



Our Ref: BMRRA01  
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Freight and Supply Chain Priorities  
Department of Infrastructure and Regional Development  
GPO Box 594  
CANBERRA CITY ACT 2601

To whom it may concern

### **SUBMISSION FOR THE INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN PRIORITIES**

Following the announcement of Federal and State Government funding, Busselton-Margaret River Airport (BMRA) is undergoing a significant redevelopment to enable interstate and international passenger and air freight services, in addition to the development of industrial and commercial land to facilitate investment opportunities. The \$69.7m project is seen as a game changer for the South West regional economy, in terms of tourism and aviation related industries, and broader investment opportunities.

Upon completion of the development project, BMRA will be capable of facilitating Code E aircraft such as Boeing 747 and Airbus 330. Whilst initially focusing on the domestic market with capacity to facilitate aircraft operations non-stop to the east coast of Australia, the redeveloped BMRA will also be capable of accommodating direct flights to South East Asian international destinations, including Indonesia, Singapore and Malaysia.

As part of the National Stronger Regions Fund Business Case for Australia Government funding, the basis under which \$9.78m in funding was provided, the City commissioned RPS Group to undertake an Air Freight Viability Study and an Air Freight and Socio-Economic Assessment. The Air Freight Viability assessment focused on analysing the Australian air freight industry; local production patterns; and preliminary opportunities.

The RPS analysis revealed that the South West specialises in a number of agricultural products and is well placed to take advantage of growing overseas markets through the greater use of air freight. The following products were considered in the study given they are highly perishable, generally traded through air freight and local producers have a market advantage through branding, quality and scale.

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Product	Location of Major Producers	Existing Production	Major Market/s
Dairy Products	August, Busselton, Capel, Harvey & Pemberton regions	\$125m	China
Chilled and Fresh Meat	Augusta, Boyup Brook, Busselton, Harvey & Pemberton regions	\$95.1m	UAE, China, Singapore
Abalone and Marron	Pemberton and Augusta regions	\$1.2m	Hong Kong, Japan, Taiwan
Flowers	Capel, Busselton and Manjimup regions	\$22m	Japan & Netherlands
Fruits	Harvey and Pemberton regions	\$3.2m	UAE, Singapore and Hong Kong
Vegetables	Harvey and Pemberton regions	\$108.4m	
Truffles	Pemberton region	\$3.6m	Japan, Europe and United States
Packaged products and wine	Entire South West region		UAE, South East Asia and China

Source: RPS Australia East Pty Ltd, "Busselton Margaret River Regional Airport: Air Freight Viability Study" 2016

RPS also explored the potential for high value, non-perishable products to utilise local air freight capacity. The most immediate opportunities for air freight exports of non-perishable goods is wine where there are already established and growing markets for premium wine produced in regions such as Margaret River which is ranked among the world's most famous wine regions, producing 20% of Australia's premium wines.

However, whilst there are benefits to air freight over sea freight (e.g. quality control and expediency) the differential travel time between the region's producers and the Perth airport and expanded BMRA may not encourage local air freight until there is a well-functioning supply chain built on the export of time sensitive agriculture and fishing products. These findings have been reiterated by integrated carrier, Toll Group, who in a statement of support for the BMRA Development Project, stated "...this strong regional based development project brings a strong quality integrated supply chain solution for South West producers and manufactures of fresh product to break into critical volume market once the airport is upgraded...". Currently the South West Development Commission and the City are working in partnership to engage with stakeholders in the South West region that fall into the BMRA catchment area and who have the capacity and propensity to utilise an air freight service out of the BMRA.

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The BMRA represents an ideal site for a South West logistics hub, due to its proximity to major road transport distribution networks and its central locality within the region. The BMRA holds a significant amount of development potential greenfields site strategically located to the southern end of the new runway (approximately 13 hectares), as well as in the construction of a new General Aviation precinct, located to the north of the new terminal.

Air freight has the potential to be a catalytic investment which lowers the cost of doing business in the region, opening new markets and attracting new firms to capitalise on the air cargo services available. It provides access to new and growing markets and enables small businesses to compete in larger markets. BMRA represents the most immediate opportunity to open up the region to these growing air freight markets and to becoming the investment hub of the South West Region.

Yours sincerely



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