

*Infrastructure Partnerships Australia is a national forum, comprising public & private sector CEO Members, advocating the public policy interests of Australia's infrastructure industry.*

## Infrastructure Partnerships Australia

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### Submission to Discussion Paper: Safeguards for Airports & the Communities around Them August 2009



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## 1. Infrastructure Partnerships Australia

Infrastructure Partnerships Australia is the nation's peak infrastructure body. Our mission is to advocate the best solutions to Australia's infrastructure challenges, equipping the nation with the assets and services we need to secure enduring and strong economic growth and importantly, to meet national social objectives.

Infrastructure is about more than balance sheets and building sites. Infrastructure is the key to how we do business, how we meet the needs of a prosperous economy and growing population and how we sustain a cohesive and inclusive society.

Infrastructure Partnerships Australia seeks to ensure governments have the maximum choice of options to procure key infrastructure. We believe that the use of public or private finance should be assessed on a case-by-case basis. IPA also recognises the enhanced innovation and cost discipline that private sector project management and finance can deliver, especially with large and complex projects.

Our Membership is comprised of the most senior industry leaders across the spectrum of the infrastructure sector, including financiers, constructors, operators and advisors. Importantly, a significant portion of our Membership is comprised of government agencies.

Infrastructure Partnerships Australia draws together the public and private sectors in a genuine partnership to debate the policies and priority projects that will build Australia for the challenges ahead.

## 2. Introduction

Infrastructure Partnerships Australia (IPA) welcomes the opportunity to comment on the Discussion Paper *Safeguards for Airports & the Communities around Them*. Airports act as a critical gateway to Australia for both passengers and freight, and as such their efficient operation is essential to secure the strength of the domestic economy and the competitiveness of Australian exports.

The infrastructure industry commends reform of the current planning system to support the better integration of community impacts associated with the development of airport infrastructure with broad land-use and community planning outcomes.

Critical to the effective operation of major infrastructure is the achievement of an appropriate balance between community expectations for the operational conditions associated with a major infrastructure asset and the regulatory framework within which infrastructure operates. The misalignment of community standards and the operational environment result in limited community acceptance of a project and therefore result in an asset's under-utilisation.

The infrastructure sector supports reforms to the planning and operational frameworks for airport infrastructure, in order to promote community acceptance of a project, including:

- Integrating airport infrastructure and land-use planning
- Reforms to governance structures for infrastructure precincts, and;
- The identification of growth strategies for key air freight facilities.

This submission therefore principally addresses issues associated with planning for compatible development.

### 3. Integrating airport infrastructure and land-use planning

The Australian infrastructure sector supports reform to current land-use and infrastructure planning system to facilitate land-uses that:

- promote co-location of airport infrastructure and complementary industry development;
- appropriately locate sensitive development in low impact areas, and;

In order to promote effective planning, it is important to integrate the provision of significant transport infrastructure, such as airports and supporting transport networks, with complementary neighbouring land-use development.

It is important that planning processes balance the economic benefits associated with the development of key industries, such as logistics and manufacturing within close proximity to transport nodes; while also ensuring the isolation of sensitive developments, such as residential and health service developments.

Critical to the evaluation of planned land-use and its appropriateness to its proximity to airport infrastructure development is an appreciation of the principal driver of the relationship between the infrastructure and the land-use. Those land-uses or industries with a high reliance on airport infrastructure should be encouraged to develop, within reasonable building codes, in close proximity to airport infrastructure while those with a limited direct relation should be actively discouraged.

The relationship between land-use and neighbouring infrastructure should be emphasized in the greenfield development of both airport infrastructure and broader land-uses.

The misalignment of community expectations and infrastructure operating conditions has the potential to significantly undermine the economic productivity of an asset. For instance, the operations of some aerodrome facilities are constrained by operational curfews. For instance, Sydney's Mascot Airport must operate outside of an 11.00 pm to 6.00 am, plus shoulder arrangements, curfew. The curfew effectively reduces the capacity of the facility by over 25 per cent.

Curfews carry a real economic cost to airport operators and the broader community. Melbourne Airport's 2009 Master Plan estimated that airport's curfew free status contributed an additional \$309 million to Victoria's Gross State Product and resulted in the creation of 4600 jobs in the state of Victoria.

The infrastructure industry recognises current noise regulations, including the basis of these regulations including the ANEF system, do not meet community or infrastructure operator expectations with regards to the effective noise management. The industry considers reforms to the established system of regulations to support better integration between acceptable noise levels for land-uses classes and development types.

### 4. Reforms to governance structures for infrastructure precincts

Infrastructure Partnerships Australia commissioned Saha International to examine how to better integrate planning process for a single major project with the broader economic or industrial environment. The paper, *Integrated Infrastructure Planning – A New Way Forward (A Case Study – Sydney Airport and Port Botany Precinct)*, recommended three key reforms in order to better facilitate improved regional planning outcomes and the maximisation of economic outcomes:

1. **Special Economic Zones:** Creation and definition of strategically important areas, such as the Port Botany/Sydney Airport precinct as a Special Economic Zone where there is clustering of major industries or economic assets in order to capture the value or be cost effective through synergy. Planning for these zones may incorporate critical linkages which may fall outside the zone and be a collaborative venture between commonwealth, state and local government.
2. **Leadership and single points of contact within governments:** Identification, at both the state and federal level, of the agency that will have lead responsibility for strategic planning as well as leading infrastructure planning and delivery for freight. The Department of Transport and Regional Services at the Federal level is the closest to delivering this at present. However a similar "one stop shop" in NSW within the Co-coordinator General's Office would provide clarity, focus and leadership for addressing the issues.
3. **Development of a governance process:** There should be a Governance framework for the precinct that results in the development and management of consistent, cohesive policies, processes and decisions regarding the infrastructure planning for the precinct.

A taskforce should be created which could include major stakeholders (e.g. the Port and Airport, transport infrastructure providers, representatives from the three tiers of Government, the private sector and the community) to operate for a six month period to recommend a preferred governance structure. The Taskforce should explore a number of options which may include (but not be restricted to):

- Creation of an Advisory Board which could include major stakeholders (e.g. the Port and Airport, transport infrastructure providers, representatives from the three tiers of Government, the private sector and the community); or
- Creation of a Statutory Authority or Commission, along similar lines as the Redfern Waterloo Authority or Growth Centres Commission, where there is legislative backing, Ministerial responsibility and dedicated resources for planning and implementing recommendations; or
- Bureaucratic responsibility for coordination of the precinct under the Coordinator General or similar office. Multiple precincts could emerge and be administered and/or coordinated from a single point.

## 5. The identification of growth strategies for key air freight facilities

The infrastructure industry supports reforms to better align land-use and infrastructure planning to improve outcomes for asset owners and operators, neighbouring communities and local industries supported through the provision of airport infrastructure. Further reform to strengthen the planning and governance arrangements associated with the region within which major infrastructure is located, in order to encourage the most appropriate and complimentary land-uses offers the potential to significantly enhance social, environmental and economic outcomes.

Despite recent economic uncertainty, residual strength in the Australian economy, underscored by population growth and a productive resource sector; will continue to drive growth in the Australian freight sector over coming decades. A recent report by Infrastructure

Partnerships Australia and PricewaterhouseCoopers, *Meeting the 2050 Freight Challenge*, forecast a tripling of demand for freight in the Australian domestic market by 2050.

The report forecast the domestic freight market would increase from the 2008 level of 503 billion tonne-kilometres per annum to 1,540 tonne-kilometres in 2050. While domestic airfreight will represent a small proportion of that total volume, approximately 0.3 per cent, the rapid increase in demand will be starkly felt by the sector.

International and domestic air freight, while representing a small proportion of total freight movements by weight, provides an important role in high value and personalised freight services. The growth forecast within the sector, driven by an increasingly prosperous national population and the so-called 'eBay phenomenon' – which has driven a growth in personalized freight services – signals air freight will play an increasingly important role in the national freight task over coming decades.

The report highlights current capacity constraints in several of the nation's airports, several of the nation's largest air freight terminals are currently, or will in the future, experience constraints on expansion due to insufficient access to land-space. In order to facilitate effective growth planning for airport infrastructure, three key principles for planning should be accepted:

- **Long-term planning strategies to support investment in major infrastructure.** A long-term planning process is important to promote industry participation, ensure availability of scarce resources and to facilitate planned urban growth.
- **The coordination of further investment in supporting transport infrastructure, including road, rail and intermodal terminal facilities.** Investment in complementary infrastructure is an important strategy to relieve pressure on existing on-airport facilities and allows the reassignment of land for other uses.
- **The identification and reservation of additional land to facilitate the expansion of airport facilities.** In order to limit these impacts governments must identify and set-aside neighbouring land for expansion.
- **Maintenance of surrounding land use patterns.** Critical to the long-term effective operational of Australia's major airports is the provision of sufficient flexibility to support increased aircraft traffic, with potential implications for noise impacts; and new aircraft, which may require specific clearance of physical land form and built environment characteristics.

## 6. Conclusion

The consideration of appropriate safeguards for operations of current airport facilities it is important to consider the forecast increases in the freight task, and the likely impacts of this increase on those communities adjacent to airport infrastructure.

The infrastructure sector supports reforms to the planning and operational frameworks for airport infrastructure, in order to promote community acceptance of a project, including:

- Integrating airport infrastructure and land-use planning
- Reforms to governance structures for infrastructure precincts, and;
- The identification of growth strategies for key air freight facilities.

The alignment of stakeholder expectations is a critical component of the successful operation of all major infrastructure. As such, industry encourages ongoing cooperation between government, operators, users and the broad community to determine appropriate operational conditions for major airport infrastructure to promote best-practice economic, social and environmental outcomes.

Further information regarding *Meeting the 2050 Freight Challenge* and *Integrated Infrastructure Planning –A New Way Forward (A Case Study – Sydney Airport and Port Botany Precinct)* reports are available on the Infrastructure Partnerships Australia website – [www.infrastructure.org.au](http://www.infrastructure.org.au)

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