

The Hon Paul Fletcher MP

Minister for Urban Infrastructure and Cities

Aerotropolis Investor Forum

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Introduction

Let me add my welcome to that of the Prime Minister of Australia, Premier of New South Wales and Mayor of Liverpool.

It is wonderful to see so many people here, interested to learn about the abundant economic opportunities that will be generated by Western Sydney Airport, and by the Aerotropolis that we are developing around it.

As the Commonwealth Minister responsible for delivering the airport – and for the Commonwealth’s role in the Western Sydney City Deal – in my brief remarks I want to focus on why you can be confident that this is a great place to invest.

Let me make three points in the brief time available to me. First, the case for Western Sydney Airport is very strong. Second, we are executing on a plan to make this a highly successful airport.

And third, all three levels of government are determined to make the airport a catalyst for regional economic growth, to establish the Western Parkland City, and we have a very strong agenda to achieve that outcome, through the Western Sydney City Deal. This is good news for any business thinking of locating in Western Sydney.

The case for Western Sydney Airport is very strong

Let me start with the strong case for Western Sydney Airport – and the case for why the Australian Government is investing \$5.3 billion to deliver the airport, with services due to commence in 2026.

Three policy objectives underpin the action we are taking. The first is to provide vitally needed extra aviation capacity.

The 2012 Joint Study on Aviation Capacity found that Kingsford Smith Airport does not have enough capacity to meet rapidly growing demand for air travel to and from Sydney. By 2027 there will be no more slots available at Kingsford Smith; by the mid-2030s there will be no additional capacity.¹

Demand for international flights is growing strongly. International scheduled passenger traffic was 3.2 million in February 2018, 7.6 per cent higher than in February 2017.²

This is particularly important in Sydney which is Australia's aviation gateway, with 41 per cent of international traffic.³

Domestic passenger numbers are also rising – up 3.3 per cent in the year to March 2018 on the busiest domestic route, Sydney to Melbourne.⁴

For Sydney and Australia to remain competitive, Western Sydney Airport is vital. It will add much-needed aviation capacity to the Greater Sydney region well before Sydney Airport hits capacity.

Our second policy objective is to provide the people of Western Sydney with better access to air travel. Today, if you live in Western Sydney, you can face a

¹ Commonwealth of Australia. 2012. Joint Study on Aviation Capacity in the Sydney region

² BITRE data release: International Airline Activity, February 2018

³ BITRE data release: International Airline Activity, February 2018

⁴ BITRE data release: Domestic Aviation Statistics, March 2018

trip of more than an hour and a half to reach Sydney Kingsford Smith Airport, on the city's eastern edge.

That costs money as well as time. As one airline executive told me – his airline offers \$69 airfares to Melbourne, but some customers travelling from Western Sydney are paying \$180 in taxi fares.

Western Sydney Airport will end the unfair situation where people in Western Sydney have much poorer access to their nearest airport than people in other parts of Sydney, and other cities of Australia.

The third objective is the boldest and most ambitious. The new airport will be the centrepiece of a third city for Sydney – the Western Parkland City - to complement existing centres at Parramatta and the Sydney CBD.

Western Sydney is the fourth-largest city, and the third-largest economy in Australia, and is growing fast. Already two million people call Western Sydney home, and this will increase by another million people in the next 20 years.

We envisage Western Sydney Airport as a jobs-generating core which in turn will attract, and complement, new residential and commercial development.

This is particularly important to help deal with the jobs imbalance we face today. A third of Western Sydney workers – more than 300,000 people – travel outside Western Sydney for work each day.

We are executing on a plan to make this a highly successful airport

All of our policy objectives depend upon this airport being a highly successful business – rapidly attracting airlines, passengers and freight from the moment it opens. Naturally, that is also of great importance to businesses considering investing or locating in the Aerotropolis.

Shortly you will hear from Paul O’Sullivan, Chairman of the Board of WSA Co, the Australian Government owned company set up to build and own the airport. Before he gives some more detail, let me highlight three key points.

The first is that this airport faces a very attractive market opportunity.

International and domestic aviation in Australia is growing – underpinned by population growth, GDP growth, and very strong growth across Asia.

According to the Brookings Institute, 90 per cent of the next billion people to enter the middle class will be in Asia and by 2030 two thirds of the global middle class will be in Asia.⁵

As to the share of traffic to and from Sydney likely to be captured by Western Sydney Airport, let me start with its catchment area. Two million people will be closer to the new airport than to Kingsford Smith Airport.

Next there is its growth capacity – compared to the limits on Kingsford Smith which I have discussed. And additionally there is the fact that Western Sydney Airport does not have a curfew whereas Kingsford Smith does.

I want to highlight, secondly, that we have appointed an experienced, professional board and management team to WSA Co. They have been given a clear mandate – to get this airport built and operating by 2026, and to deliver the most attractive possible offering for airlines, passengers and freight users.

The business plan sees the airport open with a 3,700 metre runway and a single, integrated domestic and international terminal with capacity for up to ten

⁵ Homi Kharas: “The unprecedented expansion of the global middle class: An update”, Brookings Institute Global Economy & Development Working Paper 100, (February 2017) https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf

million passengers a year. That is a level we expect to reach by the early twenty thirties.

The airport will be equipped with the latest aviation technology, including a CAT III-B instrument landing system. This will minimise disruptions, by allowing airport operations to continue safely even in thick fog conditions with visibility as low as 50 metres.

Design for staged development, Western Sydney Airport will be prepared for five years of forward demand. And the site provides ample capacity for the expansion that is expected over many decades as passenger numbers grow.

By 2050, we expect Western Sydney Airport will be serving around 37 million annual passengers.

That is the stage at which we expect a second parallel runway will be required. It is planned to be built with a separation distance of 1,900 metres, allowing for both runways to operate simultaneously and independently.

Thirdly, let me highlight the excellent ground transport connectivity that Western Sydney Airport will have.

The Australian and New South Wales Governments are working together very closely on this. We have jointly funded the \$3.6 billion Western Sydney Infrastructure Plan, which is building and upgrading roads to link Western Sydney Airport to Sydney's road network.

There will be a new M12 Motorway, connecting the airport to the M7 and Sydney's motorway network.

Entry to the airport's freight precinct will be from the Northern Road, which will run along the western boundary of the airport. The Northern Road will be

upgraded to at least four lanes along its 35 km length – with the first stage already completed.

There will also be rail connectivity. The Australian and New South Wales Governments have committed to rail from St Mary's – which is on the existing T1 Western Line of the Sydney Rail network - to Western Sydney Airport and to North Bringelly. We have stated our joint objective to have rail to the airport by the time it opens.

There will also be express bus services between the airport and surrounding regional centres.

The Western Sydney City Deal – the Airport as a Catalyst for Regional Economic Growth

In the final part of my remarks today, I want to speak about our objective to make this airport a catalyst for regional economic growth.

This is why the Australian Government and New South Wales Government have come together with eight Western Sydney councils to formally enter into what we call the Western Sydney City Deal.

The City Deal is a 20 year plan for the development of Western Sydney, and a ground-breaking partnership between all three levels of government, the private sector, and the community, to make it happen.

Key to the City Deal is our commitment to establish the 'Aerotropolis' adjacent to the airport. This will be an urban area designed to attract the kinds of businesses which value the connectivity an airport provides.

It will become Western Sydney's hub for sectors like advanced manufacturing; transport and logistics; tourism, accommodation and conferences; defence and aerospace; and education and training.

To plan and oversee the development of the Aerotropolis, we are establishing a Western Sydney Development Authority. There will also be a Joint Investment Attraction Office, charged with attracting businesses from around Australia and around the world.

Together with the airport, the Aerotropolis will form the economic core of a thriving and highly liveable city to be built around it.

I mentioned the rail connection to the airport. This will be the first stage of a North-South Rail link. The North-South Rail will shape the new Western Parkland City as development is drawn to the rail corridor – a steel spine for the new city.

We have announced a ‘preferred network’ which is likely to be built in stages and ultimately is planned to extend from Campbelltown in the south to Schofields in the north, with a connection to the Cudgegong Road terminus of the Sydney Metro Northwest which is presently under construction.

The City Deal also includes a measures to streamline planning and the delivery of new housing – including the delivery of at least 184,500 new homes needed to support the growth in the City Deal area over the next 20 years.

Conclusion

Let me conclude then with the message that the Aerotropolis offers an exciting opportunity for businesses interested in locating, or investing, here.

You will have excellent connectivity to an airport offering convenient services around Australia and around the world.

You will be part of an area which is the subject of a detailed, twenty year plan for growth and development, supported by three levels of government.

And you will be well placed to serve large and growing markets – in Western Sydney, in Australia, and in Asia.

This will be a great place to invest – so don't miss this chance!

Paul Fletcher, Minister for Urban Infrastructure and Cities, Sydney