



Australian Government

Austrade

18 September 2018

Mr Paul Lindwall  
Commissioner  
Productivity Commission  
Locked Bag 2  
COLLINS STREET EAST VIC 8003

## SUBMISSION TO INQUIRY INTO THE ECONOMIC REGULATION OF AIRPORTS

Dear Mr Lindwall

Thank you for the opportunity to make a submission to the Productivity Commission's Inquiry into the Economic Regulation of Airports.

Austrade advocates for policy reforms that support Australia's growing tourism industry. Tourism is a \$136 billion industry that employs around 1 in 13 Australians, accounts for 10 per cent of Australia's exports and is a key driver of Australia's economy. The benefits are spread across the country, with 44 cents in every tourism dollar being spent in regional Australia.

The Australian Government, state and territory governments and industry have implemented a strategy to grow the tourism sector – Tourism 2020. While visitor numbers and spend continue to grow, meeting the upper bound of the Tourism 2020 overnight expenditure target of \$140 billion still requires significant and challenging reforms across all levels of government.

Australia is experiencing rapid growth in international visitor numbers. For the year ending March 2018, 9 million international visitors travelled to Australia (up from 5.5 million visitors in 2009). The majority of these visitors transitioned through our major gateway airports; Sydney, Melbourne, Brisbane and Perth.

Australia's policy settings and transport infrastructure must encourage, and be able to accommodate, even greater international visitor numbers into the future. Important factors include ensuring sustainable air services, enhancing aviation connectivity between Australia and key markets, enhancing access to regional Australia, and encouraging new infrastructure and technology to provide efficient border facilitation experiences.

Austrade strongly supports the consideration of the following principles as part of the Inquiry, building on the Productivity Commission's Issues Paper:

1. **Encourage competition and provide passenger choice:** Recognising that airports are the first and last port of call for visitors travelling to destinations in Australia, regulation should allow diversity of choice when consumers fly domestically and internationally. This includes choice regarding air travel versus other modes of travel, choice of destination, choice of airline carrier, choice of food, beverage, shopping and accommodation services offered at airports, and choice of auxiliary services including transport to and from airports.

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2. **Ensure fair charges and costs for consumers:** Regulation should ensure costs placed on consumers are fair and reasonable. Price competitiveness is a challenge for Australia's tourism industry given the highly competitive global tourism environment and relative affordability of nearby markets in Asia and the Pacific.
3. **Generate consumer confidence:** Regulation should support a passenger facilitation process that allows consumers to move through international airports in an orderly and efficient manner that does not compromise national security. Visitors' arrival and departure experiences at Australia's airports can impact our reputation as a welcoming destination for tourism and business.
4. **Encourage regional dispersal:** Regulation should promote regional dispersal of domestic and international visitors, and costs and charges should not discourage regional travel opportunities. Regional dispersal continues to be a major challenge for the growth of Australia's tourism industry. Incentives and initiatives to promote international and domestic visitors to travel to regional Australia will help grow regional economies and allow visitors to experience unique and diverse parts of Australia.
5. **Encourage appropriate levels of investment in new infrastructure and technology:** Regulation should retain the necessary mechanisms to encourage private investment opportunities in new airport infrastructure and technology. A liberalised approach to investment permits airports to accommodate passenger growth and allows airlines to grow capacity and service new routes and new target market destinations.

Austrade would be happy to discuss any aspects of our submission further with the Productivity Commission. In particular, Tourism Research Australia has a wealth of tourism data that may assist the Commission's Inquiry. For further information, or to arrange a meeting to discuss this submission, please contact Ms Lynne Ashpole, Assistant General Manager, Policy and Coordination Branch

Kind regards

Dr Stephanie Fahey  
Chief Executive Officer