



Australian Mayoral Aviation Council

**Submission in response to the Productivity
Commission's Draft Report on the Economic
Regulation of Airports**

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Following on from AMAC's August 2018 submission in response to the Commission's Issues Paper on the Economic Regulation of Airports, the following comments and observations are submitted in response to a number of the propositions contained in the Commission's Draft Report.

The Australian Government should issue a statement that the voluntary self-reporting system for second tier airports is discontinued.

This recommendation is based on an assumption that these airports do not, and will not in future, exercise strategies warranting oversight and, potentially an appropriate regulatory or reporting regime.

It is contended that continued reporting can best ensure that the introduction of inappropriate commercial practices are discouraged.

In this regard current disputes in Tasmania regarding liability for rate equivalent payments by the two leased airports (Hobart and Launceston) present a case in point. This matter is currently before the Federal court and suggest unilateral action by airport lessees to reduce operating costs thereby providing them with a commercial advantage over potential competitors. It also represents a financial impost which is detrimental to the local community.

Further, the reporting structures and data gathering systems already in place to allow compliance with the current voluntary reporting regime, have been developed to a level such that the impost of a continued reporting responsibility is minimal.

Most indicators of the monitored airports' operational and financial performance are within reasonable bounds, although some could present cause for concern if considered in isolation.

And

There is no reason for airport operators to become complacent – further scrutiny of some aspects of airports' performance is warranted, and tailored reforms are needed to address specific areas of concern.

It becomes difficult to reconcile how the Commission can propose termination of the second tier airports' reporting regime and also conclude 'performance are within reasonable bounds' when, at the same time there is a 'cause for concern' and 'further scrutiny is warranted.'

Airports could exercise their market power in landside access services.....but there is insufficient data to determine whether this is the case.

And

The collection of detailed data on access charges, terms of access, costs and revenues for landside services would enable an assessment of market power in landside access

Again, a lack of data acknowledged in the statement above, lack consistency with regard to the finding that '*There is little evidence that the monitored airports are exercising their market power in car parking*'.

The Draft Report suggests there are viable alternatives such as using the services off-airport parking operators. It also refers to the charges levied as comparable to charges levied at such facilities as hospitals and entertainment venues.

While the use of off-airport parking stations may prove viable in certain circumstances, for example those with little or no baggage, that option becomes highly impractical in the case of multiple travellers with corresponding luggage to transport and process.

Furthermore, drawing a favourable comparison using hospital and entertainment venue charges as justification fails to recognise that those charges may also be unreasonable and predatory based on the proposition that, once again, viable alternatives for access do not exist.

Sydney Airport's regional access arrangements.....should be changed to allow airlines to use non-regional aircraft movement slots for regional or non-regional flights.

And

Sydney Airport's cap on aircraft movements restricts the effect of aircraft noise on local residents, although this reduces the airports efficiency. The Commission is seeking further evidence on options that could meet current noise objectives at lower cost.

Firstly, with regard to regional airline use of available non-regional slots. Is it the Commission's contention that 'vacant non-regional slots' should be allocated to regional airlines wishing to utilise them on a permanent basis? If that is the proposal then there are a number of issues to consider.

Similarly, if it is proposed these slots be utilised on a temporary/as they become available basis then there are also added considerations.

AMAC strongly supports continuing regulated access to Sydney Airport for the State's rural and regional communities. However there are operational and economic considerations in what the Commission proposes.

In the first instance current national and international operators jealously guard their allocated slots lest they be occupied by another. The same strategy would undoubtedly apply where permanent forfeiture was the result such that any 'available' slots would quickly disappear.

If, on the other hand the proposal is for vacant slots to be used on an ad-hoc basis, how does a regional operator design a reliable scheduled service where arrival and/or departure timeslots fluctuate?

There is also the issue of airport service charges. By comparison to the cost of interstate and international travel, the cost of intrastate air travel is necessarily high by comparison. If the proposal is that access charges for use of these vacant slots will be assessed on the same unprotected scale as non-regulated operations then those costs become even higher and so presents a substantial disincentive for potential passengers to utilise those services.

Finally there is the issue of the impact of different aircraft types on capacity including taxi, take-off, comparative airspeed and wake disturbance separation minimums.

Clearly the commissioning of the (Nancy Bird-Walton) Western Sydney Airport will provide added opportunities in terms of slot vacancies and strategies need to be put in place to ensure appropriate regional access at an acceptable price point.

Amendments to the Sydney Airport 80 aircraft movement cap and curfew.

The Commission's Draft Report proposes changes to the caps methodology with suitable protection of noise mitigation principals.

At the same time the Draft Report acknowledges that movements rarely exceed 70 per hour, even in peak periods.

The Draft Report, supported by submissions from Sydney Airport and the Tourism and Transport Forum, states that the population is subjected to additional noise as a result of aircraft holding in flight so as not to breach curfew or cap limitations. The fact is that all aircraft required to hold are marshalled in sufficiently distant location and at altitudes which will not impact on the community.

As for a redesign of the cap while continuing to meet noise impact objectives, that exercise fails before it even commences.

The Sydney Airport Long Term Operating Plan (LTOP) was introduced following the third runway debacle designed to 'share the noise' and quell the communities outrage.

LTOP sets movement targets from the various runway ends with the aim of providing noise exposed communities with respite periods.

The fact is that those noise mitigation targets have never been met and are unlikely to ever be met due to prevailing weather conditions, increases in aircraft movements and the time required to transition from one mode of operation to another.

It also appears that the Commission has been lulled into the false belief that there is such a thing as a quiet aircraft rather than a marginally less noisy aircraft.

The fact is that, while newer technology aircraft may generate marginally lower noise emissions on an individual basis, the makeup of the aircraft fleet operating in Australia means that the differential between aircraft is imperceptible.

In addition the impacts of aircraft noise exposure are exacerbated as a result of an increase in the number of movements and the resulting reduction in the time between movements and corresponding noise exposure.

Finally the Draft Report is clearly skewed towards maximising the economic return from Sydney Airport with no acknowledgement of the economic impact as a result of reduced community productivity and the environmental and resulting health costs imposed on that same community and health services generally.

Frighth aircraft in the Sydney Airport curfew

The anomaly resulting from the regulation of curfew freight operations so as to exclude more advanced aircraft should be redressed, provided the aircraft permitted to operate and the parameters governing their operation are consistent with prevailing operating maximums.

Regulations regarding a similar anomaly with business jet operations were similarly amended.

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