17 October 2012

Mr Neale Burgess MP
Chair
Economic Development and Infrastructure Committee
Parliament of Victoria
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Burgess

Re: Request for submission: Inquiry into local economic development initiatives in Victoria

Thank you for the opportunity to comment regarding local economic development initiatives in Victoria. Melbourne Airport is the aviation gateway to Victoria and a focal point within the State economy and is recognised as one of the most important strategic sites in Victoria. Melbourne Airport is a significant economic contributor to the State, with a direct Victorian Gross State Product of $1.47 billion in 2012 which is expected to be $3.21 billion in 2033.

Melbourne Airport facilitates the movement of 28 million passengers annually which includes 7.7 million of overseas visitors who subsequently spend approximately $8.1 billion in the state economy, which represents nearly half of all tourism expenditure in Victoria in 2011.

Melbourne Airport’s contribution to the local economy is also significant. Melbourne Airport commissioned SGS Economics and Planning to undertake a Social and Economic Impact Assessment of Melbourne Airport 2012. The report has been drafted and a final report will be sent to you shortly. The findings highlight that Melbourne Airport contributes significantly to the local and state economy and is a critical piece of transport infrastructure, which facilitates over 14,700 jobs and a functioning industrial and commercial business park. Approximately 67% of all employees at Melbourne Airport live within a 15km radius of the airport. Furthermore, of the neighbouring municipalities, 28% reside in Hume and 19% in Brimbank. These are significant figures that attest to the contribution Melbourne Airport makes to the local economy and the continuation of strong economic links is extremely important.
Specifically, Melbourne Airport contributes a total value of all economic activity across the Melbourne Airport precinct to be approximately $1.47 billion, which is 6% of the host economy's (7 municipalities within a 15 km radius) total Gross Regional Product (GRP) and 0.51% of the Gross State Product (GSP) of Victoria.

Melbourne Airport's ongoing 24 hour operation, 7 days a week is paramount if government and communities want to continue reaping the massive economic advantages of the Airport to both the local and state economies.

To this end, we are acutely aware of the need for sensitive land use planning for areas surrounding Melbourne Airport to facilitate the optimal ongoing operation of the Airport, particularly given:

- the airport's curfew-free status which generates significant benefits to the region, Melbourne, Victoria and the east coast of Australia;
- the airport's long-term growth projections and development plans which include an additional two runways; and
- the "green wedges" which help protect the airport's flight paths from urban encroachment and therefore its curfew-free status.

The long-term and effective safeguarding of Melbourne Airport, including protection of the green wedges, is of critical importance to minimise the impacts of aircraft noise and to ensure that the social and economic benefits of the airport are maintained and its growth is allowed to continue in accordance with the approved plans.

Melbourne Airport is largely surrounded by the Green Wedge Zone and as detailed above, this zone is extremely important for the safeguarding of the airport's ongoing operations 24 hours a day. The Melbourne Airport site was initially chosen because of the location away from residential areas and urban development but close enough to the city. Currently, Melbourne Airport has the benefit of a number of remaining green wedge areas which are important to protect from inappropriate development and to minimise noise impacts on neighbouring residents.

The green wedge areas surrounding Melbourne Airport minimise the number of people exposed to the negative impacts of the airport's operations. Melbourne Airport acknowledges there are some negative impacts associated with the operation in which most of the impacts are experienced by the airports immediate neighbours. Some of the impacts include traffic congestion and quality of life impacts including aircraft noise. These impacts have to-date been minimised by safeguarding measures linking the State Planning requirements to Airport Development and Vice Versa. It is imperative that this relationship between the Local Councils, who implement the Victorian
Planning Schemes, and the Airport who essentially operate on Commonwealth land, continues to consider the safeguarding of the Airport consistently. It is anticipated that this will be reflected in the upcoming Metropolitan Strategy. The ongoing safeguarding of Melbourne Airport operations will enhance State employment and economic prosperity due to the significant contributions made by the Airport.

The safeguarding activities are further strengthened by the relationship between Melbourne Airport, the neighbouring local governments and the State Government of Victoria. The ongoing effectiveness of this relationship is important to ensure the ongoing operations of the airport and to ensure the ongoing prosperity of economic development in Victoria. The participation of local councils and State Government in the airport’s Planning Coordination Forum plays a key role in this regard.

Another key area where local councils and the State Government can support the economic benefits of Melbourne Airport is through provision of appropriate transport infrastructure. As the airport grows, so does the need for improved transport connections to the airport. As Melbourne Airport does not have any powers relating to development of off-airport land or infrastructure, it is totally reliant of local councils and State transport agencies in this regard. A significant amount of positive work has been undertaken in this area over the last few years, and we are confident that all parties will continue that work in the future, particularly through the Melbourne Airport Transport Committee.

Melbourne Airport also recognises the importance of working with local government, other local businesses and not-for-profit organisations. Earlier this year Melbourne Airport joined the Hume Skills Taskforce committee, which is one of Hume’s local employment initiatives to provide employment opportunities for the local community. The Skills taskforce is currently undertaking projects aligned to this, of which Melbourne Airport is participating in specifically in the project aimed at connecting people seeking employment with potential employers at the Airport. Melbourne Airport also works with local not-for-profit organisations such as Western Chances, which provides scholarships and opportunities to talented and self-motivated young people in Melbourne's western suburbs. The programs aim to remove the financial and cultural barriers that prevent many young people in Melbourne's west from realising their potential.

Collaboration between these organisations at a regional level is also vital. The recent CEDA half day workshop - Managing growth in Melbourne's West was a good example of private, public and not-for-profit working together to explore local issues and identify possible approaches to resolving some of these challenging issues.
Melbourne Airport is relatively unconstrained and the growth forecasts of 60 million passengers by 2030 will require long term planning with sound decisions with the support of all levels of government. The 2033 forecasts indicate that Melbourne Airport will employ over 23,000 people, have catalytic impacts of visitor spending around $18.5 billion and productivity enhancement impacts of $390 million.

If you would like to discuss this submission further, please contact Trent Kneebush on [redacted].

Yours faithfully,

CHRIS WOODRUFF
CHIEF EXECUTIVE OFFICER