

PRODUCTIVITY COMMISSION SUBMISSION – TOWNSVILLE AIRPORT UPGRADE

I have read with interest submissions made by Queensland Airports Limited and Qantas regarding a proposed upgrade of Townsville Airport.

For more than two years I have tried to get Queensland Airports and its Townsville chief operating officer, Kevin Gill to answer these legitimate questions regarding the proposed \$3 passenger levy to fund the upgrade:

1. Will the improvements, paid for by the travelling public, be included in your company's balance sheet?
2. What area of retail space will be created and what rent/lease payments will be received from businesses that occupy the new shops and food outlets?
3. What rental/lease payments will be received from Virgin for its new Business Lounge?
4. Why should economy passengers travelling on all airlines have to pay for a Virgin lounge they will never be able to use?
5. What additional rental will be asked from Qantas for its improved Business Lounge should it approve the \$3 passenger levy?
6. What extra income will be received from added car parking spaces?
7. Will this new revenue be included in the company's profit and loss accounts?
8. Given that approximately 1.5 million passengers pass through the airport each year, Queensland Airports would collect \$4.5 million a year in levies. Will the \$3 levy per passenger per flight be discontinued after the upgrade has been paid for, and how will the public know when this has been achieved?
9. Mr Gill has stated in the media that there have been no improvements made to the airport terminal since 2003. How much profit has Queensland Airports made from Townsville Airport in the 15 years since and why hasn't Queensland Airports spent some of those profits to make improvements?
10. Back in 2015, Mr Gill announced a "\$40 million upgrade to existing terminal and apron facilities" at Townsville Airport. The media release is on the Townsville Airports website:
<https://www.townsvilleairport.com.au/townsville-airport-releases-major-development-plan-for-terminal/>
This announcement from the airport's website confirms both the value of the upgrade and that fact that it included the terminal and apron.
Since then, in 2017, the Federal Government funded \$10 million in improvements to the apron. Was any part of this \$10 million used to fund the recent upgrade of the third-world toilets in the arrivals area of the terminal?
11. Although the total cost of the upgrade was announced as \$40 million in 2015, the cost is now reported at \$80 million. How did the cost of the upgrade double in value in just three years.

Until these questions are answered by Queensland Airports I submit that they should not be permitted to impose the proposed \$3 per passenger levy.

It also appears that Queensland Airports is intending to collect the new \$3 per passenger levy indefinitely, thus adding substantially to the company's profits beyond the repayment of the upgrade costs.

Queensland Airports should fund its own improvements. What the company is trying to do is akin to a shopping centre adding new retail space and then charging customers to enter and use that space.

Doug Kingston