

30 July 2019

Mr Jeremy Conway
Chief Executive
Infrastructure SA
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Dear Jeremy

20-Year State Infrastructure Strategy Discussion Paper

I am writing on behalf of both Adelaide Airport Limited and Parafield Airport Limited (together AAL) as operators of Adelaide and Parafield Airports in relation to the 20-Year State Infrastructure Strategy Discussion Paper released for consultation by the Infrastructure SA.

AAL appreciates the opportunity to provide comments in relation to the Discussion Paper and wishes to commend Infrastructure SA for its initiative to establish a long-term vision for infrastructure development in South Australia and provide the overarching framework to identify and prioritise the State's current and future infrastructure needs.

Our comments are provided in relation to the continued growth in the aviation industry, the importance of Adelaide and Parafield Airports to the State's economy and connectivity for passengers and freight, and more specific comments in relation to the Discussion Paper.

Adelaide and Parafield Airports

Adelaide Airport is the aviation gateway to Adelaide and South Australia. The airport's significance continues to increase, not only in terms of being an essential passenger and freight hub, but also as a major employment and business centre.

AAL is in the process of finalising the *Adelaide Airport Master Plan 2019* (for public exhibition shortly), which outlines the vision and growth of Adelaide Airport over the next 20 years, in terms of both aviation capacity and commercial development.

Passenger movements at Adelaide Airport are forecast to increase from 8.5 million in 2018 to 19.8 million in 2039. This passenger growth is supported by additional aircraft movements, anticipated to grow at a significantly lesser rate – from 106,000 movements in 2018 to 168,500 movements in 2039. During this period, air freight capacity at Adelaide Airport is expected to more than double to 146,000 tonnes in 2039, with the majority of air freight being in the cargo hold of scheduled passenger flights.

Adelaide Airport makes an important contribution to the South Australian economy. In 2018, the airport contributed an estimated \$3.0 billion to the State's economy, equivalent to 3.1 per cent of Gross State Product. Based on the passenger, freight and employment growth identified in the 2019 Master Plan, the airport's economic contribution to the Gross State Product is forecast to grow to \$7.5 billion by 2039.

The *Parafield Airport Master Plan 2017* was approved by the Commonwealth Minister for Transport and Infrastructure on 19 January 2018. It provides a 20-year development vision for the airport and a land use planning framework consistent with the State's current planning system.

Parafield Airport is the principal general aviation and pilot training airport in South Australia. Aircraft movements at Parafield Airport are forecast to grow by 1.8 per cent pa from 2016 (213,990 movements) to 345,437 movements in 2037.

Purpose of the Discussion Paper

AAL recognises that the Discussion Paper is the opportunity for Infrastructure SA to engage early in the process of preparing the 20-Year State Infrastructure Strategy, and to communicate its “... *starting position, values and the paradigm through which it will approach the complex nature of infrastructure.*”

The detail will be in the Strategy itself, and how different infrastructure projects (both from the public and private sectors) can interface with each other to achieve improved outcomes.

At the outset, we recognise that Infrastructure SA has provided a broad definition of what constitutes infrastructure, and that the definition includes ‘ports’. However, due to the importance of aviation to the State and the State’s role in the operation of many important regional airport hubs, we are of the view that the definition could be expanded to include ‘airports’.

Emerging pathways to Growth

The Discussion Paper recognises a number of emerging opportunities that can support significant growth in the State’s economy in the coming decades and the Discussion Paper poses the question “*What infrastructure investment would make the biggest impact to unlocking economic growth in South Australia in the next 0-5, 5-10 and 10-20 years?*”

Most of these emerging opportunities are reliant on connectivity. Connecting South Australia to its regional communities, interstate and international markets, particularly for business, tourism and freight movement is critical. To support the tourism economy and the growing market in international students, and the growing demand for exporting our premium food and agribusiness products, the ongoing protection, planned growth and road connection improvements to Adelaide Airport are vital.

The Adelaide Airport Master Plan recognises the importance of such growth, identifying improvements to aviation infrastructure, safeguarding of airport operations, and planned growth in freight infrastructure capacity (though the development of Airport East as a major aviation freight hub).

To support such growth at Adelaide Airport, ongoing improvements to the surrounding road network is critical. This is addressed shortly.

Population growth challenges

Though the preparation of the Adelaide Airport Master Plan, AAL has factored in the population growth forecast for Greater Adelaide, ensuring that appropriate infrastructure is provided to respond to the passenger and freight movement needs of a growing community.

We would however like to bring to your attention the need to ensure that population growth for Greater Adelaide is appropriately located, taking into consideration the ongoing operational requirements of Adelaide and Parafield Airports. New urban development (or intensification of existing development) should not occur in areas which may be impacted by aircraft noise, where the height of buildings and structures may impact on aircraft operations, or in areas which may be affected by Public Safety Areas at the ends of runways. AAL continues to work with the Department of Planning, Transport and Infrastructure and local government authorities surrounding both Adelaide and Parafield Airports on the implementation of the National Airports Safeguarding Framework.

Our Place

Under the heading ‘Our place’ the Discussion Paper states “...*Projects must be prioritised according to their ability to build the capacity and competitiveness of our economy and enhance South Australia’s liveability. They must also be aligned to leverage off each other and private sector investments.*”

AAL continue to invest in both Adelaide and Parafield Airports. At Adelaide Airport, we are investing more than \$165 million for terminal expansion, and are planning for the development of freight, logistics and warehouse facilities in Airport East.

Our regions

Our major airport infrastructure, Adelaide and Parafield Airports, provide links to the regional and remote areas of the State. Such aviation links are critical in connecting regional and remote communities, getting premium food and agribusiness products to market, and providing emergency service access.

The future success of our regions is dependent on access to fast and reliable air services.

Improving infrastructure planning and prioritisation

The Discussion Paper promotes the need for thorough evidence-based qualitative assessment and business case development when considering infrastructure priorities. In preparing the Master Plans for both Adelaide and Parafield Airports, AAL has taken such an approach, considering all project options to best utilise existing and future assets. The safeguarding and protection of such assets, along with improvements to the surrounding transport infrastructure is critical to the ongoing growth and development of both airports and the benefits that a robust and sustainable aviation industry provides to the economy of South Australia. We commend the approach to infrastructure prioritisation enshrined in page 22 of the report:

- *“Improving infrastructure planning and prioritisation involves thorough evidence-based qualitative assessment and business case development, including demonstration of problems/needs through data analysis and demand modelling ...”*
- *“Better use of existing assets should always be a project option considered in the development of a business case. Typically much cheaper than a big new build, they involve relatively minor improvements.”*

We also hope this is an opportunity to align infrastructure priorities across the different levels of government.

Infrastructure sector considerations

Aviation plays a key role in a number of specific sectors identified for consideration in the 20-Year State Infrastructure Strategy.

Specifically, under the heading ‘Culture, Sport & Tourism’, events (including arts, sports and tourism, and a potential Commonwealth Games bid for 2026) are reliant on connecting Adelaide and the State to interstate and international destinations.

Under the heading of ‘Transport’, the Discussion Paper recognises the importance of Adelaide Airport, stating:

“The potential for further development at Adelaide Airport to enable economic and employment growth through a range of measures including the redirection of freight and taxi traffic, growing national and international freight and passenger air traffic and expansion of airport employment precincts in retail and service industries.”

The Discussion Paper also identifies the importance of completing the South Road Corridor, the need to consider new technologies such as electric and autonomous vehicles, efficiency improvements to the freight supply chain and unlocking future economic growth opportunities.

The above highlights the importance of ground transport connectivity improvements to Adelaide Airport. Improvements to the surrounding road network, including the completion of the South Road Corridor and associated access improvements to the Terminals and Business Precinct and the Airport East Precinct are critical for improved passenger and freight movement, thereby leveraging off public and private sector investment. We commend the focus on these areas.

Conclusion

AAL continues to invest in the long-term development of both Adelaide and Parafield Airports, to meet the forecast growth in aviation and to meet the passenger and freight demands envisaged over the next 20 years.

Whilst AAL can plan for development on airport land, we seek to continue to work closely with all the levels of government, including Infrastructure SA, on the safeguarding of our airport assets, leveraging the excess capacity of our existing significant investments and improvements to the surrounding road network and public transport infrastructure.

Current priorities that we have identified for consideration in the development of the 20-Year State Infrastructure Strategy include:

- Expand the definition used by Infrastructure SA of what constitutes 'infrastructure' to specifically include 'airports'.
- Safeguarding ongoing airport operations (for both Adelaide and Parafield Airports) through the implementation of the National Airports Safeguarding Framework by the South Australian Government and adjacent local government authorities.
- Timely delivery of the final stages of the South Road Corridor, including appropriate connection points onto the South Road Corridor from the Terminals and Business Precinct and the Airport East Precinct.
- Public transport improvements (high speed and volume) connecting Adelaide Airport with the Adelaide CBD facilitated through existing land corridor reserves on and off-airport.
- Consideration of new technologies such as electric and autonomous vehicles, including drones and air taxis.

We would be pleased to elaborate further on our comments on the Discussion Paper, and would welcome the opportunity to provide further comments on the development of the 20-Year State Infrastructure Strategy.

Please do not hesitate to contact me to discuss our submission further.

Kind Regards

ADELAIDE AIRPORT LIMITED

Mark Young

MANAGING DIRECTOR