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Newsroom

David Hall: Address to Western Sydney Airport Conference

Introduction

Good morning and thank you for the opportunity to join you here at the University of Western Sydney.

I congratulate David Borger and the Sydney Business Chamber on putting together such a strong program. And I acknowledge the Prime Minister, the Deputy Prime Minister, Minister Constance, and the many industry leaders gathered here today.

I think we're all pleased to be talking about an airport, not a concept!

More importantly, it's exciting for Australia, for New South Wales and for Western Sydney to be moving forward with an airport for this vibrant region.

We have a unique opportunity: to create economic growth for Western Sydney. To build a new travel market. And to shape the travel demand that we know is on its way over the decades to come.

Reaching a decision point on a new airport was a long, hard slog. But arguably, the bigger job is ahead of us.

We've agreed on the need for a new airport. Now we need to define a role for it.

I'll be speaking today on behalf of the Qantas Group, including Qantas, Jetstar, and our associated ventures like freight. But I also want to make some comments in my capacity as CEO of Jetstar for Australia and New Zealand.

I want to start by asking – what makes a second airport tick?

I'd like to discuss some of the infrastructure priorities that will be so vital to the new airport's success. I then want to talk the role Jetstar plays in building up new markets, based on our experience around the world – and what role we could play here in Western Sydney.

I want to finish with a few words about something that will be fundamental in the delivery of the new airport – and that is collaboration.

What Makes a Second Airport Tick?

So - what makes a second airport tick?

We're fortunate to have plenty of examples to draw on.

Rapid urbanisation – and equally rapid globalisation – have led to the development of many dual-airport and even multi-airport systems around the world.

The best-known examples are the global mega-cities: cities like London, New York and Tokyo.

In North America, dual-airport models are quite mature.

In Europe, the growth of the LCC sector has breathed new life into secondary airports.

In Asia, cities like Shanghai are developing their own template in the face of massive traffic growth.

Done well, dual-airport systems can create additional economic activity. Increase choice and bring down prices for the travelling public. And manage air and land congestion that would otherwise create bottlenecks.

Qantas flies into a number of airports that form part of a multi-airport system: London Heathrow, New York JFK, Shanghai Pudong, Tokyo Narita and, from August, Tokyo Haneda. Jetstar also serves Tokyo – and, of course, Avalon in Melbourne.

Looking around the world, I think we can identify some 'golden rules' for success.

First, a secondary airport needs a large local population to generate sustainable demand.

Second, you need active local support to make the airport the first choice for residents of the surrounding area.

Third, you need integration with surrounding land transport systems so that the airport is accessible for the people it serves.

Fourth, you need competitive pricing to attract airlines and travellers.

London Stansted is a good example of a secondary airport that has attracted low cost carriers by keeping prices low. And though it's some way north of London, it's only 25 minutes from the city by train.

The final golden rule is that a secondary airport has to form part of a broader aviation strategy for the region and nation. Or at least, that's the ideal – in reality, many secondary airports have evolved in a reactive or patchwork way.

Western Sydney has something very rare – a chance to start with a blank canvas.

And of course, Western Sydney has strong fundamentals, namely a large population, a big economy and – as this event shows – robust support from local business leaders.

The variable here is infrastructure. It's infrastructure that will determine if Western Sydney is positioned for success – or left to chance.

The Infrastructure Imperative

When we talk about infrastructure, we're talking about three categories:

- Airspace management – the infrastructure of the sky, if you like.
- On-airport infrastructure – the mechanics of the airport itself.
- And surrounding infrastructure – the web of roads and rail that should connect this airport to the rest of Sydney.

Let's start with airspace management.

It's essential that we do not cruel this airport with curfews or any other artificial constraint on its capacity.

Curfew-free status will enable us to maximise the new airport's productivity, and give it a point of difference from Mascot.

On top of that, the airport should employ the latest in air navigation technology – systems like GBAS and RNP which reduce airborne holding, cut fuel burn and carbon emissions, and minimise noise.

We should aspire to make Western Sydney a showcase for the latest and best technology – a hub for innovation, as well as aviation.

At the same time, we should see the airport as a chance to look at Sydney airspace as a whole – a unified system that includes Mascot, Badgerys and the smaller airports in the region.

Next is the airport itself.

What kind of facility do we want this to be? Presumably an attractive one, full of natural light, open spaces, clear signage, uncluttered screening lanes, and so on.

All of the above is good. But more fundamentally, it comes back to that question of defining a role.

An airport focused on low-cost carriers or freight operations has different requirements from an airport focused on business travel.

From Jetstar's point of view as a low-cost carrier, we prioritise automated check-in and fast boarding through both doors of the aircraft. A first class lounge or a fine dining restaurant would be less important – although those are both excellent things in other contexts.

These are the questions we need to ask ourselves as we move through the planning process.

Of course, you can have the best infrastructure in the world and it doesn't matter if it's not priced appropriately.

Excessive pricing would compromise the new airport, stifling its potential from the start.

Competitive pricing would enable airlines like Jetstar to sell affordable fares and build demand – just as airlines like Ryanair have done for European airports like Stansted.

One thing we do not want, however, is for low prices at Badgerys to be subsidised by higher prices at Mascot, should we end up with a dual-ownership structure.

It's crucial that we get this balance right, and I'm sure it will be at the top of the Government's mind in the next stage of consultation.

The third priority is land transport infrastructure.

All the global evidence suggests that this airport will need integrated road and rail links from day one, if it's to sustain commercial levels of demand.

It was good to see Premier Baird making a firm commitment to the second airport in mid-2014, and reiterating that commitment at the recent state election.

And it was especially good to see the government take steps to develop the corridors that will support Sydney's western growth centres.

It shows a coordinated approach to planning for the region's economic and population growth – a broader vision of which the airport is an important part.

The next stage is to fuse this state and regional strategy with national aviation policy.

It's that question again. What role do we want this airport to play in the domestic and international aviation markets – and how do we create the conditions for it to fulfil that role?

Building Markets - a Jetstar Perspective

What we're aiming to do here is build a market – and that's something Jetstar knows quite a lot about.

Since launching in 2004, Jetstar has carried more than 150 million passengers. From a fleet of 13 aircraft and a handful of routes up and down the east coast, we've grown to more than 100 aircraft and more than 60 domestic and international destinations. And of course, we have exported the Jetstar brand to South East Asia and Japan – the biggest growth story of all.

In Jetstar's first 10 years, the average domestic air fare in Australia fell by 20 per cent. And in 2014, 60 per cent more people were flying each month compared with 2004.

The story behind these numbers is a huge increase in consumer choice.

Jetstar set its sights on a market that was embryonic, and developed it – making air travel affordable for people who couldn't afford it before, and generating broader economic benefits through the multiplier effect of tourism spending.

So if you're a region or an airport looking to build a market – Jetstar's a pretty good partner to have on board.

Right now we're going through the process of assessing how the Qantas Group could serve the new airport. And I don't have a definitive answer for you today.

What I can do is give you Jetstar's point of view.

We see Western Sydney as a region with serious economic potential – potential that the new airport could help to realise if the conditions I've described are in place.

From our point of view, Western Sydney has the ingredients for a classic secondary airport - driven primarily by demand in the domestic leisure market, with international services as a long-term aspiration.

We don't see the Western Sydney airport as supplanting Kingsford Smith – we see the two as complementary. And it's absolutely vital that we push forward with the new vision for Kingsford Smith that Kerrie Mather and her team have set out. Mascot will remain Australia's international gateway, and maximising its potential is a national priority.

We are all ambitious for the new airport to succeed, but we should be careful not to burden it with impossible goals on day one.

Let's get the planning right; get the infrastructure right; get the pricing right; and let's make sure this airport can stand on its own two feet as a commercial proposition.

If those building blocks are in place, then you'll find Jetstar a willing partner in creating demand, building a market, and generating the benefits for Western Sydney that all of us want to see.

Delivering a Shared Vision

I'd like to close with a word on collaboration.

It took almost 30 years to reach national consensus on the need for a second airport in Sydney.

Clearly, the world has changed dramatically since the 1980s, when an airport at Badgerys Creek was first discussed.

Qantas is a listed company, not a government entity.

Technology has disrupted every sector of the economy.

And globalisation has brought about intense competition – not least through the rise of Asia.

In these changing times, infrastructure has become a symbol of economic ambition. Look at China, or Singapore, or Dubai.

We don't have the same sovereign resources as other nations in our region.

But we do have deep reserves of skill, knowledge, capital and aviation expertise.

The decision to proceed with a second Sydney airport was a strong signal of Australia's commitment to nation-building infrastructure.

What we do next is a test of our capacity to follow through.

We need projects like this at a time of economic transition, as the mining cycle slows down and other sectors step up to play a bigger role in the economy.

Western Sydney needs projects like this to generate economic activity in step with its rapid population growth.

There is a rare opportunity here for Australia create world-class infrastructure in the national interest – if we build on the consensus we've established and work together on a shared vision for a strong, viable second Sydney airport.

On behalf of the Qantas Group, let me assure you that we are committed to playing our part as we move towards that shared goal.

Thank you very much.

About Jetstar

About Jetstar Group

Jetstar first took to the skies in 2004 and has since flown more than 350 million customers across an extensive international and domestic network. The Jetstar Group is made up of Jetstar Airways (subsidiary of the Qantas Group) in Australia and New Zealand, Jetstar Asia in Singapore, and Jetstar Japan in Japan. A leading low-fares airline, Jetstar is committed to offering everyday low fares to enable more people to fly to more places, more often. As one of Asia Pacific's fastest-growing airline brands, Jetstar was voted Best Low-Cost Airline in Asia Pacific in 2021 and was recognized for its excellent flight safety records and services when listed on the "2022 World's Top 10 LCC" released by Airline Ratings.



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