

Submission: GRAHAM BAILEY

INQUIRY INTO ECONOMIC REGULATION OF AIRPORTS.

My Background:

I started my career with the Commonwealth Public Service, as a Cadet Civil Engineer, with the (then) Commonwealth Department of Works (C.D.W.) I specialised in the field of Heavy Aircraft pavements, and joined the (then) Department of Civil Aviation (D.C.A.), in 1971.

During my career with the CPS, I was involved in every facet of Planning, Design, Construction, Operation, and Maintenance of Aerodromes.

I wrote many of Australia's Aerodrome Regulations and Standards, represented the Country at I.C.A.O., and was Counsellor Transport, with the Embassy of Australia, in Washington D.C., U.S.A. from 1977 until 1981.

In later years, I held Senior Executive positions within the Aviation Portfolio.

I am now retired; but maintain a strong interest in matters concerning Australian Airports.

Deskilling in AIRPORTS.

In the context of this inquiry, it is important to understand the Australian Government is now virtually bankrupt of Fundamental AIRPORT Technical Skills.

This situation started with the compulsory transfer of Specialist Staff from Melbourne to Canberra; soon after the demise of DCA and creation of the mega Department of Transport, circa 1975.

Reorganisation and disruption became the order of the day; until 'reform' became serious with the creation of the Civil Aviation Authority (CAA) in 1988.

The infamous 'Review of Resources' followed; along with the rhetoric of self-regulation and affordable safety.

This period likewise saw the demise of the C.D.W. Design and Construction Engineering expertise.

The CAA was abolished in disgrace in July 1995; replaced by the Civil Aviation Safety Authority (C.A.S.A.).

By then, deskilling was almost complete, with 1 or 2 remaining Airport Engineering Specialists soon departed.

From my technical perspective, the Australian Government is now acting as an uninformed Regulator, Purchaser, and Protector of Public Interest.

All of this is directly relevant to the Economic Regulation of our Airports. For example, the imposition of unjustified, unnecessary, or over-priced developments. (See example herein)

The Long-standing OCA/CDW Corporate Knowledge and Skill-base is well gone possibly still retrievable.

Natural Monopolies.

Airports are natural monopolies; and the inquiry will no doubt hear about the numerous cases where their monopoly status has been exploited at the expense of Airport users and individuals.

In June 2016, Simon Bourke of Australian Airports Association wrote in the Australian newspaper about inappropriate land-use developments approved around Airports.

More to the point; former ACCC Chairman Graeme Samuel wrote in the same paper on 25 May 2018, urging the Regulator to 'rein-in' Airports using their monopoly position to earn excessive profits. Samuel was critical of the 'light-handed' regulatory model under which Airports operate.

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As indicated by Samuel, it is clear that, at this point, more effective regulatory pressure is required.

AIRPORT MASTER PLANS etc.

When I last checked the situation within the Department of the Minister representing Transport, there wasn't any staff with genuine Airport Engineering skills.

In fact Policy Advisor roles in Airports were advertised by the (then) DOTRS in May 2005, at which time experience in a Regulatory or Aviation environment wasn't considered essential.

Notwithstanding this, and my comments above re deskilling; the AIRPORTS ACT 1996 has the Minister approving Master Plans, Development Plans and Environmental Protection Plans, for Australia's 'Privatised' Airports.

The question arises, how does the Minister look after Public Interest, without the need for specialist Airport-Engineering people 'in-house'?

Master Plan approval is central to the Archerfield Airport case study, outlined later in this Submission.

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS. (P.W.C.)

The main focus of the PWC, is to examine proposed Civil Engineering and Building Works; including those on AIRPORTS.

In accordance with Sub-Section 17(3) of the Public Works Committee Act; in considering and reporting on a Public Work, the Committee shall have regard to:

" the stated purpose of the work and its suitability for that purpose; the necessity for, or advisability of carrying out the work; the most effective use that can be made

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in the carrying out of the work, of the moneys to be expended on the work. Where the work purports to be of a revenue producing character, the amount of revenue that it may reasonably be expected to produce, and the present and public value of the work."

Without doubt, in the past, Master Planning and Development proposals were rigorously tested by this process.

PWC examination starts with the need, whether justified or not. From there, the proposed solution is evaluated and tested for cost effectiveness, and thoroughly examined in the details of design, construction, costing, timelines and environmental impact.

All public submissions including users and those otherwise affected, were genuinely considered, with bureaucrats such as myself, required to fully justify the positions taken with respect to issues raised.

Without a favourable PWC Report; the Project under consideration could not proceed.

With the privatised airports, this reassurance is no longer available; supposedly because the PWC does not have jurisdiction.

I am not convinced about the lack of jurisdiction. For instance; these Airports are still Commonwealth owned, and the Private sector Companies are called the airport lessee Companies.

Any movement area pavement work and major construction initiatives would have a residual benefit for the airport owner; ... the Commonwealth.

More to the point; there is still the matter of Public Interest to be considered / protected.

I believe that this matter is one that must be reviewed, as part of the Economic Regulation Inquiry.

Case Study: ARCHERFIELD AIRPORT Queensland.

Archerfield was privatised in 1998, the lessee being the Archerfield Airport Corporation. (AAC).

An updated Master Plan for Archerfield, was due to be submitted to the Minister by 18th November 2010. This didn't occur for various reasons, including a lack of serious consultation with the airport users.

The draft Master Plan (and Environmental Strategy) was eventually approved by the Minister on 24 May 2012.

The approved Master Plan raises a very wide range of issues affecting the aviation community; starting with a lack of genuine consultation (first meeting of the consultation group some 3 months prior to submission to the Minister, and the perception the Plan is "more focused on providing additional land for non-aviation activities, at the expense of current aviation needs, aviation businesses and aviation infrastructure". — part of the submission from Archerfield Airport Chamber of Commerce. (the users)

I believe many of the issues raised support the above, unfortunate contention, — for the purpose of this case study; I will focus on the secondary runways at Archerfield; namely 04/22.

- runway 04L/22R, 1,245 m long and 30 m wide.
- runway 04R/22L, 1,100 m long and 30 m wide.

Both of these runways are natural surface, and unsealed.

The main feature of the Master Plan, is the proposed realignment of these grass runways, "to improve usability...."

More to the point of concern from the users, is that the proposed realignment does 'free-up' land for non-aviation activities.

Also, any change in the secondary runway direction, would require demolition of the Air Traffic Control Tower; without defining the new location. The question arises, ... who will pay for the demolition and relocation construction? No doubt, the taxpayer and/or the airport users. The Fuel Farms and other existing businesses are also affected!

I find it difficult to understand how any serious Master Plan can envisage relocation of a Control Tower, without defining the new location; taking into account a thorough analysis in accordance with current standards.

The Archerfield Chamber of Commerce made an appeal before the Administrative Appeals Tribunal seeking a review of the approval decision by the (then) Minister for Infrastructure and Transport.

Surprisingly, the Chamber lost this appeal; with the Tribunal Deputy President finding there was no substance in the Chamber's 'criticisms' of the draft Master Plan.

But in my view, there was plenty of substance!

In particular,

One well respected individual reported in favour of the proposed runway usability, favouring the proposed realigned grass runways. However after some 20 or so pages, the individual concerned also said:

"I acknowledge that the difference in usability of the proposed and existing runway orientation is relatively minor."

This being the case, then other factors come into account namely those associated with Pavement Engineering; the best way to improve runway usability is to improve the existing drainage situation, and seal the runways. No need to realign the runways, the cost effective option is to seal them.

I had made two statements to the Tribunal, firstly dated 9 June 2013 and then 26 November 2013. Later, I was asked to give evidence and answer questions by telephone; on 19th November 2014. In fact this appearance was very casual, disappointing, seemingly irrelevant 'non-event'. There was no significant questioning, and I didn't have the opportunity to elaborate on the points I had made in my statements.

To top off this charade, I noted the Applicant has the right to appeal the decision to the Federal Court of Australia, but such an appeal is limited to questions of law, and does not apply to errors of fact.

There we have it; the final decision in these matters is made by a person without any aviation credentials, and any appeal can not take into account errors of fact, or misunderstanding.

Recommendations for the Commission.

1. Examine the need to 'Re-Skill' the Commonwealth Agencies involved in Airport Safety and Regulation; enabling greater credibility for decisions made by the Minister, under the Airports Act, 1996. As indicated herein, I am referring to people with qualifications and genuine experience in Airport Planning, Design, Construction, Operations and Maintenance, i.e. Airport Engineers
2. Inquire into the jurisdiction of the Parliamentary Standing Committee on Public Works (P.W.C.); to include relevant oversight of the Privatised Airports, to ensure protection of Public Interest in the provision of airport services, etc. in particular Master Planning and Major Projects.