



*Cairns Aviation Skills Centre*

# AVIATION SECTOR CAIRNS AIRPORT

## Economic Profile



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**CE Ref J3359-V2**  
**July 2021**



# Cairns Aviation Skills Centre (CASC)

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## 1. INTRODUCTION

### 1.1 General

Cummings Economics was commissioned by Cairns Aviation Skills Centre (CASC) with support from Cairns Regional Council and Cairns Airport to research and prepare a report on the Economic Profile of the General Aviation and Services Sector at Cairns Airport.

### 1.2 Definition of Sector

For this report, the Aviation Sector is defined as general aviation, maintenance, education elements and other services mainly located on the western side of Cairns Airport with a few located off airport. Operations of larger aircraft associated with the domestic and international terminals were excluded (see Map 1).

### 1.3 Methodology

A list of operations and their contacts were provided by CASC. An online questionnaire was developed together with an email request to complete accompanied by a supporting letter from Cairns Aviation Skills Centre (see Appendix 1).

Assurance was given that individual responses would be confidential.

For those not completed, follow up was carried out by email and telephone calls.

A number were not received by the cut-off date including a few refusals. After analysing the information received, the operations of those for which a return was not received were discussed with persons familiar with the sector, in a way, that did not breach confidentiality of existing responses. This was to provide a reasonable basis for estimating the size and value of the operations for which no return was received.

### 1.4 Timing

The survey was carried out over the period April – July 2021. Because of the effects of Covid-19 on the sector, the questionnaire asked respondents to provide responses for 2019 (pre-Covid) and 2020 (ie. post-Covid).

### 1.5 Overall Responses

A total of 33 operations were identified, some with common ownership. Responses were received covering 21 operations with estimates made, on the basis of information available from websites or other sources, for the remaining 12.

Map 1 - General Aviation and Services Sector Area



## 2. OPERATIONS PROFILE

### 2.1 Overall

A total of 33 operations were identified.

### 2.2 Type of Operation

Type of operation identified can be classed as follows.

Maintenance and repair (MRO) .....	11
Fixed-Wing.....	8
Rotary .....	3
Flight Operations .....	18
Fixed-Wing.....	14
Rotary .....	4
Other .....	4
(Cairns Aviation Skills Centre, Air Cadets, Fire & Rescue, Charter Agents)	
<b>TOTAL .....</b>	<b>33</b>

### 2.3 Number of Aircraft

Total aircraft identified as operating from the general aviation area is estimated to total over 100, of which over 40 were identified as being rotary (helicopter) and about 60 fixed-wing.

### 2.4 Type of Aircraft

Appendix 2 gives a list of the type of aircraft identified as operating from Cairns Airport general aviation area.

### 3. ECONOMIC PROFILE

#### 3.1 Turnover/ Output

Total turnover/ output is estimated to total of the order of \$320m in 2019 pre-Covid.

Covid had three major effects in 2020.

- 1) Those operators heavily involved in tourism were heavily affected negatively and continue to be affected.
- 2) Those operating maintenance and repair had an initial impact of customers deferring orders and lost staff days due to lockdowns.
- 3) However, as the year progressed, some of those operating maintenance and repair experienced a major increase in business as Australian aviation operators switched business from overseas, due to Covid restrictions, to local supply.

On balance, the indications are that turnover in 2020 was down overall but only marginally.

#### 3.2 Operating Expenses and Payrolls

The indications from those providing full returns [Q4&Q6], is that turnover is split approximately as follows:

Payroll.....	25%
Operating Expenses.....	65%
Gross Operating Surplus.....	10%
<b>TOTAL .....</b>	<b>100%</b>

#### 3.3 Contractors

On the basis of returns received to this question [Q9], it is estimated that spending on contractors represents the equivalent of an addition of about 11% to payrolls.



### 3.4 Visitor Accommodation

Based on those who responded to the question [Q11], it is estimated that contractors and business visits generated by the sector added about the following amounts to spending on visitor accommodation in the Cairns area in 2019 pre-Covid.

Contractors.....	\$0.6m
Other visits generated.....	\$0.4m
<b>TOTAL .....</b>	<b>\$1.0m</b>

### 3.5 Employment

Total employment is estimated at approximately 720 in 2019 pre-Covid and slightly below that in 2020.

Although some of those operations were heavily affected by loss of international tourism business, the indications are that the numbers are well up in some of the maintenance and repair businesses and that in 2021, numbers are well up.

From those that answered the question, it is estimated that 90% of employees in the sector are full time with only 2% regular part time and 8% casual part time.

Effect of Covid appears to have been to raise the small number regular part time a little.

Based on returns received to this question, it is estimated that about 14% of the workforce had shifted to Cairns over the past five (5) years.

On top of regular staff, on the basis of those who answered the question, it is estimated that contractors add about 12% to the workforce, taking total up towards 800 employed.

### 3.6 Capital Invested

Insufficient returns were received to provide a clear picture of the amount invested in the sector and capital expenditure over the past five (5) years.

Returns received [Q1], indicated a capital value of at least \$120m with capital expenditure over the past five (5) years of \$28m.

However, examination of building development relevant to the sector on the western side of the airport plus allowance for some on the eastern side and off airport in Stratford would indicate a gross floor area of about 5,000 sq m. Estimated cost to build in today's values is \$4,000 sq m for high hangars, \$3,000 sq m for office type and \$2,000 sq m for smaller hangars, say, on average, \$3,000 sq m, giving a total of the order of \$15m.



On top of this would be the fit-out value, and especially in the engineering workshops, the value of machinery and equipment used.

The big value however, is in the aircraft located at the airport.

### 3.7 'Flow-on' and Total Impacts

Direct expenditure in an economy will generate 'flow-on'/ indirect expenditure and employment.

The following gives estimates of total impacts of the expenditure generated in the Cairns regional economy as defined by the Australian Bureau of Statistics SA4 region (see details and caution Technical Note [Appendix 3](#)).

Estimated total impacts on the Cairns SA4 regional economy in 2019 (pre-Covid) were as follows.

Output .....	\$320M
Addition to Gross Regional Product including 'Flow-on' .....	\$270M
Direct Employment .....	720
Total Employment generated including 'Flow-on' .....	1,770

## 4. WORKFORCE COMPOSITION

### 4.1 Education Qualification

On the basis of those that answered this question [Q12], it is estimated that the workforce has the following qualifications.

University Degree.....	21%
Diploma .....	8%
LAME Certificate.....	31%
Other Certificate.....	24%
Other .....	16%
<b>TOTAL .....</b>	<b>100%</b>

The workforce has very high levels of certificate level qualifications.

### 4.2 Salary Levels

Based on operations who answered this question [Q13], it is estimated that salary levels have the following pattern.

Over \$150,000 pa.....	3%
\$100,000 - \$149,000 pa.....	24%
\$50,000 - \$99,000 pa.....	54%
Under \$50,000 pa.....	20%
<b>TOTAL .....</b>	<b>100%</b>

### 4.3 Other Aspects

On the basis of those who responded to the question [Q16], the indications are as follows.

Indigenous Employees .....	about 5% of workforce
Apprentices .....	about 8% of workforce

#### Workforce Age

Under 30.....	27%
30 - 49.....	47%
50 – 64 .....	24%
65 plus .....	2%
<b>TOTAL .....</b>	<b>100%</b>

Workforce Place of Residence

Cairns .....	78%
Other FNQ .....	10%
Elsewhere .....	13%
<b>TOTAL .....</b>	<b>100%</b>

Workforce Transport to Work

Own Vehicle .....	84%
Other Person's Private Vehicle.....	7%
Public Transport .....	9%
<b>TOTAL .....</b>	<b>100%</b>

# AVIATION SECTOR CAIRNS AIRPORT

## Economic Impact

### Appendix – Survey Questionnaire

APPENDIX 1 – Email Request, Supporting Letter & Interview Track



EXCELLENCE  
IN AVIATION TRAINING



Cummings Economics has been asked by Cairns Aviation Skills Centre with support of Cairns Regional Council to research and report on the:

## Value of the Cairns Aviation Sector to the Cairns Economy

April 2021 (J3359)

See attached letter from Cairns Aviation Skills Centre (CASC).

As a valued player in the sector, we would request that you go to and complete a questionnaire through the following unique link:

### [Your questionnaire unique link](#)

The questionnaire involves some detail and has been set up so you can partially complete, **save**, and then come back to fully complete through the link above.

Yours faithfully  
Bill Cummings  
Principal  
[Cummings Economics](#)

Please be assured that individual responses will be treated as **strictly confidential** and **only aggregate responses reported** in such a way that confidentiality is maintained.

**COVERAGE:** The survey includes only operations in Cairns related to the Cairns Airport. Survey does **NOT** include activities mainly relating to the domestic and international aviation operations located in Domestic Terminal (T2) and International Terminal (T1)

**NOTE:** If precise figures are not readily available, please give a reasonable estimate.

If you have any concerns or need clarification, please email us at [cummings@cummings.net.au](mailto:cummings@cummings.net.au) or call us on (07) 4031 2888, mobile 0418 871 011 or call Chris Pigott on 0438 757 069 at the Aviation Skills Centre.

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16<sup>th</sup> March 2021

## RE ECONOMIC VALUE OF THE AVIATION SECTOR

It is vital to the aviation sector, that there is a recognition in the community of the economic value and growing skilled employment it is creating.

With the support of Cairns Regional Council, CASC have retained Cummings Economics to carry out the necessary research to provide a report on the sector's value.

At the same time, there will be an opportunity to provide input on some questions of importance to the sector's future.

Cummings Economics are highly experienced in this field and will treat individual responses as strictly confidential and used only to provide an aggregate picture of activity in a way that does not breach confidentiality.

We ask that you provide full cooperation to enable the task to be completed as efficiently and comprehensively as possible.

If you have any concerns, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Neville Evans', written over a light blue horizontal line.

Neville Evans  
Chairman

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## RE ECONOMIC VALUE OF THE AVIATION SECTOR TO THE CAIRNS ECONOMY

### CONFIDENTIAL

We would be grateful if you could supply the following information.

**NOTE:** If precise figures are not readily available, please give a reasonable estimate.

**COVERAGE:** The survey includes only operations in Cairns related to the Cairns Airport but **NOT** including operations mainly involved in domestic and international aviation operations and located in Domestic Terminal 1 and International Terminal 2.

#### CAPEX

Q1. What is the total estimated capital value of your facilities? \$\_\_\_\_\_

Q2. What capital expenditure have you made in the Cairns region over the past 10 years? \$\_\_\_\_\_

#### TURNOVER/ OUTPUT

Q3a. What was your total sales/ turnover? 2019 Pre-Covid: \$\_\_\_\_\_ 2020 Post-Covid: \$\_\_\_\_\_

Q3b. What proportion of turnover relates to aircraft operating in Australia?

Australia: \_\_\_\_\_% PNG/PACIFIC: \_\_\_\_\_% Other Overseas: \_\_\_\_\_%

#### OPEX

Q4. What was the operational expenditure (**NOT** including remuneration of employees), of your Cairns/ Cairns regional operations?

	2019 Pre-Covid	2020 Post-Covid
Total spent	\$_____	\$_____
Estimated spent in Cairns/ Cairns region	\$_____	\$_____

#### STAFF

Q5. How many staff do you directly employ (**EXCLUDE** contractors) in the following categories?

		Number	Number Full Time Equivalent (FTE)
(a)	Full time		
(b)	Regular part time		
(c)	Casual part time		
(d)	Total		

Q6. What has been your payroll/ remuneration of employees?

2019 Pre-Covid: \$\_\_\_\_\_ 2020 Post-Covid: \$\_\_\_\_\_

Q7. How many of your staff have relocated to Cairns from elsewhere over the past 5 years? \_\_\_\_\_

#### CONTRACTORS

Q8a. How many contractors do you employ? 2019 Pre-Covid: \_\_\_\_\_ 2020 Post-Covid: \_\_\_\_\_

Q8b. How many in annual FTE terms? 2019 Pre-Covid: \_\_\_\_\_ 2020 Post-Covid: \_\_\_\_\_

Q9. What do you spend on contractors? 2019 Pre-Covid: \$\_\_\_\_\_ 2020 Post-Covid: \$\_\_\_\_\_

Q10. How many contractors have relocated to Cairns from elsewhere over the past 5 years to take up positions with you? \_\_\_\_\_



### ACCOMMODATION

Q11. How much spending on accommodation do you believe your operation generated in Cairns (**NOT** including residential accommodation of regular employees)?

		2019 Pre-Covid	2020 Post-Covid
(a)	Contractors	\$ _____	\$ _____
(b)	Visitors to the Company	\$ _____	\$ _____

### EDUCATION QUALIFICATIONS

Q12. How many of your staff/workforce (including contractors), have the following qualifications?

		Number
(a)	University graduates	
(b)	Diploma graduates	
(c)	LAME	
(d)	Other certificates	
(e)	Other	

### SALARY LEVELS

Q13. What proportion of your employees have a yearly wage salary?

		Percent
(a)	Over \$150,000	_____ %
(b)	\$100,000 - \$149,000	_____ %
(c)	\$50,000 - \$99,000	_____ %
(d)	Below \$50,000	_____ %

### TYPE OF BUSINESS

Q14. What type of business (if more than one type, give estimated proportion)?

	Type of Business	Tick if Yes	If more than one (proportion)
MRO	Fixed Wing		
	Rotary Wing		
FBO	Private Jets		
	Medical		
	Defence		
	Government Travel		
GENERAL AVIATION	Heli Charter		
	Fixed Wing Charter		
	Regional airlines operating out of GA		
	Private Aviation – Prop & Rotary		
TOURISM	Fixed Wing		
	Rotary Wing		
FREIGHT	Domestic		
	International		
EDUCATION	Flight training		
	VET		
	Higher Education		

OTHER	Medical – QG Airwing		
	Medical – Royal Flying Doctor Service		
	Government services – Surveillance		
	Government services – Border Force		
	Police		
	Rescue		

Q15. If aircraft operator, number and type of aircraft?

(a) Type of Aircraft	Number
(b) Type of Services	Number

#### FURTHER WORKFORCE DETAILS

Q16. How many workforce are the following?

Workforce	Number
Indigenous	
Apprentices	
Under 30	
30 – 49	
50 – 64	
65 +	
Live in Cairns	
Live in Far North Qld outside of Cairns	
Live elsewhere (specify)	
Travel to work own vehicle	
Other person's private vehicle	
Public transport	
Other (specify)	

Thank you very much for your time today. Your individual response will be confidential.

**APPENDIX 2 – Type of Aircraft Operating from Cairns Airport General Aviation Area**

Aircraft	No.	Type	
Aero Commander 500	6	Twin Prop	
Beechcraft 1900D	2	Twin Prop	
Beechcraft 200 Super King Air	1	Twin Prop	
Beechcraft B200 Super King Air	2	Twin Prop	
Cessna 206	1	Single Prop	
Cessna 208 Caravan	6	Single Prop	
Cessna 208B Grand Caravan	10	Single Prop	
Cessna 310	1	Twin Prop	
Cessna C402	2	Twin Prop	
Cessna 402C	3	Twin Prop	
Cessna 404	2	Twin Prop	
Dash 8 100	4	Twin Prop	
Dash 8 200	3	Twin Prop	
Piper PA-31 Navajo	1	Twin Prop	
ATR 42320	2	Twin Prop	
ATR 72212	3	Twin Prop	
ATR 72300	2	Twin Prop	
AS350	1	Helicopter	
N510HS	1	Twin Jet	
Bombardier Challenger CL-604	2	Twin Jet	
Sikorsky S-92	1	Helicopter	
	<b>53</b>		
GBR			
206B	3	Helicopter	BELL HELICOPTER CO
206L-3	4	Helicopter	BELL HELICOPTER CO
R44	2	Helicopter	ROBINSON HELICOPTER CO
R44 II	3	Helicopter	ROBINSON HELICOPTER CO
WOODSTOCK 13M SL	1	Helicopter	AMATEUR BUILT AIRCRAFT
AS 350 B2	1	Helicopter	AEROSPATIALE
	<b>14</b>		

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Nautilus			
206L-4	3	Helicopter	BELL HELICOPTER CO
R44	3	Helicopter	ROBINSON HELICOPTER CO
R44 II	5	Helicopter	ROBINSON HELICOPTER CO
210N	1	Helicopter	CESSNA AIRCRAFT COMPANY
206B	2	Helicopter	BELL HELICOPTER CO
407	1	Helicopter	BELL HELICOPTER CO
505	2	Helicopter	BELL HELICOPTER CO
AS 350 B3	1	Helicopter	AIRBUS HELICOPTERS
EC 130 T2	2	Helicopter	AIRBUS HELICOPTERS
412EP	1	Helicopter	BELL HELICOPTER TEXTRON CANADA LTD
EC130B4	1	Helicopter	EUROCOPTER
B/A 206B-1	2	Helicopter	COMMONWEALTH AIRCRAFT CORPORATION PL
R22 BETA	1	Helicopter	ROBINSON HELICOPTER CO
EC 130 T2	2	Helicopter	AIRBUS HELICOPTERS
	<b>27</b>		
<b>TOTAL</b>	<b>94</b>		
RFDS	5		
Pel-Air	1		
Freighter	1		
Chartair	1		
	<b>8</b>		

## APPENDIX 3 – Technical Note

### ‘Flow-On’ Indirect Effects

Calculation of ‘flow-on’ or indirect effects is based on national input/ output coefficients published by Australian Bureau of Statistics. These coefficients are modified to take account of the industry composition in a regional area. This involves making a number of assumptions. The resulting figures can be regarded as giving ‘order of magnitude’ estimates only.

Calculations used in this report are based on Cummings Economics Modified National Coefficients Model of the Cairns SA4 region economy (covering LGAs Cairns, Cassowary Coast, Tablelands, Douglas and the bulk of activity in Mareeba LGA).

The multiplier coefficients used are for the following industry classifications.

- Air and Space Transport
- Aircraft Manufacturing
- Wholesale Trade
- Professional Services
- Education and Training
- Defence