

Airport Regulation Inquiry
Productivity Commission
Locked Bag 2
Collins Street East Vic 8003

30 August 2018

Via email: airports@pc.gov.au

Dear Mr Lindwall,

RE: Productivity Commission Issues Paper on Economic Regulation of Airports

Thank you for the opportunity to comment on the Productivity Commission issues paper on the economic regulation of airports.

The Property Council of Australia's members include Australia's largest residential developers who are committed to meeting Australia's housing needs and actively support policy choices that will improve housing affordability outcomes.

Policy settings that impact the property market significantly influence on the wellbeing of Australians – not just providing security and shelter- but by driving economic growth. In NSW alone, the property industry accounts for:

- \$54.5 billion in GSP totaling 11.1% of NSW 's economic activity
- 311k direct jobs in NSW and another 451,209 indirect jobs
- 51.8% of NSW taxes, local government rates, fees and charges

The property industry shapes the future of our cities and has a deep long-term interest in seeing them prosper as productive and sustainable places.

The Property Council acknowledges that Australia's airports play a pivotal role in contributing to the economic success and liveability of our cities. Our airports are the gateways to the world and the efficiency and effectiveness of our airports are vital for the continued economic viability and international competitiveness of our cities.

Sydney Airport and its efficient operation, is essential to maintain strong economic growth both in Sydney and nationally throughout Australia. Sydney is Australia's only global city and one of the main driving forces behind the city's success and continued growth, is dependent on a number of factors one of which is Sydney Airport and its efficient operation.

Sydney Airport connects people and businesses regionally, nationally and internationally. The airport generates significant economic activity and the efficient management of the airport

ensures other airports and cities are also economically successful. It is not only one of NSW's most important pieces of infrastructure, but an integral one of Australia.

The issues paper notes that *airport owners must continually improve their operations by increasing the efficiency with which they use the infrastructure they have, and by investing in new infrastructure*, this is certainly the case when it comes to Sydney Airport which is constrained in terms of expansion by availability of developable land and nearby residential communities. Improving operation efficiencies is one of the few options available to Sydney Airport and reforms are essential for Sydney to stay abreast of the growing demand for air transport.

As an economic driver, aviation is of national importance for Australia. There is a clear need for action to expand airport capacity in the short and long term. To tackle this and ensure Sydney Airport can handle the growth in passenger numbers, restrictions at the airport must be reviewed and updated to allow for the efficient operation of existing infrastructure.

Fundamentally, an efficient aviation network is critical for Australia in both economic and social terms. Inflexible capacity constraints at Sydney Airport have become one of the biggest impediments to efficiency leading to increased delays at the airport which have ripple effect throughout the country.

The Property Council understands and is supportive of the overnight curfew on flight operations at Sydney Airport which ensures and protects the liveability of residential areas around the airport. However, we would question the inflexibility with which the restrictions are applied during normal airport operating hours. These restrictions appear to be overly onerous considering the increasing demand placed on air travel, the continuing demonstrated reduction in noise generated by modern aircraft types like the B787 and A350 and the importance of an efficient air transport system to the national economy.

At present, regulations impact on Sydney Airport during its operating hours which greatly reduces its ability to operate as efficiently as possible. This is having a flow on effect and reducing the airport's ability to generate increased economic growth in Sydney and national productivity growth. Inflexibly applied aircraft movement caps, restrictions during shoulder periods and other artificial constraints, are reducing the operating capacity at the airport to well below its potential.

While some of these constraints are justified to ensure that the airport operates in an environmentally appropriate manner, others have no apparent basis and are unnecessarily restrictive. It is not only in the interest of Sydney Airport that these constraints be reviewed, but the national interest also. We therefore urge the Commission to recommend that there be a thorough review into the appropriateness of these constraints.

The Property Council is committed to ensuring the economic success and viability of our cities. It is clear that Sydney Airport is a vital cog in the economic engine driving Australia. Efficiencies need to be made to ensure that our airports operate at their optimum level and undertaking a review of the restrictions and constraints imposed by regulations at Sydney Airport is both timely and justified.

Should you have any questions regarding the above, please do not hesitate to contact me

Sincerely,

Jane Fitzgerald
NSW Executive Director
The Property Council of Australia