

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into infrastructure projects

Melbourne — 13 April 2016

Members

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Witnesses

Mr Lyell Strambi, chief executive officer, and

Ms Carly Dixon, executive, corporate and public affairs, Australia Pacific Airports Corporation.

The CHAIR — I declare open the Standing Committee on Economy and Infrastructure public hearing, and I welcome everybody who is present here this evening.

The committee is hearing evidence today in relation to the infrastructure inquiry and the evidence is being recorded. This hearing is to inform the second of at least six reports into infrastructure projects, and witnesses present may well be invited to attend future hearings as the inquiry continues. All evidence taken today is protected by parliamentary privilege. Therefore you are protected for what you say in here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege.

I welcome you both to our hearing this evening. I ask you to introduce yourselves and then move into any introductory comments. Then we will follow up with some questions after that. Over to you.

Mr STRAMBI — Thank you, Chair. I will start. I am Lyell Strambi. I am the CEO of APAC, which is the owner-operator of Melbourne Airport, and Launceston Airport for that matter.

Ms DIXON — I am Carly Dixon. I am the executive for corporate and public affairs at Melbourne Airport.

Mr STRAMBI — If I may, thanks for the opportunity to contribute to the committee's inquiry into major infrastructure projects. I will provide just a brief overview, very quickly, about the airport and, I guess, my summary views on a future airport rail link, which I understand is the purpose of this conversation. Then perhaps we can expand on areas of interest to the committee through question and answer, so that is fine.

Melbourne Airport was constructed in 1970. It seems like a long time ago when I was a boy in the western suburbs. It was privatised, along with many other Australian airports, in the late 1990s, early 2000s. APAC, the Australia Pacific Airports Corporation — the business I lead — is comprised now of a number of large major institutional investors. So our owners include AMP, Future Fund, IFM, Deutsche Bank and Hastings. The lease of Melbourne Airport was acquired for \$1.1 billion in 1997 for a period of 50 years, with a further 49-year lease extension option. APAC also holds a 90 per cent interest in Launceston Airport, as I said earlier, in Tasmania.

Melbourne Airport, from a starting passenger base of around 5 million passengers back in 1970, surpassed 33 million passengers in the last trading year, so enormous growth in the demand for air travel and passengers passing through our facility in that 20 years since privatisation. During that time APAC has certainly continued to invest in airport facilities to accommodate growth, most recently including the development of a completely new terminal with 100 million — sorry, I wish! — 10 million passenger capacity being added to the domestic market, and also a multilevel transport hub, so not just a car park but a transport interchange there as well.

Ongoing investment is a feature of our business and certainly will continue because it is essential to invest in capacity to both encourage and to manage demand for travel and meet the growth that we are seeing in the overall demand for travel coming through Melbourne Airport. While the airport is a commonwealth asset located on commonwealth land, we are situated in one of the fastest growing residential corridors in Victoria, and as such we are incredibly dependent on the efficient operation of the transport network around us.

Vehicle movements into and around the airport currently sit at around 50 000 vehicles per day — it gives you a sense of the size of activity. More than 50 per cent of those movements are private cars either picking up or dropping off passengers, and some of them coming and parking at our parking facilities. The next most popular mode of transport is taxis at around 19 per cent mode share, and then SkyBus accounting for just slightly more than 10 per cent of all vehicle traffic to the airport. So we certainly have welcomed the capacity enhancement of the Tullamarine Freeway that is underway at the moment, and that certainly will help improve congestion. But with passengers expected to almost double to something around 64 million passengers by the year 2033, it is clear that ongoing expansion of the road network may not be enough in itself to cope. Essential to the economic development of Victoria and the facilitation of passengers and also the more than 300 million tonnes of cargo that flow through our airport — sorry, 300 000 tonnes that flow through our airport; again I wish for 300 million! — the provision of mass transit solutions is essential to the airport and its ongoing growth.

We have always included a provision for rail link in our master plans, and we have had an long and productive relationship with successive state governments in the planning of a future rail link. Finally, we certainly strongly support the planning for and delivery of a rail link to Melbourne Airport to ensure the growth not only of our business but also the state and the national interest there too. That concludes.

The CHAIR — Fabulous, thank you very much. Ms Dixon, are there any introductory comments that you would like to add?

Ms DIXON — No, thank you.

The CHAIR — We might kick off with some questions then. In terms of airport rail links, our neighbour to our north in Sydney is, I suppose, a good comparison for us. I recently flew to Sydney and it was nice and easy to get on the train and head straight into the CBD. So I am curious to hear as to whether or not there are concerns about the competitiveness of Melbourne Airport in terms of being able to access the Melbourne CBD through not having a rail link. Is that a significant concern to the airport?

Mr STRAMBI — I would say, Chair, it is a growing concern over time. It is something we are conscious of, that for an airport and a destination to be attractive, then all parts of the proposition must be smooth and efficient. Of course if the road connections through to the city are making it painful for people to visit the city, then they are not likely to come through our airport, so it is a concern for us. I lived in Sydney for the last six years, very familiar with the operation of the train there. There are some really good learnings, I think, out of that environment, but there are some differences in that environment which we must note.

The CHAIR — In terms of the positive learnings from the rail link in Sydney, what do you think might be able to be a takeaway for Melbourne?

Mr STRAMBI — I think you can start to see some of the criteria you need to establish to have a successful rail link. I would say Sydney's is growing well and, without betraying confidences, I think their mode share is something like 20 per cent in Sydney, so it is actually quite a successful contribution. I should say in any future scenario we will need contribution from a lot of different modes, just what role could rail play to help us deal with that capacity.

But coming back to the learnings of Sydney, as a resident of Sydney and somebody who has been in the aviation industry for a long time, I know that that works well for a couple of reasons: one, the frequency of service to the airport is terrific, with a train every 6 minutes, and that is key in any mode of transport: frequency of service, being able to take it. The second one that I think works well in Sydney is, having lived right in the centre of Sydney, that the road network there is pretty unreliable and the train is a better option. So it actually has some advantages over taking the road. So if you had to get to a flight at a certain point in time you are actually better off taking the train, and that does drive then a lot of people towards it. But of course, like a lot of people, I also defaulted to the car on a regular basis too. So frequency, speed of end-to-end journey.

One of the success factors at Sydney, though, and the thing that promotes both of those is that there are suburbs beyond the airport. The Sutherland shire is a big feeder market for that network, and now you have Green Square station been developed there in between as well. I cannot remember how many stops it is, but it is only a few stops on the way to the airport. Where it does stop, it actually does pick up a really good market — that is, people likely to use public transport — then beyond the airport you have got the Sutherland shire feeding it. If I was being a little callous, I would also point out the fact that it was built for a billion dollars and sold to the current owner for \$300 million, and that helps in the economics as well.

But from a passenger perspective I think it actually works very well too in terms of just the way the facilities have been designed. I think that is important in the design of whatever the solution for us ultimately is — thinking about that passenger journey and making it easy for them. If it is hard, if it is awkward, if it is uncomfortable, then they are not likely to use it.

The CHAIR — Indeed. Currently obviously we have the SkyBus service, and you said in the vicinity of about 10 per cent or so of passengers to the airport are using that service. What significant advantages would the rail link have over that current SkyBus service?

Mr STRAMBI — It is a good question. I think the SkyBus service does a really good job, so I would not denigrate it. Particularly at this point in time you have to say the SkyBus is good. I have used it and think it is a terrific service. It is frequent. The challenge for SkyBus in the longer term is the congestion on the roads, and that will devalue the quality of service perhaps that they can give. So it is not so much an advantage now, but in the future it might be an advantage, depending on which mode of rail transport, the route taken, all those sorts of things. But if you end up with a very reliable service that is equally quick or better in terms of reliability and

congestion, then it could be a viable competitor going forward. But, you know, it is probably a question better asked of the SkyBus guys. I think they have probably exercised their mind more to that than we have.

Mr EIDEH — I have some different questions. The airport is often seen as a tourism gateway for Victoria, but I am interested in the airport's freight operation. What opportunities do you see to grow this part of your business? How does the growing number of transport logistics and distribution companies located close to the airport assist in this goal?

Mr STRAMBI — It is an important part of the market at Melbourne Airport, and it is probably, I would say, a competitive differential that Melbourne actually has. Melbourne does very well in the freight market for a couple of reasons: the 24/7 access to the airport is really valuable for freight operations, so you can fly back of clock — it allows businesses to produce goods and then bring them to the airport and get them away at the right time, so that is helpful. The other thing that works well at Melbourne Airport is the fact that there are so many passenger aircraft now flying out of Melbourne and they are passenger aircraft with enormous cargo holds in the planes. So it is not just about the passengers; there is a lot of belly space, as we call it, in the aircraft to facilitate capacity.

It is interesting, and I contrast Sydney again just for interest. Sydney has been slot constrained for a period of time, so they cannot put too many more services through the airport, certainly at peak hour, which means they go towards larger aircraft. As an ex-Qantas person, Qantas moves towards operating 380s out of Sydney. The 380 is a great passenger aircraft but actually has very, very little cargo capacity. Melbourne has an advantage in that we are attracting aircraft — some 380s of course, but most of our international aircraft are wide-body twins, so the 330, soon to be the 350, the 787 and the 777 in particular. They have enormous cargo capacities under the floor.

So for that access to our airport, the physical location, the geographic location, all of those facilities, and the land mass we actually have around for people to build distribution centres — I could go on — it is a great market and it is a great opportunity for the state. But probably more so, I would say, the biggest opportunity is in the international cargo market more than domestic, because it is hard to compete in domestic space Melbourne–Sydney when you have to think about the fact that you are picking up the goods in a company, bringing them to the airport, unpacking or repacking, putting them onto an aircraft and doing the same at the other end. It is hard to compete against road or rail direct services for that.

Mr EIDEH — In terms of, say, tourism, can you outline the importance of Melbourne Airport to the Victorian economy? In particular I am keen to understand the benefit of the airport in terms of tourism and being a gateway to the world's most livable city. What is your view on that?

Mr STRAMBI — A strong view and a very proud view. No, unfortunately, as the operator of Melbourne Airport, nobody comes to Melbourne Airport to come to the airport; they come to Melbourne Airport to either come to Australia, to Victoria or to go somewhere, so we are completely dependent on the attractiveness of the destination or this ease of using Melbourne Airport as an outbound destination for people. So we think we are important, but we are not a destination in our own right.

For us, we look at things that perhaps impede the customer's journey and therefore impede the attractiveness of the offering. Things like queues at border force give us probably one of the highest rates of anxiety at the moment, because it is not a great first impression of Australia. These problems will get fixed over time, but it is always, 'What is the next threshold capacity item you run into that you have to start to deal with?'. In our world we have to think very long term because the solutions take a long time to get there. So it is super important to have a very attractive and easy-to-use airport, and I would agree that that includes the journey time to and from the airport, depending on which way you are coming.

Mr EIDEH — What do you think of the CityLink-Tulla widening project? Do think this will alleviate current and future road congestion?

Mr STRAMBI — It will work for a time, and it is very good to have. The pain we are going through at the moment with the further congestion is worth the outcome, because it will unlock capacity for a time. The question mark is: for how long? I am sure you have access to better experts than me, but our general sense of it is it gives another five years of capacity beyond completion, and then you still run back into the same constraints. That is not new; that happens on any roadway anywhere in the world, really, as cities keep growing.

It is not about the immediate challenges we have got — I think we should not overplay those — but it is really about how we position for the long term. That is the question we are trying to answer.

Ms DIXON — I might just add to that, Chair. Part of the challenge that we face is that there is obviously infrastructure that surrounds the airport but also on-airport infrastructure. Certainly we were starting to feel the impact of congestion on the airport prior to the Tullamarine Freeway widening commitment. We invested somewhere around \$100 million in Airport Drive, which is a second major arterial road into the airport, and really that connection to the Western Ring Road has really improved that journey time. I think we will see more people moving over to use that over time, so it does, as Lyell indicated, give us a bit more time, but it is a matter of time rather than — —

Mr STRAMBI — And that is particularly relevant for the freight operations as well, so that one had a nice — —

Mr EIDEH — And terminal 4, what do you think of it?

Ms DIXON — We are proud of it.

Mr STRAMBI — Yes, and it has really helped, because we also had front-of-house congestion ourselves. Effectively what we have moved is 7 million passengers from the terminal 1, 2 and 3 precinct and put them down to the terminal 4 precinct. That decongests terminals 1, 2 and 3 as well, so it does help reduce congestion. But we face the same battles as a business. You address one constraint, and the next one pops up. You address that. We do the same thing over a long period of time as well. But it is a high-quality problem to have, because we are growing. It is great.

Ms HARTLAND — I have a couple of questions in regard to buses that actually go to the airport. I recently asked a question of the minister, because we had had a lot of complaints about the change — the fact that people could only be dropped at terminal 4 now from the 478, the 479, the 482 and the 901 buses, and the 901 in particular because that is the one coming from the Broadmeadows station. They can only be dropped at terminal 4 now. When I asked the minister about that she said that the airport had made that decision. I do not quite understand why you would only have a bus stop in one location, especially considering a number of your staff actually catch those buses to get to work.

Mr STRAMBI — What we created down at terminal 4 and in that precinct there — the MLS, as we call it; the multilevel station — is a transport hub. It is not just those buses; it is a lot of the staff buses coming into the airport, and you need to find a location where you can actually park large buses. Carly, you will have a better history than I will on this, but I believe there was fairly good consultation around that to say where the best location is. There is no doubt we still have congestion across the forecourt — you only need to drive into the airport to see that on a daily basis — and we are always trying to spread that out. We have a philosophy in the business which means that we give priority positioning to the terminal to the mass transit options and progressively work out from there with less people in the vehicle or to private vehicles at the other end. Carly, I do not know if you have got any more to add.

Ms DIXON — I might just say that a number of years ago we conducted effectively a forecourt efficiency review just to understand the opportunities to improve capacity, efficiency and safety of the forecourt area. You might recall at the time that it was still possible to get a bus up onto that upper level, Departure Drive, which is no longer possible. What we found through that review is that there is a great opportunity for vehicle conflict when you have got different types of modes operating in amongst each other. They all behave slightly differently. You have got private people dropping people off and picking them up, professional drivers, buses, cars — all sorts of different things operating. What we are really focused on is aggregating like use with like use and then, as Lyell says, having mass transit closest to the door so you have the fewest number of people crossing over the roadways and diminishing efficiency in that way.

Also when we moved the passengers from terminal 1 down to terminal 4 with the opening of Jetstar we were really trying to make sure that we had two fully functioning and operating forecourts and that we gave opportunities for the larger buses to be located in that multilevel structure because their requirements are better suited to that. To give you an example of what I mean, some of the public buses will require rest times or time for schedule recovery, and the necessity to keep vehicles moving in that forecourt is such that it is not a great spot for them to be because of the congestion.

Through our consultation with Public Transport Victoria but also in assessing, I guess, the numbers of users we were seeing on those bus services, it seemed that rather than having them in the forecourt, where they would have to constantly move and keep circling, in terminal 4 they are able to stop, whether it is for schedule recovery or whether it is for the drivers to take a break — all of those sorts of things. It was a better place for them to be located. It was not a unilateral decision taken by us, but certainly public buses will be an important part, as Lyell said, to manage that growing demand over time.

Ms HARTLAND — The point I get from people, especially people catching the 901 from Broadmeadows station, is the distance that they then have to walk when they get to terminal 4. Having recently dropped a friend off at terminal 4 on a number of occasions, I can say it is also unbelievably badly signed. It is difficult to manoeuvre in a car. Considering it is a brand-new terminal I am a bit surprised that work was not done to incorporate all of those things as well. If I am getting complaints about the bus, something is not working. I am told particularly by staff at the airport that it can be a 15 to 20-minute walk from the bus stop to wherever it is that they work, and considering the size of the terminal I can well believe that, and then especially late at night coming back to catch the bus. What can you see being done to alleviate this problem?

Mr STRAMBI — You make a couple of good points in there, but there are a number of good points in there. No matter where you are in the airport, a single drop-off point is always going to be 15 minutes from somewhere, and that is just the reality of the physical size —

Ms HARTLAND — That is why I am surprised there is only a single drop-off point.

Mr STRAMBI — I think Carly said that before. You have really got to look at the optimal use of that forecourt in front there, and if you do have need to dwell in that space, that will just create enormous congestion in that forecourt, so it is trying to balance all these competing needs. The thing I would say is you have to remember too — and I do this because I grew up in Melbourne and I worked at the airport for many, many years before joining this time round — we all think of the centre of activity being the T2, the international terminal in the middle. The reality is that now the activity is actually moving to the south of the airport with the development of T4 and also the volume Virgin is putting through T3. So it is actually changing the nature, and again with the public transport users, if you think about which terminals they are more likely to fly, it is kind of that 4, 3 and 2 world to some extent a little bit more than the terminal 1 world, so we are trying to keep pace.

I think the other problem we have got, and it is a legitimate point you make: it is a completely new model that we have actually rolled out at this terminal and in this drop-off mode in particular. So people are having to learn something very different from the way the terminals have operated before. It is very consistent with European and international terminal design practice now. At Heathrow T5 you get dropped off in the car park, and everybody understands that. At the moment what we have got is people going into the car park to drop-off and panicking, thinking they going to have to pay. It is a free drop-off area, and it works really well, but it is not the norm.

Ms HARTLAND — And it is very hard to find, I have to say.

Mr STRAMBI — That is a fair criticism, because we have made the same observation ourselves. We do not think we have got that right yet. Look, it is too much detail for here, but we are introducing some technology at the moment that is using wireless, which is commonly done and protects people's personal records and data. But you are able to see the flow of people through your business and be much better at resolving these wayfinding-type issues, and it just tells you where the pinch points are and where people are getting lost basically. So we are doing that now and that will help inform us better. Because no matter what design experts you employ and no matter how many studies you do, you get it wrong every time, and as soon as you open up the thing you go, 'I wish we only did A, B and C' — and we have got plenty of As, Bs and Cs to improve. We are onto it, but that is the challenge.

But this is the other thing. Do remember that the design for the forecourts and the drop-offs and everything at T1, 2, 3 would not be permissible today without the grandfathering of the current design. Because of the terrorism threat and the like, having roadways so close to the terminal, if you are building a new terminal, you are not allowed to do that. So we are caught in between a 1970s set of rules and architecture and what is now the latest and greatest version. Over time it is going to migrate more to that than it will to the old world. But this is the problem. You are dealing with a facility where you cannot replace everything at once because you have got to keep operating 24/7.

Ms HARTLAND — Will you consider another drop-off point for those buses?

Mr STRAMBI — We are constantly revamping that forecourt to try to optimise it. We are working with SkyBus at the moment to try to optimise their positioning and the like, so there are a lot of different pressures all coming into that area. The problem that we are trying to grapple with is I think will end up with less lanes on the ground than more lanes on the ground before too much longer, because again the terminal has to grow as well, and it cannot go back onto the airfield anymore. It has got to come forward.

They are the sorts of things we are grappling with. It is going to be a state of change, but we do keep looking at all these things and saying, 'Have we got it right?'. I could not tell you the ultimate design, but everything is on the table each time you stare into this to say, 'What is the best solution now?', knowing now what we know. I would foresee quite fundamental change in the whole use of the forecourt, even the use of the car park, going forward in that current precinct. But I cannot tell you where it is going to land yet because we have not done the work to come out the other end.

Mr FINN — As a long-time proponent of the privatisation of Melbourne Airport — and a near neighbour of Melbourne Airport too I might say — it is very exciting to see what you are doing and what you have done over the last, how long is it, 10 years, 15 years?

Mr STRAMBI — I cannot take much credit. I am a six-month expert.

Ms DIXON — I will take credit for that, Mr Finn.

Mr STRAMBI — Carly takes all the credit for that.

Mr FINN — Whoever takes the credit, please feel free. I have also taken advantage of the new Airport Drive and commend you on that. What impact has that had to this point on people's ability to access the airport more easily?

Mr STRAMBI — I honestly do not know if I can answer that yet. I have used it a few times myself. My mother lives in that general direction. It is another option, but you have to remember that road network that we are building towards is not remotely complete yet. There are a number of flyovers and things that we will be progressively adding, and this story will only get better over time. That is how we are going to try to keep pace with the congestion that we will be seeing, because, for example, at the moment the first entry point into our airport in the central precinct is the Centre Road traffic lights. That is not sustainable in the long term, and we are building towards solutions that fly over that and give us various options. Anecdotally I can tell you it has been successful, but I cannot give you a number. We may have that data; I have not seen it.

Mr FINN — A long-time problem in Sydney has been the air traffic and the curfew of course that they have up there. Melbourne being a curfew-free airport gives us a decided advantage, and I think Melbourne is a far easier airport to use, I might say, as well. Just how much of a liability is not having an airport rail link to Melbourne?

Mr STRAMBI — Firstly, I wholeheartedly agree with your assertions about how good Melbourne is, and that goes back to 40 or 50 years ago with the planning that was done and the protections that were put in place. That was brilliant. As a boy growing up in Melbourne looking at that you thought, 'God, this airport's out in the country'. Now the city is coming towards the airport. It is so well located, and it has got years and years of growth left in it, so it is a fantastic competitive advantage that Melbourne has over other states. If you are going to run an airport in Australia, Melbourne Airport, in my view, is the one to get.

Coming back to your question, which is around how important a rail link is, it really depends on what time frame we are looking at — that would be a very straight up and down answer. If you said, 'Today', it would be nice to have today but not essential to have today, but it is going to progressively become more essential over time as the roads congest. I am not the expert to tell you when you will reach that tipping point, but at some stage there customers will go, 'You know what? It's too hard to fly to Melbourne. I'll do a videoconference this time', or international visitors will go, 'It was a great trip, but it just wasn't that great', and I cannot tell you where that threshold point is.

Mr FINN — I know the times not to drive past the airport; it is not a lot of fun to try to get past, as somebody who lives nearby. Apart from the traditional rail link, as it were, there has also been a suggestion put

forward for a monorail, which would run either parallel or even above the Tullamarine Freeway. Have you been approached about that or given any thought at all as to how that might work?

Mr STRAMBI — We have heard all sorts of different solutions to this problem, and I do not think that is a bad thing. I think to look at different modes is a sensible idea, and with changing technologies we all may get surprised at what the ultimate and best answer actually is; it could evolve over time.

The reason I did go and engage with the Sydney rail people was really just to understand it from a sense of ‘What do we need to do? What decisions do we make at Melbourne Airport that keep options open?’. We have always had a hard easement coming into the airport for a heavy rail option. I understand that has been the preferred option for a period of time, but I think for us it is probably wise as an airport operator to also stand back and go, ‘It could come in a different direction, and we need to do the best we can to preserve for that’. It would be really helpful if we knew it was A and not B or C, but at this stage I would be foolish to be asking for a hard answer on it.

In terms of which is best or whatever, it is not for me to really speculate on. But I would go back to what are the things we have seen that make these systems work in other countries and which of those options would be the best one to deliver that. It is a fair question to ask.

Mr FINN — Can you confirm that you already have a space set aside for a station at the airport? That is a yarn that has been doing the rounds for some time, and I am not sure if it is true or not.

Ms DIXON — There is no secret underground Harry Potter station; I will just put that on the record.

Mr STRAMBI — The yarn is that there is a secret underground Harry Potter station, and I am dying to see it. In the original plans I think there was an original design for an underground station in the middle of the airport, but in more recent plans we have protected the pathway from the M80 corridor through there. The actual physical location of the station really depends on ultimate planning decisions. A preference for us would be something that does not make an already complex road network even more complex, of course, so underground is attractive; however, underground is also expensive. So again we are being pretty open-minded about that and making sure we have got a few options in play.

Ms DIXON — I would just say that timing will obviously play a part in that. A rail link delivered tomorrow would have very different options available to it than a link delivered in 10 years time, for instance.

Mr FINN — I have one last question. I have heard from a lot of people over on the eastern side of Melbourne, given the difficulties that people from the east have in accessing the western side — you have no road between the two — and the difficulties that people quite often have getting up the Tulla, about a push for some time now, I suppose, for another international airport on the eastern side of Melbourne. If that was established, what sort of impact would that have on the airport at Tullamarine?

Mr STRAMBI — It is a little bit of a hypothetical question because it sounds a little bit like what Sydney has grappled with for years. To find a location now for an airport — if you wanted to do it, you had to do it 50 years ago, so it is a little hypothetical. I can speak in a pretty well informed way as an airline operator as to what it is like operating over two airports, and it is not efficient. So if we can protect Melbourne as really a one-airport city for many years to come, serving the growth requirements of the city, then that is an incredibly efficient and fantastic asset to have, particularly a well-located one. Building a second one miles and miles and miles away is useless; building one on the same side of town is not particularly helpful either.

We are so lucky here in this city. Having worked in the UK, where there are now four airports serving London, and having operated a business over multiple airports, if I could have consolidated operations any day I would have done that, so Sydney is up against it with the two-airport plan they are going to have. That is why in time to come we will be the biggest airport in Australia full stop. That day will come.

Mr FINN — So you would be a supporter of continuing to protect the airport, as the planning authorities have done over a long period of time now?

Mr STRAMBI — Yes, and not just for selfish reasons but for the greater good of the state, ultimately, as a citizen.

Ms DIXON — Certainly Lyell is better placed to speak to this particular point too, Mr Finn, but international airlines considering coming into Victoria look at the entire network, not just in Victoria but more broadly across the country. So when international airlines are coming in, the ability to then feed their passengers out to a broader domestic network is an incredibly attractive proposition for them. The challenge you find with the network economics of airlines and aviation in general is that when you start to disaggregate those international and domestic activities or when you split them across markets that may not be big enough to sustain them, then the attractiveness of that investment diminishes over time.

Mr FINN — I had better finish now, or we will be here all night.

Mr ELASMAR — I have just one question. On 1 February this year Minister D'Ambrosio unveiled Tiger's three new aircraft at Melbourne Airport. My understanding of the commitment is three direct flights from Melbourne to Bali. Can you advise us as to how many jobs will be created?

Mr STRAMBI — That was in the original press release at the time. I met with Mr Sharp from Tiger Airways this week and checked in with how those bookings were going. I cannot remember the job numbers, but it does create some jobs; each time you add capacity to the network it creates some jobs. But he is very optimistic about those services, which is great.

The CHAIR — Fabulous. Thank you both very much for your attendance here this evening. I remind you that you will receive a copy of the transcript from this evening's hearing for proofreading, and those transcripts will ultimately be made publicly available on our committee's website. Once again, thank you very much for coming along to our hearing this evening.

Mr STRAMBI — Thank you for having us.

Ms DIXON — Thank you, Chair.

Witnesses withdrew.