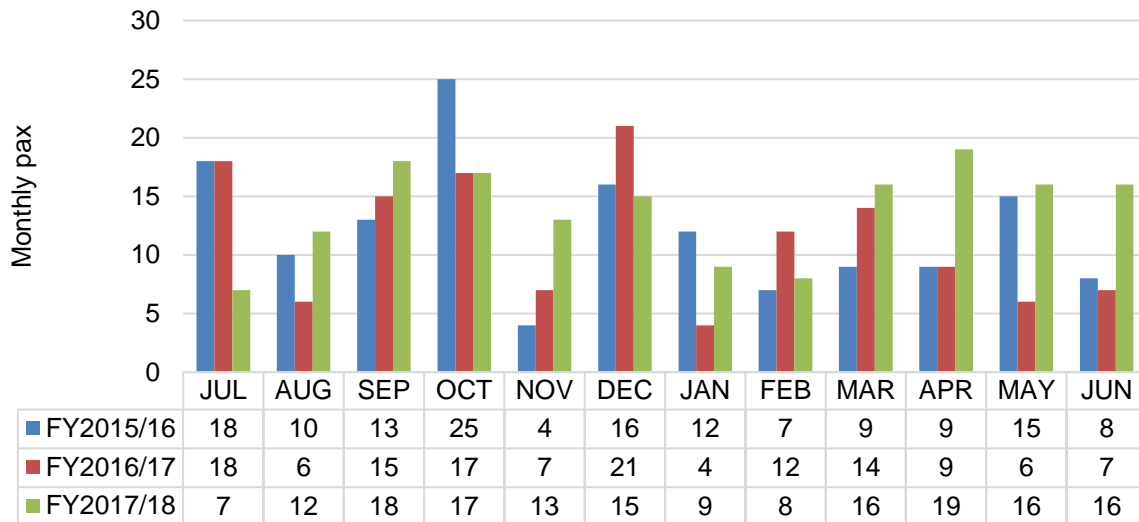


Figure 10: WIN – LRE segment monthly passenger movements

2.3.3.2. LRE-WIN segment passenger movements

Passenger numbers for the LRE-WIN segment between FY2015/16 and FY2017/18 totalled 471. In FY2017/18, Regional Express carried 201 passengers from LRE-WIN. The strongest recorded month for travel was March 2018, where 48 passengers flew from LRE-WIN. This month is a significant outlier, with peak travel rarely exceeding 20 passengers per month. Since FY2015/16, passenger numbers have grown from 151, however in FY2016/17, passenger numbers declined to 119.

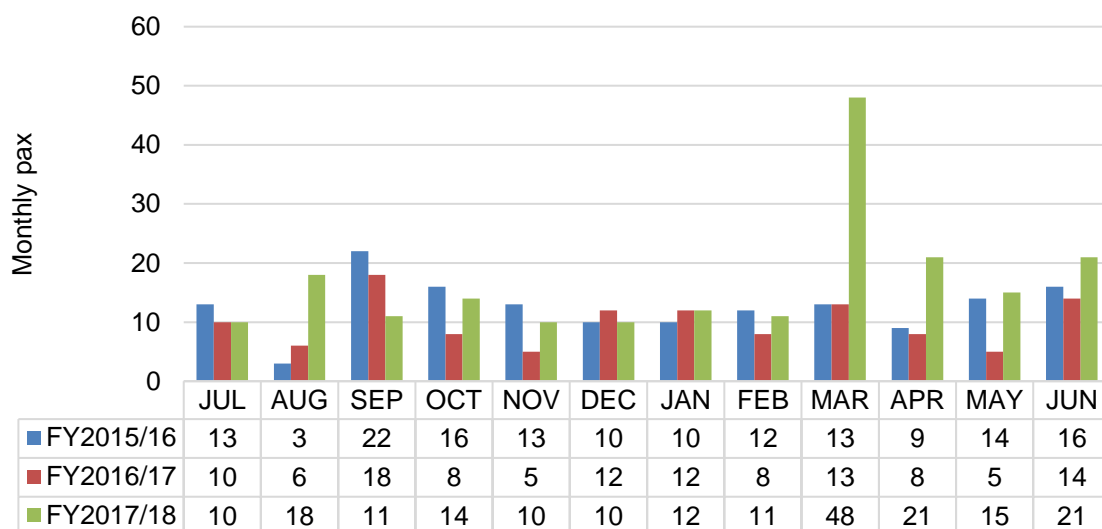


Figure 11: LRE - WIN segment monthly passenger movements

2.3.3.3. WIN-TSV segment passenger movements

Passenger numbers for the TSV-WIN segment between FY2015/16 and FY2017/18 totalled 1,412. In FY2017/18, Regional Express carried 611 passengers from WIN-TSV. The strongest recorded month for travel was September 2017, where 81 passengers flew from TSV-WIN. Since FY2015/16, passenger numbers have grown from 415, however in FY2016/17, passenger numbers declined to 386. The TSV-WIN segment has carried the largest number of passengers of all segments.

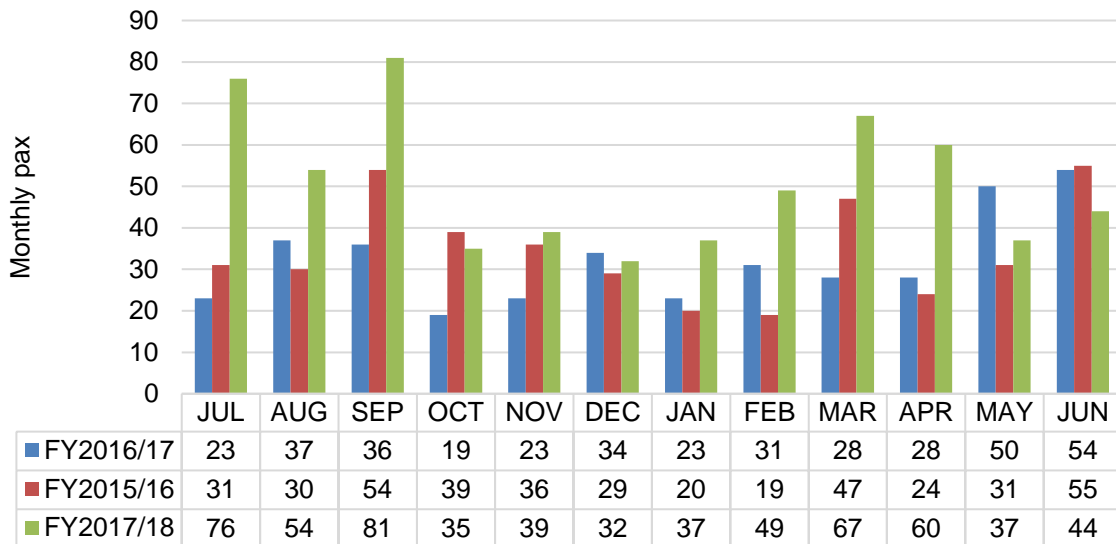


Figure 12: WIN -TSV segment passenger movements

2.3.3.4. TSV-WIN segment passenger movements

Passenger numbers for the WIN-TSV segment between FY15-16 and FY17-18 totalled 1,368. In FY2017/18, Regional Express carried 585 passengers from WIN-TSV. The strongest recorded month

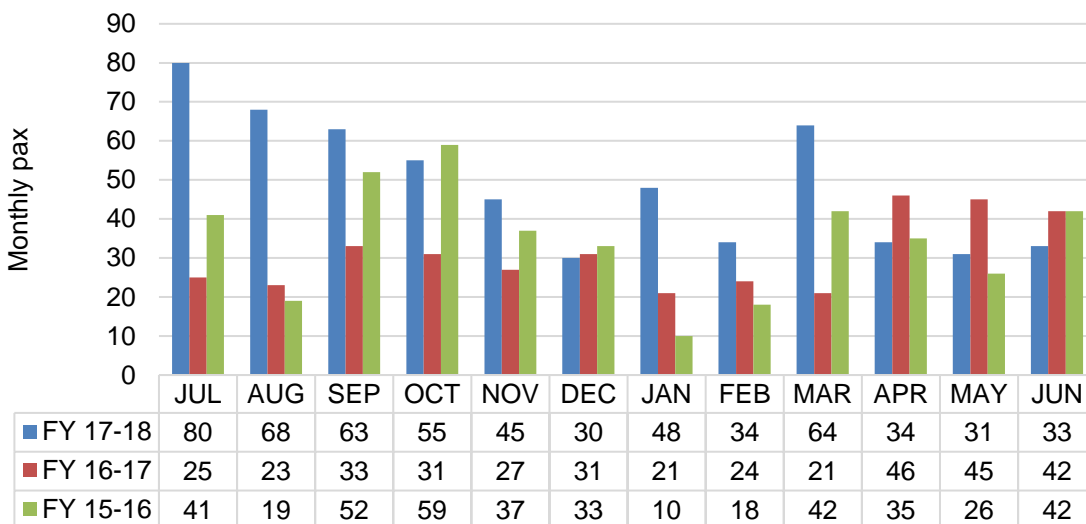


Figure 13: TSV-WIN segment passenger movements

for travel was July 2017, where 80 passengers flew from WIN-TSV. Since FY2015/16, passenger numbers have grown from 414, however in FY2016/17, passenger numbers declined to 369.

Summary of segment passenger movements

A summary of each segment total passenger movements is summarised in the table below. Following this, some observational comments are provided.

Table 2: Summary of segment passenger movements FY2015/16 - FY2017/18

	WIN-LRE	LRE-WIN	WIN-TSV	TSV-WIN	TOTAL
FY2015/16	146	151	386	414	1,097
FY2016/17	136	119	415	369	1,039
FY2017/18	166	201	611	585	1,563
TOTAL	448	471	1,412	1,368	3,699

There were significantly fewer passengers for the Longreach origin/destination segments compared to Townsville as an origin/destination. This lower passenger number can likely be attributed to a variety of factors, namely:

- **Distance:** Winton and Longreach are located in relatively close proximity, suggesting that Winton residents prefer to drive. The time to fly from LRE-WIN/WIN-LRE is approximately 40 minutes, whereas it is approximately a 2-hour drive or coach ride.
- **Cost:** The cost of flying is high when compared with coach or private vehicle. A return trip from WIN to LRE flying Regional Express is approximately \$162 (\$234 for flexible fare)⁶, searching return trips 23-25 Jul 19, 26-28 Nov 19, 25-27 Feb 20 (website accessed 17 July 2019).
 - A return coach is \$91 (with Bus Queensland)⁷, searching return trips on the same dates as the flights (website accessed 17 July 2019).
 - Private vehicle travel is dependent on personal factors, including fuel cost and any other incidentals, but likely a lower cost than either of the afore-mentioned options.
- **Ground Transport:** Travellers are also likely to require a personal vehicle at their destination. Given the relatively short travel distance, it is unlikely likely that flying and hiring a car is a better alternative for travellers than driving from Longreach/Winton. In addition, no hire cars are available at WIN.

Table 2 above indicates that more passengers travelled from Winton to Townsville via plane in comparison to the Winton–Longreach segments. Some of the reasons for this could be based on:

- **Distance:** While the drive between Winton and Longreach is approximately 2 hours, the drive from Winton to Townsville is approximately 7 hours. In comparison, flight from Winton to Townsville is about an hour and a half (1½). Although driving from Winton to Townsville would provide access to own vehicle to move around, the driving distance could be a considerable factor for some.
- **Flight connections:** Townsville provide passengers travelling farther with more options of connecting/transferring to a wider domestic and international aviation network with mainline carriers including Qantas, Virgin Australia and Jetstar.
- **Facilities and connection to major centres:** Townsville provides important connections for administrative, social and health functions. For example, Townsville has a large hospital, and variety of financial, legal and social services not available in Winton. Further, Townsville is home to a variety of festivals and sporting events.
- **Ground Transport:** Townsville provides passengers with more car hire options and better public transport access options for accessibility.

⁶ <http://www.rex.com.au/>

⁷ <https://www.busqldoutback.com.au/>

An aerial, high-angle photograph of an airport terminal and tarmac. The terminal building is a large, curved structure with a white roof. Several commercial aircraft are parked at gates along the terminal. The tarmac is paved and has various markings. The overall scene is captured in a light, desaturated color palette.

REGIONAL AIRPORT BENCHMARKING

3. REGIONAL AIRPORT BENCHMARKING

Regional airports across Australia provide the opportunity for regions to attract visitors to their regions, whether it be for tourism, visiting friends and relatives, or business. With regard to tourism, international, interstate and intrastate tourists, as well as the regional communities, can benefit from increased flexibility offered by direct access to capital or major cities via air.

In this section, Winton has been benchmarked against select outback towns in Australia with consideration to regional airports and tourist attractions. The purpose of this benchmarking is to place Winton within a comparative context of other airports that may be operating in similar or desirable future contexts. Six regional towns with similar context to Winton were benchmarked:

1. Winton (WIN)
2. Longreach (LRE)
3. Ayers Rock/ Uluru (AYQ)
4. East Kimberley/ Kununurra (KNX)
5. Barcaldine (BCI)
6. Charleville (CTL)
7. Coober Pedy (CPD)

Table 3 below presents a summary of the airport benchmarking and provide insights to main tourist attractions of benchmarked towns including year-round attractions and seasonal events.

In the Table 3 below, Winton had the lowest passenger number FY2017/18 of the airports benchmarked, although there were more aircraft movements than Coober Pedy. Regional Express was the only carrier/operator in regions less than 10,000 passengers for that same period (Winton and Coober Pedy). Dash-8 400 aircrafts are used at airports with runway lengths of 1,524m – 1,702m. Larger aircraft such as Fokker 100, Embraer 170, B717-200 and B737-800 are used at airports with runway length of minimum of 1,829m. Australia's outback regions, with the vast, open spaces, arid climate and remote locations offer unique tourist attractions. From sprawling cattle stations, rugged mountain ranges, spectacular gorges and long stretches of straight railroad, Queensland's outback tourism is growing with about 1 million visitors⁸ travelling to the outback yearly.

Table 3: Benchmarked Regional Aerodromes in Australia

Airport	Town population	Main Attractions	Passenger movements (FY2017/18)	Aircraft Movements (FY2017/18)	Primary Dimensions	RWY	PCN	Operators	Aircraft operating
Winton (WIN)	1,134	<ul style="list-style-type: none"> Australian Age of Dinosaurs Museum of Natural History Dinosaur Stampede National Monument at Lark Quarry Conservation Park Waltzing Matilda Centre Opal fossicking Winton Outback Festival* 	2,633	827	1,402m x 30m	16	Regional Express	SAAB 340	
Longreach (LRE)	3,660	<ul style="list-style-type: none"> Qantas Founders Museum Powerhouse Museum Outback Pioneers' Cobb & Co stagecoach 	33,999	1,058	1,936m x 30m	24	Qantaslink Regional Express	Dash-8 300 Dash-8 400 SAAB 340	
Ayers Rock/Uluru (AYQ)	NA	<ul style="list-style-type: none"> Uluru Kata Tjuta National Park Ayers Rock Tours Uluru Camel Tours Camel Cup* 	380,266	3,354	2,599m x 30m	37	Qantaslink Qantas Jetstar Alliance	B717 - 200 B737 - 800 A320 - 200 Fokker 100 Fokker 70	
East Kimberley (Kununurra) (KNX)	5,308	<ul style="list-style-type: none"> Purnululu National Park El Questro Wilderness Park Mirima National Park Ord Valley Muster* 	69,599	1,991	1,829m x 30m	40	Airnorth Virgin Australia	Embraer 170 Fokker 100	
Barcaldine (BCI)	2,865	<ul style="list-style-type: none"> Tree of Knowledge Memorial Barcaldine and District Museum Bougainvillea Heritage Trail 	Not Available	Not Available	1,702m x 30m	16	Qantaslink	Dash-8 400	
Charleville (CTL)	4,307	<ul style="list-style-type: none"> Charleville Cosmos Centre and Observatory Royal Flying Doctor Service Visitor Centre Bilby Centre Charleville Yabby Races* 	15,309	1,135	1,524m x 30m	19	Qantaslink Regional Express	Dash-8 300 SAAB 340	
Coober Pedy (CPD)	1,762	<ul style="list-style-type: none"> The Big Winch Coober Pedy Opal Fields Golf Club Underground Churches Dugout accommodation Coober Pedy Amateur Race Club* Coober Pedy Opal festival* 	9,049	619	1,428m x 30m	8	Regional Express	SAAB 340	

*Seasonal attractions

⁸ Anecdotal data collected during Stakeholder Engagement with Tourism & Events Queensland (TEQ)

An aerial, high-angle photograph of an airport terminal and tarmac. The terminal building is a large, curved structure with a glass facade. Several large commercial aircraft are parked at gates along the terminal. The tarmac is paved and has various markings. The overall scene is in grayscale, with a white rectangular box overlaid on the right side containing the title text.

AIRCRAFT IN AUSTRALIA

4. AIRCRAFT IN AUSTRALIA

4.1. Required Aircraft Specifications

To offer direct flights from Winton to Brisbane, a prospective design aircraft would require a range of at least 1,200km (650nm), plus fixed and variable fuel reserves. Flights to Cairns require an aircraft with a range of at least 700km (380nm), plus reserves.

Travel time varies greatly by aircraft type, as a regional jet, such as the Fokker 70 is able to maintain a cruise speed of around 800km/h, whereas a SAAB 340 would need to travel at a slow, long-range cruise to have ample fuel range. A regional jet is likely to be able to fly BNE-WIN in approximately 2 hours, whereas a small turboprop aircraft is likely to take up to four hours.

4.2. Aerodrome Reference Codes

Airports are assigned a two-part Aerodrome Reference Code (ARC) to broadly determine their suitability for certain types of aircraft. The code consists on a numeral and letter code.

- A numerical code is assigned for the Aeroplane Reference Field Length (ARFL), which is assigned based on the length of the runway.
- A letter code is assigned for the wingspan and the outer main gear wheel span which influences the runway width.

Given WIN's runway length of 1,402m and its current ability to handle the SAAB 340, WIN is assessed as being a Code 3C Airport. It must be noted that due to WIN's hot summer periods, aircraft performance can be inhibited, requiring a longer runway for take-offs, or to operate with a weight restriction. This does not change the ARC, but places limitations on the aircraft able to land at or take-off from WIN.

Table 4: Aerodrome Reference Code Parameters

Aerodrome Reference Code				
Code Element 1		Code Element 2		
Code number	Aeroplane reference field length (ARFL)	Code letter	Wing span	Outer main gear wheel span
1	Less than 800m	A	Up to but not including 15m	Up to but not including 4.5m
2	800m up to but not including 1200m	B	15m up to but not including 24m	4.5m up to but not including 6m
3	1200m up to but not including 1800m	C	24m up to but not including 36m	6m up to but not including 9m
4	1800m and over	D	36m up to but not including 52m	9m up to but not including 14m
		E	52m up to but not including 65m	9m up to but not including 14m
		F	65 up to but not including 80m	14m up to but not including 16m

Table 5 is an overview of the characteristics of typical domestic aircraft used in Australia.

Table 5: Overview of typical aircraft operating in Australia

Aircraft Type	Typical Passenger Capacity	Indicative Range	Aerodrome Reference Code	Aircraft Classification Number	Operated By
Airbus A320-200	170	5,700 km	4C	41	Jetstar, Tigerair, Qantaslink, Virgin Australia
ATR 42-300	48	844km	3C	9	Hevilift
ATR 72-600	72	1,363km	3C	11	Virgin Australia Hevilift
Boeing 717 - 200	115	2,408 km	4C	31	Qantaslink
Boeing 737-800	170	5,449 km	4C	44	Virgin Australia, Qantas, Tigerair
Bombardier Q300	50	1,480km	3C	8	Qantaslink, Skippers
Bombardier Q400	78	1,668km	3D*	14	Qantaslink
British Aerospace 146-300	100	3,340km	3C	24	Cobham
De Havilland Canada DHC8-100/200	36	1,520km	2C	8	Skytrans (-100) Skippers (-100) Qantaslink (-200)
Embraer 120	30	2,650km	2B	5	Airnorth, Skippers
Embraer 170	76	3,982 km	3C	20	Airnorth
Embraer 190	98	4,537km	4C	28	Cobham
Fokker 50	50	2,780 km	3C	9	Alliance
Fokker 50 Fokker 70	80	3,150 km	3C	25	Alliance
Fokker 100	100	3,170 km	3C	25	Alliance, Virgin Australia, Qantaslink, Skippers
SAAB 340	33	1,490 km	3C	6	Regional Express, Fly Corporate

*Q400 is regularly operated at Code 3C aerodromes. For safeguarding purposes, a 15m wide taxiway should be adopted.

An aerial, high-angle photograph of an airport tarmac. Several large commercial airplanes are parked at gates, with ground service equipment visible around them. The tarmac is paved and has various markings. In the background, there are airport buildings and taxiways. The overall scene is captured in a light, desaturated color palette.

MARKET INTEREST

5. MARKET INTEREST

Potential airlines and aircraft types that may be suitable to operate into Winton Airport have been identified by specialist aviation forecasting consultancy 3CPL. This section is a summary of the 3CPL Market Assessment and Carrier Options report for Winton Airport. A full copy of their report is provided as Appendix B: Market Assessment and Carrier Options – 3CPL Report.

5.1. Queensland Tourism Summary

Winton, together with Boulia, Diamantina and Barcoo, Winton forms the Queensland “Far Central West” tourism sub-area, framed in dark blue on Figure 14, itself a part of the “Outback Queensland” tourism area, shaded in ochre on the same map.

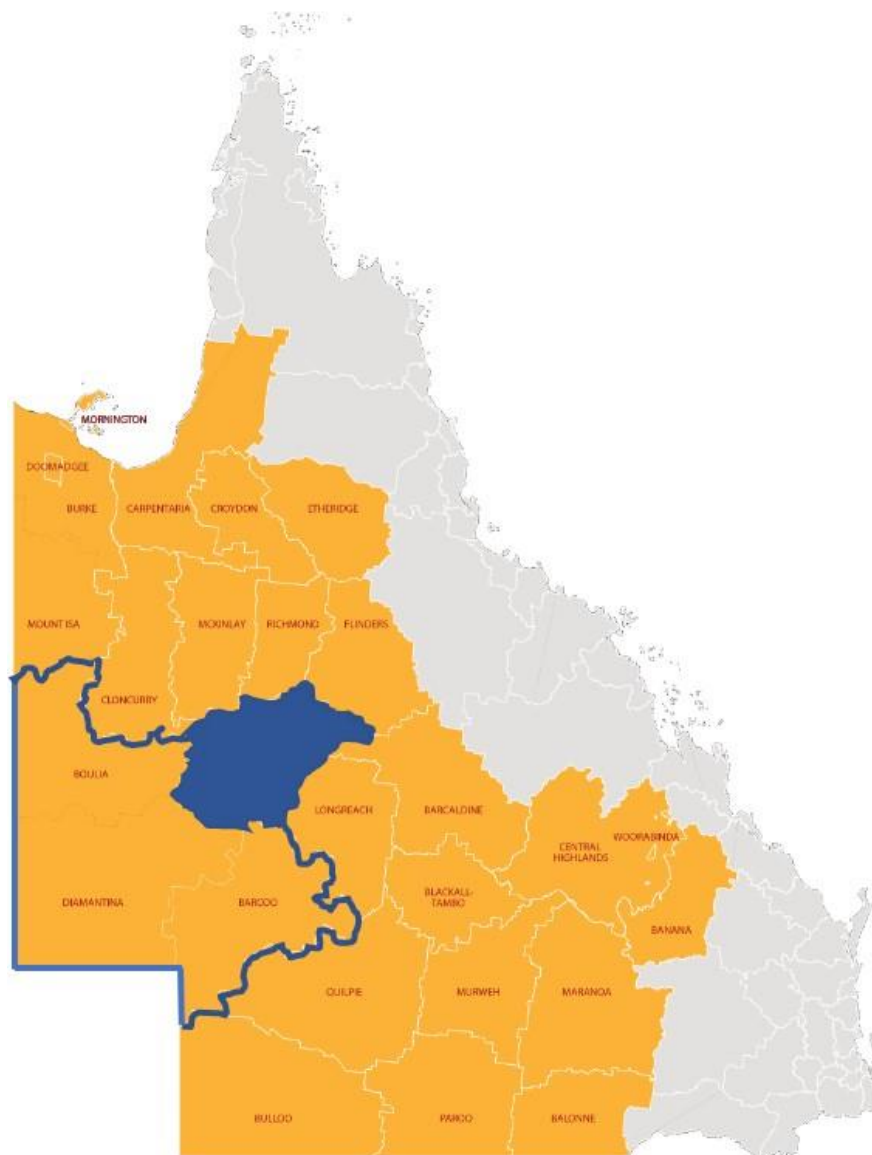


Figure 14: Queensland, Outback Queensland, Far Central West and Winton

Outback Queensland generated 1.5 million trips during the 3-year average in Calendar Year (CY) 2018 (Table 6), with the sub section of Far Central West accounting for around 10% thereof. Around 20% of

all trips to and from Outback Queensland are by air, this reduces to around 10% as far as the Far Central West region is concerned.

Table 6: Inbound and Outbound Travel Patterns (TRA NVS and IVS)

TOTAL TRIPS	3 Year Average Ending CY			TRIPS BY AIR			
	CY	2016	2017	2018	CY	2016	2017
Domestic Inbound Trips				Domestic Inbound Trips			
Outback Queensland	818,042	885,349	912,537	Outback Queensland	186,966	184,492	171,259
Far Central West	93,083	115,012	121,631	Far Central West	5,029	7,110	9,348
Domestic Outbound Trips				Domestic Outbound Trips			
Outback Queensland	498,797	527,193	562,448	Outback Queensland	91,624	80,498	86,831
Far Central West	18,227	23,181	25,846	Far Central West	709	2,618	1,909
International Inbound Trips				International Inbound Trips			
Outback Queensland	31,458	27,653	27,604	Outback Queensland	31,458	27,653	27,604
Far Central West	3,870	3,004	3,850	Far Central West	3,870	3,004	3,850
International Outbound Trips				International Outbound Trips			
Outback Queensland	13,273	12,637	13,200	Outback Queensland	13,273	12,637	13,200
Far Central West	-	-	-	Far Central West	-	-	-
Total Trips				Total Trips BY AIR			
Outback Queensland	1,361,569	1,452,832	1,515,789	Outback Queensland	323,321	305,280	298,894
Far Central West	115,179	141,197	151,327	Far Central West	9,608	12,733	15,107

There are a total of 11 airports serving the Outback Queensland area, however, some, such as Phosphate Hill (PHQ) and Trepell (TQP) are served via closed charters only, whilst others, such as Cloncurry (CNJ) and Roma (RMA) have significant charter operations on top of RPT services.

It is estimated that roughly 880,000 seats were operated into Outback Queensland during 2018; at an average load factor of 68% that capacity would carry some 600,000 passengers, about the same number as shown in Table 6 (Total trips by air (299,000), which translates to around 600,000 passengers).

Current aviation activity is heavily skewed towards Mount Isa (ISA), Roma (RMA), and Cloncurry (CNJ), a combination of the area's largest towns and towns driven by mining activity. Adding services flown to Phosphate Hill (PHQ) and Trepell (TQP) accounts for almost 80% of capacity flown in and out of the Outback Queensland area.

The Far Central West region differs from other Outback Queensland sub-regions in so far as it attracts a far higher holiday ratio among its visitors. The Far Central West and Longreach sub-regions achieve holiday visitor ratios of around and in excess of 60%, around twice the average for Outback Queensland (Table 7). However, international visitors to the Far Central West region accounts for less than 10% of the total number of visitors and have remained relatively same for the past three years. It is worth noting that in Australia, that Uluru (The Red Centre, Northern Territory) accounts for about 50% of international tourists to Australia.

Table 7: Outback Queensland Travel Patterns - Total and Holiday

Domestic Total Inbound Trips	3 Year Average ending CY			Holiday Ratio	3 Year Average ending CY			
	CY	2016	2017		2018	CY	2016	2017
Roma		162,476	179,817	191,945	Roma	26%	24%	25%
Roma Region		71,240	75,739	74,290	Roma Region	30%	34%	41%
Mount Isa		122,036	116,229	130,408	Mount Isa	38%	34%	31%
Mount Isa Region		60,265	77,463	83,496	Mount Isa Region	44%	43%	38%
Northern Highlands		82,830	92,915	96,431	Northern Highlands	49%	51%	46%
Barcaldine - Blackall		84,168	93,520	98,723	Barcaldine - Blackall	59%	49%	48%
Charleville		83,991	81,135	79,422	Charleville	46%	45%	51%
Far Central West		93,083	115,012	121,631	Far Central West	67%	63%	62%
Far South West		80,159	91,600	95,936	Far South West	59%	50%	54%
Longreach		102,064	112,807	129,896	Longreach	66%	60%	56%
Banana		83,127	80,167	81,437	Banana	23%	18%	23%
Biloela		54,128	61,121	52,819	Biloela	20%	21%	32%
Total		818,042	885,349	912,537	Total	35%	32%	34%

5.2. Demand Estimates

Table 6 and Table 7 above clearly indicate that demand to and from Outback Queensland and the Far Central West sub-region is mostly solid and, as far as domestic demand is concerned, also growing. With respect to the Far Central West sub-region, the dominant travel pattern is inbound and for holiday purposes.

Table 8, below, amends this picture by comparing Outback Queensland to comparable destinations throughout Australia in New South Wales, South Australia, Western Australia as well as the Northern Territory. Whilst visits to the combination of Australia's outback destinations represent only 3% of all travel in the country, visitation patterns are solid and increasing.

Table 8: Visitation to Outback Destinations throughout Australia (TRA NVS and IVS)

Domestic Visitors	3 Year Average Ending CY			Int'l Visitors	3 Year Average Ending CY		
	CY	2016	2017		2018	CY	2016
Outback NSW	442,465	471,541	504,091	Outback NSW	10,837	10,557	11,561
Outback Queensland	818,042	885,349	912,537	Outback Queensland	31,458	27,653	27,604
Flinders Ranges and Outback	627,609	653,179	690,364	Flinders Ranges and Outback	36,726	39,629	42,706
Australia's North West	1,182,634	1,197,942	1,232,382	Australia's North West	72,882	69,537	64,711
Red Centre (NT)	204,384	207,919	203,932	Red Centre (NT)	141,235	154,078	165,027
Total	3,275,133	3,415,930	3,543,305	Total	293,137	301,454	311,609

Table 8, above, shows that the number of international visitors to Australia's outback regions in the last three years has declined or remained stagnant, except for visitors to Flinders Ranges (South Australia), Red Centre (Northern Territory), and Outback NSW. The reason for the growth in these regions from an international perspective is likely attributed to the Red Centre (e.g. Uluru and Alice Springs) as being considered Australia's 'must-see' destination and attracts many international (and domestic) tourists annually. On the other hand, South Australia (Flinders Ranges) is considered Australia's easiest outback experience given its proximity to the state capital (accessibility) and the wine regions (Clare Valley). In addition, South Australia have recently secured more international capacity from the Middle East and China, with Flinders Ranges pushed as one of the state's key itineraries.

A common challenge for Australia's outback destinations is accessibility or, more precisely, lack and cost thereof. Outback Queensland as well as the Far Central West subregion are no exception, forcing most travellers to visit the area as part of a longer self-drive trip. Lack of sufficient aviation capacity and current fare levels of existing aviation capacity make shorter trips (e.g. long weekends) very expensive and in many cases unaffordable.

In Winton's case, existing air services operate only twice a week and connect Winton Airport to both Townsville (TSV) and Longreach (LRE) are not the main source markets for visitors to the area. As far as source markets are concerned, 31% of domestic visitors originate from Central and Northern Queensland, so are in theoretical easy driving distance from the wider Winton area. However, the remaining 69% originate from Southern Queensland (26%), New South Wales (23%), Victoria (9%) and the other states and territories, so are all located to the South of the Far Central West sub-region and, consequently, best connected via Brisbane (BNE). Townsville's limited aviation network and Cairns' location in the far North of the state would make connections via these two ports far less attractive when compared to BNE's location and substantial route network.

As far as international visitors are concerned, BNE might be the less logical option geographically, but most definitely the best option from an aviation network perspective. It should be noted at this point

that, even though Cairns benefits from a variety of international air services, only around 22% of international visitors to Far North Queensland arrive at or depart from Cairns with the majority connecting via Brisbane.

Given all of the above, 3CPL found that it is recommended to seek air services between Winton and Brisbane.

5.3. Queensland Air Service Market

Queensland's air services are operated in two ways; either as freely operated routes or regulated services, which are subsidised by the Queensland Government. Figure 15 provides an overview of all intrastate air services operated within Queensland in July 2019. Routes in red are operated as "regulated routes" and are subsidised by the Queensland Government. It should be also noted that virtually all routes flown to the West and North of Cairns (Cape York, Gulf of Carpentaria and Torres Strait) are covered by the Queensland Government sponsored "local fare scheme", aimed to improve the standard of living of local resident in these remote areas of Queensland.

Keeping the above-said in mind and looking at the Outback Queensland area, it becomes clear that only Mount Isa (ISA), by far the largest town of the region, as well as Cloncurry (CNJ), Phosphate Hill (PHQ), Osborne Mine (OSO), Trepell (TQP), and Ballera (BBL), all driven by the resources industry, are served without Government support.

Current services into Winton Airport are operated as 'regulated' routes which means that the Queensland Government regulates and/or subsidises certain routes to improve accessibility, affordability for communities⁹.

⁹ <https://www.support.transport.qld.gov.au/qt/PubTrans.nsf/index/RegulatedAirServices>

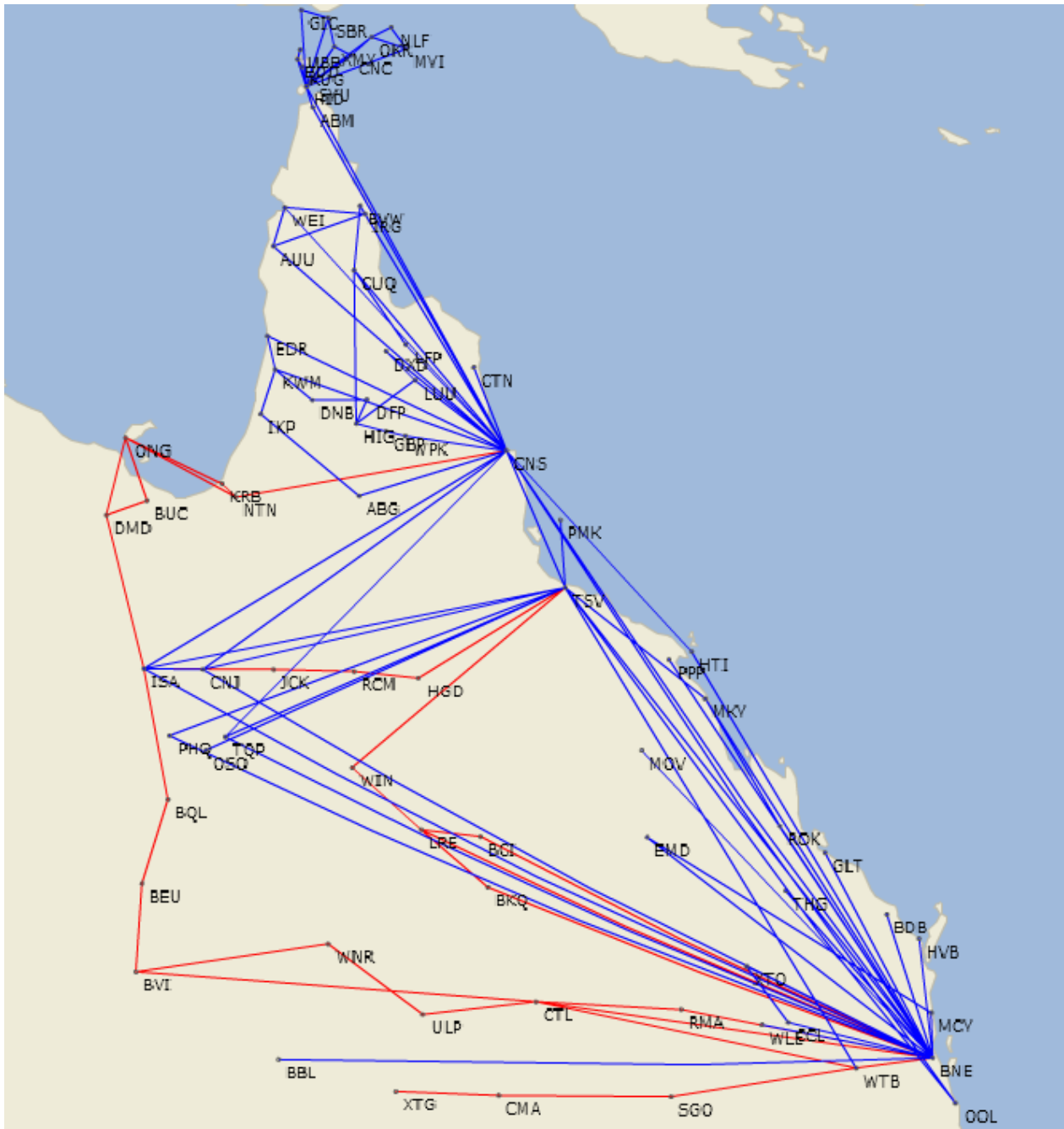


Figure 15: Queensland Intra State Air Services in July 2018

5.3.1. Flights to/from Brisbane

As outlined above, Brisbane is suggested as the ideal origin for additional services to Winton Airport. To further understand this market, current intra-state service levels from Brisbane have been analysed in more detail.

Table 9 summarises weekly air capacity (seats) between BNE and all destinations in Queensland for July 2019. Destinations were allocated route profiles differentiating between size, leisure, regional centre, resources related as well as regulated routes.

Coastal destinations are allocated 85% of all intra-state capacity from BNE. Leisure destinations, all of which are also coastal, represent 33%, purely resources related routes hold 7% of BNE intra-state capacity whilst regulated routes represent just 4%.

Table 9: Weekly Air Capacity from Brisbane (July 2019)

Destination	Route Profile	Qantas	Virgin Australia	Jetstar	Tigerair	Alliance Air	REX	Skytrans	Fly Corporate	Total
Cairns	Size, Leisure	5,178	5,128	4,836	1,260					16,402
Townsville	Size, Regional Centre	5,058	5,488	2,604						13,150
Mackay	Regional Centre	2,766	5,888	1,488						10,142
Rockhampton	Regional Centre	3,084	3,504							6,588
Gladstone	Regional Centre	2,344	1,360							3,704
Whitsunday Coast	Leisure		1,408	1,860						3,268
Emerald	Regional Centre	1,976	980							2,956
Bundaberg	Regional Centre	1,640	560							2,200
Mount Isa	Resources	1,595	400							1,995
Moranbah	Resources	1,776								1,776
Hamilton Island	Leisure	518	1,232							1,750
Hervey Bay	Leisure	1,436								1,436
Roma	Regulated	1,286								1,286
Cloncurry	Resources		200			180				380
Charleville	Regulated	200					170			370
Trepell	Resources					280				280
Barcaldine	Regulated	222								222
Blackall	Regulated	222								222
Chinchilla	Regulated							185		185
Sunshine Coast	Leisure					160				160
Miles	Regulated					160				160
Toowoomba	Regulated						136			136
Thangool	Agriculture								133	133
Ballera	Resources					80				80
Phosphate Hill	Resources					80				80
Taroom	Agriculture							74		74

Longreach	Regulated	74								74
Grand Total		29,375	26,148	10,788	1,260	940	306	259	133	69,209

In summary, whilst Queensland overall is a very sought after tourism destination, specific holiday spots, connected by adequately priced and sufficiently frequent air services, are all along the state's coast, ranging from the Gold Coast (OOL) in the South (not connected to BNE), over Sunshine Coast (MCY), Hervey Bay (HVB), Whitsunday Coast (PPP), Hamilton Island (HTI), to Cairns (CNS) in the North.

Outback Queensland is undoubtedly a leisure destination, however, current air services to the region are not at all geared to cater to that demand.

5.4. Fare Analysis

3CPL benchmarked one-way airfares from Brisbane to Longreach (BNE-LRE), Townsville to Winton (TSV-WIN) and Townsville to Cloncurry (TSV-CNJ). A summary of the average airfares for those routes is provided below in Table 10, below. A more detailed breakdown of the fare scrape analysis can be seen in the 3CPL report (Appendix B: Market Assessment and Carrier Options – 3CPL Report)

Table 10: One-way airfare benchmarks

Carrier	Origin	Destination	Average Airfare
Regional Express	Townsville	Winton	\$225.00
Regional Express	Cloncurry	Townsville	\$325.00
Qantaslink	Brisbane	Longreach	\$368.00

5.5. Winton Fare Considerations

Viability of air services relies on the size of aircraft (number of seats available) and load factor (number of seats full). In order to assess the viability of incremental air services to Winton, two routes, Brisbane to Winton (1,156km) and Cairns to Winton (668km), have been analysed in detail. Published data and experience in the field of regional aviation allowed 3CPL to create trip cost estimates for a range of carrier and aircraft options:

- SAAB 340, Regional Express, 34 seats;
- Dash 8 (Q300), Qantas, 50 seats;
- Dash 8 (Q400), Qantas, 74 seats; and
- Fokker 70, Alliance, 80 Seat.

The future fares calculation identified that the best value estimated BNE-WIN fare of \$223, one way, relies on a Fokker 70 (80-seater), being at least 70% full (56/80 seats). On the contrary, a SAAB 340 at 45% capacity (15/34 seats) has an estimated fare of \$766, one way. Thus, it is clear that for affordable fares to be available, a high level of passenger demand is required to meet the load factor requirements, to sustain low fares. A detailed breakdown of the future fares by load factor and fares for each carrier and aircraft can be seen in the 3CPL report (Appendix B:).

5.6. Challenges of Regional Aviation

Australia's aviation market presents challenges for the development and expansion of regional routes. The Australian market is characterised by a tightly managed airline duopoly (Qantas and Virgin Australia), which has a large influence over a majority portion of the domestic market. As competition is minimal, there are few requirements for airlines to alter their service structures to provide capacity in new markets. To add a new route such as servicing Winton Airport, airlines will typically take capacity away from an existing destination. As a result, for Winton Airport to be an attractive destination for carriers will need to be more financially attractive to operate into Winton Airport than an existing destination in their network, which is serviceable by their existing fleet.

Specifically, for Winton Airport, the frequency of the services and the suboptimal direction/origin of the route (Townsville) may be a challenge or constraint to growth in the existing market.

5.7. Potential Carriers and Approaches

5.7.1. Carriers

3CPL's carrier options were developed analytically with the following objectives in mind:

- RPT Air Operator Certificate requirement; and
- Aircraft size requirement from 30 seats minimum size to 120 seats maximum and with range capabilities of at least 1,200km (BNE-WIN).

3CPL identified a list of potential airlines which WSC may consider engaging with. Additionally, pros and cons for each airline have been considered, as described in Table 11, following.

Table 11: Summary of Airline Opportunities for Winton Airport

Carrier	Pros	Cons	Verdict
Skytrans	<ul style="list-style-type: none"> Based in Cairns and active provider of RPT services in Northern Queensland. 34-seater aircraft well suited for development routes. 	<ul style="list-style-type: none"> Cairns base not ideal to capture full market potential. No interline or other airline alliance relationships to widen sales and marketing reach. 	Not ideal but seek conversation
Fly Corporate	<ul style="list-style-type: none"> Based in Brisbane and active provider of RPT services in New South Wales and Queensland. 34-seater aircraft well suited for development routes. 	<ul style="list-style-type: none"> Saab 340 not ideal for longish 1,156 km distance. No interline or other airline alliance relationships to widen sales and marketing reach. 	Not ideal but seek conversation
Skippers	<ul style="list-style-type: none"> Fleet mix allows to match best suited aircraft types to different routes. 30 and 34-seater aircraft well suited for development routes. 	<ul style="list-style-type: none"> Perth base. From past experience there's no willingness to expand on East Coast. 	Not suited
Airnorth	<ul style="list-style-type: none"> Fleet mix allows to match best suited aircraft types to different routes. 30-seater aircraft well suited for development routes. 	<ul style="list-style-type: none"> Darwin base with limited exposure to Queensland market. Smaller and better suited EMB120 aircraft fully committed for Northern Territory services. 	Not suited but seek conversation
Cobham		<ul style="list-style-type: none"> Operates 80+ seat, high unit cost jet aircraft only. From past experience there's no willingness to consider RPT services. 	Not suited
Alliance Airlines	<ul style="list-style-type: none"> Fleet mix, including turbo-prop and jet aircraft, allows to match best suited aircraft types to different routes Based in Brisbane with a large flying program to and from BNE Cooperation with Virgin Australia widens sales and marketing presence 	<ul style="list-style-type: none"> Alliance core business is focused on charter work. They currently operate 4 RPT routes in Australia (Olympic Dam SA, Gladstone, Bundaberg and Port Macquarie). Their business model is a "no-risk" position. For example, they have recently been commissioned to provide a Melbourne – East Kimberley (Kununurra) service that is fully underwritten by the Government. 	Seek conversation. We expect that for it to be of interest it will need to be fully underwritten.
Qantas	<ul style="list-style-type: none"> Fleet mix, including variety of turbo-prop and jet aircraft, allows to match best suited aircraft types to different routes 	<ul style="list-style-type: none"> Lack of competition has driven complacency and reduced interest to develop the regional network. 	Seek Conversation

	<ul style="list-style-type: none"> • Large existing regional base operated from Brisbane • Operates into the region already with flights to Longreach, Blackall, Barcaldine, etc. • Existing Outback Queensland operation could be tweaked to include Winton. • Operates large domestic and international network offering perfect sales and marketing presence. 		
Virgin Australia	<ul style="list-style-type: none"> • Operates large domestic and international network offering perfect sales and marketing presence. 	<ul style="list-style-type: none"> • Only regional aircraft is the relatively large ATR72. • ATR fleet has been reduced significantly and is based in Sydney and Melbourne only. • Lack of competition has driven complacency and reduced interest to develop the regional network. 	Not suited
Regional Express	<ul style="list-style-type: none"> • Largest Australian regional airline with bases in Brisbane, Cairns and Townsville. • Existing services to WIN and throughout the region. • Operates large Saab 340 fleet. 	<ul style="list-style-type: none"> • Saab 340 not ideal for longish 1,156 km distance. • No interline or other airline alliance relationships to widen sales and marketing reach. • Almost entire Queensland operation protected and subsidised. 	Not ideal but seek conversation
Hevilift	<ul style="list-style-type: none"> • Fleet mix allows to match best suited aircraft types to different routes. • Operates in Queensland. 	<ul style="list-style-type: none"> • Only 3 aircraft in fleet. • From past experience there's no willingness to consider RPT services. 	Not suited

As can be seen in the table, 3CPL, based on suitability factors, 3CPL recommends that WSC seeks the opportunity to engage with Alliance Airlines and Qantas.

5.7.2. Approaches for WSC to consider

Charter agreements

WSC could potentially enter into a charter agreement with a carrier to provide services as and when they are required. A charter agreement would allow for aircraft to be provided when sufficient demand can be engaged to justify their use (e.g. for a festival or event in CNS/BNE), Alliance's business model is centred around operating charter services.

Changes to State regulated routes

WSC can advocate for the Queensland Government to alter an existing regulated route to better serve Winton.

Whilst determining the appropriate airline and routing is an important factor, it is equally important to consider the infrastructure capabilities of Winton Airport.

An aerial, top-down view of an airport terminal and tarmac. The terminal building is a large, curved structure with a white roof. Several large commercial aircraft are parked at gates along the terminal. The tarmac is paved and has various markings. The overall scene is in grayscale, with a semi-transparent white box overlaid on the right side containing the title text.

FUTURE AIRPORT REQUIREMENTS

6. FUTURE AIRPORT REQUIREMENTS

The requirements for Winton Airport in the future will be driven by market demand, which may trigger infrastructure upgrades if growth is significant. In addition to the market interest outlined in the previous section, there are also a number of future development considerations with regard to infrastructure requirements, which are outlined below. Following this, three options for potential Airport expansion are outlined for WSC.

6.1. Future Development Considerations

6.1.1. Runway Strip

The CASA *Manual of Standards (MOS) Part 139 (Aerodromes)* (MOS Part 139) dictates that a Code C runway (30m in width with non-precision instrument procedures), should have a runway strip of 150m. Winton Airport operates with a 90m runway strip, due to prior approvals. However, there is no apparent reason why the runway strip cannot be revised to be 150m in width (within current regulations) with the graded portion remaining at 90m minimum. It is worth noting, that the proposed new standard for Code 3 runways that are 30m in width is a runway strip width of 280m.

The current advice from CASA on any such circumstance is that if an existing aerodrome has a non-precision approach runway with a 90m or 150m runway strip, compliant with either the current MOS or a legacy standard which has been appropriately grandfathered, it will remain acceptable to CASA after the transition to the new rules. Existing operations are therefore preserved. If that same aerodrome however wants to attract a higher performance aircraft or larger aircraft type or facility operations in a lower visibility category, it will likely need to renominate that runway by increasing its code number, code letter, instrument condition etc. Such a nomination would then trigger an upgrade to have a wider runway strip width. If the same aerodrome operator replaces the runway, then it will have to meet the updated standard applicable to the nominated code¹⁰.

WSC should engage a surveyor to confirm whether the existing building heights would allow for the runway strip to be extended to a 150m declared strip with a 90m graded centre. Doing a survey which accounts for a 150m splay would assist with airport future-proofing as a 150m runway strip width is fully compliant with current regulations. It would be easier to have the 150m strip in place prior to making any upgrades to the airport.

6.1.2. Runway Infrastructure Limitations

Winton Airport can currently service Code 3C aircraft operations (medium sized turbo prop). However, it is worth noting that in order to service the larger Code 3C aircraft (e.g. Dash8-400) on a regular basis, there would likely be restrictions on operations (e.g. weight restrictions), particularly in hotter periods of the year. This is due to the length and strength of the existing runway.

6.1.2.1. Runway length

The current 1,402m long runway is sufficient for the current operations, however, a larger Code 3C aircraft (e.g. Fokker 70/100) or Code 4C aircraft (e.g. B717-200/B737-800) would require a longer runway. The length may also be a constraint within hotter months to aircraft which can typically operate on it already during the cooler months, as outlined above.

6.1.2.2. Runway strength

The pavement strength rating (or PCN) of the main runway (14/32) is 16. Whilst this rating is sufficient for most turboprop aircraft (up to and including the Dash-8 400), any larger aircraft would require a higher strength rating. For example, light-weight regional jets such as the Fokker 100, require a strength rating of 25 or above. Australia's predominant domestic aircraft, the Boeing 737-800 and the Airbus A320-200 require a PCN of 44.

¹⁰ As the MOS Part 139 update hasn't yet been finalised, this should only be considered interim advice until CASA provides the new MOS 139 and should be verified at a later date.

6.1.3. Terminal capacity

The current terminal is small in size. Whilst sufficient for current passenger throughputs, it would need expansion if any larger aircraft were to be servicing Winton Airport. Particularly if security screening was to be required (see Section 6.1.4 following).

6.1.4. Security Screening

Winton Airport is not currently required to have passenger security screening due to the size of aircraft operating at the airport (MTOW under 20,000kg). To allow the operation of RPT aircraft with an MTOW exceeding 20,000 kg, checked baggage and passenger screening would be required. This would not only entail the capital expenditure and infrastructure to establish screening, but also the hiring and appropriate training of staff to undertake the screening activities and the ongoing maintenance of the equipment, which can bring substantial costs to airport operation. The cost of staffing and equipment is included in the ticket price, however with low volumes the add on price can be significant.

It is important to note that the legislation which defines this is currently being updated so the impact is currently unclear. The size and scale of passenger screening is still to be determined.

6.1.5. Accessibility to/from Winton Airport

Currently, there are no scheduled transport options from Winton Airport to the town centre, approximately a 5km drive. Whilst a mini-bus service is available¹¹, it must be pre-booked at the Visitor Information Centre (in Winton), or arranged over the phone before arriving in Winton.

6.1.5.1. Hire Car Facilities

Generally, airports represent the most important component of a hire car business. Similarly, for most regional airports, hire cars are the second largest business partner after an airline. Winton Airport currently does not offer hire-cars at the Airport due to throughput. This will be an important revenue stream if direct routes can be introduced and there is a lift in PAX. Hire car facilities will also be important in establishing accessibility from Winton Airport to the region.

6.2. Winton Airport Development Options

There are three options which this report presents as potential approaches for Winton Airport. These are seen as progressive steps which could be employed by WSC.

- **Option 1:** Increase use of existing services/design aircraft.
- **Option 2:** Expand the Airport infrastructure to accommodate larger Code 3C aircraft (e.g. Fokker 100).
- **Option 3:** Expand the Airport infrastructure to accommodate Code 4C aircraft (e.g. B737-800).

6.2.1. Option 1: Increase the use of existing services/design aircraft

Currently, the Airport is serviced by a SAAB 340. Whilst as noted above, the Airport infrastructure can cater for larger aircraft, the load factors on the existing service are already quite low (as can be seen in the summary of historical passenger movements presented in Section 2.3.3). The current services to and from Winton Airport have significant capacity for growth in terms of seat availability. The most cost-effective option for WSC would be to stimulate and increase the use of this service and/or a different route with the same design aircraft.

WSC could also engage with the Longreach Airport operator (Queensland Airports Limited) to discuss and identify if there are any collaboration opportunities that could support uptake of seats available on the seats between the two regional communities.

One opportunity to stimulate the usage of capacity on the existing routes to/from Winton is through Regional Express's community fares scheme, which is set to be expanded throughout remote and outback Queensland under a 6-month trial for sales and travel from August 2019 until January 2020. The participating communities will be those serviced by Regional Express's two regulated routes from Brisbane, two regulated routes from Townsville and one regulated route from Cairns¹². The community fares scheme allows regional community residents to access special fares outside of 60 days prior to departure subject to availability in addition to all remaining unsold seats being available within 24

¹¹ <http://www.experiencewinton.com.au/getting-to-winton>

¹² <https://australianaviation.com.au/2019/07/regional-express-to-trial-community-fares-in-regional-queensland/>

hours prior to departure being made available as community fares¹³. It is recommended that WSC engage with Rex during the trial to understand the uptake and availability of these fares.

WSC should also consider enacting a marketing campaign targeted at improving uptake of existing routes, as well as community awareness around fares such as the community fares offered by Regional Express. WSC should engage with Regional Express to discuss collaborative marketing opportunities. Increased marketing may result in increased uptake of available seats on existing routes.

WSC should engage with Translink (the Queensland Government department responsible for the regulated routes). It was indicated during stakeholder engagement that both the routes and the schedule of the existing service are seen to be inhibiting the uptake of the service. As the purpose of the regulated routes is to service remote and regional communities, WSC should advocate to Translink to alter the existing regulated route to better reflect the desires of the community. This may be with regard to the schedule or the destinations/origins offered. In order to determine what these schedules and destinations/origins might be, WSC should conduct a community survey within Winton and with passengers using the existing service. Further, WSC could approach Longreach Airport to conduct a terminal survey at Longreach Airport to understand what the leakage is from Winton to Longreach.

In all the steps above, it is recommended that WSC engage and collaborate with Regional Express where appropriate.

Notably, if keeping the status quo, the existing infrastructure would be sufficient and the runway strip of 90m would likely be able to be retained under the new MOS Part 139 regulations, if appropriately grandfathered. The existing terminal building would also remain sufficient for a period of time, until demand and peak periods passenger throughputs increase.

6.2.2.Option 2: Expand the Airport to accommodate larger Code 3C aircraft

In order to accommodate larger Code 3C jet aircraft on a regular basis all year round, the Airport would require expansion of airfield and terminal infrastructure. The existing runway would need strengthening as well as a 598m extension, a new Code 3C apron would be required, strengthening of one taxiway would be required, and the terminal would require expansion.

The impending changes to the MOS Part 139 need to be considered in any expansion plans for the runway at Winton Airport. As the Airport is already categorised as Code 3, it is likely that the 90m runway strip would be able to be retained if appropriately grandfathered. Notably, whilst the existing RPT parking bay (1) can accommodate a small Code 3C aircraft (e.g. Dash 8-400) with the 90m runway strip, the tail height of larger Code 3C aircraft requires more clearance. This impacts the clearances of the apron parking areas for the aircraft – meaning that the tails of any aircraft need to be parked under the Obstacle Limitation Surface Transitional Surface. This ultimately means the aircraft need to be parked further away from the runway.

Further, if larger Code 3C aircraft (e.g. Fokker 70/100) were to operate the Airport, it is unlikely that CASA would accept the continued use of a 90m runway strip, given the current standard requires a 150m runway strip. As previously mentioned, there is no apparent reason that the runway strip at Winton Airport can't be upgraded to a 150m runway strip. As such, it is recommended that a new apron be constructed which is capable of handling a large Code 3C aircraft and 150m runway strip be safeguarded.

In addition to the runway strip clearance requirements, strengthening of the apron and taxiway would be required to accommodate larger Code 3C aircraft (as discussed in Section 6.1.2.2). The plan shown in Figure 16 depicts a new Code 3C apron, as it is considered more cost effective to build a new apron rather than upgrade the existing apron and having to relocate the terminal and hangar buildings to accommodate the upgrade.

The Plan shown in Figure 16 presents this option, being the minimum upgrade requirements to accommodate regular larger Code 3C aircraft at Winton Airport.

¹³ <https://www.northweststar.com.au/story/6300706/rex-expands-community-fare-scheme/>

6.2.3.Option 3: Expand the Airport to Code 4C capabilities

Expansion of the Airport to accommodate Code 4C capabilities would require significant investment. The runway, taxiway, and apron areas would need to be strengthened (on top of that required for the Code 3C aircraft above). Further, the apron area required would be larger than area outlined above for Code 3C aircraft.

Runway widening (to 45m) may also be required, however, a narrow runway supplement may be a possibility. Some airports have been able to gain a relaxation with a CASA narrow runway supplement, allowing Code 4C aircraft to be operated on a 30m wide runway.

It is important to note that any upgrade of the runway to Code 4C would likely trigger the review of the runway strip width based on the updated MOS Part 139 (when finalised and implemented). If this was the case, the Airport would require a runway strip width of 280m (the proposed new standard for Code 3 and 4 runways that are 30m wide), which would have significant impacts on the development surrounding the airfield. A runway strip of this width would require relocation of apron, hangars, and terminal buildings. Figure 17, following depicts the impact a 280m runway strip would have and the relevant clearance requirements for an apron capable of handling Code 4C aircraft.

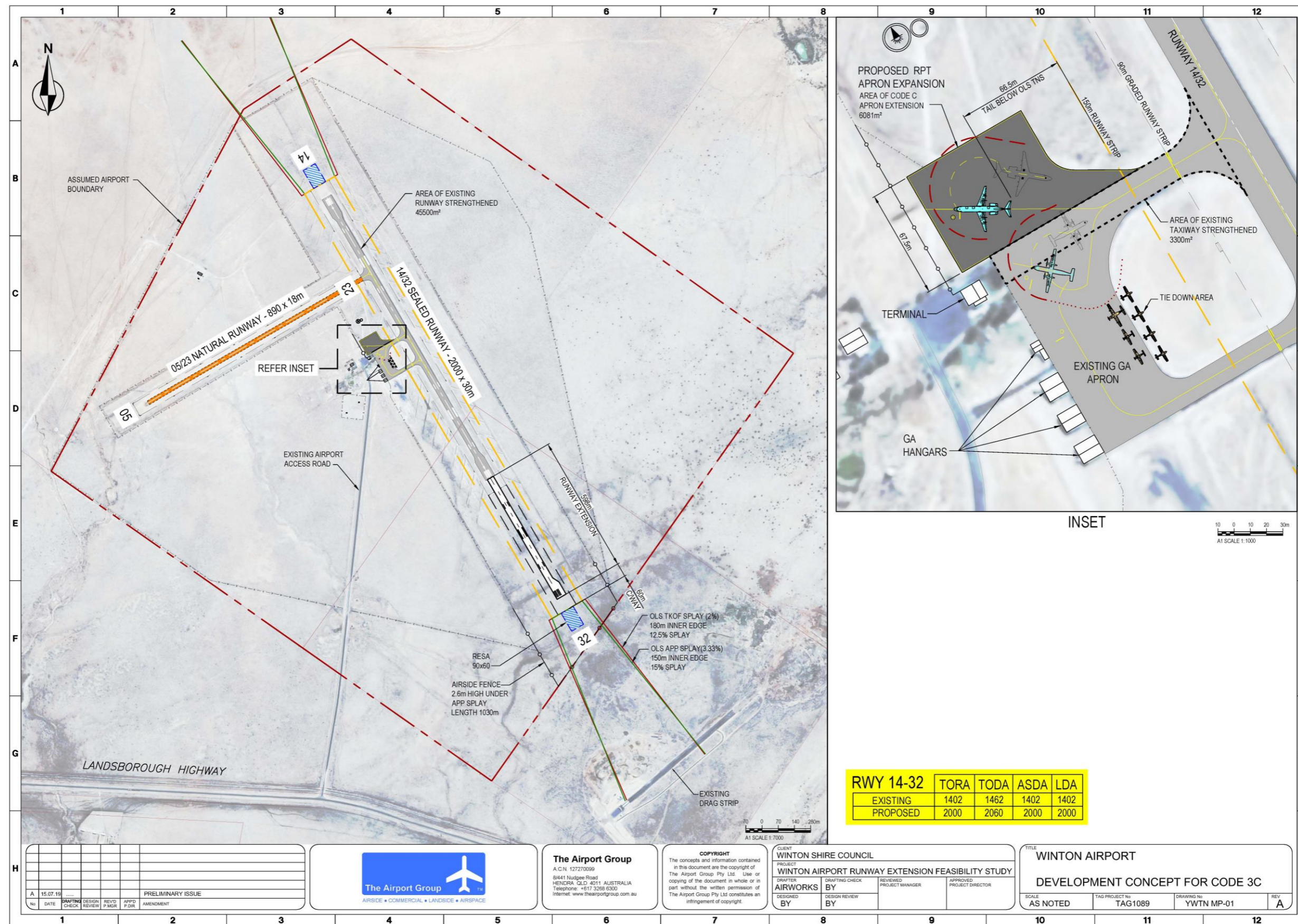


Figure 16: Winton Airport Development Concept (Option 2)

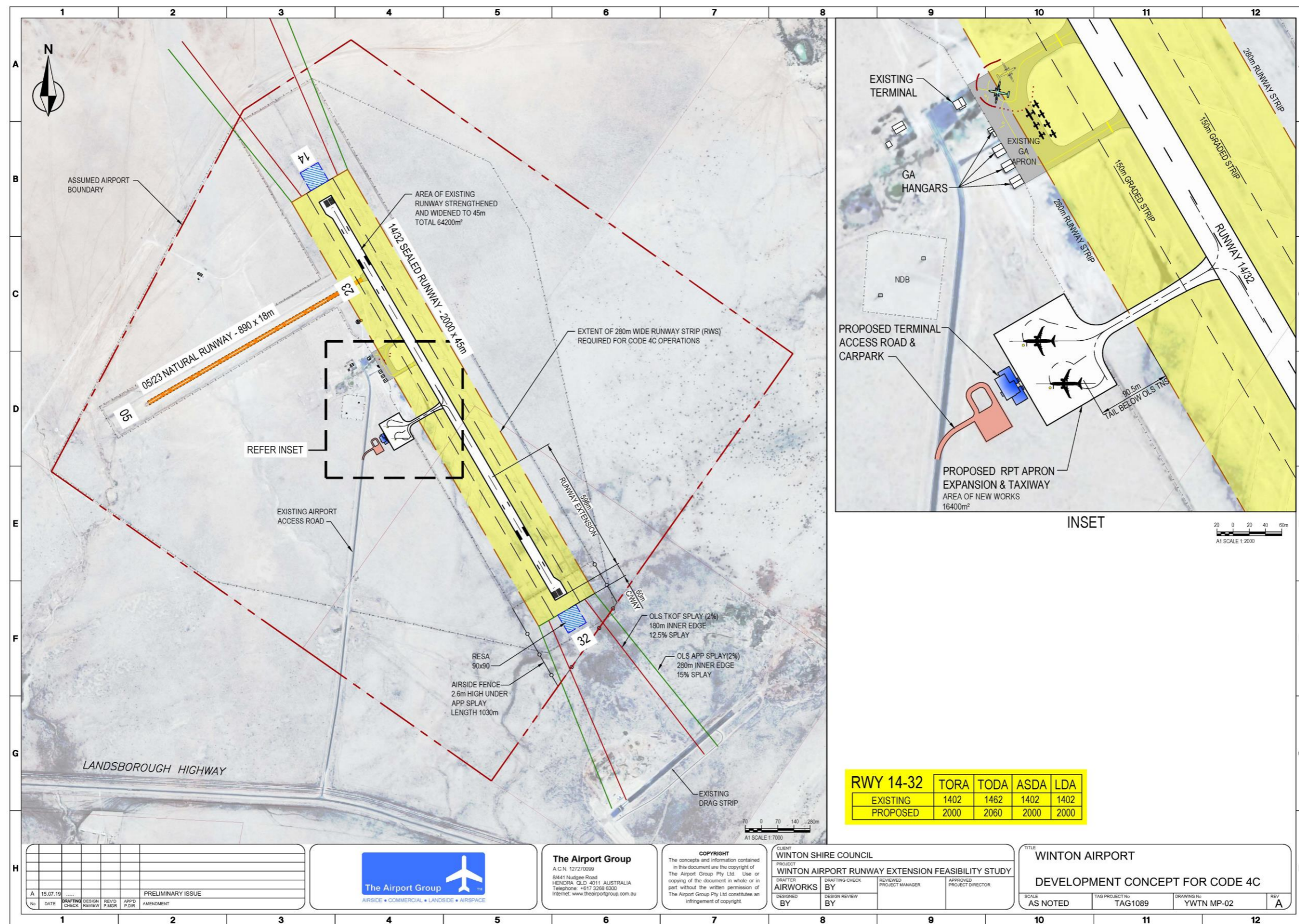


Figure 17: Winton Airport Development Concept (Option 3)

An aerial, top-down view of an airport terminal and tarmac. The terminal building is a large, curved structure on the left side. Several large commercial aircraft are parked at gates along the terminal. The tarmac is paved and has various markings. The overall scene is in grayscale, with a semi-transparent white box containing the title text overlaid on the right side.

FINANCIAL IMPACTS

7. FINANCIAL IMPACTS

This section provides an overview of the financial impacts that would result from the upgrade strategies outlined above, being:

- Option 1: Increase use of existing services/design aircraft.
- Option 2: Expand the Airport infrastructure to accommodate larger Code 3C aircraft.
- Option 3: Expand the Airport infrastructure to accommodate Code 4C aircraft.

The information provided in this section are high-level overview of costs. Further in-depth investigations would need to be carried out to provide firm figures.

7.1. Historical information

We have been provided with the following financial information for the Airport.

	FY 17	FY 18
Rental income	954	1,022
Fuel Sales	161,000	162,640
Gross Income	161,954	163,660
Cost of Sales		
Caretaker	4,100	4,040
Fuel	125,719	129,789
General expense	0	5,808
Building depreciation	4,098	4,239
Sub total	133,917	143,876
Gross Profit	28,047	19,7867
Operating expense	53,264	53,215
Airport certification	11,789	11,505
Maintenance	15,698	19,995
Sub total expenses	80,751	84,715
Depreciation	22,489	23,860

Option 1: Increase use of existing services/design aircraft.

We expect the expense profile would remain relatively unchanged for Option 1.

Option 2: Expand the Airport infrastructure to accommodate larger Code 3C aircraft

It is assumed that the increased runway outlined in this option will stimulate the scheduling of three weekly direct Brisbane to Winton services of a Dash 8 Q400 70-seater aircraft or similar.

The key changes to the airport and its operations that result from upgrading the airport to accommodate Code 3C operations i.e. the larger aircraft identified in Table 6 above are summarised below.

- 1) Extend runway by approximately 600m and strengthen existing runway, cost estimate \$22.3m.
- 2) Widen runway strip.
- 3) Construct new high strength apron located to ensure Code 3C aircraft tails do not penetrate the OLS.
- 4) Expand terminal building to accommodate greater peak passenger numbers.
- 5) Passenger security screening requirement will be triggered by larger Code 3C aircraft.
- 6) Expand terminal building to accommodate passenger screening equipment.
- 7) Expand terminal building to accommodate baggage screening equipment.
- 8) Employment or contracting of, screening staff to operate screening equipment.
- 9) Increase airport security procedures to ensure compliance with the OTS.
- 10) Increased maintenance cost of larger runway and extended apron.
- 11) Increased staffing requirement to operate the airport, oversee security compliance and ensure compliance with CASA.
- 12) Costs associated with security screening and maintenance of equipment will be passed back to the airlines for on charging to passengers.
- 13) Increased throughput of primarily tourism related visitors will stimulate rental car / tourist bus activity at the airport. This will create business opportunity as well as construction of appropriate infrastructure at the airport.

We have constructed a possible airport expenditure profile based on our experience of regional airports financials. For benchmarking purposes, we have also included the actual financials for regional airports of a similar or slightly larger size (by passenger numbers).

Revised airport expenditure profile

	Winton	Regional Airport 1	Regional Airport 2
Passenger throughput	16,000 (estimated)	20,500	47,000
Item	Estimate	Actual	Actual
Admin	\$55,000	\$381,000	\$42,805
Wages	\$160,000	\$116,120	\$241,085
Rates and utilities	\$50,000	\$124,226	\$60,703
Security screening expenses	\$350,000	\$0	\$430,000
Other (maintenance etc)	\$100,000	\$108,412	\$529,591
Total	\$715,000	\$780,073	\$1,306,278
Add back			
Security re charge	\$350,000		\$430,000
Annual airport expense (excl depreciation)	\$365,000	\$780,000	\$876,278

Notes:

- 1) Regional Airport 1 admin expense includes an amount of Council overhead re charge.
- 2) Winton expenses do not include any costs associated with the \$22.3m CAPEX required to upgrade the runway.

Equivalent fees and charges

For the Airport to maintain a break-even point there will need to be landing fees and charges imposed on all RPT activity or government subsidisation of the route.

Equivalent landing fees and charges can be easily estimated using the following assumptions.

- 1) BNE to WIN return flight achieves a 70% load factor for a 70-seater equivalent to approximately 15,300 pax per annum.

- 2) Existing TSV- WIN - LRE service lose approx. 30% of PAX to the direct WIN - BNE flights.
- 3) Security screening charges are levied on outbound passengers.
- 4) Airport fees and charges are levied as a passenger charge.
- 5) No landing fee is imposed.
- 6) Pax numbers are split equally between inbound and outbound.

	Inbound pax	Outbound pax	TOTAL pax
	8,197 (p.a.)	8,197 (p.a.)	16,394 (p.a.)
Airport fee per passenger	\$22.26	\$22.26	
Total airport fee per annum	\$182,465	\$182,465	\$365,000
Security charge		\$42.69	
Total security charges per annum	0	\$350,000	\$350,000
Total airport fee per passenger	\$22.26	\$64.95	

The above fees and charges would be added to the ticket price. This could increase the best value fare estimated in section 5.5 of \$223 to \$245 for an inbound ticket and \$288 for an outbound fare, assuming the carrier were achieving a 70% load factor.

These are the break-even airport fees excluding depreciation and interest expense for CAPEX. Other expenses that would be incurred include marketing and airline incentives.

To offset some of the expansion costs above, WSC should consider attracting additional aviation-related business which can take advantage of the lack of congestion at the Airport. This may include a flight training school, drone operations, aircraft maintenance facilities, ag spraying, additional recreational users, etc, operating from the Airport. This will require investigation into these markets to determine demand. Further, depending on the use, this may require amendments to the Town Plan. The Airport is within the 'Rural' zone, and within the Town Plan the definition of "Airport" is "*all site facilities and any building, installation and equipment used for the control of aircraft operations and any facility provided at such premises for the housing, servicing, maintenance and repair of aircraft, and for the assembly of passengers or goods*". This definition limits some of the uses outlined above. Nonetheless, all uses must not impact on the ongoing protection of safe operations of the Airport.



RECOMMENDATIONS AND NEXT STEPS

8. RECOMMENDATIONS AND NEXT STEPS

8.1. Recommendations

The existing airport infrastructure at Winton Airport can cater for larger aircraft up to Dash 8-300 (50 seat turboprop). Although the load factors on the current service is low, there is capacity to grow current services to and from Winton Airport and the most cost-effective option for WSC is to stimulate increase in use of current services and/or a different route with the same design aircraft.

Future considerations to expand the Airport to accommodate larger Code 3C or Code 4C aircraft for Winton Airport should be market-driven, bearing in mind costs associated with required infrastructure upgrades such as a future runway extension, apron expansion, terminal expansion; security screening requirements and provision of transport facilities.

Overall, it is recommended that WSC:

- Undertake internal survey of existing passengers to gain a better understanding of origin – destination pattern to make future projections;
- Undertake further studies with Winton residents to determine their appetite for alternative routes to existing regulated route and consider a terminal survey at Longreach Airport to understand what the leakage is to services offered from Longreach;
- Engage and collaborate with Regional Express to discuss strategies of increasing the use of existing services e.g. through Regional Express community fares;
- Engage with TMR to advocate for changing the existing regulated route when the contract ends (end 2021) to better accommodate community needs/desires;
- Discuss with potential carriers identified in Section 5.7.1 such as Qantas, Regional Express and Alliance about opportunities for services to Winton Airport;
- Consider amending the Town Plan to permit uses at the Airport that will be conducive to aviation-related business using the Airport which will help to diversify the revenue streams from the Airport and offset expansion costs. All uses at and around the Airport must ensure protection of safe operations of the Airport;
- Seek innovative and new ideas to market Winton as an attractive outback holiday destination which subsequently will trigger growth and push demand for current services;
- Discuss with tourism operators about the possibility of attracting charter aircrafts to Winton from tourist locations (such as Cairns) and develop international tourism;
- Engage in active community marketing of existing routes which presents an opportunity to improve uptake of existing routes, as well as community awareness around fares such as the community fares offered by Regional Express; and
- Engage a surveyor to undertake an airport survey to provide advice on existing buildings and capacity to widen runway strip in future. If feasible, it is recommended to determine this prior to any airport upgrades.

8.2. Next Steps

The report presents three options for WSC to choose to from/guide the decision-making process in deciding the next steps. These options are:

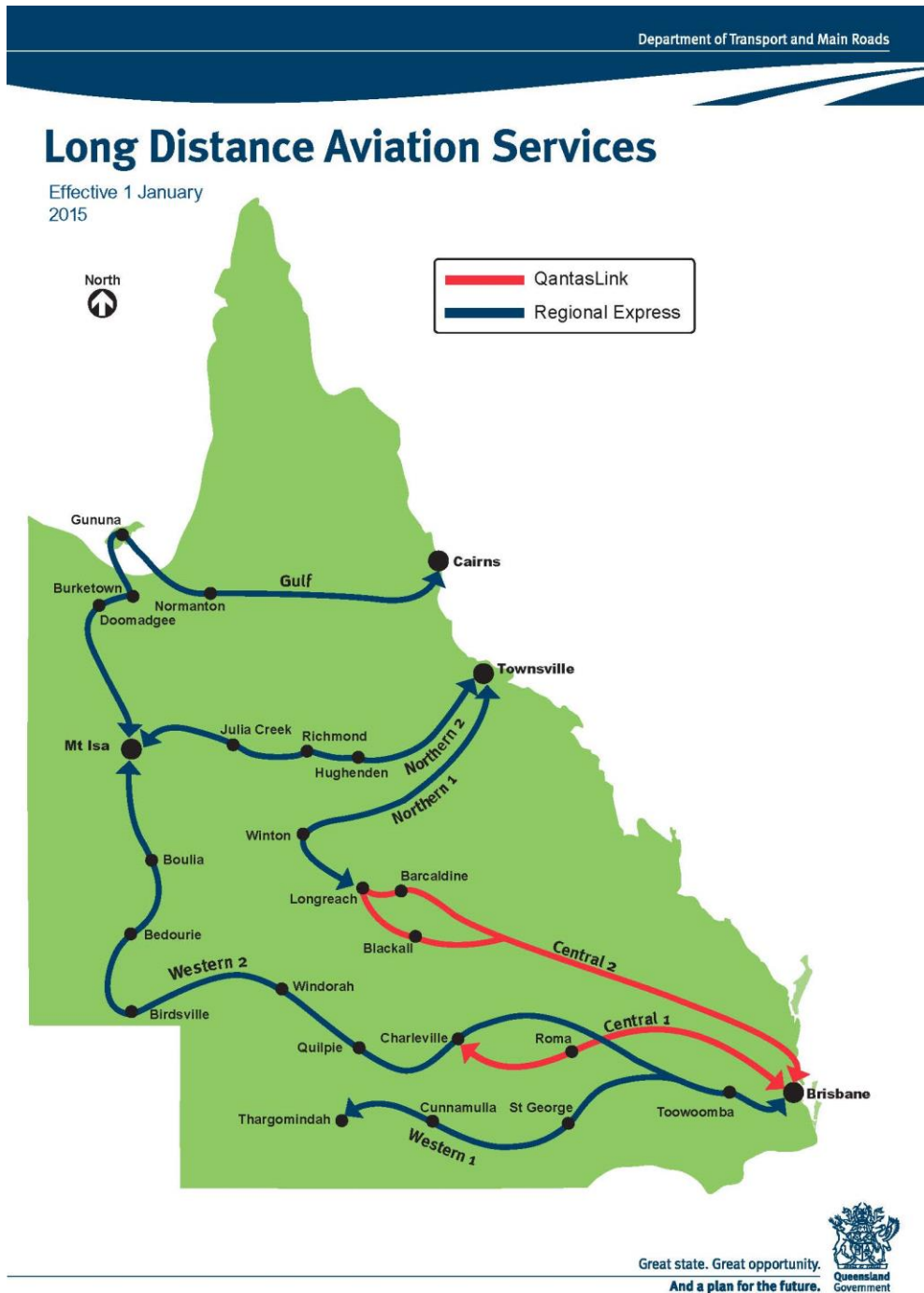
- **Option 1:** Increase use of existing services/design aircraft – No financial impact or significant change to Council's current expense profile;
- **Option 2:** Expand the Airport infrastructure to accommodate larger Code 3C aircraft (e.g. Fokker 100) - Significant financial impact identified in Section 7;
- **Option 3:** Expand the Airport infrastructure to accommodate Code 4C aircraft (e.g. B737-800) - Significant financial impact identified in Section 7.

An aerial, high-angle photograph of an airport terminal and tarmac. The terminal building is a large, curved structure with a white roof. Several large commercial aircraft are parked at gates along the terminal. The tarmac is paved and has various markings. The overall scene is captured in a light, desaturated color palette.

APPENDICES

9. APPENDICES

9.1. Appendix A: Queensland Long Distance Aviation Services



9.2. Appendix B: Market Assessment and Carrier Options – 3CPL Report



three
CONSULTING

**Market Assessment and Carrier Options
Winton Airport (WIN) V2.0**

Prepared for: The Airport Group

July 2019



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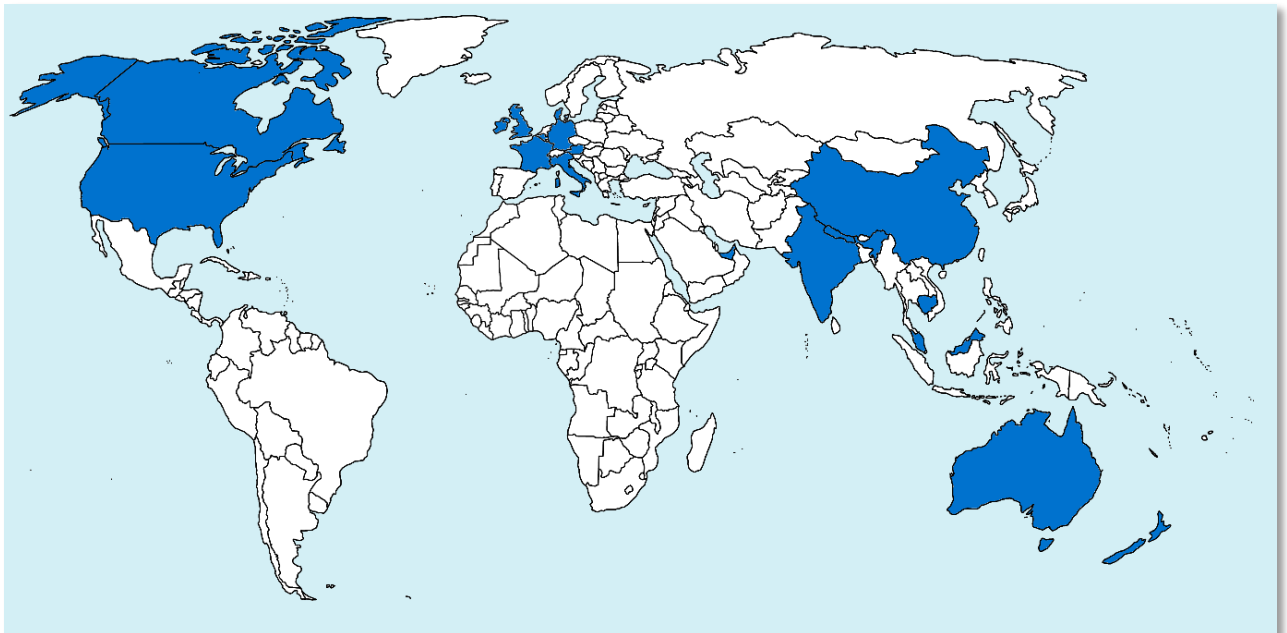
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1. Introduction

1.1. three consulting Company Background

three consulting pty ltd is a specialist aviation consultancy focused on delivering high quality and effective results for our clients. At three consulting, we understand the aviation value chain and have developed a range of services that can deliver seamless results across a number of specialisations. From the initial allocation of airline capacity through to commencing operations of newly constructed infrastructure, we have the ability to guide clients from high-level strategic planning through to day of operations and beyond.

There are no career or junior consultants at three consulting with our core team having held senior management positions at leading airports, airlines, and tourism organisations around the world. With a combined half century of experience, three consulting staff have been involved in many projects specifically related to airports and their strategic and operational plans. The team has completed work in 20 countries allowing us to bring a truly global perspective to our clients.



three consulting staff have worked with, for, and on behalf of some of the leading aviation and travel organizations from around the globe including, but not limited to:



three consulting leverages its experience across a select number of major business units:

Aviation Management Consulting

three consulting understands the intricacy of the business of aviation and what is required of airports, airlines, and related service providers to become market leaders. Gleaned through decades of combined experience, three consulting has the ability to give clients the knowledge required in today's market place. Key services include:

- Airport Aviation Strategy Development
- Air Traffic Demand Forecasting
- Airport Rates and Charges
- Marketing Strategies
- Business Planning
- Feasibility Studies
- Strategic Planning
- Commercial Due Diligence
- Business Negotiation Support

Air Service Development

three consulting is a market leader in air service development for airport and airline clients. Utilising our wide range of experience, proprietary and industry data sources, and extensive airline contacts, we are able to bring unsurpassed results to our clients. We have been highly successful in securing air services for our client airports ranging from ultra-long-haul wide-body to regional turboprop operations. Our intimate knowledge of airline network planning, taken from over 15 years of experience with leading international airlines such as United Airlines, British Airways, Lufthansa, and Qantas Airways, allows us to produce targeted and effective route business cases. three consulting's typical route business case considers scheduling options, connectivity, market stimulation, market share calculations and concludes in a detailed economic route forecast down to the profit / loss level. Key services include:

- Airline Route Business Case Development
- Airline Engagement Strategies
- Aviation Business Strategy Development
- Low Cost Strategies
- Airline Incentive Strategies

Aviation Market Research

three consulting has the capability to undertake market research that provides valuable insights and timely business intelligence. Our market research can be used to test markets, qualify leads, measure effectiveness and gauge stakeholder opinions. The ability to design, conduct and analyse custom-made surveys is of particular importance for our work with non-capital city airports, where traditional, generic, off-the-shelf aviation data typically lacks the necessary granularity to help create robust market sizes, understand price elasticity of demand and related issues. Key services include:

- Catchment Area Surveys
- On-Site Surveys
- Corporate Surveys
- Specialised Surveys (e.g. student, specific industries)

1.2. Relevant Experience

three consulting staff benefit from decades of airline, airport, tourism and related industry experience through working within some of the largest airlines, airports and tourism organisations globally. We have had recent and ongoing successes in producing traffic and aviation activity forecasts around Australia and New Zealand. A selection of these projects can be found below:

Sunshine Coast Airport, QLD, 2015 – 2016

Air Traffic Forecast

three consulting was commissioned to produce a 20-year traffic and aviation activity forecast for use in a sell-side due diligence process for Sunshine Coast Airport. Two aspects were of particular concern; firstly the design of a fairly long-term bottom-up or supply-based forecast to capture the current growth phase at the airport; secondly the calculation of applicable MCY capture rates for both the outbound and inbound travel markets in light of strong schedule and price competition from Brisbane Airport. Another aspect worth mentioning was the requirement to prepare separate forecasts for a scenario under which the current aviation infrastructure remained unchanged, another one for a runway redevelopment scenario.

Undisclosed Investor, North Queensland Airports Due Diligence Process, 2017

Air Traffic and Aviation Activity Forecast

three consulting was commissioned to produce a 30-year traffic and aviation activity forecast for use in a buy-side due diligence process for North Queensland Airports (NQA). Forecasts were developed for both Cairns Airport (CNS) and Mackay Airport (MKY) where traffic at CNS is mostly driven by inbound leisure traffic, whilst traffic at MKY is mostly driven by inbound FIFO traffic including fluctuations thereof. The forecasts needed to be created without input from airport management, so relied 100% on publicly available information such as BITRE, the National Visitor Survey published by TRA, Australian Immigration Data, SRS Analyser scheduling data, ABS Census data, etc. The project included the development of pro-forma schedules to understand busy day / busy hour infrastructure requirements.

Rockhampton Airport, QLD, 2015

Master Plan Aviation Activity Forecast

three consulting prepared aviation activity forecasts, including passenger and cargo demand, RPT and non RPT aircraft movement as well as related busy day and busy hour forecasts for use with the update of Rockhampton Airport's (ROK) Master Plan in 2015. ROK's function as a service centre for the resources industry was a key aspect as was the determination of how long ROK would record reducing

traffic numbers as a consequence of the downturn in coal mining. It was of particular importance to understand ROK's specific role in accommodating FIFO as well as mining related business traffic, an understanding we developed via various calls with airport management as well as local Council members.

Christchurch Airport, NZ, 2016 – 2017

Aviation Activity Forecast for Airline Pricing

three consulting has been working with Christchurch International Airport Limited (CIAL) for four years now covering most aspects of the South Island gateway's aviation strategy and business development. As CIAL prepared for aeronautical charges negotiations as part of the 2017 price setting event (which occurs every 5 years for New Zealand's three largest airports), it has engaged three consulting to produce a detailed traffic forecast, covering the airport's regional, domestic as well as international aviation networks. We co-operated with other consultants covering economical and regulatory aspects and produced a combination of bottom-up and top-down demand forecasts also covering aircraft movement and maximum take-off weight forecasts.

Toowoomba Wellcamp Airport, QLD, 2013

Air Traffic Forecast

In support of the new green-field airport development at Toowoomba, airport owners Wagner commissioned the development of a catchment demand study and air traffic forecast to ascertain the airport's potential traffic levels over a five-year period, commencing from the start of operations. three consulting staff designed and implemented a catchment area survey to study the resident travel patterns surrounding the airport and analysed the results to determine the airport's traffic potential. We assessed key travel patterns of the airport's catchment to leverage in airline engagements such as propensity to fly, airline preference, and price sensitivities and created a five-year bottom-up forecast identifying likely airlines, aircraft types, routes, and growth rates over the period.

Sydney Airport, NSW, 2007 – 2012

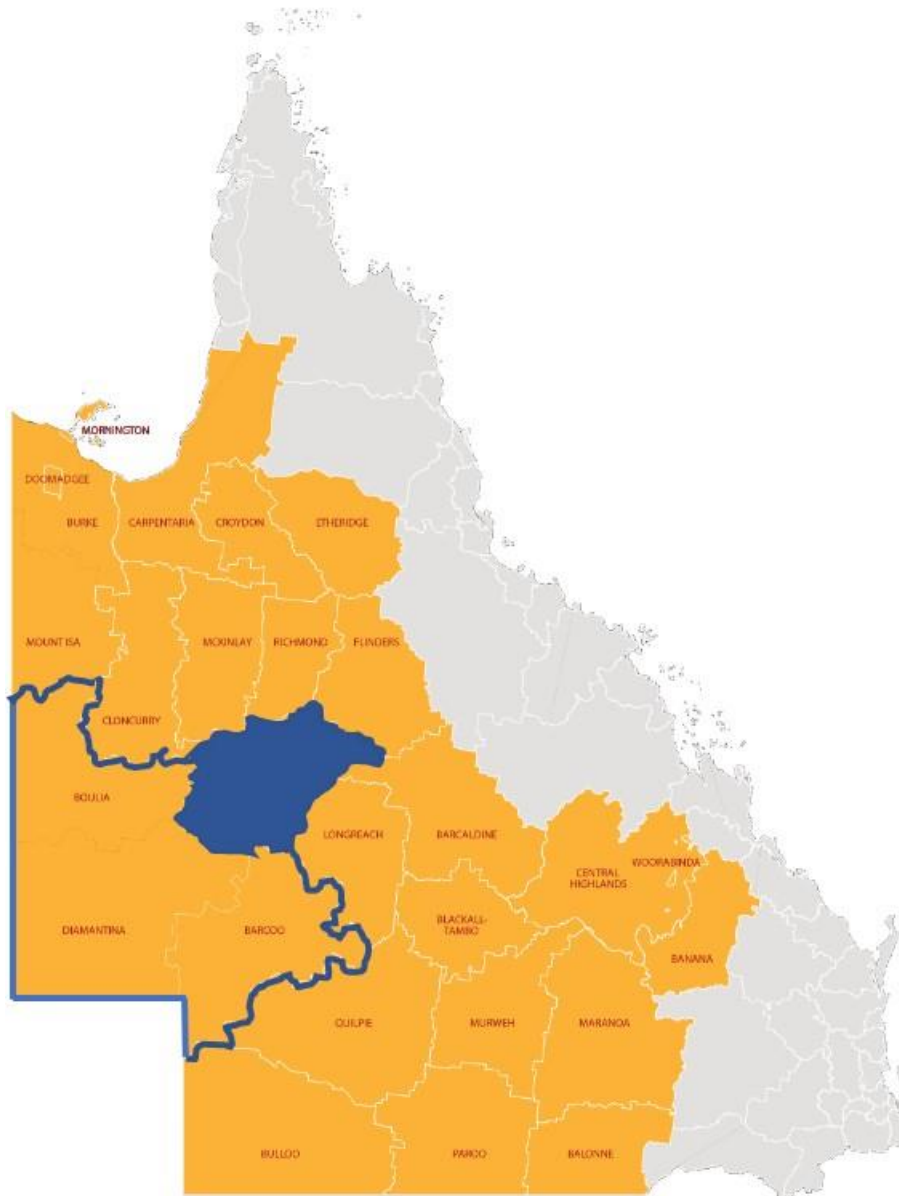
Various Air Traffic Forecasts

As Sydney Airport's Head of Aviation Business Development, three consulting staff (Hans Mitterlechner) was responsible for the development of various traffic forecasts, used for budgeting, capex planning and master planning. Forecasts covered Sydney Airport's regional, domestic and international traffic systems and were developed down to the month level (for short term forecasts), and down to busy-day and busy-hour level (for longer term forecasts).

2. Background and Objective

Winton Local Government Area (LGA), shaded in dark blue on Map 1, is located in the centre of Queensland and home to 1,134 residents (Census 2016, Winton LGA). Together with Boulia, Diamantina and Barcoo, Winton forms the Queensland “Far Central West” tourism sub-area, framed in dark blue on Map 1, itself a part of the “Outback Queensland” tourism area, shaded in ochre on the same map.

Map 1: Queensland, Outback Queensland, Far Central West and Winton



Outback Queensland comprises some 62% of Queensland’s and 15% of Australia’s landmass but is home to only 1.5% of Queensland’s and 0.3% of Australia’s population.

Outback Queensland generated 1.5 million trips during the 3 year average ending CY18 (Table 1), with the sub section of Far Central West accounting for around 10% thereof. Around 20% of all trips to and from Outback Queensland are by air, this reduces to around 10% as far as the Far Central West region is concerned.

Table 1: Inbound and Outbound Travel Patterns (TRA NVS and IVS)

TOTAL TRIPS	3 Year Average Ending CY			TRIPS BY AIR	3 Year Average Ending CY		
	2016	2017	2018		2016	2017	2018
Domestic Inbound Trips				Domestic Inbound Trips			
Outback Queensland	818,042	885,349	912,537	Outback Queensland	186,966	184,492	171,259
Far Central West	93,083	115,012	121,631	Far Central West	5,029	7,110	9,348
Domestic Outbound Trips				Domestic Outbound Trips			
Outback Queensland	498,797	527,193	562,448	Outback Queensland	91,624	80,498	86,831
Far Central West	18,227	23,181	25,846	Far Central West	709	2,618	1,909
International Inbound Trips				International Inbound Trips			
Outback Queensland	31,458	27,653	27,604	Outback Queensland	31,458	27,653	27,604
Far Central West	3,870	3,004	3,850	Far Central West	3,870	3,004	3,850
International Outbound Trips				International Outbound Trips			
Outback Queensland	13,273	12,637	13,200	Outback Queensland	13,273	12,637	13,200
Far Central West	-	-	-	Far Central West	-	-	-
Total Trips				Total Trips			
Outback Queensland	1,361,569	1,452,832	1,515,789	Outback Queensland	323,321	305,280	298,894
Far Central West	115,179	141,197	151,327	Far Central West	9,608	12,733	15,107

There are a total of 11 airports serving the Outback Queensland area, however, some, such as Phosphate Hill (PHQ) and Trepell ((TQP) are served via closed charters only, whilst others, such as Cloncurry (CNJ) and Roma (RMA) have significant charter operations on top of RPT services.

It is estimated that roughly 880,000 seats were operated into Outback Queensland during 2018; at an average load factor of 68% that capacity would carry some 600,000 passengers, about the same number as shown in Table 1 (Total trips by air (299,000), which translates to around 600,000 passengers).

Current aviation activity is heavily skewed towards Mount Isa (ISA), Roma (RMA), and Cloncurry (CNJ), a combination of the area's largest towns and towns driven by mining activity. Adding services flown to Phosphate Hill (PHQ) and Trepell (TQP) accounts for almost 80% of capacity flown in and out of the Outback Queensland area.

The Far Central West region differs from other Outback Queensland sub-regions in so far as it attracts a far higher holiday ratio among its visitors. The Far Central West and Longreach sub-regions achieve holiday visitor ratios of around and in excess of 60%, around twice the average for Outback Queensland (Table 2).

Table 2: Outback Queensland Inbound Travel Patterns – Total and Holiday (TRA NVS)

DOM TOTAL INBOUND TRIPS	3 Year Average Ending CY			HOLIDAY RATIO	3 Year Average Ending CY		
	2016	2017	2018		2016	2017	2018
Roma	162,476	179,817	191,945	Roma	26%	24%	25%
Roma Region	71,240	75,739	74,290	Roma Region	30%	34%	41%
Mount Isa	122,036	116,229	130,408	Mount Isa	38%	34%	31%
Mount Isa Region	60,265	77,463	83,496	Mount Isa Region	44%	43%	38%
Northern Highlands	82,830	92,915	96,431	Northern Highlands	49%	51%	46%
Barcardine - Blackall	84,168	93,520	98,723	Barcardine - Blackall	59%	49%	48%
Charleville	83,991	81,135	79,422	Charleville	46%	45%	51%
Far Central West	93,083	115,012	121,631	Far Central West	67%	63%	62%
Far South West	80,159	91,600	95,936	Far South West	59%	50%	54%
Longreach	102,064	112,807	129,896	Longreach	66%	60%	56%
Banana	83,127	80,167	81,437	Banana	23%	18%	23%
Biloela	54,128	61,121	52,819	Biloela	20%	21%	32%
Total	818,042	885,349	912,537	Total	35%	32%	34%

3. Demand Estimate

Tables 1 and 2 above clearly indicate that demand to and from Outback Queensland and the Far Central West sub-region is mostly solid and, as far as domestic demand is concerned, also growing. With respect to the Far Central West sub-region, the dominant travel pattern is inbound and for holiday purposes.

Table 3 amends this picture by comparing Outback Queensland to comparable destinations throughout Australia in New South Wales, South Australia, Western Australia as well as the Northern Territory. Whilst visits to the combination of Australia’s outback destinations represent only 3% of all travel in the country, visitation patterns are solid and increasing.

Table 3: Visitation to Outback Destinations throughout Australia (TRA NVS and IVS)

Domestic Visitors	3 Year Average Ending CY			International Visitors	3 Year Average Ending CY		
	2016	2017	2018		2016	2017	2018
Outback NSW	442,465	471,541	504,091	Outback NSW	10,837	10,557	11,561
Outback Queensland	818,042	885,349	912,537	Outback Queensland	31,458	27,653	27,604
Flinders Ranges and Outback	627,609	653,179	690,364	Flinders Ranges and Outback	36,726	39,629	42,706
Australia's North West	1,182,634	1,197,942	1,232,382	Australia's North West	72,882	69,537	64,711
Red Center (NT)	204,384	207,919	203,932	Red Center (NT)	141,235	154,078	165,027
Total	3,275,133	3,415,930	3,543,305	Total	293,137	301,454	311,609

A common problem for Australia’s outback destinations is accessibility or, more precisely, lack and cost thereof. Outback Queensland as well as the Far Central West subregion are no exception, forcing most travellers to visit the area as part of a longer self-drive trip. Lack of sufficient aviation capacity and current fare levels of existing aviation capacity make shorter trips (e.g. long weekends) very expensive and in many cases unaffordable.

In Winton’s case, existing air services operate only twice a week and connect WIN to both Townsville (TSV) and Longreach (LRE), most definitely not the main source markets for visitors to the area. As far as source markets are concerned, 31% of domestic visitors originate from Central and Northern Queensland, so are in theoretical easy driving distance from the wider Winton area. However, the remaining 69% originate from Southern Queensland (26%), New South Wales (23%), Victoria (9%) and the other states and territories, so are all located to the South of the Far Central West sub-region and, consequently, best connected via Brisbane (BNE). Townsville’s limited aviation network and Cairns’ location in the far North of the state would make connections via these two ports far less attractive when compared to BNE’s location and substantial route network.

As far as international visitors are concerned, BNE might be the less logical option geographically, but most definitely the best option from an aviation network perspective. It should be noted at this point that, even though CNS benefits from a variety of international air services, only around 22% of international visitors to Far North Queensland arrive at or depart from CNS with the majority connecting via BNE.

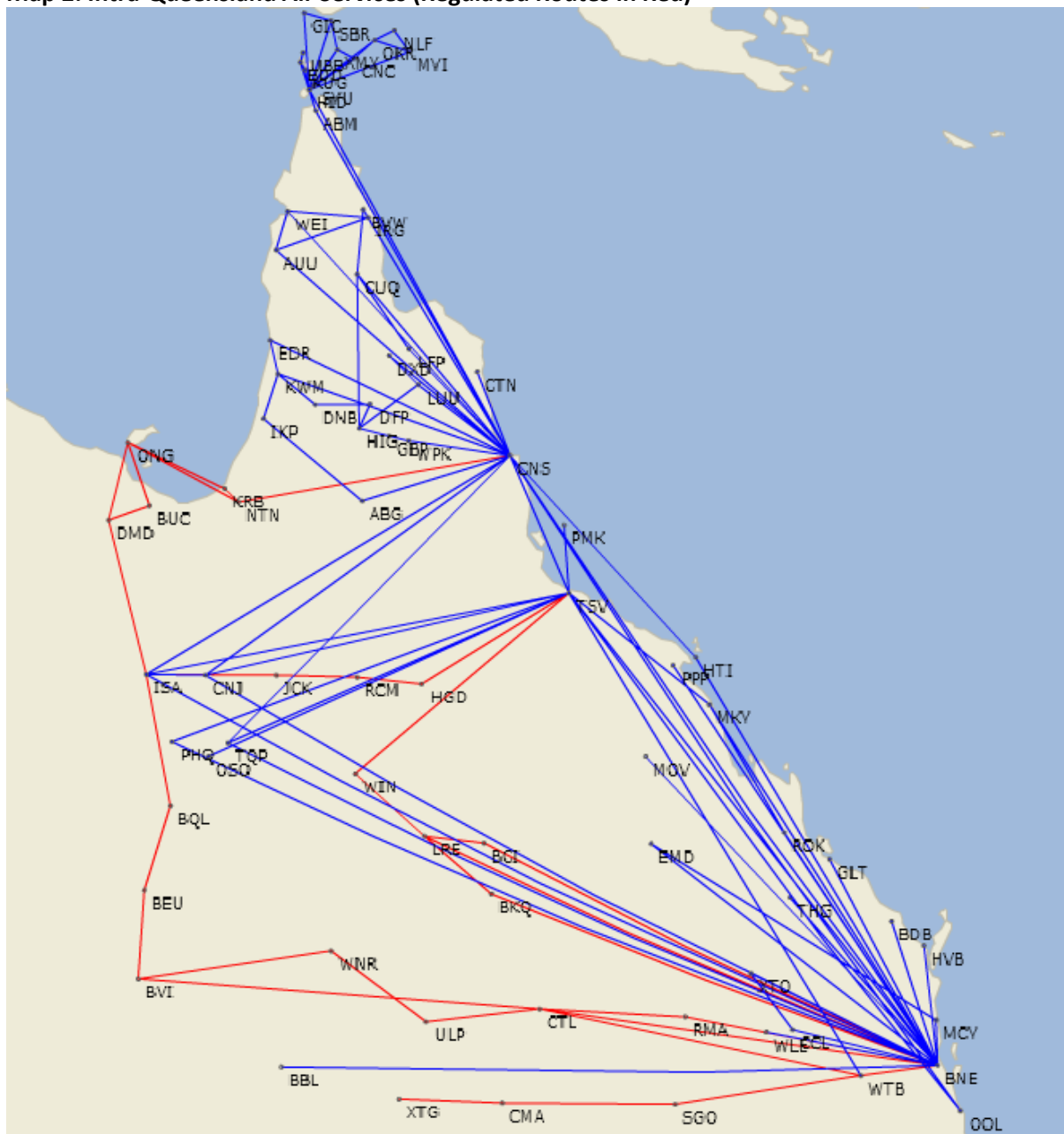
Given all of the above, it is recommended to seek air services between Winton and Brisbane.

4. Queensland Air Services

Map 2 shows the complete intra Queensland aviation network operated in July 2019. Routes in red are operated as “regulated routes” and are subsidised by the Queensland Government. It should be also noted that virtually all routes flown to the West and North of Cairns (Cape York, Gulf of Carpentaria and Torres Strait) are covered by the Queensland Government sponsored “local fare scheme”, aimed to improve the standard of living of local resident in these remote areas of Queensland.

Keeping the above-said in mind and looking at the Outback Queensland area, it becomes clear that only Mount Isa (ISA), by far the largest town of the region, as well as Cloncurry (CNJ), Phosphate Hill (PHQ), Osborne Mine (OSO), Trepell (TQP), and Ballera (BBL), all driven by the resources industry, are served without Government support.

Map 2: Intra-Queensland Air Services (Regulated Routes in Red)



As BNE was suggested as the ideal origin for additional services to WIN, current intra-state service levels from BNE were analysed in more detail. Table 4 summarises weekly air capacity (seats) between BNE and all destinations in Queensland for July 2019. Destinations were allocated route profiles differentiating between size, leisure, regional center, resources related as well as regulated routes.

Coastal destinations are allocated 85% of all intra-state capacity from BNE. Leisure destinations, all of which are also coastal, represent 33%, purely resources related routes hold 7% of BNE intra-state capacity whilst regulated routes represent just 4%.

Table 4: Weekly Air Capacity from BNE (July 2019)

Destination	Route Profile	Qantas	Virgin Australia	Jetstar	Tigerair	Alliance Air	Rex	Skytrans	Fly Corporate	Total
Cairns	Size, Leisure	5,178	5,128	4,836	1,260					16,402
Townsville	Size, Regional Center	5,058	5,488	2,604						13,150
Mackay	Regional Center	2,766	5,888	1,488						10,142
Rockhampton	Regional Center	3,084	3,504							6,588
Gladstone	Regional Center	2,344	1,360							3,704
Whitsunday Coast	Leisure		1,408	1,860						3,268
Emerald	Regional Center	1,976	980							2,956
Bundaberg	Regional Center	1,640	560							2,200
Mount Isa	Resources	1,595	400							1,995
Moranbah	Resources	1,776								1,776
Hamilton Island	Leisure	518	1,232							1,750
Hervey Bay	Leisure	1,436								1,436
Roma	Regulated	1,286								1,286
Cloncurry	Resources		200			180				380
Charleville	Regulated	200					170			370
Trepell	Resources					280				280
Barcaldine	Regulated	222								222
Blackall	Regulated	222								222
Chinchilla	Regulated							185		185
Sunshine Coast	Leisure					160				160
Miles	Regulated					160				160
Toowoomba	Regulated						136			136
Thangool	Agriculture								133	133
Ballera	Resources					80				80
Phosphate Hill	Resources					80				80
Taroom	Agriculture							74		74
Longreach	Regulated	74								74
Grand Total		29,375	26,148	10,788	1,260	940	306	259	133	69,209

In summary, whilst Queensland overall is a very sought after tourism destination, specific holiday spots, connected by adequately priced and sufficiently frequent air services, are all along the state's coast, ranging from the Gold Coast (OOL) in the South (not connected to BNE), over Sunshine Coast (MCY), Hervey Bay (HVB), Whitsunday Coast (PPP), Hamilton Island (HTI), to Cairns (CNS) in the North.

Outback Queensland is undoubtedly a leisure destination, however, current air services to the region are not at all geared to cater to that demand.

5. Fare Analysis

5.1. Current Fare Analysis

To create an air fare benchmark, fare scrapes were conducted across airline websites covering markets within Winton's vicinity:

- Townsville – Winton; Rex
- Townsville – Cluncurry; Rex
- Brisbane – Longreach; Qantas

The fares captured spanned a 3-month booking horizon and were allocated into 'Buckets' which are averaged across a 7-day period. 'Buckets' are based on the departure date, relative to the search date which occurred on the 12th July 2019. Fares included in 'Bucket 1': were next day departure to the end of the 1st week, 'Bucket 2': are inclusive of fares from week 2 to the beginning of week 3, 'Bucket 3' were fares one month out from booking and 'Bucket 4' were fares three months out from booking. In order to compensate for revenue management practices, a purchasing pattern distribution was applied, 'Bucket 1' and 'Bucket 2' were given 30% each of total bookings, while 'Bucket 3' and 'Bucket 4' were allocated 20% each. TSV-WIN came out at an average fare of \$225, CNJ-TSV at an average fare of \$326 and BNE-LRE at an average fare of \$368 one way

Table 5: Fare Scrape Analysis (July 2019)

	Bucket Weight	Regional Express (REX) TSV-WIN				Regional Express (REX) CNJ-TSV				Qantas Airways BNE-LRE		
		Rex Net (70%)	Rex Saver (25%)	Rex Biz/Flex (5%)	Av. Fare	Rex Net (70%)	Rex Saver (25%)	Rex Biz/Flex (5%)	Av. Fare	Red eDeal (75%)	Flex (25%)	Av. Fare
1	30%	\$206	\$245	\$386	\$225 (\$204 less GST)	\$303	\$425	\$577	\$326 (\$269 less GST)	\$345	\$517	\$368 (\$334 less GST)
2	30%	\$206	\$245	\$386		\$318	\$407	\$569		\$338	\$483	
3	20%	\$206	\$245	\$386		\$265	\$410	\$569		\$317	\$475	
4	20%	\$206	\$245	\$386		\$198	\$384	\$569		\$293	\$475	

5.2. Winton Fare Considerations

To help assess the viability of incremental air services to Winton, two routes, BNE-WIN (1,156 km) and CNS-WIN (668 km), were analysed in some detail. Published data and experience in the field of regional aviation allowed us to create trip cost estimates for a range of carrier and aircraft options:

- Saab 340, Rex, 34 seats
- Dash 8 Q300, Qantas, 50 seats
- Dash 8 Q400, Qantas, 74 seats
- Fokker 70, Alliance Airlines, 80 seats

Tables 6 and 7 summarise average one-way fare requirements (excluding GST), allowing for a 10% profit margin, and calculated at different load factor assumptions. Only the largest analysed aircraft types and then only at relatively high loads would produce fares as or more attractive as on the currently operated TSV – WIN route.

Table 6: Future Fares Calculation; CNS-WIN

Load Factor (%)	Average Fare			
	ZL - SAAB 340	QF - DHC-8-Q300	QF - DHC-8-Q400	QQ - Fokker 70
70%	\$326	\$261	\$209	\$161
65%	\$352	\$281	\$225	\$173
60%	\$381	\$305	\$244	\$187
55%	\$415	\$332	\$266	\$204
50%	\$457	\$366	\$293	\$225
45%	\$508	\$406	\$325	\$250

Table 7: Future Fares Calculation; BNE-WIN

Load Factor (%)	Average Fare			
	ZL - SAAB 340	QF - DHC-8-Q300	QF - DHC-8-Q400	QQ - Fokker 70
70%	\$492	\$394	\$315	\$223
65%	\$530	\$424	\$339	\$241
60%	\$574	\$459	\$368	\$261
55%	\$627	\$501	\$401	\$284
50%	\$689	\$551	\$441	\$313
45%	\$766	\$613	\$490	\$348

6. Carrier Options for Services to Winton

Carrier options were developed analytically with the following objectives in mind:

- RPT AOC requirement
- Aircraft size requirement from 30 seats minimum to 120 seats maximum and with range capabilities of up to 1,150 km's (BNE-WIN)

Table 8: Australian RPT AOC Holders Operating Aircraft between 30 and 120 Seats

	Skytrans	Fly Corporate	Skippers	Airmorth	Cobham	Alliance Airlines	Qantas	Virgin Australia	Rex	Hevilift	Total
DHC-8-100	4		4								8
DHC-8-200							3				3
DHC-8-300			6				16				22
DHC-8-400							31				31
Saab 340		5							57		62
EMB 120			6	6							12
EMB 170 (Jet)				5							5
EMB 190 (Jet)					1						1
ATR 42										1	1
ATR 72								12		2	14
Fokker 50						6					6
Fokker 70 (Jet)						16					16
Fokker 100 (Jet)			2			25	17	14			58
RJ85/100 (Jet)					13						13
B 717 (Jet)							20				20
Total	4	5	18	11	14	47	87	26	57	3	272

6.1. Candidate Airlines

6.1.1. Skytrans

- Pros:
 - Based in Cairns and active provider of RPT services in Northern Queensland.
 - 34 seater aircraft well suited for development routes
- Cons:
 - CNS base not ideal to capture full market potential
 - No interline or other airline alliance relationships to widen sales and marketing reach
- **Verdict: Not ideal but seek conversation**

6.1.2. Fly Corporate

- Pros:
 - Based in Brisbane and active provider of RPT services in New South Wales and Queensland
 - 34 seater aircraft well suited for development routes
- Cons:
 - Saab 340 not ideal for longish 1,156 km distance
 - No interline or other airline alliance relationships to widen sales and marketing reach
- **Verdict: Not ideal but seek conversation**

6.1.3. Skippers

- Pros:
 - Fleet mix allows to match best suited aircraft types to different routes
 - 30 and 34 seater aircraft well suited for development routes
- Cons:
 - PER base
 - From past experience there's no willingness to expand on East Coast
- **Verdict: Not suited**

6.1.4. Airnorth

- Pros:
 - Fleet mix allows to match best suited aircraft types to different routes
 - 30 seater aircraft well suited for development routes
- Cons:
 - DRW base with limited exposure to Queensland market
 - Smaller and better suited EMB120 aircraft fully committed for Northern Territory services
- **Verdict: Not suited**

6.1.5. Cobham

- Pros:
- Cons:
 - Operates 80+ seat, high unit cost jet aircraft only
 - From past experience there's no willingness to consider RPT services
- **Verdict: Not suited**

6.1.6. Alliance Airlines

- Pros:
 - Fleet mix, including turbo-prop and jet aircraft, allows to match best suited aircraft types to different routes
 - Based in Brisbane with a large flying program to and from BNE
 - Cooperation with Virgin Australia widens sales and marketing presence
- Cons:
 - Alliance used to operate charters only and appears to remain caught in a "no-risk" mind set and seeks to pass on ultimate risk to third parties
- **Verdict: Seek conversation**

6.1.7. Qantas

- Pros:
 - Fleet mix, including variety of turbo-prop and jet aircraft, allows to match best suited aircraft types to different routes
 - Large existing regional base operated from Brisbane

- Operates into the region already with flights to Longreach, Blackall, Barcaldine, etc.
- Existing Outback Queensland operation could be tweaked to include WIN
- Operates large domestic and international network offering perfect sales and marketing presence
- Cons:
 - Lack of competition has driven complacency and reduced interest to develop the regional network
- **Verdict: Seek conversation**

6.1.8. Virgin Australia

- Pros:
 - Operates large domestic and international network offering perfect sales and marketing presence
- Cons:
 - Only regional aircraft is the relatively large ATR72
 - ATR fleet has been reduced significantly and is based in Sydney and Melbourne only
 - Lack of competition has driven complacency and reduced interest to develop the regional network
- **Verdict: Not suited**

6.1.9. Rex

- Pros:
 - Largest Australian regional airline with bases in Brisbane, Cairns and Townsville
 - Existing services to WIN and throughout the region
 - Operates large Saab340 fleet
- Cons:
 - Saab 340 not ideal for longish 1,156 km distance
 - No interline or other airline alliance relationships to widen sales and marketing reach
 - Almost entire Queensland operation protected and subsidised
- **Verdict: Not ideal but seek conversation**

6.1.10. Hevilift

- Pros:
 - Fleet mix allows to match best suited aircraft types to different routes
 - Operates in Queensland
- Cons:
 - Only 3 aircraft in fleet
 - From past experience there's no willingness to consider RPT services
- **Verdict: Not suited**

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