



A Co-operative venture of the municipalities of:
Cockburn, East Fremantle, Fremantle, Kwinana, Melville & Rockingham

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Contact: Chris Fitzhardinge (08) 9364 0631
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Economic Regulation of Airport Services
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

SOUTH WEST GROUP SUBMISSION ECONOMIC REGULATION OF AIRPORT SERVICES

Background

Local governments have had significant concerns about the potential for development at airports to distort regional economies.

The privileged position occupied by lessees of Federal Government land associated with airports has meant that development has been able to proceed at a scale that may not have been permitted under state based planning schemes.

Of particular concern is the ability for major non aviation development to proceed without a contribution to resolving the traffic and transport impacts generated by that development.

Whilst the focus of the enquiry is on the provision of passenger transport services at and surrounding major passenger airports it should also consider market distortions presented by all metropolitan airports.

Parking

The Western Australian Government is considering expanding its Perth Parking Strategy to locations such as Murdoch Activity Centre. This expanded strategy will require that all parking bays are licensed and will impose a higher cost structure on businesses in the Murdoch Precinct. The nearby Jandakot Airport non aviation development is not subject to a similar policy and hence will be advantaged by this imposition of licensing and control.

An equitable solution is to have all metropolitan airports subject to a parking strategy where all bays are licensed on a cost equivalent basis and revenue is used to support public transport.

Transport

Airports can create the requirement for significant investment in transport infrastructure without having an obligation to contribute to that investment. The demand can be generated by both aviation and non aviation developments. Perth Airport is an example of where major investment in warehouses and distribution centres created congestion at all adjoining road intersections. The planned developments at Jandakot Airport will have dual carriageways within the site tipping traffic into surrounding suburban streets with inadequate capacity to handle the increased demand.

Airport operators should be obliged to contribute to all infrastructure upgrades beyond their boundaries arising from transport demand particularly that emanating from non aviation development.

Metropolitan Planning

Land within the Perth Metropolitan Area is generally subject to the Metropolitan Region Planning Scheme and its State Planning Policies. These are in turn guided by longer term strategic plans and spatial frameworks such as Directions 2031 and Beyond.

Jandakot Airport is classified as a specialised centre under both the State Planning Policy 4.2 and Directions 2031 and Beyond. SPP 4.2 notes that Jandakot Airport will require "a high level of transport accessibility and identifies the primary function of Jandakot Airport as being "Aviation and Logistic Services" but notes that it is outside of State and local government jurisdictions.

There is a continuing concern that there is poor linkage between Federal Government processes and the ambitions of state and local governments. The resolution of the issues with the main passenger airports should also consider a better linkage with planning controls of state and local governments.

Competitive Neutrality

Economic regulation is not sufficient to provide for the equitable operation of airports. Airports need to be subject to stronger engagement with state, territory and local governments through structured planning processes so that their privileged position does not distort local development or pass costs on to other parties.

Conclusion

The economic regulation of airport services is only part of the optimum management of airports within a metropolitan context. Airport operators have been quick to seize the economic opportunities of developing land for non aviation development but have been slow to ameliorate the impacts on surrounding landholders.

In resolving the issues arising from the major passenger airports consideration should also be given to assessing the transport impacts of all metropolitan airports.

Background on the South West Group is attached for your information.

Yours sincerely

Chris Fitzhardinge
Director South West Group



SOUTH WEST GROUP

The South West Group, formed in November 1983, is a Voluntary Regional Organisation of Councils (VROC). It comprises the Cities of Cockburn, Fremantle, Melville, and Rockingham, and the Towns of East Fremantle and Kwinana. The South West Group is managed by a Board consisting of the Mayors and CEOs of its member local government authorities.

The South West Group seeks to work with these six local governments and through cooperation with industry, community and the other spheres of government to capture a wide range of opportunities to enhance economic growth as well as supporting a diversity of quality lifestyles whilst servicing and sustaining cohesive, productive communities in an enviable environmental setting.

The South West Group will be persuasive, forward looking and influential in representing, supporting and promoting Local Government interests that affect the growth and sustainable development of South Metropolitan Perth.

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SOUTH METROPOLITAN REGION

KEY INFORMATION

Area	619.4 square kilometres (approximately 50 km long by an average 12km width)
Location	South Western Quarter of Metropolitan Perth bounded by the Canning River, Swan River, Fremantle Harbour, Cockburn Sound, Warnbro Sound and generally 2 km east of the Kwinana Freeway alignment.
Economic Infrastructure	Fremantle Port, Australian Marine Complex, Kwinana Industrial Area, HMAS Stirling, Jandakot Airport
Current Population June 2010	363,066 (ABS 3218.0 2011)
Population Growth 2005 to 2010	2.7% (ABS 3218.0 2011)
Projected Population 2031	600,000 (Based on ABS and WAPC information)
Participation Rate	68.1% (ABS 6291.0.55.001 February 2011)
Employed	189,300 (ABS 6291.0.55.001 February 2011)
Unemployment Rate	4.8% (ABS 6291.0.55.001 February 2011)
Indigenous Population	1.4% (Census 2006)
Overseas Born Population	31.5% (Census 2006)
Personal Income	\$10,022 million (ATO 2007/08)
Building Approvals	\$3,056 million (ABS July 2009 to June 2010)
Registered Motor Vehicles	233,131 (ABS as at 31/3/2006)

