



Planning won't be plane sailing for Badgerys

The Prime Minister has committed to building Sydney's long-discussed second airport at Badgerys Creek – but don't hold your breath, write

Jacob Saulwick and **Leesha McKenny**.

Tony Abbott says construction of a Badgerys Creek airport could start in 2016, cost \$2.5 billion and take a decade to complete. The numbers sound a bit funny to John Wagner.

"I just can't understand why it would cost \$2.5 billion to build," says Wagner, chairman of a family company that, by the end of this year, will have finished the 18-month construction job on their major new airport near Toowoomba for nowhere near that much. "I'd like to get the job to build it for \$2.5 billion, put it that way."

If the Prime Minister manages to build a new airport in Badgerys Creek, it will be a significant achievement after decades of procrastination.

"It was 1964 when there was a first public call," Abbott said this week after committing his government to the site. "I can remember, as a teenager, looking at cars that had stickers on them saying 'Birds not Boeings at Galston' – that's 40 years ago."

But to compare the Wagner family's Toowoomba airport with the potential airport in western Sydney is to appreciate just how much harder it will be to make progress at Badgerys. In large part, that is because of decisions made by Abbott's colleagues in the Howard government when they privatised Sydney Airport – routinely rated the country's most profitable and least loved by competition authorities.

About a year ago, the Wagners started work on their own airport about 80 kilometres from the western suburbs of Brisbane.

The new airport – the Brisbane West Wellcamp Airport – is unusual for several reasons. One of these is the mere fact it is being built. No major airport has opened in Australia since Melbourne

Airport, about 45 years ago.

Another is that the Wagners are footing the bill.

"There's never been [an airport] built in the history of this country privately without any government funding until ours," says Wagner, whose

Badgerys Creek Airport: Next steps

- Federal government to spend \$1.2 billion in four years on roads near airport site
- State government to spend \$240 million on roads and reserve rail corridor
- Federal government to develop plan for airport, start consultation with Sydney Airport
- Sydney Airport Corporation has nine months to decide whether to take up offer to build airport after government puts offer to it
- Airport to open mid-2020s?



family amassed their fortune in construction and concrete. "We are the first one."

At news conferences this week to announce the commitment to a Badgerys Creek airport, Abbott and Infrastructure Minister Warren Truss cited the Wellcamp airport as a model for Sydney.

"Tens of millions" of taxpayers' dollars would be spent on the design of a new Badgerys Creek airport, Abbott said. But, after that, the private sector was expected to bear the cost.

"Airports are profitable investments and there are any number of investors keen to participate in these sorts of projects," Truss said.

But implicit in the 10-year time frame given by Abbott and Truss to build the airport is that the project will be nowhere near as easy as the Wagner family have had it.

The 2002 privatisation of Sydney Airport gave the new owners of the Mascot airport – then a Macquarie Bank satellite – extraordinary powers to control the process of building a second airport.

Once the Wagner family had negotiated with safety and aviation authorities, all they had to do was start laying concrete on land the family already owned.

"We have a concrete and asphalt plant on the site, the only thing we bring in from off-site is diesel, bitumen and cement," Wagner says.

But everything the government wants to do at Badgerys Creek will need to be run through Sydney Airport, an organisation depicted in Australian Competition and Consumer Commission reports as the most aggressive exploiter of its monopoly position among the nation's airports.

Thanks to the 2002 contract, Sydney Airport Corporation has the first right to build the new airport at Badgerys.

But this right is triggered only when the federal government gives a "notice to consult" and then a "notice of intention" to build.

These notices have not yet been given. Indeed, in order to be triggered, the notice of intention needs to be capable of "contractual acceptance" by Sydney Airport.

In other words, this notice needs to include a vast amount of detail beyond a loose commitment at a news conference to build an airport. That sort of detail could take well beyond a year to amass.

Once the notice of intention is delivered, Sydney Airport then has nine months to decide if it wants to exercise its option and build the airport on the government's terms. If it doesn't, the federal government can offer the same terms to other

parties. Crucially, it cannot offer more favourable terms. Most industry watchers expect Sydney Airport to participate.

"It is protecting their monopoly if they do build it, so they still maintain control," says Justin Giddings, chief executive at Melbourne's second airport at Avalon.

But the ability of Sydney Airport to control the process worries some who see the airport as a catalyst for the development of the city's west.

"[Sydney Airport chairman] Max Moore-Wilton can kill this stone dead if he's not put in a position where he has to account for the outcomes," says Michael Darcy, director of the University of Western Sydney's Australian Housing and Urban Research Institute.

"They would be in control of the development of new runways, they would be in control of the capacity of the terminals and all those sorts of things ... So they can make it work or they can make it not work if they take up that option."

(Moore-Wilton says Sydney Airport has not yet spoken with the government but, when it does, will "participate in a thoroughly professional and commercial manner".)

Another industry executive says that if the airport is running by 2026, it will only be after years of work for lawyers.

"I think there's a year of work to be done to prepare the offer and then there's two years' work of negotiating and then two years' worth of court cases," the executive says.

"But then you might get an airport."

Few expect the government to be able to build the airport with little cost to taxpayers.

"There's a long way to go in negotiations and discussions between Sydney Airport and the federal government but, given the types of figures being talked about, I think it would definitely require the partnership to be strong," said Caroline Wilkie, chief executive of the Australian Airports Association. "I would expect the federal government would need to contribute to the development of that site."

Wagner's advice to the government is blunt: "Get in and build it and build it quickly and stop mucking around." If only it were that simple.



Wanting the private sector to bear the cost: Tony Abbott.
Photo: Andrew Meares



Long divisions: Protesters in Penrith in 1998.
Photo: Andrew Taylor

