

**Commercial development on Australian airports:  
Planning issues and debates through the lens of the National  
Aviation Policy Review**

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## **Abstract**

In line with overseas trends toward ‘airport cities’, all major federally leased Australian airports now derive a significant proportion of their revenue from non-aeronautical sources. New land uses such as direct factory outlets, big-box retailing and even brickworks have proven most controversial. State governments, local councils, community groups, industry and professional associations have expressed concerns about these commercial developments. Vesting of statutory responsibility for airport development approvals under the *Airports Act* 1996 in the Commonwealth Government has underscored the tension. Debate about development of non-aeronautical activities on federally leased airport land is one of a suite of public policy issues addressed in 2008-09 by the National Aviation Policy Review. The review is being conducted by the Department of Infrastructure, Transport, Regional Development and Local Government. A ‘Green Paper’ (December 2008) outlined projected policy settings across a range of concerns. The present paper analyses nearly 200 submissions which addressed ‘aviation infrastructure’ issues and focuses specifically on the problematic issue of commercial airport enterprises. It looks for broad patterns of convergence and divergence amongst stakeholders in the discourses of debate. The results reveal a striking contrast between the views of the various major stakeholders capturing the desirability of reforms which have already commenced before the Review has been completed.

## Introduction

In recent years, airports as an urban phenomenon have attracted interest from a variety of disciplinary perspectives. They have been represented variously as docking and transfer nodes in network studies under the forces of aviation liberalisation (Zook and Brunn, 2006), substantive components of national transport infrastructure and policy (Graham, 2003), cultural spaces of 'aeromobility' (Adey et al., 2007), contested territory for local and regional communities (Griggs and Howarth, 2008), and one of the biggest challenges for sustainability in an era of climate change (Upham et al., 2003). The sustainable planning, development and management of airports is now a global concern (Freestone, 2009).

The attraction of airports as a focus of contemporary research can be attributed to several factors. They are intrinsically complex spaces presenting an array of often problematical interfaces with the outside world (Stephens et al., 2009). They are the archetypal postmodern space for cultural theorists critically unpacking the mores of a kinetic, nomadic society (Creswell, 2006). Their facilitation of massive passenger and freight flows fundamentally underpins the nature of globalisation today (Urry, 2007). And so they are crucially important networked nodes in the contemporary space-economy. O'Connor and Scott (1992) confirm their centrality to both 'the operation and development of metropolitan areas' and competition 'between cities and nations for influence in, and the benefits of, growth and development'.

This paper examines the rising importance and planning implications of Australian airports as business activity centres. Since their 1996 privatisation, major Australian airports have embarked upon an unprecedented wave of commercially-orientated development. Legitimised by master plans and major development plans required by and approved under the federal *Airports Act 1996*, these developments reflect business plans geared to maximising shareholder returns on investment outlays and minimising risks from over-dependence on airline movement revenue. Aircraft noise and residential amenity remain ongoing planning concerns from a broader community standpoint, but have now been joined by some objections to the scale and nature of commercial development. This disquiet has been linked to critiques that the Commonwealth Government's approvals regime for airports is not effectively integrated into state and local decision making machinery. There have thus been tensions between airport leaseholders and

other government, community and corporate interests over the building of shopping centres, office blocks, hotels and other non-aeronautical developments quarantined from conventional state-driven planning processes.

These issues have surfaced in the Commonwealth's National Aviation Policy Review launched in early 2008 under the auspices of the Department of Infrastructure, Transport, Regional Development and Local Government (DITRGLG). An initial Issues Paper was released in April 2008, attracting nearly 300 submissions. The subsequent Green Paper in December 2008 which outlined a general blueprint for the aviation industry in response to the earlier round of consultation in turn attracted a smaller number of submissions, but still in excess of 200. Building on earlier research (Freestone et al., 2006), this paper reports a review and analysis of the submissions addressing the issue of non aeronautical developments on airport land in order to identify and document the breadth, depth and diversity of positionalities.

There are five main sections to the paper. The first sketches the changing nature of the modern airport. The second outlines the rationale for and nature of non-aeronautical land development both generally and in the Australian case. The third outlines the National Aviation Policy Review. The fourth describes the method used to analyse submissions to the Policy Review's Green Paper (December 2008) and the general coverage of airport planning and development issues. The fifth examines in more detail how the issue of non-aeronautical development was debated. The conclusion brings together the main findings and implications of the study.

### **The airport as a business entity**

The role of the airport in regional and national economic development has been acknowledged for some time. While there are methodological difficulties in establishing precise causality between airport expansion and economic development (Graham, 2003), there is little doubt that they can contribute substantially to economic growth through direct, indirect and induced employment effects (Brueckner, 2003; Green, 2007). The construct of the airport as an economic gateway is captured by their conceptualisation as growth poles (van den Berg et al., 1996) if not the epicentre of wider 'aerotropolitan' regions (Kasarda, 2009), a trend posing challenges for

optimal regional governance (Prins, 2008; Schaafsma et al., 2008). The central conundrum for airports has always been the juxtaposition of regional and national economic benefits with more localised ‘environmental intrusion’ into urban communities (Button and Lall, 1999) and latterly their role in the climate change debate (Macintosh and Downie, 2007).

In the jet transport era, airports have evolved from ‘mono-modal’ to ‘multi-modal’ facilities (Kesselring, 2008). They have shifted from solely servicing airlines as a singular client to marketing-oriented multi-service business entities in their own right. This transformation from public utilities to business enterprises has been characterised by three major trends: privatisation (government divestment), globalisation (new structures of ownership), and commercialisation (corporate management practices) (Graham, 2001). Jarach (2001) identifies five main sources of commercial revenues: commercial offerings (shops), tourism (hotel, theatres, attractions), business services (convention centres and conference facilities), logistical (air freight, car rental), and knowledge consulting (airport and aircraft industry). Conventionally, two types of income streams for airports are identified: aeronautical – linked directly to passenger and cargo movements, and non-aeronautical – generated from non aircraft related commercial activity (Doganis, 2002). Whereas the traditional, ‘air-side operations minded’ airport generated most of its revenue from aeronautical activities with other commercial and service ventures (‘non-aero’) playing a clear secondary role, the reverse is now the case (Jaruch, 2001). Moreover, the profit margins from non aero tend to be greater and have grown more quickly in recent decades (De Neufville and Odoni, 2003).

### **Non-aeronautical airport income**

The rising importance of non-aeronautical revenues has been driven by risk management strategies to diversify income streams and lessen reliance on aeronautical charges given the vulnerability of the aviation industry to external shocks like pandemics, terrorism, and economic downturns. A survey of major world airports in 2006 revealed an average of 48% of revenues deriving from general commercial activities (Graham, 2009). The Schipol Group has helped set the pace and has sought to market its concept of the 24/7 ‘AirportCity’ internationally (Graham, 2001). Creswell (2006) describes Amsterdam Schiphol today as a ‘truly remarkable kind of

place’ with its conjunction of cultural, hotel, office and retail spaces. Other airports have followed this model, including Bangkok, Dallas, Dubai, Frankfurt, Hong Kong, Seoul and Singapore. Athens International is following the ‘inspiring’ lead of such hubs in ‘their commitment to non-aeronautical development programs’ in order to achieve ‘a balanced portfolio of revenue streams’ and non-aero activities now account for 40% of its total revenue and 65% of pre-tax profit (Arend, 2009). The increasing exploitation of non aeronautical revenues is also evident in New Zealand with an expansion beyond traditional sources such as terminal retailing and car parking toward more innovative tourist activities such as parachute rides, air shows, and themed attractions (Lyon and Francis, 2006).

On the Australian scene, two reports by the Productivity Commission in 2002 and 2006 convey both the rising significance of non-aeronautical activities over the last decade and the ideological neo-liberal commitment to a facilitatory ‘light-handed’ regulatory approach to major airports. The non-aeronautical segment of the airport business is much more profitable than the aeronautical side. Even by 2000, every dollar of operating profit earned from the provision of aeronautical services meant more than four dollars of profit earned from non-aeronautical activities (Productivity Commission, 2002). With the Commission convinced that non-aeronautical services are supplied under reasonably competitive conditions, they are accordingly not subject to direct government monitoring and pricing regulations. The 2006 inquiry by the Commission confirmed the significance of non-aeronautical returns (Table 1) and seemed comfortable with the conclusion that the airports’ desire to sustain and build non-aeronautical revenues was unlikely to be a significant constraint on aeronautical charges, despite this oft-stated rationale. Privatisation has undoubtedly been a major driver of diversified commercial operations although the latter trend was already evident during the immediately preceding Federal Airports Corporation (FAC) era (Productivity Commission, 2002).

	<b>Percent</b>	<b>Profit<sup>1</sup></b>
<b>Canberra</b>	61%	\$28.6m
<b>Brisbane</b>	45%	\$127.2m
<b>Perth</b>	53%	\$60.4m
<b>Adelaide</b>	43%	\$29.7m
<b>Sydney</b>	39%	\$40.6m
<b>Melbourne</b>	38%	\$81.9m

1. EBITA, Earnings before interest, tax and amortisation

Table 1: Proportion of revenue from non-aeronautical activities and operating profit at price monitored Australian airports 2004-2005 (Source: Productivity Commission, 2006)

Non-aero sources themselves can be split into several categories including terminal shopping, car parking, rental car and ground transport fees, hotels, freight forwarding operations, airline catering, offices, general retailing, advertising and so on. De Neufville and Odoni (2003) identify the rising importance of income from off-airport management, consulting, and educational services. The nature of revenue received is determined by business strategies fitting different governance frameworks and can include business rights and concession fees, land and property rentals and lease (fixed and turnover), and direct revenue. The importance of non aeronautical sources will likely rise in significance in a volatile aviation environment currently experiencing downturns in passenger and freight traffic (Graham, 2009). There is business logic to this trend, although components such as terminal retailing are not of themselves completely insulated from external shocks affecting passenger volumes. There is evidence in the United States of recent experimentation with a variety of non-aero sources from light industry and warehouses to paid advertising, slot machines and even pet hotels (Unnikrishnan, 2009).

The main concern of this paper is commercial land development outside the terminal on land considered as not needed, at least in the foreseeable future, for core aviation activity. Although financial data are not available, the income stream from these sources appears generally to be less than more lucrative activities such as terminal retailing and car parking but nonetheless significant, especially for airports with plentiful land stocks. In Australia, airport lessees utilise a variety of land development models including englobo parcel leasing, ground leasing of individual lots, joint venture development and direct development. The risks involved, particularly given the constraints of leasehold tenure and cost of up-front infrastructure investments, usually promote a diversified strategy (Reiss, 2007).

The windfall prices paid to secure leases of the former FAC airports in the late 1990s reflected a clear expectation of future realization of latent commercial potential in retail, car parking, and property development (Productivity Commission, 2006). The turn to the commercial commodification of airport land has played out differently around the nation's airports depending on a varied mix of land and locational opportunities. With Schiphol as a major shareholder and at 2700 ha, Australia's largest capital city airport Brisbane has embarked upon a major 'airport city' development of specialised business, retail, industrial, and aviation educational precincts. In

Canberra, between 1998 and 2008, the number of airport businesses increased from 70 to 180. The showpiece Brindabella Business Park boasts landmark sustainable office buildings. At a smaller scale, Adelaide is following suit with a discount factory outlet complex, business parks, and a flagship IKEA store. Hobart similarly has aspirations for a direct factory outlet (Stratford and Wells, 2009). The brickworks on Perth airport were a particularly controversial development as were proposals floated by the more land-locked Sydney Airport for either a cinema complex or retail business park late in 2005 and which brought the debate in that city over non-aeronautical development to a head. General aviation airports such as Moorabbin, Essendon, and Bankstown have also pursued entrepreneurial initiatives involving non-aero uses such as hardware centres and automotive showrooms.

While these trends are in line with those in some other parts of the world, the distinctiveness of the Australian situation has been what Morrison (2009, 113) describes as ‘the ability of airports to side-step local constraints on development’ by virtue of approval processes under the *Airports Act 1996* that by-pass state legislation. The response of new airport operators to commercial development opportunities set the scene for increasing disgruntlement from local councils, state governments, community and environment groups, and professional organisations including the Planning Institute of Australia (PIA). Early in 2007 proposed amendments to the *Airports Act* were referred to a Senate Standing Committee on Rural and Regional Affairs and Transport inquiry whose public hearings were a forum for community unease about airport development. One mayor complained that ‘we are dealing with corporations who have less interest in planes landing and taking off than they have in being land developers’ (Australian Government, 2007). Several grounds for criticism converged during the hearings:

- Large-scale commercial developments taking place outside state and local planning control and strategies
- The highly flexible and use-inclusive nature of generalised airport master plans
- Lack of developer contributions for infrastructure upgrades
- Documentation for development less than required for conventional DAs (traffic, financial, environmental studies etc)
- Poor community and government consultation

- Lack of independent reviews or third party appeals
- A 'light-handed' regulatory approach by the federal government favouring governments
- Lack of urban planning expertise at the Commonwealth level.

The major provisions of the *Airports Act* nevertheless remained intact reflecting a bi-partisan political consensus regarding the importance of airports in national economic development and the value of substantial private capital investment in airport infrastructure generally. However, the broader community debate on airport planning and development was an important consideration explaining the instigation of the National Aviation Policy Review by the Rudd Labor Government after its election in late 2007.

### **The National Aviation Policy Review**

The Review responds to an array of challenging factors in the aviation environment, from climate change and public safety to security and training needs. The Government's intention is 'to give industry the certainty and incentive to plan and invest for the long term, to maintain and improve our excellent aviation safety record, and to give clear commitments to travellers and airport users, and the communities affected by aviation activity' (DITRGLG Website, June 2009). Two key documents for public comment have already been released: an Issues Paper outlining challenges and questions (April 2008) and a more substantial Green Paper signposting needs and possible scenarios across ten major areas: aviation safety, aviation security, international aviation, domestic and regional aviation, general aviation, industry skills and productivity, consumer protection, airport infrastructure, aviation emissions and climate change and noise impacts. Over 500 submissions were made on these documents. A major White Paper outlining the Government's policy position is due for release in late 2009.

Although clearly not the sole concern of the Review, airport planning and development is a major concern. The Government has endorsed a philosophy of balanced and collaborative planning. The Green Paper is sprinkled with keywords like 'new partnerships', 'improved coordination', 'better integration', and 'a greater sense of shared commitment to the development

of the airport site'. Several key elements of a more effective planning regime, albeit one remaining totally under federal control, are outlined, including:

- better cooperative arrangements to integrate airport planning and regulation with local and state and territory planning and regulatory arrangements
- strengthening the content of master plans (required every five years under the *Airports Act*)
- changing arrangements for widening the triggers for major development proposals (currently limited to projects costing a minimum of \$20 million)
- identification of non-compatible land uses on airports
- improved processes for approval of non-aeronautical and aeronautical development
- more consultative arrangements with communities
- better managing impact of aircraft noise on local communities
- a clearer framework for protecting airport operations from inappropriate development.

Closer scrutiny of non-aeronautical development is clearly foreshadowed. Mooted are possible Ministerial requests for more detailed precinct plans setting out the nature of the proposed development, identifying impacts on and off-airport, and measures to mitigate impacts.

### **Analysis of Green Paper submissions**

In December 2008, in response to submissions received on the Issues Paper, the Government presented generalised policy proposals for comment in the Green Paper *Flight Path to the Future*. Over 220 submissions were made, and 210 of these were made publicly available at the formal close of the consultation period. Of these, a total of 181 submissions (86%) addressed matters relevant to airport development under the heading 'aviation infrastructure' (Figure 1).

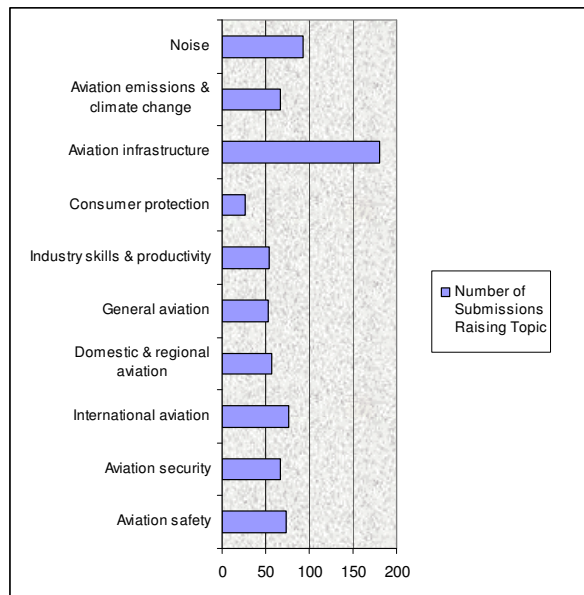


Fig. 1: Concern about airport Infrastructure and other issues in Green Paper submissions

These submissions were reviewed using a combination of content and discourse analysis techniques to uncover shared and conflicting ideas, concepts and contentions among and between the main stakeholders. The approach and aim is intended to better document the dimensions of conflict and underscore the need for collaborative policy-making (Butteris et.al., 2001). The planning issues raised in these submissions were categorised into 16 specific topics derived from both the contents of the Green Paper and the recording of other airport planning issues raised in the submissions themselves. The discourse was analysed by recording, for each submission, positions or judgements on issues raised, arguments and proposals on issues, and emotional or rhetorical phrases used. Each submission was also classified according to participant type and according to the main airport discussed. The resulting database was then sorted, by participant, issue and airport, to identify competing discourses and potential discourse coalitions.

*Regional Airports:* including significance of regional airports to regional development, international access to regional airports, desirability and cost of security measures, and funding programs for regional and remote airports (83).

*Planning Around Airports:* including risk-based planning of off-airport development to allow for airport operation & growth, public safety zones around airports, planning under flight paths and to manage noise exposure, and general planning of airport regions (but not off-airport infrastructure planning) (70).

*Airport-Related Noise Mitigation:* including desirability and operation of curfews, noise-insulation programs and industry funding for noise mitigation and compensation (65).

*Airport Community Consultation:* including desirability of establishing airport community consultation groups, compositions, roles and responsibilities, and procedural matters (64).

*Government Responsibilities in Airport Planning:* including desirability of Commonwealth control over airport planning, jurisdiction over non-aeronautical development on airport land, intergovernmental coordination for airport-related development and Local Government control of smaller airports (64).

*Non-Aeronautical Uses at Airports:* including potential impacts on aeronautical uses, desirability or need for non-aeronautical uses, and competition with similar uses outside airports (55).

*Airport Investment and Growth:* Including impacts on investment from global financial crisis, oil depletion, and proposed regulatory changes, significance of non-aeronautical revenues to investment, desirability of airport investment/growth & alternatives to airport investments (54).

*Airport-Related Noise Information Tools:* including adequacy of Australian Noise Exposure Forecasts as planning information tools, web-based flight path information tools, the Transport Noise Information Package and providing noise exposure advice to home-buyers (53).

*Off-Airport Transport and Community Infrastructure:* including extent of airport impacts on surrounding infrastructure, infrastructure funding responsibilities and integrating planning of on- and off-airport infrastructure (53).

*Airport Master Planning:* including accuracy and transparency of master plans, level of detail in master plans, and desirability of proposed changes to master planning including precinct plans (51).

*Airport Planning Advisory Panels:* including desirability of establishing panels, composition, roles and responsibilities, and funding (43).

*Second Sydney Airport and Sydney Airport Capacity:* including desirability of second Sydney airport, alternatives to a second Sydney airport and possible locations (42).

*General Aviation at Airports:* including significance of and provision for General Aviation (GA) at airports, noise from GA activities, location of GA airports (40).

*Airport Development Control:* including review of major development plan triggers, call-in power for sensitive developments and prohibition of incompatible uses on airport land (38).

*Airport Pricing:* including desirability of more extensive price monitoring, price monitoring of airport car parking, and proposed 'show cause' process for pricing misbehaviour (31).

*Airport-Related Noise and Health Impacts:* including health impacts of aviation noise, studies of health impacts, and use of health risk assessment for airport developments (14).

**Table 2: A categorisation of airport planning issues raised in submissions to the Australian Government's Green paper on Aviation Policy (2009), ranked ordered by the number of substantive mentions in submissions (in parentheses)**

Table 2 identifies and defines the sixteen specific issues identified in order of importance and conveying the broad canvas of opinion on planning-related matters. The issue of planning around airports has been explored elsewhere (Freestone and Baker, 2009). Non aeronautical developments, the concern of this paper, attracted substantive commentaries in a total of 55 submissions, making them the sixth most important planning issue overall.

### **Stances on airport commercial development**

Commercial land development at airports was a ‘top ten’ issue raised explicitly in 30% of submissions dealing broadly with aviation infrastructure. This number underestimates the level of concern because many other issues raised in submissions were linked to the debate about commercial developments on airport land. Concerns in the general category of ‘government responsibilities in airport planning’, for example, included the appropriateness of Commonwealth control over airport planning generally and non-aeronautical developments specifically, as well as measures to improve intergovernmental coordination on these matters. Similarly, concerns expressed about ‘off-airport transport and community infrastructure’ included the impact of aeronautical and non-aeronautical airport developments on roads and other public facilities. When overall rankings (Table 2) are disaggregated by broad sector – business, community, and government – non-aero rated as the third most important issue for state governments and local councils. Overall, of the 55 submissions addressing the issue, a total of 40 (73%) expressed some concern with the trend.

Government and community submissions highlighted two concerns. One argument was that airport non-aeronautical developments displaced aeronautical uses at airports. The NSW Local Government and Shires Association, for example, was disturbed by ‘unrestrained development at airports at the expense of future aviation expansion needs’. Defenders of the South East Green Wedge in Melbourne argued that non-aeronautical developments limited land available for aviation-related uses. A second concern was disruption to the orderly planning of retail hierarchies. The ACT Government submitted that significant non-aviation development challenged ‘established planning strategies of directing growth into town centres well-served by public transport and threatens the viability of existing centres’. The Victorian Government

submission echoed these concerns. Several state government submissions also highlighted the fact that airport commercial developments impacted local infrastructure but provided no developer contributions. They argued such developments should be subject to local and state planning laws because they did not constitute 'key national infrastructure'. Further, some government and community submissions said that the exclusion of airport commercial developments from state and local planning laws and developer levies was inequitable. The Alliance for a Clean Environment and the WA Local Government Association agreed that airport commercial developments had 'an unfair commercial advantage'.

On the other hand, the airport business submissions argued that airport commercial developments were 'crucial' to the viability of airports and 'essential' to investment in aeronautical land uses. The Australian Airports Association (AAA), the main airport industry lobby group, drew attention to 'the current global financial crisis that poses so great a risk to Australia' and said that the Government must recognise that commercial on-airport developments 'are fundamentally essential if airport operators are going to have to make the massive aeronautical investments increasingly required to support future demands for airport services'. Also communicated was the temporary nature of some developments (such as low cost factory outlet structures) whose sites could be reclaimed for core aeronautical development in the future. Brisbane Airport Corporation contended that the aeronautical/non-aeronautical divide is 'outdated and inappropriate in the context of the role of the modern airport', arguing that it was off-airport planning and not the master planning process that was flawed by allowing residential developments and building heights off-airport to pose a risk to airport operations.

Other business stakeholders, including property developers and some airlines, offered views that were similar to those of the governments and communities. The Shopping Centre Council of Australia argued the exemption from developer levies gave airport commercial developers a 'windfall advantage'. A submission on behalf of Westfield Corporation – which lost a precedent-setting case protesting a retail development under the *Airports Act* at Brisbane Airport in 2005 - said that planned commercial uses which had been mooted for Sydney Airport disregarded the local context and impacts on state planning and land use controls. The submission added that airport retail development would attract crowds and 'create a potential terrorist target'. The

airline Regional Express said it was concerned that aeronautical services ‘should not be lost’ to profit-driven airport commercial developments. Aviation-related professional associations were also concerned about the potential risk to aviation-related land uses. The Australian and International Pilots Association said airport operators ‘sometimes pursue non-aeronautical profit maximisation at the expense of aeronautical safety’.

The Green Paper submissions revealed that non-aeronautical development was a specific issue at nine federally leased airports. In Perth, for example, where a brickworks and other non-aeronautical uses are located, the airport company submission warned that global economic decline may threaten availability of finance and therefore the ability of airports to deliver aeronautical infrastructure investments. It argued that on-airport planning and development ‘has been sensible, appropriate, well-executed and entirely in the public interest’. The Perth Airports Municipalities Group however said it was concerned that the non-aeronautical uses affected local infrastructure and that the airport paid no developer contributions. The Group said that there had been little consultation with them over airport commercial planning. The Midland FROGS, a community environment group, argued that the brickworks were ‘inappropriate and polluting’.

At Moorabbin Airport, where airport commercial development is soon to expand onto the local golf course and ‘green wedge’ land, the airport company argued that non-aeronautical uses are ‘absolutely vital’ to investment in aeronautical uses. In relation to airport planning, it said that ‘there should not be a presumption that the current system does not operate to effectively plan airports’. Rather, it argued the challenge at Moorabbin was off-airport planning in the surrounding area and the protection of prescribed airspace. The City of Kingston however said that its experience at Moorabbin had been that ‘substantive and clearly disproportionate investment has occurred in non-aeronautical retail, office and industrial development with limited investment in any strategic operational improvements to the aviation role of the airport’. It said it was concerned about development on the golf course and a planned on-airport supermarket that it believed undermined good retail planning. The Moorabbin Airport Residents Association argued that airport commercial developers should have to comply with local and State planning laws ‘just like anyone else’. Another environment-related community group said

the proposed non-aeronautical development at Moorabbin ‘flies in the face of fair, orderly and sustainable planning’.

On what might ensue from the Review, the airport submissions generally expressed significant opposition to many of the proposed reforms floated in the Green Paper, arguing that the existing system is adequate. Submissions by the AAA, Canberra, Sydney, Perth and Bankstown airports warned that major procedural changes, such as greater discretion for Ministerial call-in of smaller projects, would seriously threaten airport development. The AAA said that ‘the introduction of the call-in power would carry considerable risk that infrastructure investment will be deterred’. Canberra Airport argued that ‘investors need to have certainty around the development approval process’. Several airports suggested that major development plan triggers should actually be tightened to capture fewer developments. The AAA, Canberra, Perth and Moorabbin airports opposed detailed precinct plans for Ministerial approval.

The property industry, government and community submissions generally agreed on the need for airport planning reforms and supported many of the Commonwealth proposals. Many of the submissions supported more detail, transparency and certainty in airport master plans. The property industry and governments strongly supported infrastructure contributions by airports. Queanbeyan City Council, similar to several other submissions, said there was ‘a strong argument on equity considerations’ for such contributions. Government and property industry submissions also provided strong support for the widening of major development plan triggers and more cautious support for the call-in power. The Shopping Centre Council argued ‘the most equitable approach’ was for non-aeronautical developments to comply with state and local planning laws. Some government submissions indicated that if the planning approval role is to stay with the Commonwealth, non-aeronautical developments should at least be tested against state and local laws for consistency. This view effectively reiterates the stance of the PIA (Spiller, 2006).

## Conclusion

The privatisation of Australian airports has been a successful experiment in shifting the burden of aviation infrastructure investment from the public purse to private capital. Since 1997, over \$2.2 billion has been invested at leased federal airports with commitments for a further \$4 billion in the near future (Australian Government, 2008a). While urban and especially general transport infrastructure may be in a parlous state (Atkinson et al., 2007), it is fair to say that major city, regional and general aviation airports are not in this category.

One by-product of this legislated shift has been a redefinition of the role and status of the airport as a significant amount of expenditure is directed to leveraging non-aeronautical revenue streams. Privatised airports have been described as an economic ‘jet engine’ whose collective and cumulative contributions to GDP are making them a key sector in the national economy with Australia leading the world in the development of ‘air cities’ although this was not a core policy objective of the *Airports Act* (TTF, 2007).

This analysis of Green Paper submissions reveals a clear divide between the airports’ position and that of most other stakeholders on many planning issues including that of non aeronautical development. These positions have become relatively entrenched since the late 1990s. The obvious challenge ahead for Australian aviation policy-makers will be to promote constructive collaboration amongst all stakeholders. The mission of the new National Aviation Policy is to seek some reconciliation between these views, and the desired model will more than likely keep the current statutory arrangements in place but forge a compromise around greater consultation and Ministerial scrutiny of proposed developments not directly connected to core airport operations even though it is the growth in passenger numbers and freight volumes that are arguably the major contributor to impacts on off airport infrastructure,

The Minister for Infrastructure, Transport, Regional Development and Local Government has already acted to tighten the approvals regime for non-aeronautical developments while the National Aviation Review remains in train. On 4 September 2009 *The Australian* reported that the Minister would require non-aeronautical developments to move through the major development plan process even if development costs were valued at below the current threshold

of \$20 million (Creedy, 2009). On 9 September 2009 Regulation 5.02a was appended to the *Airports Act* to 'specify' several actions as 'major airport development', namely building or extending a residential dwelling; a community care facility; a pre-school; a primary, secondary or tertiary educational institution (not including aviation education); a hospital; and a child care facility (other than for airport employees). Prompted by reports of a possible Islamic school project at Bankstown Airport, this action ensures a greater measure of transparency through the statutory public exhibition period required for major development plans.

The Green Paper foreshadowed such actions in canvassing both the widening of triggers for major development plans and also identifying uses considered non-compatible with airports. Other consultative mechanisms and greater scrutiny of airport decision-making will almost certainly be put in place in the wake of the National Aviation Review. However any augmented statutory role for state or local governments in federal airports remains extremely unlikely. The outcomes will likely not please everyone and are unlikely to comprehensively address the planning complexities and needs arising from clashing jurisdictional responsibilities. For many observers, the larger question posed by Morrison (2009, 114-115) will linger on: 'the complexity of understanding the role of non-aviation business in the context of airport governance and regulation suggests a more general public policy issue embedded in the recent trend towards airport privatization: what exactly do we think airports ought and ought not to be? Do we want cities with airports or airport cities?'

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