

Shaughn Morgan
Chief Executive

12 October 2006

Inquiry into Price Regulation of Airport Services
Productivity Commission
PO Box 80
Belconnen ACT 2616

By email: airportpricing@pc.gov.au

Dear Sirs

The NSW Farmers' Association (the 'Association') welcomes the opportunity to comment on the review of Price Regulation of Airport Services.

The Association is the key representative body for both intensive and extensive agricultural industries in NSW ranging from broad acre, meat, wool and grain producers, to more specialised producers in the horticulture, dairy, poultry meat, egg, pork, oyster and goat industries.

Regional airlines play an important role in the business and social network of rural NSW. With the large travel distances that rural and regional residents face, air transport is often the quickest and most cost effective form of transport. Over one million passengers travel in and out of Sydney airport from regional locations each year, representing a significant component of NSW regional passenger travel. If the regional airports of Ballina, Coffs Harbour, Newcastle, Lord Howe and Norfolk Island are included, passenger numbers exceed 1.7 million.

The Association is not in a position to comment specifically on the detail of the draft recommendations from the *Review of Price Regulation of Airport Services*. However, in the context that they affect the cost and ability for residents in rural NSW to access air transport and the capital city of Sydney some general comments are as follows.

The Association does not oppose the recommendations in so far as they are proposing a continuation of the existing price monitoring arrangements operating on a dual till basis. In respect to the impact on regional air ticket prices, the Association welcomes the suggestion to include the non aeronautical services such as price monitoring of aircraft refueling, ground handling and check-in counter services in the new monitoring regime. It also welcomes the suggestion that the ACCC be instructed to monitor car parking and other landside vehicle services. The Association supports all moves to make the current system more transparent and ensure monopolistic powers are not abused. This is particularly pertinent where smaller carriers are negotiating with Sydney Airport.

The Association would like to make particular comment on the suggestions raised in the review regarding regional airline access to Sydney airport. Access to Sydney airport for regional airlines at peak periods is essential to provide regional commuters with the ability to access timely business appointments and connecting domestic and international flights. It also plays a vital role in affording regional residents access to health, education and other essential services. Without the guaranteed slot allocations regional airlines would be forced out of peak times adding extra costs to the trips of regional travelers.

Alternative airport options for regional airlines are not suitable leaving Sydney Airport with a monopolistic position. Without the current regulatory restrictions this monopolistic position would allow Sydney Airports to structure its pricing to gain maximum profits from the market and in turn have significant social and economic implications for those travelers on regional airlines. The Association believes that the current arrangements should be maintained to ensure that regional airline travelers are afforded the same opportunities offered to those on other domestic flights.

If you require any further information on any of the issues raised in this letter, please contact the Association's Senior Policy Manager, David Moffitt ph (02) 8251 1887.

Yours sincerely

Shaughn Morgan
CHIEF EXECUTIVE