



**Hobart Airport**  
TASMANIA

**Hobart International Airport Pty Limited**

**Submission to**

**Productivity Commission Inquiry into the economic regulation of airports**

**September 2018**



*Special event "ART" signage at Hobart Airport during Dark Mofo*

## Executive Summary

Hobart International Airport Pty Limited (HIAPL) is the operator of Hobart Airport (HBA) and welcomes the opportunity to contribute to the Productivity Commission (PC) inquiry into the economic regulation of airports (the Inquiry).

This submission addresses issues specific to Hobart and Tasmania. HIAPL would welcome the opportunity to discuss this submission. Please refer to the Australian Airports Association (AAA) submission, which HIAPL endorses, for industry-wide issues.

The current regulatory regime has worked well for passengers with HIAPL, and the airlines, delivering commercial agreements and capacity expansions to accommodate rapid growth, within a context of aeronautical charges remaining reasonable.

The past few years have seen a resurgence of Tasmanian tourism and travel to our region – making HBA the fastest growing airport in the Top 10 airports.<sup>1</sup> The current regulatory regime has allowed an agile response to these growth opportunities. HIAPL has worked closely with airlines to develop new routes and increased frequencies on existing routes and HIAPL has delivered the necessary capacity and passenger improvements to support this.

HIAPL recently delivered several major expansion projects including:

- a runway extension to improve access to Asian hubs, Antarctica and freight operations
- roadway changes around the new runway
- arrival hall expansion
- new departure gate (Gate 6)
- additional apron for large aircraft (freight and Antarctica)

HIAPL has worked with the tourism industry and all levels of government to deliver strategic projects which enhance passenger experience and provide new opportunities, including the \$38m of federal funding towards the runway expansion and improved access to Tasmania.

HIAPL recommends that existing light-handed arrangements in relation to the economic regulation of HBA should continue. However, a key issue that should be investigated by the Productivity Commission, with a view to improving the efficiency of, and competition in, the aviation sector is the high international border force and funding requirements, which effectively constitute a barrier to entry for domestic airports, such as HBA, seeking to introduce international flights. This barrier has recently become more significant, with the proposed changes in the requirement for new international airports to cover all costs associated with establishing border services, including all fit out requirements, the procurement and installation of specialist equipment and costs associated with the recruitment of staff.

This issue has the potential to discourage innovation, artificially distort ticket prices and adversely affect tourism and other discretionary air travel. This is particularly the case at smaller airports where the fixed costs of these planning and border arrangements are spread across fewer passengers.

HIAPL wants to open up Tasmania to the World by providing direct international flights, and this change in policy is a significant barrier to HIAPL realising its ambition.

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<sup>1</sup> BITRE airport traffic data (to May 2018) [https://bitre.gov.au/publications/ongoing/airport\\_traffic\\_data.aspx](https://bitre.gov.au/publications/ongoing/airport_traffic_data.aspx)

## Background

HIAPL is owned by the Tasmanian Gateway Consortium, which is a joint venture between two major Australian investment companies:

- 50.1% share owned by Macquarie Global Infrastructure Fund III (GIF III)
- 49.9% share owned by Tasplan Superannuation Fund

HIAPL was privatised in 1998 with the grant of the lease from the Commonwealth to Tasmanian Government's Ports Corporation. Ownership transferred from the Ports Corporation to the Tasmanian Gateway Consortium in 2007.

HIAPL works closely with the tourism industry and government. Since the last PC Inquiry a feature of the tourism industry has been the improvement in tourism strategy at both the National and State level, with the release and implementation of *Tourism 2020*.<sup>2</sup> In Tasmania, the *Tasmanian Visitor Economic Strategy 2015-2020*<sup>3</sup> and the *Tasmanian Access Strategy*<sup>4</sup> have been important milestones in improved planning and tourism industry performance.



The State and Commonwealth Governments and industry have worked closely in developing and implementing these strategies. This has resulted in unprecedented coordination across levels of government and industry to build the resilience and competitiveness of the tourism industry. In a

<sup>2</sup> *Tourism 2020*: <http://www.tourism.australia.com/content/dam/assets/document/1/6/w/u/3/2002107.pdf>

<sup>3</sup> Tasmanian Visitor Economy Strategy [https://www.t21.net.au/\\_data/assets/pdf\\_file/0004/37723/T21-Strategy-web.pdf](https://www.t21.net.au/_data/assets/pdf_file/0004/37723/T21-Strategy-web.pdf)

<sup>4</sup> Tasmanian Access Strategy [https://www.tourismtasmania.com.au/\\_data/assets/pdf\\_file/0015/56121/Tasmanian-Access-2020-Strategy.pdf](https://www.tourismtasmania.com.au/_data/assets/pdf_file/0015/56121/Tasmanian-Access-2020-Strategy.pdf)

recent audit of tourism by the Australian National Audit Office, the strengths of the tourism strategy were acknowledged:

*... regular reporting of progress against the Tourism 2020 target has helped to ‘galvanise’ the sector and is a strength of Tourism 2020. Each state and territory government tourism organisation has developed a Tourism 2020 state based target to contribute towards the national upper goal of \$140 billion in overnight expenditure*

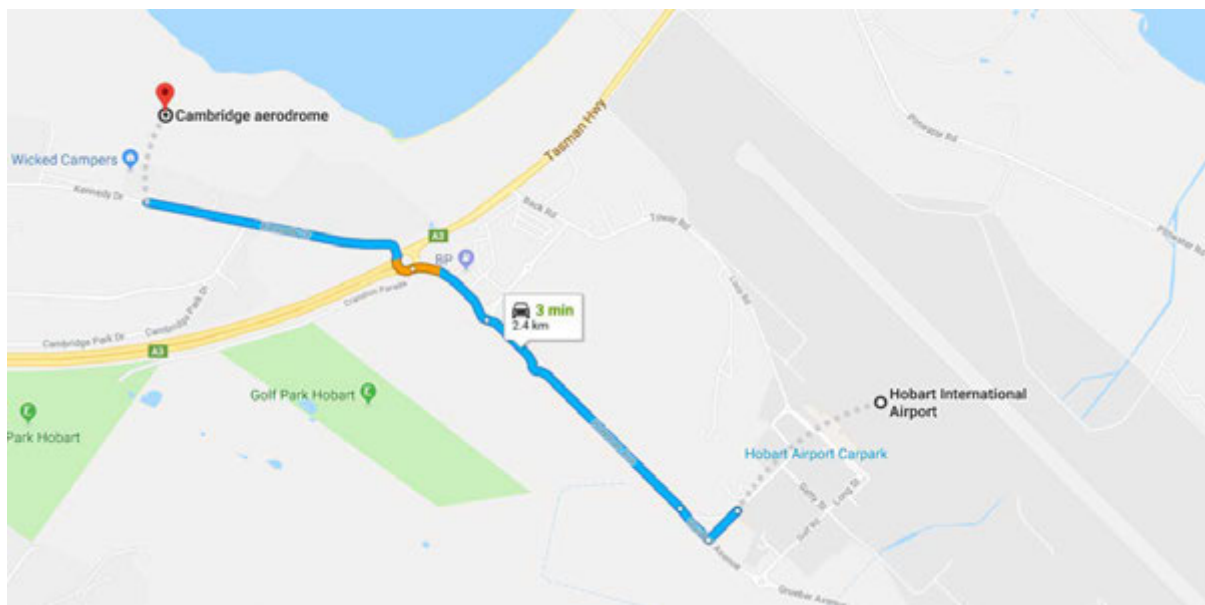
*Implementation of Tourism 2020 and associated policy development has been underpinned by an evidence base led by Tourism Research Australia (within Austrade) in collaboration with Tourism Australia. Tourism Ministers’ meetings have provided an effective forum for cross government collaboration and industry representatives have been consulted in the formulation of key priorities and strategies for Tourism 2020.<sup>5</sup>*

At the State level, Tasmania has out-performed expectations of the 2015-2020 strategy. The improvement in Tasmanian tourism and air access strategy – to which HIAPL has been a significant contributor – has been a notable change since the previous PC Inquiry in 2011. The emphasis for HIAPL has been working with the tourism industry, airlines and government to ensure mutual success, rather than acting independently.

### **Competing airports**

Cambridge Aerodrome, operated by Par Avion, is located less than 3km from HBA and serves general aviation (GA) activities such as scenic flights and training, see Figure 1. The Cambridge industrial park precinct also competes for car parking and other light industrial and property developments. There is a shuttle bus to HBA operated by the competing long-stay car parks at Cambridge.

*Figure 1 – location of competing GA aerodrome and off-airport parking*



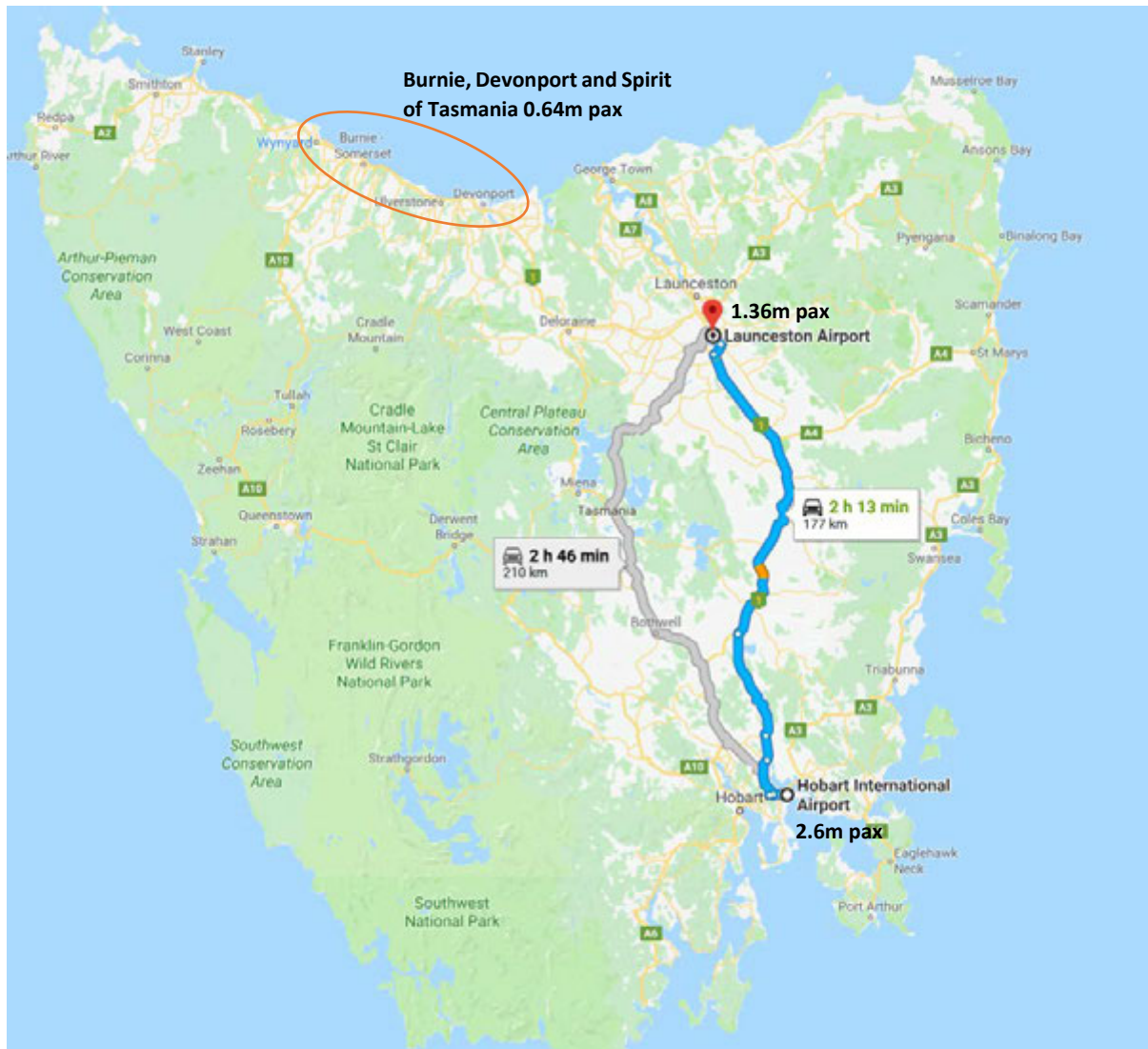
Source: Google maps

<sup>5</sup> Australian National Audit Office (2017), *Strengthening Australia’s Tourism Industry* [https://www.anao.gov.au/sites/g/files/net4981/f/ANAO\\_Report\\_2016-2017\\_47.pdf](https://www.anao.gov.au/sites/g/files/net4981/f/ANAO_Report_2016-2017_47.pdf)



Launceston Airport is located only 177km from HIAPL via National Highway 1, or 145km in terms of great circle distance – see Figure 2 for nearest alternate regular public transport (RPT) services.

Figure 2 – location of competing interstate RPT services at Launceston



Source: Google maps, BITRE, TT-line annual report (most recent year available)

While Hobart originating/destined passengers are unlikely to drive to Launceston to catch a flight as a substitute for a Hobart flight, the two main airports nonetheless do compete over airline capacity into Tasmania and passengers at the margin. This is particularly the case for touring visitors with flexibility over where to start and end their itinerary. In the year to March 2018, 640,282 visitors (60% of all visitors) spent at least one night on a touring route – these visitors are more contestable as they are not originating/destined from a specific airport catchment area. Of course, each visitor accounts for two airport passenger movements, apart from the 11% that arrive at Devonport by sea on the heavily subsidised Spirit of Tasmania.<sup>6</sup>

Airlines typically schedule capacity from Melbourne, Sydney and Brisbane treating Tasmania as a whole (a single market or ‘catchment’, with two options for which airport to use) based on total tourism demand to and from Tasmania. Total demand for tourism to Tasmania responds to the usual

<sup>6</sup> Tasmanian Visitor Survey analyser, <http://www.tvsanalyser.com.au/>

tourism drivers of income growth in source markets, accommodation costs, tourism marketing campaigns and jet fuel prices. These long-term drivers are broadly common to both airports. The HBA/LST split of total Tasmanian demand is more sensitive to marginal differences in passenger preferences, local attractions, airport charges and efforts by airport management to attract new routes and increased frequencies. This is explored further below.

The other two RPT airports in Tasmania – Devonport and Burnie – mainly service their local areas with regional flights from the north west of Tasmania to Melbourne, so are less directly competitors to HBA. That noted, there are 4 locations providing RPT services to Melbourne in broadly the same geographic size and population catchment as the Cooma-Canberra-Yass-Goulburn region.

### Relative size

Some key statistics on domestic traffic for the most recent 12 months from BITRE (May 2018) are provided in Table 1

*Table 1 – Airport passenger movements in context*

<b>Airport passenger movements</b>	<b>Australia (pax millions)</b>	<b>Hobart (pax millions)</b>	<b>Hobart share (%)</b>
<b>Domestic</b>	120.7	2.6	2.15%
<b>International</b>	40.4	0.0	0.00%
<b>Total</b>	161.1	2.6	1.61%

*Source: BITRE airport traffic data (most recent 12 months available, to May 2018)*

The Qantas/Jetstar group carries 62% of Australia-wide domestic traffic,<sup>7</sup> in the order of 75 million domestic passenger movements per year. The Virgin/Tigerair group and some regional airlines carry the remainder. In the case of HBA, all RPT passengers are carried by the two main airline groups with no regional or international airlines currently operating. Other freight, military and GA accounts for less than 2% of aeronautical revenues, due to most GA operations using the nearby Cambridge aerodrome.

In terms of relative size and negotiating strength, HIAPL represents 2%, or 2.6 million airport movements out of a total of 120.7 million domestic airport passenger movements. Adding the 40.4 million international airport passenger movements at Australian airports, the total is 161.1 million passenger movements at Australian airports in the year to May 2018.

HIAPL has 50 staff compared with a combined workforce of the Qantas and Virgin groups of around 40,000 staff (full time equivalents).<sup>8</sup>

HBA accounts for a slightly lower market share of aircraft (as opposed to passenger) movements, 1.5% of total domestic and regional aircraft movements at Australian airports, and 1.3% of all movements including international. This is due to HBA mainly serving larger aircraft, low-cost carriers operating at higher occupancies, and fewer turbo prop flights (due to the long sector lengths on routes to HBA).

In recent years, Hobart has proved an attractive destination for airlines. HBA’s market share increased from 1.80% to 2.15% of domestic passengers in the 5 years to May 2018. Chart 1 illustrates the growth in market share of HBA as a percentage of all Australian airport domestic and regional RPT traffic.

<sup>7</sup> Qantas data book, p42

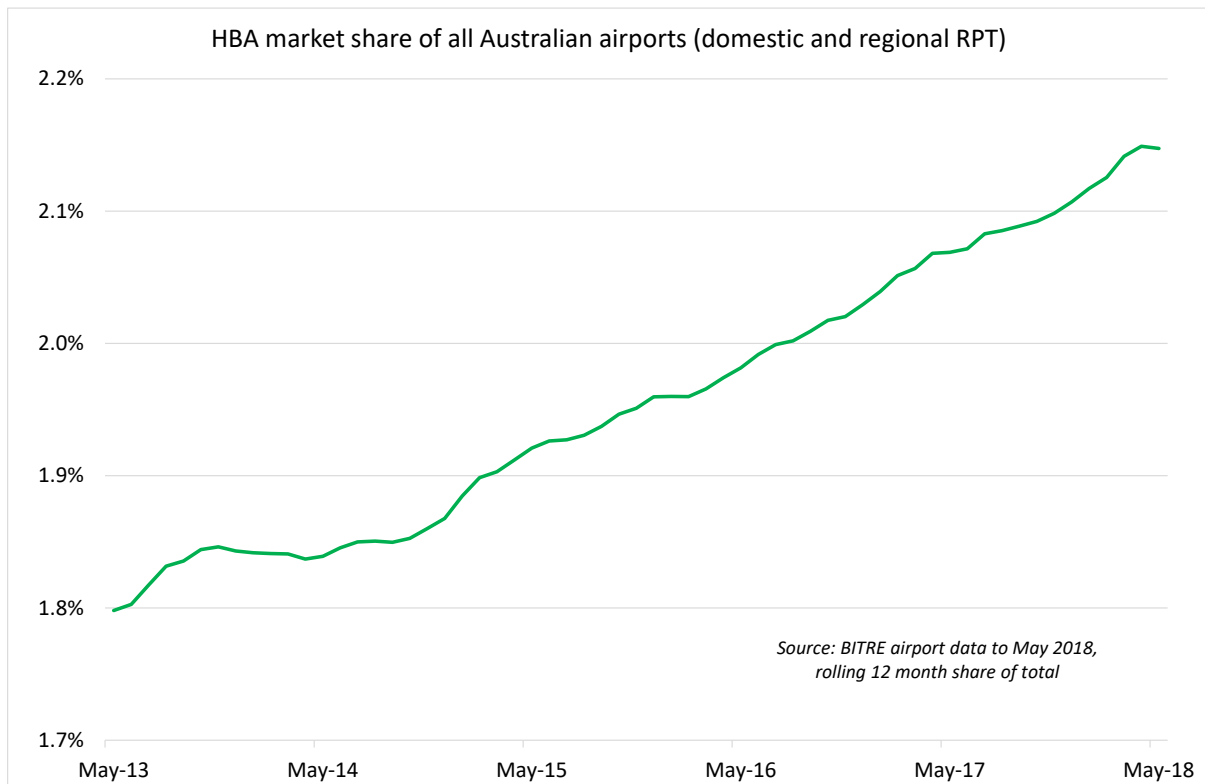
[http://investor.qantas.com/FormBuilder/\\_Resource/\\_module/doLLG5ufYkCyEPjF1tpgyw/file/data-book/2017qantasdatabook.pdf](http://investor.qantas.com/FormBuilder/_Resource/_module/doLLG5ufYkCyEPjF1tpgyw/file/data-book/2017qantasdatabook.pdf)

<sup>8</sup> Qantas and Virgin annual reports, data books.

While the growth has been impressive, the absolute market share, close proximity to Launceston and Cambridge, and competitive allocation of aircraft by airlines ensure HIAPL will have to continue to strive hard to deliver reasonable returns on investment.

Spirit of Tasmania passengers increased from 407,636 in FY2011 to 433,925 in FY2017, which reflects compound growth of 1.0% per annum and a declining market share. Over the same period HBA passengers increased 4.5% per annum, from 1.88 million to 2.45 million.<sup>9</sup> FY2011 was used as the comparison base year because FY2012 was an unusually low year and a vessel was in dry dock for maintenance.

Chart 1 – Hobart market share of Tasmanian traffic



Growth at HBA is partly due to external factors, such as new attractions in Hobart (Museum of Old and New Art), and in part due to HIAPL working to attract new airline services and increased frequencies while keeping airport charges affordable. HIAPL has innovated by partnering with Dark Mofo (see cover page) and by contributing to the tourism industry and air access strategy development work noted above. Recent success has been earned by innovating, delivering capital works efficiently and working with stakeholders, supported by the current regulatory framework (which sees commercial negotiations set prices and infrastructure investment).

### Tourism and seasonal flights

HBA is an inbound market, with 57% of passenger movements at HBA being visitors to Tasmania,<sup>10</sup> up from 55% reported in our submission to the 2011 Inquiry.<sup>11</sup> Tasmania has a proportionally higher leisure market with 51% of domestic visitors being for leisure/holiday purposes – and commensurately

<sup>9</sup> TT-line Annual Reports, [www.spiritoftasmania.com.au](http://www.spiritoftasmania.com.au) and HIAPL data

<sup>10</sup> Tasmanian Visitor Survey analyser, <http://www.tvsanalyser.com.au/>

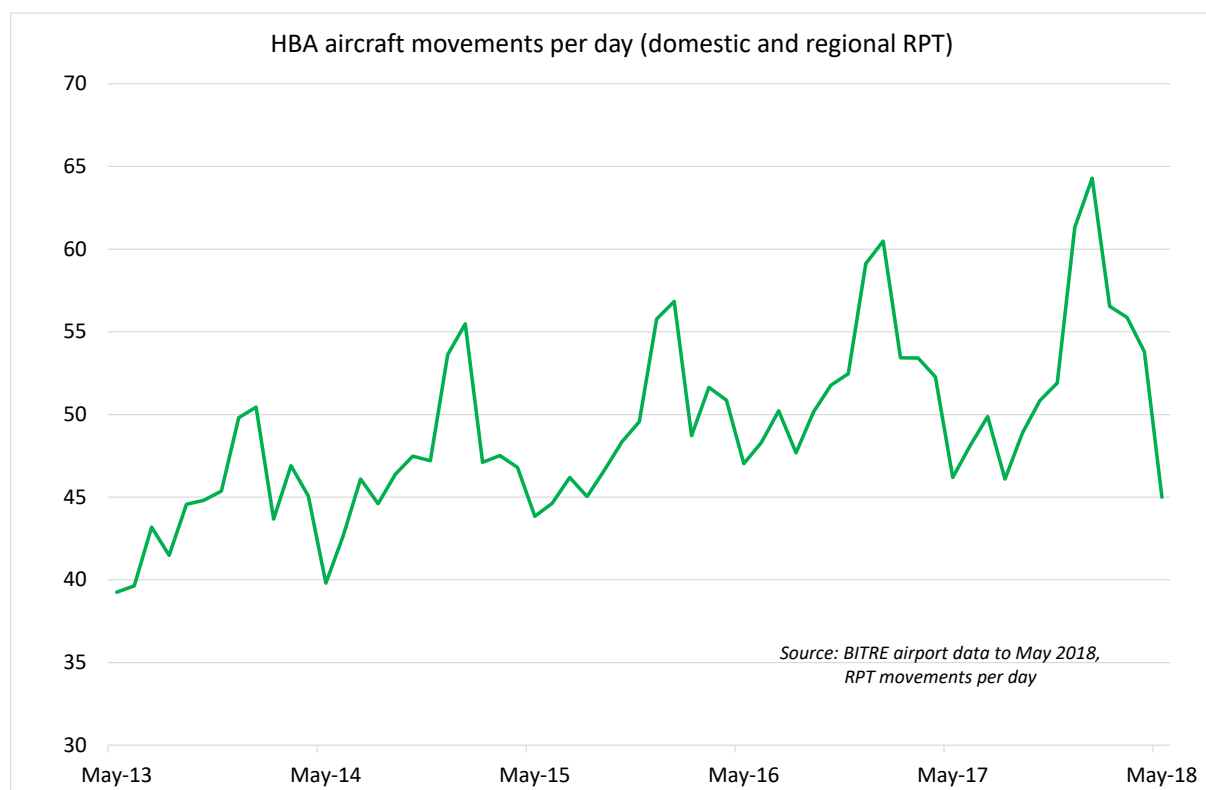
<sup>11</sup> HIAPL submission to PC Inquiry (2011)

fewer visitors for business and visiting friends and relatives (VFR) – compared with around 40% leisure/holiday purposes to most other states and territories.<sup>12</sup> Business and VFR travellers often have less discretion in their travel plans due to a fixed day on which they need to travel to a business meeting, conference, wedding, funeral or anniversary. Overall, HBA has proportionally many more discretionary travellers than other Top 10 airports (with the exception of Cairns and Darwin).

In the most recent two years, HBA had 45 to 50 aircraft movements per day, on average, during the off season (May-Sep) and between 60 to 65 aircraft movements during the peak summer school holidays (Dec-Jan), see Chart 2. Much of the peak season capacity is operated by low-cost carriers targeting more price-sensitive, discretionary travellers such as family groups.

The “peak shoulder” season (Oct-Nov and Feb-Apr) includes travellers with greater flexibility to travel outside school holiday periods. As the chart indicates, there is a relatively low volume of “baseload” business and VFR to sustain flight schedules in the off peak period of May-Sep. The Dark Mofo festival has seen some growth in the winter season in the most recent three years (45-50 movements a day compared to 40-45 a few years ago), however it remains a challenge to replicate the peak season growth year round.

Chart 2 – seasonal fluctuations in average aircraft movements per day at HBA



Airport capacity is driven by peak demand – the 64.3 aircraft movements per day, on average, during January 2018 was a record – while revenue is driven by the annual number of passengers of 2.6 million. Chart 3 shows that seasonality in aircraft movements is increasing not only in absolute terms, but also in percentage terms – demand for capacity (peak growth) is growing faster than revenue (average growth). Notwithstanding efforts to promote travel during winter, summer travel has grown even

<sup>12</sup> TRA, National Visitors Survey <https://www.tra.gov.au/Research/Domestic-tourism-by-Australians/National-Visitor-Survey-results>

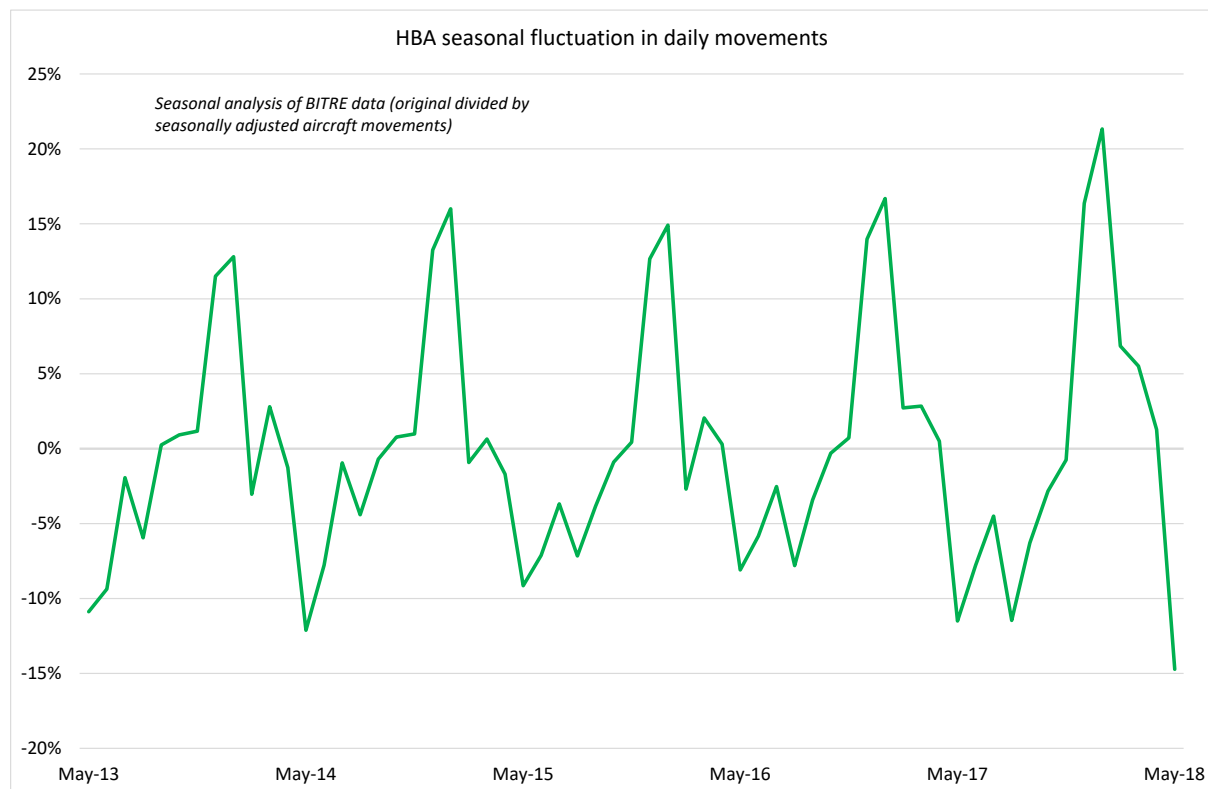


faster. The peak month five years ago was 13% above the seasonally adjusted level, while Jan 2018 was 21% above the seasonally adjusted level.<sup>13</sup>

Private ownership with light-handed regulation is the right combination for adapting to this rapidly changing demand profile.

As Chart 2 indicates, airlines can add (and later remove) in the order of 16 to 20 aircraft movements a day (8 to 10 turnarounds a day) at the start and end of summer. This gives considerable weight in negotiations when airlines propose frequencies as a bargaining chip to obtain a more favourable outcome in negotiations – because in the case of HBA, suddenly losing a number of frequencies is a lived experience at the end of every summer.

*Chart 3 – Seasonal fluctuations in percentage terms*



This rising seasonality at HBA amplifies the challenge in catering for peak demand that is growing faster than revenues. HIAPL has recently expanded aprons, added a gate and expanded the arrival hall – the planning parameters for expansion capex are driven by peak demand. Coupled with incentives to grow new routes and attract international services, the dynamic nature of traffic at HBA requires a planning and regulatory system that prioritises agility to seize opportunities and to manage the capacity challenges of increasingly seasonal demand.

The summer peak is important to the Tasmanian economy and tourism industry. Achieving approvals for expansion plans and capex a few months too late can impact on the entire peak season – lengthy approval processes can have greater consequences for seasonal locations that need to respond to opportunities for new airline services that may only operate for a few months during peak season, otherwise the opportunity is lost for another year.

<sup>13</sup> Seasonally adjusted BITRE monthly data, using X13-ARIMA-SEATS method <http://www.seasonal.website/>

Using pricing or slots to manage capacity in the peak season is a less preferred option. Peak season demand, while strong, is also dominated by low-cost carriers and price-sensitive travellers. This makes peak-season pricing counterproductive (even if airlines passed on changes in airport charges, which is not necessarily the case – see the AAA submission). Similarly, it would only exacerbate the peak season to offer lower prices to low-cost services versus the core business/premium services that operate year round. As noted, people travelling in the off-peak season usually have less discretionary reasons or less flexible reasons for travel than those travelling in the peak and shoulder seasons.

The result is that adjusting aeronautical charges to manage peak season demand is not feasible. In the face of increasing seasonality, additional capacity is required to cope with demand. As this discussion demonstrates, HIAPL does not restrict ‘output’ (eg not restricting capacity or price gouging in peak periods) but rather works constructively with airlines to plan enough capacity for anticipated demand.

### **A high growth environment**

As well as a rising market share and rising seasonality, passenger traffic at HBA has been growing in absolute terms, with domestic traffic achieving 5.3% compound annual growth in the 5 years to June 2018.<sup>14</sup> International visitors to Tasmania increased 20% in the year to March 2018, to 300,000.<sup>15</sup> While there are currently no international flights, this indicates the growth and potential for direct flights, to save these visitors having to transit through mainland airports.

Consistent with the previous PC Inquiry report in 2011, HIAPL remains the 9<sup>th</sup> largest Australian airport in terms of domestic passenger movements, and the fastest growing of the Top 10 airports in the year to May 2018 (up 6.5% on the year to May 2017).<sup>16</sup>

Tasmanian tourism more generally has performed strongly in recent years. The 2020 target (set in 2015) of \$2.47 billion in visitor spend by calendar 2020<sup>17</sup> is on track to be reached two years earlier, by the end of 2018.

The high-growth and seasonal demand at HIAPL creates a different set of challenges and risks. While ‘gold plating’ could be an indication of monopoly power, there are also costs and risks of supplying capacity too slowly. It is imperative that HIAPL can act quickly to seize opportunities and work with airlines to bring on new capacity and new routes. Increased regulation would significantly limit the flexibility to offer incentives to attract new routes or additional frequencies on existing routes.

With the recent runway extension and boom in visitors from China (now the largest source of international visitors to Tasmania),<sup>18</sup> HIAPL is actively cultivating opportunities with airlines to create new opportunities for direct flights to Tasmania. The current regulatory regime and approach to commercial agreements is essential to respond rapidly in a high-growth airport environment.

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<sup>14</sup> HIAPL traffic data, FY2013 to FY2018. FY2012 is avoided as a comparison base year because it was an unusually low year, which would overstate trend growth.

<sup>15</sup> International Visitor Survey, March 2018 <https://www.tra.gov.au/Research/International-visitors-to-Australia/international-visitor-survey-results>

<sup>16</sup> BITRE Airport traffic data, May 2018 [https://bitre.gov.au/publications/ongoing/airport\\_traffic\\_data.aspx](https://bitre.gov.au/publications/ongoing/airport_traffic_data.aspx), the most recent available at the time of writing.

<sup>17</sup> Tasmanian Government (2015) *The Tasmanian Visitor Economy Strategy 2015-2020*

<sup>18</sup> Tasmanian Tourism snapshot March 2018, [https://www.tourismtasmania.com.au/\\_data/assets/pdf\\_file/0004/63967/2018-Q1-Tasmanian-Tourism-Snapshot-YE-March-2018.pdf](https://www.tourismtasmania.com.au/_data/assets/pdf_file/0004/63967/2018-Q1-Tasmanian-Tourism-Snapshot-YE-March-2018.pdf)

The recent capacity expansions at HIAPL have been fit-for-purpose to accommodate growth and justified by the increased traffic delivered.

HIAPL has worked closely with government and industry through the Tasmanian Access Working Group and tourism strategies to improve access to Tasmania and tourism. An overlay of regulation would diminish the ability of HIAPL to respond rapidly and incentivise new routes.

HIAPL bears all the risk of a downturn in traffic. There are no 'take or pay' style contracts, so if airlines pull capacity due to a downturn in tourism (or as they already do during the off-season) it reduces HIAPL revenue accordingly, and it may be some years before prices can be renegotiated. Airlines are not locked in to a minimum throughput, so can withdraw from a route (completely or on a seasonal basis) even if the airport has invested in capacity upgrades or incentives to enable that route to start up. That noted, HIAPL understands the nature of these risks, so plans carefully and invests in capacity that generates a sustainable return. The approach is not to build and hope for traffic, then demand higher prices if traffic does not materialise.

Airlines are strong negotiators, as their shareholders would expect them to be. At smaller airports like HBA, there is not the same degree of a reliable core business traffic to sustain flight schedules year-round. Flights at HBA are added and pulled on a seasonal basis. There is a limited ability to increase airport charges without risking a reduction in traffic – airlines can credibly claim in negotiations to reduce capacity if airport charges were increased, particularly with the price sensitive leisure market and low-cost carriers. Airlines are able to redeploy capacity to another tourism hotspot, whereas HIAPL cannot redeploy the newly expanded arrival hall to another destination.

Given the countervailing market power of airlines at HBA, the competition between HBA and Launceston Airport, and the high growth environment, the path to long term success is not demanding higher aeronautical charges from existing customers. Rather, attracting new routes and new airlines to HBA (even if they receive some incentive discounts in the first few years) is the focus for growing the business.

### **Border Force**

The Passenger Movement Charge (PMC) of A\$60 levied on departing international passengers, represents one of the highest in the world.<sup>19</sup> While not a direct cost recovery of the Government's passenger facilitation costs, it nonetheless generates a revenue stream to government from international passenger movements, and recovers more than actual costs, representing a 'tax' rather than a 'cost recovery'.

HIAPL is currently in the process of attracting international flights following the runway upgrade. Direct flights would be a considerable benefit to Tasmanians and visitors. In doing so, HIAPL is competing against other destinations around the world that offer tourism experiences of pristine wilderness, food, art and other cultural experiences, including New Zealand and Canada, which are all a similar distance from China and compete with Tasmania.

Previously the Australian Government has met the cost of equipment for airports that commence international flights for the first time. Recent changes to Border Force funding requirements for international flights commencing at HBA could act as a further barrier to HBA competing to attract international flights, relative to airports with existing international flights. The new approach effectively requires HIAPL to cover all costs associated with establishing border services, where

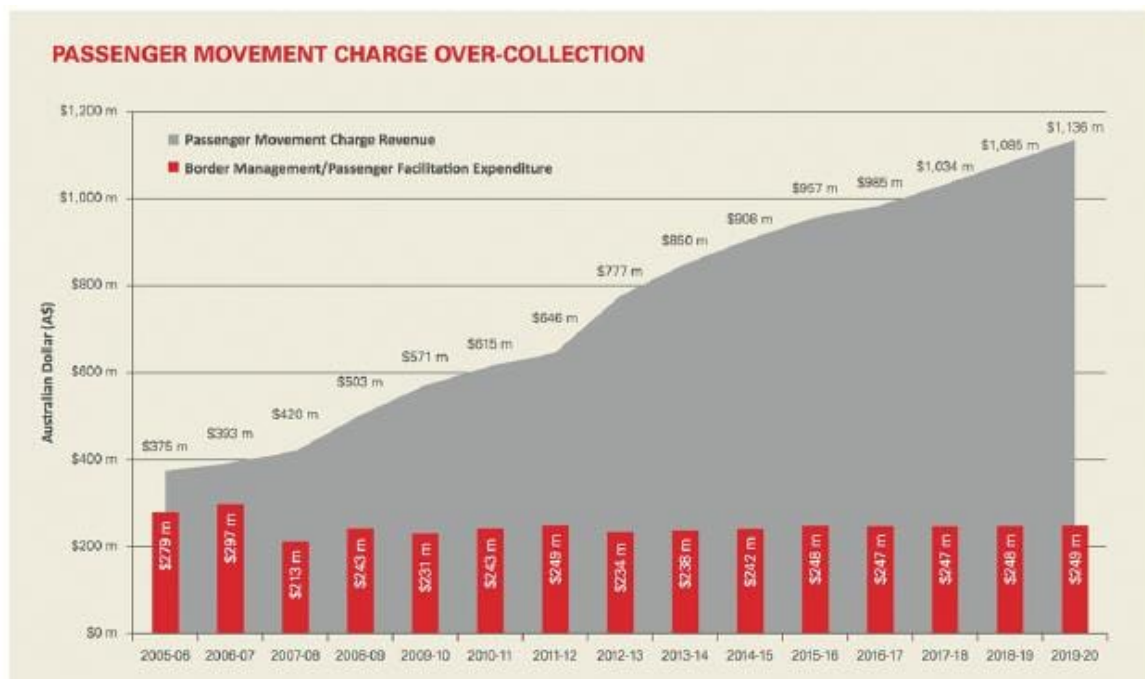
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<sup>19</sup> <http://www.ttf.org.au/wp-content/uploads/2016/06/TTF-Passenger-Movement-Charge-Explainer-2013.pdf>

previously only the base build requirements were funded by the airport. This is a substantial increase in capital investment that now includes fit out requirements, the procurement and installation of specialist equipment and even costs associated with the recruitment of staff. The Department of Home Affairs proposing cost recoveries in addition to the PMC on domestic airports that attract international flights for the first time, is double dipping on the already-high A\$60 PMC.

The PMC undermines Tasmania’s tourism efforts and makes Hobart a less attractive destination for new international flights, compared to competing destinations both in Australian and in other countries. As the economic benefits from tourism accrue to the wider economy, levying a discriminatory tourism tax on an enabling sector like aviation comes at a high cost. HIAPL’s view is that the PMC should be reset to a lower level commensurate with a true cost recovery and that the PMC be used by the Government to fund Border Force facilities and services at HBA. The surplus currently generated to support the Government’s consolidated revenues should be raised through less distortionary means.

Chart 4 – Over collection of passenger facilitation costs



Source: Tourism and Transport Forum Australia, 2016<sup>20</sup>

### Quality of Service monitoring

HIAPL publishes Quality of Service reports quarterly.<sup>21</sup> The results are based on a quarterly survey of 200 passengers and any complaints submitted. The results cover a range of services provided by HIAPL and services provided by other companies servicing passengers including airlines, ground handling, food, retail and beverage outlets. There are robust processes for following up on complaints and notifying the Department.

<sup>20</sup> <http://www.ttf.org.au/wp-content/uploads/2016/06/TTF-Passenger-Movement-Charge-Explainer-2013.pdf>

<sup>21</sup> Reports available at <https://hobartairport.com.au/business/about-us/qos-reports/>

## **Fuel supply**

HBA has no hydrant infrastructure. Tankers are used for refuelling aircraft. Airlines mostly choose to refuel on the mainland due to higher fuel costs in Tasmania, resulting in low demand for refuelling services at HBA (except long haul flights unable to carry enough fuel for the round trip). BP Aviation is the only fuel supplier at HBA – this is understood to be an exclusive arrangement more likely due to low demand rather than barriers to entry. Airlines deal directly with BP Aviation, these commercial arrangements do not involve HIAPL. BP Aviation has a depot at the airport, which is leased from HIAPL on a commercial lease.

HIAPL considers fuel supply arrangements to be suitable, given the circumstances. The situation will be monitored in the event of attracting more long haul flights, and hence greater demand for refuelling.

Should fuel infrastructure be developed at HBA, we would aim to develop common infrastructure facility, which can deliver fuel under an open access model, to enable airlines to purchase fuel from any oil company, on the most attractive price and terms available under competitive market conditions. Joint User Hydrant Installation at each major airport are generally controlled by a small number of oil majors who provide fuel on an exclusive basis to airlines. The inability of fuel to be provided by any oil company under an open access model appears to have made the delivery of fuel to airlines less efficient and, in some cases, severely restricted the on-airport fuel reserves. The Melbourne Airport fuel supply crisis reported by the media in late 2016, was of particular concern to HBA, given our heavy reliance on connections to and from Melbourne Airport, coupled with the fact that aircraft flying between HBA and MEL typically carry sufficient fuel from Melbourne to complete a return trip. As a result, few aircraft refuel at HBA, enabling HIAPL to operate with limited fuel infrastructure and reserves. HIAPL therefore see open access fuel arrangements and sufficient on-airport fuel reserves at major airports an economic issue relevant to the smaller and more remote ‘end-point’ airports that are at the end of the network or reliant on round-trip refuelling arrangements.

## **Land Transport Access**

There are several options for landside access to HBA. See Figure 1 above for location of HBA and road access via the Tasman Highway. Given the scale of HBA operations and the surrounding road network, landside congestion or access are not considered issues for HBA, though are monitored as the airport grows over time.

Transport options include a private bus operator with frequent services (SkyBus), hire cars and camper vans, taxis, Uber and private cars. Public transport services are not available to HBA. Car parking is available on-airport and at off-airport providers in Cambridge for self-drive passengers. HIAPL provides drivers with 10 mins free parking in the main car park and a free pick up/drop off area.