



Developing a Queensland (Australia) aviation network strategy: Lessons from three international contexts



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ABSTRACT

Aviation is a key component of the economy of Queensland, Australia, but the State currently lacks an overarching aviation network strategy to enable improved consistency between state, regional and local policies for economic growth. The objective of this paper is to learn lessons from three international aviation networks to assist the development of an aviation strategy. The Resource-Based View has been mobilised accordingly as a lens for identifying and explaining the benefits and shortfalls of different governance models for aviation networks around the world, with the aviation networks of Florida, California, and Brazil reviewed. Lessons from each network are discussed for the context of the Queensland aviation network, which is framed as a multi-hub network split between the North and South East regions of the State. The three vignettes demonstrate that a more formal network-level approach to generate whole-of-state objectives for aviation is a plausible option for Queensland to pursue, enabling the state to define an overarching strategy that appreciates the reality of a resource-constrained future while pursuing the State's objectives for overarching social, economic and strategic needs.

1. Introduction

The State of Queensland, with Brisbane the largest city and capital, occupies nearly a quarter of the Australian continent. It has a population of around 4.79 million, an area of 1.73 million km² and a nominal gross state product of AUD 300 billion, which is USD 251 billion (Queensland Treasury Corporation, 2016). Queensland's dispersed agriculture, mining and tourism industries, three of the main sectors within the State, support many towns and small settlements, making Queensland the most decentralised state in Australia. More than 20 million domestic and international overnight visitors come to Queensland each year (Queensland Government, 2016).

Therefore, aviation is an essential component of Queensland's economy. The distance between the State's population centres and core economic assets make air transport the mode of choice for business and leisure travel. As the demand for mobility around Queensland increases, increasing strain is placed on the ability of existing aviation assets and services to meet sustained growth. The political will for State and Federal Governments to invest in increasing the capacity of some airports demonstrates an acknowledged urgency to improve Queensland's aviation capabilities, but deciding how much and where

to invest government funds is a difficult task. Australia's major airports were privatised via long-term lease agreements in the late 1990s, which creates a political barrier to attracting government investment as investment outcomes may likely be realised in successive political election cycles. Furthermore, investing in aviation assets/infrastructure is an expensive exercise that can, without careful planning that takes into account the broader impacts on the State's aviation network, lead to inefficiencies and instabilities to other flight routes in the State.

The underlying problem is that Queensland lacks an overarching strategy for the fit of its aviation networks with state, regional and local policies for economic growth, the development of transport corridors and the leveraging of local assets and attractions to sustain communities. That is, an approach for planning aviation growth in Queensland needs to transcend the political and economic complexities of the current privatised aviation system. In doing so, it would provide a unified framework for airports, airlines and local jurisdictions to align to in their individual strategic planning functions so that the state, as a whole system, benefits. To do this, it requires placing individual stakeholder agendas for political gain and profit on hold and, drawing from the insight of contemporary strategic management literature. That is, viewing the problem of aviation network design from a whole-of-state

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resource-based view. Applying a resource-based view in this context requires re-imagining Queensland's mix of private and public aviation assets as a single organisation that should be designed in such a way as to optimally serve the socio-economic advantages and needs of the state.

The conceptual framework applied to the paper focuses on the *Organisation* aspect of the resource-based view's (see [Priem and Butler, 2001](#)) consideration of what makes a resource a component of the competitive framework of a particular region. By re-imagining Queensland (or any region) as a single organisation that has the need to compete with others for socio-economic growth and sustainability, what becomes strategically important for the state/region is the synergy of strategic resources that allow the state-region to flourish. In the strategic management literature ([Alexy et al., 2018](#); [Wernerfelt, 1984](#)), these strategic resources are viewed in terms of their ability to create value, their rarity and difficulty to be imitated, and the way in which the organisation is ready or able to exploit their value-creating features – termed VRIO resources. Airports form a core component to a state or region's ability to create sustainable competitive advantages for achieving economic and societal goals. Extending from [Stevens et al. \(2010\)](#), as a resource that facilitates the attraction and movement of people and economic value, airports are catalysts for the *Organisation* of VRIO resources as they connect often immobile tangible and intangible strategic resources (i.e. tourism destinations and experiences) of the state/region to the world. Accordingly, this paper interrogates the role of airports and the structure of their networks (within Queensland and the three international vignettes) to act as catalysts for sustainable socio-economic growth.

The utility of systemic approaches to strategic planning and investment for aviation has been highlighted in other jurisdictions (see [Howard and Keller, 2000](#)); particularly with respect to managing tensions of land use planning (i.e. cooperative planning in Washington State) and integrating air transport with land transport systems (i.e. Florida Aviation System Plan, 2025). Therefore, the objective of this paper is to review the current structure and form of Queensland's aviation assets and learn from comparable international examples, which mobilise more systemic approaches to aviation planning, to assist the development of what the authors propose should be a Queensland Aviation Network Strategy. It looks to other international aviation networks for insights to the different policy strategies used, their implications for efficiency and effectiveness of aviation-related decision making, and the implications for their airports to aid the organising of each region's mix of strategic resources. The examples selected are the US States of Florida and California and the South American country of Brazil. It should be noted that due to the scope and available resources for the research project, the examples discussed are smaller in scope and depth than in-depth case studies ([Yin, 2017](#)), and provide targeted, descriptive vignettes for the purpose of comparison and discussion. These vignettes were selected for their comparable attributes to the Queensland context across a range of salient transport and economic factors (i.e. *trans*-Pacific long-haul and dispersed intra-state networks for California; the tyranny of distance between urban centres for Brazil; and the coastal tourism attractions of Florida) to provide targeted insight to the lessons that international aviation governance structures may hold. The paper, therefore, represents an original and relevant comparison of international and State-wide aviation networks.

The paper is organised as follows. An overview of the current Queensland aviation network is initially provided as background context. This context is important for understanding the tyranny of distance between major population centres that, in more densely populated states of countries, would be more readily overcome by alternate modes of transport. Aviation is central to maintaining the quality of life for much of Queensland's regional population, and accordingly, makes the policy context of aviation salient when planning for the state's future. This overview includes a summary of Queensland's airports concerning domestic and international passenger movements and raises questions

of the alignment of the current network to the expectations of the resource-based view literature. Following a research design section on the selection of the international examples, the three international aviation vignettes are presented, before the lessons learned for the Queensland context are detailed. Finally, conclusions and practical recommendations are provided.

2. The current Queensland aviation network

Queensland, as the Australian State with the most decentralised aviation network, is served by 191 airports ([Department of State Development, Infrastructure and Planning, 2013](#)), of which 40 metropolitan and regional airports are considered to be significant for economic growth. In 2011 ([Deloitte Access Economics, 2012](#)), the total revenue of Queensland airport industry (AUD 718 million) was ranked second at a federal level, behind the highest ranked State of New South Wales (AUD 1235 million).

Brisbane Airport (BNE), the main Queensland air transport gateway, was responsible for 17,000 full-time equivalent (FTE) direct and indirect jobs in 2011. This figure is forecast to increase to 50,000 FTE by 2029 ([Department of State Development, Infrastructure and Planning, 2013](#)). As a privatised airport, the continued expansion of BNE plays an important role in regional Queensland development as well as the wider Australian economy. It is forecast that the BNE contribution to the Australian economy will be AUD 13.4 billion in 2034 ([Brisbane Airport, 2016](#)), as new aviation assets (new parallel runway, terminal and commercial landside precincts) become operational as part of the airport's long-term spatial and infrastructure plan. BNE is one of the four capital city airports that are monitored in terms of price and quality within the light-handed regulatory framework established in Australia since early 2000s ([Lohmann and Trischler, 2017](#)).

The second largest airport in Queensland, Gold Coast Airport (OOL), has a significant contribution to both south-east Queensland and northern New South Wales economies. An independent report on the privatised Gold Coast Airport estimated that its economic impact would reach AUD 368 million by 2016/2017, while the number of direct and indirect jobs is estimated to rise to 2350 ([Gold Coast Airport, 2016](#)).

As shown in [Fig. 1](#), Queensland has some peculiar characteristics in regards to other States. It is the only State to have non-capital city airports in the top ten most active airports in the country. The Gold Coast (sixth) and Cairns (seventh) airports are ahead of Canberra (nation capital), Hobart (state capital) and Darwin (state capital) (respectively 8, 9 and 10 in the list) regarding domestic and international passenger movements ([BITRE, 2016](#)). Also, Gold Coast and Cairns are both major international airports that particularly service the inbound leisure market. Therefore, for the international market, Queensland, when compared to other States, has the most dispersed number of international gateways. However, Sydney and Melbourne are positioned as the top two for both international and domestic passenger movements in 2015.

The airport hierarchy within Queensland is demonstrated visually in [Fig. 2](#), providing a better understanding of the roles of airports across the State (using data from [BITRE, 2016](#)). Queensland's air transport network is mostly established amongst 28 of the 191 airports of the State of Queensland. There is a broad range of airport types, with capabilities ranging from an international airport of the size of Brisbane, capable of handling the largest modern passenger aircraft (i.e. Airbus A380), to remote airfields such as Morningson Island, capable of servicing smaller turboprop passenger aircraft (i.e. SAAB 340). In total, Queensland airports handled 39,045,973 revenue passengers (i.e. someone who has paid a transport operator for their trip) in 2015. International passengers accounted for 17.3% of the overall traffic, or 6,751,943. Besides Brisbane, as the main airport in the state (56.4% of total revenue passenger traffic for the state of Queensland - domestic and international combined), Gold Coast (15.4%), Cairns (11.6%), Townsville (3.9%) and Sunshine Coast (2.3%) comprise the top five

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