

# TRANSCRIPT

## ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

### Inquiry into local economic development initiatives in Victoria

Geelong — 13 March 2013

#### Members

Mr N. Burgess  
Mr M. Foley  
Mr B. Carroll

Mrs I. Peulich  
Mr G. Shaw

Chair: Mr N. Burgess  
Deputy Chair: Mr M. Foley

#### Staff

Executive Officer: Mr S. Coley  
Research Officer: Dr K. Butler

#### Witness

Mr J. Giddings, Chief Executive Officer, Avalon Airport Australia (affirmed).

**The CHAIR** — Welcome to the public hearings of the joint party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. Evidence that you give today will be afforded parliamentary privilege. However, anything you say outside this hearing will not have the same privilege. The transcript of today's hearings will also become a public document. Could you state your name, your position and whether you are appearing on behalf of an organisation?

**Mr GIDDINGS** — My name is Justin Mark Giddings. I am the Chief Executive Officer of Avalon Airport and today I am representing Avalon Airport Australia Pty Ltd.

**The CHAIR** — Justin, I invite you to make an oral presentation.

**Mr GIDDINGS** — Thank you very much for the opportunity. I do not have a presentation so I will just do it verbally.

**Mr FOLEY** — How refreshing!

**Mrs PEULICH** — A bit of a risk at this time of the day!

**Mr GIDDINGS** — I know. Firstly, welcome to Geelong. It is a great place. I have lived here all my life. In particular I have lived in Lara all my life, so I am a northern suburbs boy. It is a great community. Today you have probably seen evidence of the great support that businesses get from locals. In particular I would like to point out G21 — you met Elaine earlier — which is a fantastic organisation, unique and highly regarded by all levels of government.

Greater Geelong City Council has an economic development unit. I know that is going to be changed a little bit by the new mayor, and I think that will be good too, but the current economic development unit has been a fantastic supporter of Avalon, as have the State and Federal Governments and the oppositions of both State and Federal Parliaments. Certainly the previous state government provided a lot of support for Avalon Airport to become a domestic airport and the existing state government is providing a lot of support for it to become international so I want to make that — —

**The CHAIR** — Fifty cents each way, that is.

**Mr GIDDINGS** — It is; that is right.

**Mr FOLEY** — Very sensible.

**Mr GIDDINGS** — One thing I will say is that business in Geelong is tough. Regardless of what you have heard today, I look at companies like Alcoa, Shell, Ford, retail in the city — it is all tough work. At Avalon it is the same; it really is tough. But I firmly believe we hold the greatest opportunity for economic growth — when I say 'we' I mean Avalon — job creation and private investment in the region.

In fact Avalon is probably the most significant and opportunistic land in this region by far. I believe the economic stimulus provided by Avalon exceeds every other business in the region by far, or has the potential to if we can grow it — for example, our proposed international operations. According to Essential Economics — which completed a study for us just last month — to become an international airport we need to spend about \$10 million. That in itself will create 65 full-time jobs, or 100 according to the construction multiplier.

Once fully established, assuming four international flights per day, we will have approximately 300 staff positions supported direct. That is through airlines, customs, quarantine, air traffic control and retail. With four daily international services, some 273 000 passengers will enter Victoria via Avalon, and 135 000 of those will be exclusive. By that I mean visitors specifically enticed to fly to Avalon because of its low price and position, and not just moving from Tullamarine to Avalon.

Based on Tourism Victoria's survey, \$230 million will be generated for the Victorian economy, with \$41 million spent in the G21 region. That level of spending will create 2200 full-time equivalent jobs, including 415 full-time equivalent jobs in the G21 region. Based on analysis, each inbound flight to Avalon will generate around \$157 000 in new spending to the state economy, or \$28 000 per flight to the G21 economy. There are obviously a lot of assumptions about the size of the aircraft, but we base that on the aircraft we think are most likely to come to Avalon Airport.

Domestic operations that exist right now are also just as lucrative for the region. Essential Economics did a study into our domestic operations in July 2010. Then 3500 full-time equivalent jobs were generated through Avalon Airport through the multiplier effects of employee and wage spending impacts. Total visitor spending for the region was \$114 million per year, of which about \$38 million was exclusive, so not substituted from Tullamarine; the rest was exclusive. That equates to around \$24 600 in visitor spending per flight, or \$8200 exclusive. So every time a plane comes in and lands, its passengers spend \$24 600. This is not people returning home; this is visitors to the entire region, including Melbourne.

Avalon has huge potential; there is no doubt about it. But we are up against a very strong competitor. We are probably up against one of the strongest and most profitable businesses in Victoria. Tullamarine airport — which is what I call it — is a strong monopoly and has been for many years. It has 98 per cent market share, so it is very, very significant. But it has significant obstacles going forward. It has congestion on its road infrastructure, which as you probably know is unbearable at times. When I fly there I find the congestion just terrible. You leave an extra 20 or 30 minutes just to cope with that congestion, especially on the ring road during roadworks.

The noise footprint around the area is continuing to grow. A new parallel runway has been proposed. I believe it will schedule aircraft to take up the maximum capacity of those parallel runway operations, which will then induce a need for a second parallel runway in the future. That will create a bigger noise footprint than is currently being reported, so it has some noise congestion issues coming up for sure.

The airport is asking for billions of dollars of assistance from the State and Federal Governments for rail and road infrastructure. You would have seen the article in today's *Herald Sun* that said that rail will only get people to Melbourne Airport from the city in half an hour. Good cities have two airports. Less cross-city commuting is important for Melbourne. Consecutive governments and Greater Geelong City Council, indeed the G21 area, have provided strong support for Avalon Airport, and we ask that this be continued.

Today I have four initiatives that I would like to discuss with you. They are initiatives that the State Government in particular can assist with. The first one I know has been spoken about before, and that is a rail link. I want to give you a little bit of insight into how I think that might work and also maybe a recommendation that may alter the decision of the State Government to put in heavy rail.

Prior to the last election the then opposition made a pledge that it would install a heavy rail link into Avalon Airport. Since that time we have had a number of discussions, probably 50, on this matter both with the department and internally. We have done our own studies as well. We have found that putting heavy rail directly into Avalon Airport is probably not required at the moment. The reason for that is that Avalon Airport needs a reasonably frequent train service but not a high volume train service because we are relatively small. As we build, that may change. I am asking that the State Government consider putting in a reservation for rail into the airport, and that instead of putting heavy rail in, it consider a light rail option.

At the moment we have a V/Line a service operating between Melbourne and Geelong. That can easily be increased — obviously with cost — to a 15-minute regular service. A 15-minute service between Melbourne and Geelong can happen very quickly. In fact it was part of the previous state government's election promise to create 15-minute services between the two cities. If we can create that, have a stop near Avalon Airport which the train services every 15 minutes, then we have achieved what we need to do. All we need to do then is get those passengers across to Avalon Airport. That is why I am talking to you today about creating a light rail option. That new station, or maybe an adopted or transformed station — maybe Little River would be transformed or perhaps a new station between Lara and Little River would be created — would allow a train to go from Melbourne to this new Avalon Airport station. It could stop there and it could make that stop within half an hour — the same as for Melbourne Airport — for no cost.

A new station would be created, but the station would not be like a normal train station. It would be like an airport terminal. When passengers get off the train there, that is where the airport experience would actually begin — at that terminal. People would disembark, check in at the counters for the airlines, perhaps drop off their bags — it depends on the level of service from the airlines — and get their boarding pass. When they are ready to board they will simply jump on a light rail-type solution — very similar to what they have at Changi Airport perhaps, if you can visualise that, between the different terminals — that will travel over the 3 or 4 kilometres directly to the airport terminal, taking about 4 minutes.

What this would effectively do is save millions and millions of dollars. It would be very cheap. I have to be careful here, but I suppose we are thinking around about \$200 million — they are some of the estimates I have heard — compared to the billions you can spend at Tullamarine or even more at Avalon by putting in heavy rail. It is a very, very good option. It is a flexible option, and it is an option that can be grown as we grow. That is something should be considered.

The next problem we have — and this is all very similar to what G21's concerns are about linking Melbourne and Geelong — is taxi pricing. One of the big issues we have at Avalon is that a taxi price from Avalon to Melbourne's CBD is about \$100. Now most flights out of Avalon are not \$100, so what we are finding is that we are getting people flying down to Avalon on \$39 fares from Sydney, or \$49, or maybe \$100 fares if they bought an expensive one, and then jumping in a cab and blowing \$100, given that Melbourne Airport's price to the Melbourne CBD is about \$65.

Another complication is that once the taxi driver picks up from Avalon and takes them to Melbourne, they are no longer allowed to get a return fare, so the Geelong driver — because it is a Geelong zone — cannot pick up anyone in Melbourne and bring them back to Geelong. It is very inefficient as well. You have a situation where taxi drivers are driving one way empty all the way, and vice versa: anyone coming from Melbourne's CBD to Avalon Airport can only drop off at Avalon and is not allowed to pick up at Avalon unless they have been pre-booked. I put a submission in to this government on this matter, and I have also put a — —

**Mrs PEULICH** — As part of the taxi inquiry?

**Mr GIDDINGS** — As part of the taxi inquiry, but also there is a recent follow-up. I have made a submission that I think we should have a zone at Avalon that allows people to take fares two ways. It allows them to get double the fare, but the compromise for that would be they lower their fare to the same price as what Tullamarine is one way. So instead of \$100 at the moment being by meter, we have a fixed fare of \$65 from Avalon to Melbourne, but the compromise is that they can then pick up a fare from Melbourne back to Avalon for \$65, or perhaps to Geelong for \$100.

**The CHAIR** — That is what your recommendation was?

**Mr GIDDINGS** — This is what my recommendation was. Because if we are going to have two airports, they need to be on a level playing field. If Avalon is perceived as being \$100 away in a taxi, it is just not going to work. We are investing millions and millions of dollars in infrastructure. It is all private money. We are not asking for any money to do with that matter, but what we are asking for is just that the taxi prices can be fair. I think that would be a simpler solution.

The third initiative is the West Gate Bridge duplication. You heard before about the east–west link. I am not convinced on the east–west link, I must say. I am a firm believer of the development of Point Wilson as a next port and not necessarily Hastings.

**Mr FOLEY** — Don't say that to him!

**Mr GIDDINGS** — Yes, and I really believe that, and I think if we did not have the Hastings development and we had the Point Wilson development, then we could maybe not even have the east–west link and have a new duplication of the West Gate Bridge, which we are crying out for. The east–west link will provide some sort of relief, but it will not provide the direct relief we are looking for.

The next one I want to talk to you about is fresh milk exports — my voice is going a bit, sorry. Avalon Airport has been in discussions with a Chinese importer for about two years now on the proposed export of fresh milk from Avalon Airport to China. This would be the first time it has ever been done. At the moment we export long-life milk, but this would be proper fresh milk that you would pick up in a supermarket. We have stacked it up and it is all going very, very well. Our issues are at the Chinese end with their border agencies. The State Government has been reasonably supportive in assisting us there, but if they can provide greater assistance, that gives an enormous opportunity for this state. We could potentially take 100 000 litres of milk at a time into China. Maybe three flights a day, 300 000 litres a day going into China, would certainly help out the farmers, and it would be a premium product, so it would not be subject to all the price problems that we have down here.

They are my four little things that I think would really greatly help Avalon. As I said before, the opportunity at Avalon is enormous; it really is. We are up against a huge competitor, but we will get there. There is no doubt we will, but what we need to do is just be a little bit smarter about some of our planning. As I said, the rail link is a huge initiative, but what I am saying today is that we can actually save the Government money by just revamping what they want to do there at Avalon, and building it up so that we can actually have something that is scalable and practical straightaway. The taxi pricing is something I have discussed with Fels and others over time, and I think there was sympathy there for that. The West Gate Bridge duplication is just the no. 1 priority, and that fresh milk export is, I think, a huge opportunity for us. Thank you.

**The CHAIR** — Thank you very much, Justin. We really appreciate your time and your effort, and certainly the information that you provided to us. I believe that we do have at least one question for you and maybe a commentary.

**Mrs PEULICH** — Just a quick one: in relation to the taxi inquiry, could I say I live less than 30 kilometres away from the CBD in Melbourne and I pay \$70, so I certainly sympathise because I know my colleague David Koch raised that issue on numerous occasions on behalf of Greater Geelong City Council or for that region. It is a shame that you do not have total buy-in into the G21 priorities, especially the different perspectives on the east–west link.

**Mr GIDDINGS** — We do. We are their no. 3 priority, but you are right; I just disagree a little bit. I think if we get the east–west link, of course that is great, but I am just saying we think it is on the table, it has certainly been talked about a lot, it is probably a realistic option. If we were to throw everything out now and go back to a West Gate Bridge, that is probably going to put it back many years. I am just saying ideally really we need that direct link, I think. Having a road going onto the Western Ring Road — which I think is where the east–west link goes — the Western Ring Road is a terrible, terrible road. It will just add more congestion to it, that's all. It is all tied in with the port of Hastings as well and Point Wilson, but if we had Point Wilson going, which is on the right side of Melbourne for a port — for sure — and it has massive capacity, all those things, all of a sudden it would remove that need for the east–west link, I believe.

**Mrs PEULICH** — Thanks very much, Justin.

**Mr GIDDINGS** — No worries.

**Mr CARROLL** — Justin, you spoke about the rail — what you said was very interesting — and about perhaps going for a light rail. You also spoke about the taxis. Could I just ask two questions. They are not connected at all. What is the situation with bus services to Avalon? And are your employees who work there from the Geelong region or Melbourne? What is their make-up?

**Mr GIDDINGS** — We have two bus services. They are private. There is a Melbourne-bound one, which is run by Sita. They charge only \$22. It is a coach, not a bus, so it is a little bit more upmarket than the Melbourne Airport bus that they have. It takes passengers directly from Avalon Airport to Melbourne right next to where the Melbourne Airport bus picks up, so it is exactly the same. That runs very well. It meets every flight. Every flight that comes into Avalon Airport has that bus there to meet them. The problem we have, of course, is the capacity of that bus. It is often full; often they have to get another one. Buses have the problem of traffic, getting stuck on the West Gate Bridge and all those things, so that is an issue. There is also a bus that runs from Geelong to Avalon. It is private, and I must say it generally struggles for patronage, mainly because of the cost. Geelong people are a little bit frugal normally, and they generally tend to drop people off. One of the things I would like to see — and this is a new thing — is public transport extended from Geelong to meet Avalon Airport. I think that would be sufficient for the people of Geelong.

**Mr CARROLL** — Okay, and the employees?

**Mr GIDDINGS** — We did a study probably about two years ago, so it is a little bit out of date, but it was about 21 per cent from Lara; about 20 per cent from Corio; about 20-odd per cent from Wyndham area, which made about 60 per cent; the majority of the rest were from Greater Geelong; and all the rest were from Melbourne. A lot of Qantas engineering is from Melbourne.

**The CHAIR** — On behalf of the Committee I thank you very much for being here, Justin, and for all of the work you have put into your presentation. The information we have received will obviously be very beneficial

in putting together our report and arriving at our recommendations. Within about a fortnight you will get a transcript of today's proceedings. Feel free to point out any grammatical errors that you believe exist, but nothing to the substance of the document.

**Mr GIDDINGS** — No worries. Thank you.

**The CHAIR** — We would also like to take this opportunity to acknowledge one of our colleagues, MP David Koch, a member for Western Victoria Region, in the gallery. Welcome, David, it is good to have you here.

I would like to thank Greater Geelong City Council for hosting us today. It has been wonderful and a great experience for us. The way we were treated and looked after was fantastic. It was first class.

**Mrs PEULICH** — Especially by Keelie.

**The CHAIR** — Keelie has done just about everything today, looking after us very well, making sure we were in the right spot at the right time and that we were talking to the right people, which is always an advantage. I thank Hansard for today. They have done another wonderful job for us, and we would not be going anywhere without Hansard. Thank you to everyone who has been in attendance. I have learnt a great deal today, and the Committee has absorbed a lot of information that will be very beneficial moving forward, completing our report and making our recommendations. Thank you very much for being here.

**Committee adjourned.**