
Analysis Of Strategic Airport Management

Strategic decision making within an airport environment is critical to ensure that future viability and profitability continue throughout its lifecycle. Airports are under increasing pressure to capitalise on underdeveloped infrastructure and maintain a sense of public value following privatisation (Baker & Freestone, 2012). Long-term future forecasting has been extensively researched and considered to be less than optimal, or even incorrect (De Neufville & Odoni, 2013) inherent to its unpredictability. Evident at Perth International Airport, future forecasts can change vicariously through industries heavily reliant on airport services. Airports need an adaptive planning strategy that is dynamic, identifies a credible approach capable of ensuring the permanency of an airport precinct (Wijnen, Walker & Kwakkel 2008). This review aims to examine various literature to determine if the integrated approach adopted by Perth Airport Corporation (PAC) has positively affected its planning strategy.

Effective strategic planning needs to cater to future predictions whilst remaining flexible and adaptable to change. Furthermore, legislative requirements also mandate airport master plans to include future forecasting of the infrastructure held within their portfolio (Baker & Freestone, 2012). Following PACs full privatisation in 1997, government control was handed to a private conglomerate of investment companies, for the operation and management of Perth International Airport (Perth Airport, 2014). PAC envisaged an adaptive strategic direction via an integrated approach to cater for changes in the airport infrastructure capacity. An integrated approach combines the many airport agendas into a series of unique, efficient activities (Porter, 1996) before the implementation of a master plan. Strategic integration of activities allowed PAC to follow a dynamic rolling 20-year strategy, reviewed every five years (Baker & Freestone, 2012).

Perth Airport is crucial to the region not only for the travelling public but the feeder hub for the resource sector located within the state of Western Australia. The integrated approach strategy has seen the airport adapt during the resource sector growth to cater for the influx of resource workers. It is claimed that “Managers at Brisbane and Perth have developed long-term development plans based upon the unexploited property potential of each airport” (Carney & Mew, 2003, p. 230). During the upsurge, PAC invested heavily in the airport surrounds to cater for the large volumes of fly-in fly-out (FIFO) workers. PAC initially expanded its carpark facilities to satisfy the increase in traffic travelling to and from the airport. Future planning also included provisions for new runway and airport infrastructure to support the peak strains associated with FIFO workforce demands (Perth Airport, 2014). PAC’s rolling strategy saw smaller investments gradually increasing over time, depending on how the future changed. This positioned PAC strategically to accommodate change given implementation could be phased in or even halted should the outlook vary in any way.

By looking into the future in a rolling phase, PAC was able to dynamically adapt during the resource turn around and alter its future pathway to suit new forecasts. This was evident during the resource decline where domestic passenger numbers plummeted during FY14 (Perth Airport, 2014). Construction had already been completed on additional carpark facilities which now remain predominantly empty, yet further infrastructure investment had not yet commenced. The change in demand allowed development associated with runways, terminals, and transport

to slow down ahead of implementation and investment. PAC was due to install a second runway and expand the international/domestic terminals to cater to the large increase in demand, however, those plans inevitably changed, resulting in PAC maintaining the current runway configuration and terminal layouts.

Adaptive planning is necessary in an ever-changing world where forecasts are unreliable to predict future growth patterns. Specific regions experience the effects of different economic sectors, as seen in the resources sector of Western Australia. PACs integrated approach to strategy saw the airport expand when necessary and shift direction when reviewing its rolling five-year plan. The key to future planning is to make sure that a dynamic approach to strategy is taken and an acceptance that the future will change. The further one looks ahead in time, the more unpredictable it is.