

Submission to the Productivity Commission Review of Price Regulation of Airport Services

BROOME INTERNATIONAL AIRPORT

We find it necessary to comment on the RAAA submission to the Productivity Commission as their submission uses Broome International Airport (BIA) as an “unusual illustration of the cost-plus mentality and overwhelming market power held by airports”.

Under the section headed *Cost-Plus Mentality* paragraph 2, their submission states:

“one unusual illustration of the cost plus mentality which stems from the overwhelming market power held by airports is Broome International Airport’s (BIA) refusal to allow airlines to carry out their own ground handling of aircraft. Ground handling is conducted by BIA and charged at rates significantly more expensive than the airlines own staff.”

We would advise the Commission that the practice of multi-skilling and multi-usage of airport infrastructure is not “cost-plus mentality” as stated by the RAAA, but efficient cost sharing of infrastructure, labour and equipment.

Because of Australia’s previous two airline policy, the major airlines independently built large terminals and leased apron areas and staffed both the terminal and the apron with their own employees and their own equipment. The general practice around the World is for the airport to supply multi-user infrastructure, staff and equipment.

This global practice increases efficiency and security at airports.

A direct result of our multi-user infrastructure and staffing by Broome Airport Services staff is the ability to offer staff adequate hours per week to ensure a realistic minimum wage. BAS in fact provides the check-in and ground handling services for Qantas, Qantaslink, Virgin, Skywest and Airnorth. This increases staff retention rates and decreases the continual need of extensive training required for new check-in and ramp staff. The members of the RAAA should be only too aware of the difficulty and excessive costs at most regional airports of hiring, training and retaining aviation staff.

Additionally, staffing by BAS enables direct transfer of luggage from say a Qantas flight to a regional airlines flight such as Airnorth, further improving efficiency and convenience to our customers. It should also be noted that using a single ground staff employer increases safety and security for both checked-in baggage and unauthorized cabin intrusion.

The alternative to multi-user infrastructure and staffing which is proposed by the RAAA is for a regional airline to be asked to build and staff the following:

- ➔ Terminal for sole use
- ➔ Fit out of terminal
- ➔ Computer booking system and other services
- ➔ Security equipment
- ➔ Staffing of check-in and ground handling (minimum 3 staff)
- ➔ Staffing of security (minimum 4 staff)
- ➔ Purchase of apron furniture (minimum 1 tug and 2 baggage trolleys)
- ➔ Purchase of apron license for its aircraft

Besides the prohibitive infrastructure costs, the regional airline employees would only be working 2-3 hours per day which means this could not be their main source of income and would lead to very high turnover rates. The ground handling rates charged by BAS (which are inclusive of lease costs for the regional airlines) are therefore well below what the airlines could achieve if they conducted their own operation.

Finally, BIA would like to advise the Productivity Commission that small RPT aircraft of less than 10 pax may carry out their own check-in and baggage handling at no charge.

We hope this clarifies the gratuitous comment about BIA in the RAAA Report.

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