



Australian Mayoral Aviation Council

**Submission in response to the Productivity
Commission's Issues Paper on the Economic
Regulation of Airports**

Dated: August 2018



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Submission to the Productivity Commission Inquiry into the Economic Regulation of Airport Services

INTRODUCTION

This submission to the Inquiry is by the Australian Mayoral Aviation Council, (AMAC) AMAC represents the interests and concerns of Local Government Councils and their communities from throughout Australia with airports located in their area or whose communities are impacted by airport operations.

AMAC's comments in relation to the current inquiry are confined to:

- Community Safety and amenity;
- Co-ordination of infrastructure projects; and
- Options pricing.

Community Safety and Amenity

The Commissions Issues Paper states:

Some regulations that have a 'non-economic' focus – such as air safety regulation, environmental protection and noise – are not the primary focus of this inquiry, but may be considered by the Commission where they affect the efficient operation of airports.

AMAC would argue that each of these elements do in fact have the capacity to impact on airport operations and therefore warrant consideration.

There is increasing evidence that community safety and amenity as well as honest and transparent dealings with airport communities need to be cornerstones of airport operations.

Community satisfaction can and does impact on decisions such as alteration to flight paths or the lengthening or duplication of runways aimed at meeting demand increases.

Major decisions on such matters are the subject of political determinations which, by their nature, are likely to be influenced by community reaction.

Failure to acknowledge these influences can result in ‘knee-jerk’ decision making or the retrospective introduction of procedures, rules or regulations to further constrain or contain any resulting adverse impact.

Community response to Sydney’s third runway and the knee-jerk reaction in the post operation introduction of rules and regulations in an attempt to quell that reaction a case in point.

Perhaps the need to have regard for such considerations is exemplified in a statement by the Chair of the Board of Directors of Heathrow Airport in reference to that airport’s push for an additional runway.

An extract from what the Chairman has had to say follows:

“Past proposals, including our own in 2009, have been drawn up and thrown aside because they prioritised the wrong things. They put the interests of airlines and the airport first. They did not prioritise the needs of our communities, passengers and country and it was right these proposals were rejected.

From the first day of work to develop the proposal on which we are currently consulting we have set our sights on two clear guiding principles.

First, through expansion, we have a once in a generation opportunity to reduce the negative impacts of Heathrow on our local communities – and to ensure that local residents and businesses can benefit from the positive impacts, including jobs and investment which expansion will create.....

Through expansion our committed goal is to reduce the number of residents impacted by noise, ensure compliance with all air quality regulations and improve green space available for local communities.....”

In addition to community-based management of the impact of runway extension or duplication and/or the introduction of amended flight paths, consideration must also be given to mandating and funding processes to mitigate any resulting adverse impacts.

These processes must include such initiatives as the acquisition of severely impacted property at fair value as well as the suitable treatment of others less impacted through such initiatives as noise insulation.

A more contemporary issue which needs to be flagged is the capacity to fund and manage mechanisms to protect both aircraft and communities surrounding airports from a more recent and increasing threat to safety.

The most critical elements of a flight are identified as the take-off and landing phases.

In more recent times there has been an increase in close encounters between manned and unmanned aerial vehicles (UAV’s) in these critical phases including reports of interaction resulting in aircraft crash or emergency landings.

The worldwide proliferation of UAV activity, often in the hands of untrained operators together with the lack of effective regulatory regimes leads to an increasing risk of severe or fatal consequences.

A number of proven intervention technologies capable of addressing the risk of UAV encounters already exist while other increasingly sophisticated solutions are in advanced testing or under development.

Perhaps this issue might be seen as peripheral to the Commissions focus. However, it becomes relevant in terms of the ongoing safety and security of both on-airport and off-airport commercial and off airport residential communities.

The relatively recent fatal crash at Essendon Airport is a clear indication of what might occur as a result of a critical incident and so the implementation of appropriate technology to protect aerial safety zones at runway ends needs to be urgently addressed.

Coordination of Infrastructure Projects

Almost without exception there are major projects planned or underway to deliver infrastructure improvements aimed at managing projected increases in people and freight movements.

While these works are both necessary and appropriate in order to meet demand, there can be a disconnect between the timing and integration of those works, some of which are the responsibility of the airport operator and others which are usually the responsibility of State agencies.

Sometimes the issue relates to the suitable integration of both parts into a holistic outcome but more often to the planning, construction and delivery of each element in a coordinated and timely fashion.

Since construction will often conflict with the need to preserve access to and from the airport the impact of substandard planning and delivery on passengers, freight, other road users and overall airport operations can be substantial.

Options Pricing

In regard to the major Australian airports, there are a variety of options relating to how passengers and/or freight can access the airport.

In the case of private transport issues of access, travel time certainty and the cost of parking are considerations.

In the case of hire transport again there are issues of access, travel time certainty and costs relating to the hire.

In the case of mass public transport there are issues of availability, travel convenience and travel time certainty along with relative cost.

Whichever option is considered most suitable on a case-by-case basis will also impact on the effectiveness and capacity of the on-airport/off-airport transport links to deliver passengers and freight in a timely and cost-effective manner.

Melbourne, for example does not currently have a rail option. On the other hand, Sydney does, however station access fees at the airport terminal stops are a clear disincentive for rail travel to become a preferred option.

In relation to private transport, a primary issue is the cost of airport parking.

In this regard the ACCC has examined income versus operating cost of parking at the monitored airports. Clearly the margins in questions are substantial and questionable.

The airports will argue that their pricing is comparable to off-airport CBD pricing. However, that argument does not acknowledge the fact that travel options to the CBD are usually far greater. In addition, travel to the CBD does not tend to involve a boot full of suitcases and a vehicle full of family members either choosing or feeling obliged to see their international travelling family or friends depart or return home.

The fact that a number of airports have introduced (very) short term free pickup zones is acknowledged however these too can contribute to access cost and congestion. To avoid parking fees meeting vehicles either circle the airport or wait in nearby streets or in on-airport franchise carparks before dashing to the free pickup when their passengers arrive.

These outcomes suggest, not only that the overall parking price structure warrant review but also that a more user-friendly short/medium scale of charges might be offset by increased patronage and decreased congestion of the road system.

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