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1.1 Scope of this Submission

MacroPlan Dimasi has been engaged by Avalon Airport P/L to prepare a submission in relation to the recently released “Victoria’s Draft 30 Year Infrastructure Strategy”.

As stated in the draft strategy, its purpose is to test Infrastructure Victoria’s advice on the state’s infrastructure needs and priorities. The introduction of the documentation states that Infrastructure Victoria is seeking feedback on the draft recommendations, in particular whether the recommendations as a whole will address future infrastructure challenges.

Following on from the Avalon Airport submission earlier in the year to the discussion paper, this submission has clearly targeted what we feel is a missed opportunity in identifying a potential major economic and employment hub that can address a number of the key needs in the draft strategy.

No other capital city has a second major airport with the breadth and diversity of facilities that are being planned. To realise the enormous opportunities of passenger and air freight growth, commercial and retail development and other investments, Avalon Airport has produced a 20 Year Master Plan signed off by both State and Federal Governments.

This submission reconfirms:

- the larger role for Avalon Airport that will facilitate the realisation of the Vision for Infrastructure in Victoria and proposes that the state maximise the use of its two airports to generate productivity.
- The need to formally recognise Avalon as Melbourne’s second international / domestic airport.
2. Infrastructure Needs considered

2.1 Why Avalon Airport

Over the next 40 years, the West will be responsible for approximately 75% of residential greenfield development by 2030 and will require new approaches to the creation of employment and opportunities for business and industry. Avalon Airport currently has approximately 300 workers (including full-time, part-time and casual staff), or 165 staff on Full-Time Equivalent (FTE). These workers are principally employed in aviation-related activities such as management, aircraft and airport operations, manufacturing, freight movements, transportation services, emergency services, security, cleaning, maintenance and retail services. Considering economic multipliers, airport activities are estimated to be indirectly responsible for the generation of 510 FTE jobs across economy.

Avalon Airport’s new Master Plan has been approved by the Commonwealth Government and incorporates the Special Use Zone. This Master Plan provides a vision and framework for the development of the Airport over the coming 20 years. The Master Plan is supported by a detailed land use plan which is consistent with the revised Special Use Zone.

The new Master Plan provides a mechanism for expanded domestic passenger services, international passenger services, additional freight operations and other developments.

From an employment generation perspective the Master Plan and revised zoning will allow for investment and creation of jobs at both Avalon Airport and across the regional economy. The Avalon Airport Master plan envisages the creation of approximately 5000 FTE jobs over the next 15 years. This growth would see Airport land become a major location for regional employment in the G21 area and a catalyst for economic growth along the Wyndham-Geelong corridor. Of these 5,000 jobs, approximately 2,000 will be created at the Avalon Airport site with a further 3,000 plus indirect jobs across the region.

The potential for Avalon Airport to become a major location for employment within the G21 region reinforces the importance of the Airport to the realisation of Victoria’s 30-year infrastructure vision.

2.2 Avalon’s addressing Key Need 10 – meeting growing demand for access to economic activity in central Melbourne

“Victoria’s population growth patterns, combined with the shift in economic activity from distributed manufacturing to more centralised service and knowledge based industries has, and will put increasing pressure on demand for travel to and from central Melbourne for work. Better access will be required from all parts of Melbourne and across regional Victoria, particularly Geelong, Ballarat, Bendigo and Latrobe City. …Capacity constraints will be experienced across the transport network, but are expected to be most pronounced in Melbourne’s west and north growth areas, where the number of jobs has not kept pace with the number of residents…… Without action to manage and meet demand for access to economic activity in central Melbourne and address congestion, the state is likely to become less productive.” Page 112

The KPMG graph below (found in the draft strategy on page 123) visually displays the size of the population in the West that will require employment now and into the future. Jobs solely in central Melbourne is not the answer and this submission advocates that a recommendation be considered such as “Capitalising on existing operational infrastructure in strategic locations that drive economic opportunities and create employment hubs”.

Avalon, with a masterplan advocating approximately 5000 FTE jobs, is one of these opportunities to support workers living in the west and in the Geelong region. The state already supports Avalon financially adding to the considerable investment that Linfox has put into the airport. By the state formally acknowledging Avalon as Melbourne’s second airport, this action would assist in attracting business to the site, creating more passenger flights and ultimately leading to more job creation - through the support for existing infrastructure.
2_Infrastructure Needs considered

2.3 Avalon addressing Key Need 12 - improve access to jobs and services for people in regional and rural areas

“Along with Melbourne, Victoria’s regions play an important role in the state’s economy, making significant contributions to sectors such as agriculture, tourism and energy production....While many rural areas are experiencing population decline, the three largest regional cities Geelong, Bendigo and Ballarat are all projected to be in the top 20 percent of Victorian LGA’s in terms of relative and absolute population growth over the next 30 years. Moreover, these and other smaller regional cities often serve much larger catchments as job and service centres.” Page 140

Avalon Airport is a key piece of infrastructure that can and will play both a metropolitan and regional role based on its strategic location north of Geelong, Victoria’s largest regional city, and abutting the fastest growth corridor in Melbourne, Wyndham. Airport operations drive economic activity and employment growth globally and can do this in the Geelong and in the south west corridor economy, providing a range of direct and indirect employment opportunities that are not presently available to the city’s residents.

The masterplan displays that approximately 2,000 of the jobs created will be directly associated with operations at the airport, while around 4,000 will be generated through the stimulation of activity in other sectors / locations, including:

- Services in the Geelong CBD, the greater Geelong Region and the fast growing south western corridor, Avalon can connect businesses in these areas to national and global markets. These linkages have the potential to create economic opportunities and linkages within the catchment creating greater volume and diversity of locally-available service sector jobs.

- Increased activity at Avalon, especially the establishment of freight and logistics operators, have the potential to strengthen the underlying economic case for the establishment of an intermodal terminal at Avalon (and possibly Bay West) with significant efficiencies generated through the co-location of air and seaport, resulting in the generation of large numbers of jobs.

2.4 Leveraging private investment in infrastructure to drive economic opportunities

Avalon Airport is owned by the Linfox Group. Today, the Group is broadly diversified in several growth industries covering freight, logistics and aviation and has consistently emerged as a market leader in every field they have entered. The Linfox Group also owns Essendon Airport, Luna Park, and Phillip Island Race-track, in addition to Linfox Logistics and Armaguard. The Linfox Group has earned a reputation as one of the most successful businesses in Australia.

Since taking over Avalon Airport, Linfox has invested many millions in upgrading the airport’s facilities and infrastructure and is committed to the success of the airport for Melbourne and for the region.

Avalon Airport delivering employment opportunities

The cluster most directly relevant to Avalon, the East Werribee Employment Cluster, is projected to be the location for up to 58,000 jobs once developed. The northern part of the site runs parallel to the Princes Freeway and sits very close to the Werribee train line. The Plan Melbourne Refresh discussion paper released in late 2015 reaffirmed the Victorian Government’s commitment to these clusters, emphasising the importance of identifying ways in which planning might support and facilitate the development of these clusters.

The expansion of activities at Avalon can stimulate activities at the emerging National Employment Clusters, in the west of Melbourne located at Sunshine and East Werribee. East Werribee in particular is located only 20 minutes to the north-east of Avalon Airport. As a result, the airport can play a vital role as a national and global gateway to the this precinct, potentially playing a major catalytic role in its development and expansion.

Providing clear signals to the market that activity at Avalon Airport is likely to grow is vital in attracting large employers to the region, particularly those for whom access to global markets is important. With the commitment and backing of Linfox, this can be the big employment hub that changes the west forever, catering for the large population in this part of the state.
3_Consideration

The central message of this submission is that Avalon Airport can and should be better utilised as Melbourne’s second international airport. By better utilising and building upon this existing infrastructure (which could be considered as a recommendation of the draft strategy), Avalon can act as a catalyst for addressing some of Victoria’s infrastructure goals for Melbourne and the region.

By the State developing a two airport policy, specifically nominating Avalon as the second international/domestic airport, this will facilitate the expansion of activities at Avalon Airport, which will commence real and tangible activities in the immediate term to address the following Needs as outlined in the draft strategy:

- Need 10 - Meet Growing Demand for Access to Economic Activity in Central Melbourne by reducing road congestion, passenger capacity constraints, and facilitating competition in the aviation sector;
- Need 12 - Improve Access to Jobs and Services for People in Regional and Rural Areas by linking Geelong with national and global markets, facilitating the development of new higher-order service sector employment opportunities across the city; and

Avalon Airport request a meeting with Infrastructure Victoria to discuss the views expressed in this submission so to enable a pathway of better representing and utilising Avalon as infrastructure that can drive greater economic outputs for the state.