
CHAPTER 2 THE ECONOMIC IMPACT OF CANBERRA AIRPORT





“Airports are not just about the experience, they are vital to our Australian economy and to our wellbeing.”

HON MICHAEL MCCORMACK MP
MINISTER FOR INFRASTRUCTURE, TRANSPORT AND REGIONAL DEVELOPMENT



2 The economic impact of Canberra Airport

In just 21 years of private ownership, Canberra Airport has invested over \$2 billion in transforming the Airport from an aviation backwater into a modern and vibrant Aerotropolis. A worldwide paradigm shift in airport development, from the traditional transport only node to a diverse development and employment locality, has been embraced at Canberra Airport, leveraging off and financially supporting the aviation transport functions.

The Honourable Warren Truss, MP [second reading speech 19 October 2010, Airports Act amendments] stated:

"Airports are essential community infrastructure. They are a vital part of ensuring that our nation is able to be connected to the rest of the world and that we are able to trade and to operate in association with our partners around the world".

Productivity has been identified as one of the key challenges facing the Australian economy. The Australian Government's Major Cities Unit report on the State of Australian Cities 2013 noted:

"Major ports and airports are important to the productivity of major cities and they influence the urban structure of cities".

Canberra Airport, the ACT Government and the Canberra Region Joint Organisation (CRJO) have a common objective to deliver more inbound tourism, investment and education, while providing more opportunities for export. The bottom line is to have more planes from more Australian and international cities boosting the export of regional business services and the freight of goods and produce.

2.1 INTERNATIONAL AGE

Canberra and the nearby region have never had a seaport and for decades have had a poor rail service therefore governments and the community rely heavily on Canberra Airport and the highways for the transfer of passengers and trade (Figure 2.1).

As well as being a key element of the Capital region's transport infrastructure, Canberra Airport is important to a number of allied sectors; from regional transport services and the major tourism attractions to support services such as catering, travel consultants, and hotels. In addition, there have been significant positive economic impacts to the region from business, retail and commercial development especially at Canberra Airport, particularly in the aerospace and defence industry.

Canberra Airport, with the infrastructure capacity in place, has entered a new and challenging 'international age' in partnership with airline and freight operators to connect Canberra and the broader region of about 950,000 people to the world.

This new international age has been made possible by a multi-billion dollar investment in the wholesale redevelopment of the Airport since privatisation in 1998, comprising the terminal, runways, aircraft aprons, car parks, access roads, and commercial buildings and collaboration with the ACT Government led by Chief Minister Andrew Barr.

The lengthening and strengthening of the Airport's main runway during 2006 was the foundation achievement towards the transformation of Canberra Airport and together with the over \$500 million spent on the development of the new terminal [2007-2016] this total investment provides a lasting legacy to the community of aviation capability ready to enter the international age.

This massive investment in essential infrastructure represents the Airport's absolute and growing confidence in the robust future of Canberra and the region.

The investment in aviation also provides the region's community of over 950,000 with an Airport of true international passenger and freight capabilities for the very first time in addition to further domestic opportunities.

Accordingly, the best is yet to come in terms of greater future economic and social positive outcomes compared to the past. These future outcomes will be achieved by leveraging the aviation infrastructure capacity now available to create significant demand for jobs, trade and commerce within the region.

A significant outcome will be greater competition with other Australian and world cities in tourism, trade and commerce as the structural shift unfolds and matures. The direct international connection to Asia and the Middle East will drive investment from abroad and boost exports of both goods and services.

Mr Andrew Barr MLA, ACT Deputy Chief Minister, in his Foreword to the ACT 2020 Tourism Strategy [2013] stated:

"The Airport is now a fitting gateway for the National Capital that provides a solid platform for future economic growth - including the capacity to support direct international flight access."

The economic and social importance of airports to their community has been amplified through the public debate and expectations around the second Sydney airport.

As low cost carriers and international services develop at Canberra Airport, the Airport's catchment will extend to Western Riverina and the Orana Regions of NSW. This flow on will be in the interest of, and a benefit to, this region's community.

2.2 THE MULTI-BILLION-DOLLAR INVESTMENT FOR ECONOMIC GROWTH

Since its privatisation in 1998, Canberra Airport has undergone a massive transformation which has had a profound and positive structural impact on the ACT and regional economy.

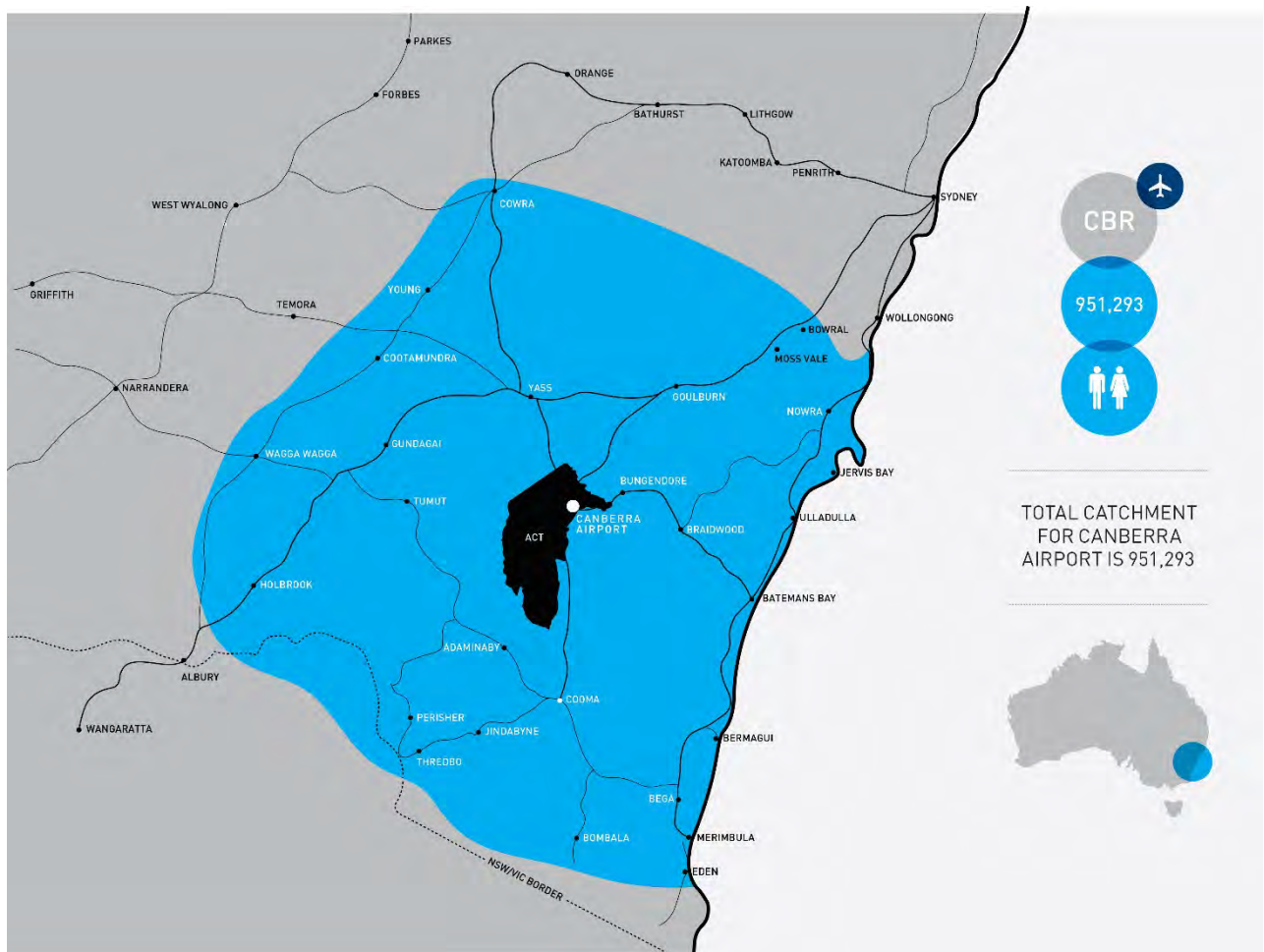
The new escalating international age of Canberra Airport will provide a boost to this economic and social impact and influence the ongoing transformation of the structure of the City and the region and importantly how it is perceived in national and international tourism, trade and commerce.

The \$500 million investment in the Canberra Airport terminal provides a foundation and unique opportunity to achieve the supply goal. In particular, the establishment of direct international flight services is already opening Canberra to the international marketplace and will secure the City's long term future as a key business and tourism hub.

The multi-billion-dollar investment program has transformed Canberra Airport into a true 'Global Gateway' for our National Capital and region. This investment represents a very significant financial commitment to the long term success of Canberra as a city and as the centre of a region comprising a population of about 950,000 (Figure 2.1).

The upgrading of Runway 17/35 in 2006, including a major extension, was at the time the largest major runway expansion in Australia since Sydney Airport's third runway was opened twenty years before. At a cost of more than \$60 million, it was critical infrastructure to allow longer range flights and unrestricted VIP operations, including visits for foreign heads of state.

Figure 2.1 - Canberra and surrounding regions



2.3 URBIS ECONOMIC ASSESSMENT

A study by economic consulting firm Urbis, commissioned in 2019 by Canberra Airport, more precisely determines the economic benefits of the Airport to the region.

Urbis' modelling found in 2018 Canberra Airport:

- Facilitated 29 percent of ACT tourism spending - \$735 million in direct expenditure and over \$565 million indirectly;
- As a tourist hub for the region, welcomed 43 percent of international visitors and nearly 25 percent of domestic visitors coming directly through the Airport;
- By 2028 total tourism output attributable to Canberra Airport passengers is forecast to be \$2.33 billion, a 73 percent increase on 2018 output;
- Generated 17,700 (FTE) jobs in 2018 as an industry and employment hub and indirectly supported another 14,500 (FTE) jobs in the region through supply chain and employee consumption expenditure;

- Had a \$5 billion per annum contribution to gross regional product, which is expected to grow to \$6.8 billion by 2028.

The study notes many of the benefits of the Airport are far too pervasive to quantify accurately and are referenced as 'catalytic benefits' - with the report concluding the impact of Canberra Airport on the wider region, while not precisely known, is much larger than first seems.

The study also forecast:

- In 2028, assuming a medium growth scenario, total activities associated with the Airport are expected to generate a total value added to the local economy estimated at \$6.8 billion per annum; and
- Canberra Airport is curfew-free and the Australian Government identified the importance of maintaining a network of curfew-free airports, including Canberra Airport, on north-south and east-west axes to allow for the ongoing successful operation of overnight airfreight and other overnight aircraft operations.

Canberra Airport welcomes the ACT and NSW Governments' long term support for "24-hour operations as an economic competitive advantage for the ACT and the broader region".

Urbis has provided the following 'Localised Trends and Influences' diagram:

Figure 2.2 –Canberra Airport - Localised Trends and Influences



2.4 COMMERCIAL INVESTMENT

The Airport has recently played a strong role in consolidating Canberra's position as a major retail centre attracting local and regional shoppers away from competition in Sydney and Melbourne.

The development and opening of Costco's third store in Australia in the Airport's Majura Park in July 2011, has been a boon for retail tourism for about 950,000 regional residents to the benefit of local jobs, together with social and economic growth.

Canberra Airport also assisted in securing IKEA to an ACT Government site on Majura Road opposite Majura Park. IKEA has built on the Costco legacy by diverting local and regional retail trade away from Sydney and Melbourne to Canberra.

The latter is an example of the economic 'catalytic benefits' of the Airport that are difficult to measure, however are real and will be more telling in the new international age of Canberra Airport.

Bureau of Infrastructure, Transport and Regional Economics [BITRE] researched the employment generation and economic activities around airports both within Australia and internationally and noted:

- Between 2006-2011 "airports have been amongst the most important job growth hubs in Australian cities; and
- In Europe, on site employment generally is in the ratio of 1,000 jobs per one million passengers".

In Australia at the ten major airports, including Canberra, there are on average around 580 jobs per one million passengers [2011]. At Canberra Airport the 2019 ratio is 4,600 jobs per one million passengers which reflects the diversity of employment development of the Canberra Airport Aerotropolis and the additional economic and social contribution by the Airport to the region.

More than 14,000 people currently work on the Airport in more than 300 businesses. These businesses largely fall into six main general activities:

- Infrastructure;
- The Airport [owner and manager], Airservices Australia [provider of Air Traffic Control (ATC) and Aviation Rescue and Fire Fighting Services (ARFFS)], Australian Federal Police, Australian Border Force, Department of Agriculture, Water and the Environment, private security, terminal maintenance, terminal cleaning, telecommunications and runway sweepers;

- Air transport;
- Qantas [including subsidiaries QantasLink and Qantas Freight], Virgin Australia, Singapore Airlines, Qatar Airways, RAAF Special Purpose Aircraft [SPA] fleet, general aviation and charter operators as well as airfreight [such as Toll, Qantas and Pak Fresh/Menzies] and courier companies;
- Aviation support services;
- In-flight and terminal catering suppliers, aircraft maintenance, operators of aircraft hangars, fuel providers and rental cars;
- Retailing/wholesaling;
 - Shopping centre, cafes, Woolworths Supermarket, Costco, Bunnings bulky goods wholesale, convenience service stations and terminal franchises [and other major and minor retail operators];
- Office;
- A range of public sector and private sector office tenants; and
- Directly airport-related activities off Airport site.

Of the 14,000 plus jobs currently located on Airport, over 90 percent are employed in the 'innovative industries' of defence, aerospace, cyber security and Information Technology [IT] (Figure 2.3).

A freight hub at Canberra Airport would not only develop jobs at the Airport but would likely produce a new range of industries in Canberra and the region generating significant economic return and employing hundreds, if not thousands of people. Refer Chapter 6.

Increases in passenger services, including additional low cost carriers and direct international flights, will have significant benefits to Canberra's economy, bringing increased jobs and revenue streams. In particular, Canberra Airport's focus over the next eight to twenty years, in collaboration with the ACT Government and with the support of the region's community, is to have more planes to more cities to provide a substantial stimulus to the tourism industry employing a range of staff, including accommodation and transport providers, restaurants, cafes, bars, and local tourism businesses.

By 2028, Canberra Airport expects to have over 20,000 jobs on Airport. This is based on aviation growth and the full occupancy of all existing and proposed buildings on Airport.

By 2039/40, it is expected that up to 36,000 people will be directly employed on Canberra Airport.

2.5 DIVERSIFYING REVENUE SOURCES

Over the next eight years Majura Park, Brindabella Business Park and Fairbairn will continue to be developed with non-aviation land uses consistent with their development to date in response to market trends as indicated in Chapter 8. These precincts provide diverse revenue streams as a 'means of managing risk against comparatively volatile airline and aviation market'. These diverse revenue streams also provide funding security and financial rating to support aviation development.

The ACT Government supports the continuing development of Canberra Airport as an important element of the ACT's economy. The aviation-related activities and non-aviation activities that take place at Canberra Airport's various precincts contribute significantly to the economy of the ACT and the surrounding region. Canberra Airport's economic contribution is destined to grow in the next few decades and the Airport, ACT Government and CRJO will continue to work together to foster that growth.

Figure 2.3 - Canberra Airport is home to Department of Defence, Department of Home Affairs, cyber security, aerospace and technology industries





2.6 CONCLUSION

While the future appears strong for Canberra Airport and the Canberra Region as a whole over the next twenty years, success depends on the support of the community, business and government, the competitiveness of the Canberra Region as a destination and importantly, support from the entire Canberra Region as Canberra Airport delivers the 'international age'.

Canberra Airport can deliver aviation growth and jobs to the community across a broad range of sectors. The challenge is to ensure these jobs are delivered with the ongoing support of the community.

The ongoing development of the Airport over the next eight years will see a focus of significant investment in positioning and marketing the benefits of the Airport's aviation infrastructure capacity to all airlines and freight operators that operate to and within Australia.

Canberra Airport's aspiration is to build on existing domestic city connections by the introduction of low cost carriers and international services to realise aviation passenger and freight growth during the new international age. Additional Australian and international city connections, as set out in Chapter 5, will accelerate the ability of the Canberra Region to be more competitive in tourism, trade and commerce as a 'Global Gateway' region.

Given the current economic conditions this aviation growth focus will be vital to the region's economy and social well-being.

This 2020 Master Plan serves as a framework for this aviation growth and other development of the Airport.