

Australian Business Aircraft Association Inc.

ABN 32 082 750 492

9 Guthrie Ave

Cremorne NSW 2090

Phone 02 9953 0363

www.abaa.com.au

22nd September 2011

Economic Regulation of Airport Services
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Madam/Sir,

Productivity Commission - Economic Regulation of Airport Services ABAA Comments following release of the Draft Report

This letter follows our meeting with Ms Wendy Craik, Mr John Sutton and Mr Adam Sheppard in Sydney 1st September 2011.

We request our letter 21st September 2011 be read in conjunction with the following:

We appreciated being given the opportunity to attend the meeting 1st September. The main reason for requesting this meeting was to discuss the role of Business Aviation in Australia and overseas with emphasis on the requirement for the majority of our members' aircraft and all business aircraft arriving from overseas to have continuing access to Australia's Capital City airports, at fair and reasonable prices.

1) The Role of Business Aviation

Business aviation is a productivity-enhancing tool used by thousands of companies and organisations throughout the world. These forward thinking entities utilise business aircraft to reduce travel time, and to enhance the productivity, safety and security of their personnel.

Business aviation has made a significant contribution to the development of a strong Australian economy for more than 40 years. This sector of the aviation industry performs an essential role in the overall transport needs in Australia with many companies also using their aircraft to travel overseas.

2) Business Aviation Fleet

Approximately 34,000 jet and turbo prop business aircraft are currently in service worldwide. Australia has in excess of 300 of these including 125 business jets, which are used for private and charter business flights and 5 RAAF VIP transport aircraft. Business jet numbers in Australia have almost doubled over the past 10 years.

3) Australian Business Aircraft Association Inc. (ABAA)

The ABAA represents owners and operators of about 70% the business jets based in Australia. The ABAA is one of fifteen business aviation associations in the world, all of which are all members of the International Business Aviation Council, headquartered in Montreal, Canada. The largest business aviation association is the National Business Aviation Association (NBAA) in the USA with in excess of 8,000 members, who operate over 12,000 aircraft.

4) Increasing size and weight of Business Aircraft

In 1995 the largest and heaviest business jet in service worldwide was the Gulfstream G1V, with a maximum take-off weight (MTOW) of 33,200 kilograms. Since then, business jets have continued to be developed to satisfy increasing demand for long range flights. This has resulted in larger and heavier aircraft entering service over the past 10 years or so.

Today's long range business jets include:

Boeing BBJ (based on B737)	MTOW 77,565 kgs	range in excess of 9,500 klms
Embraer Lineage 1000	MTOW 54,500 kgs	range in excess of 8,000 klms
Bombardier Global Express	MTOW 44,452 kgs	range in excess of 11,000 klms
Gulfstream G550	MTOW 41,277 kgs	range in excess of 12,000 klms
Falcon X	MTOW 31,751 kgs	range in excess of 11,000 klms

These aircraft and several other business jet models cannot be operated into Australia's Capital city secondary airports, e.g. Bankstown in Sydney, for several reasons including runways being too short and lack of customs and immigration facilities. Some aircraft including the Global Express and G550 could land at Bankstown, but are not able to take off with sufficient fuel for a long distance missions.

5) Importance of Sydney as Australia's Gateway Airport

Much of our discussion 1st September centered on Sydney Airport and the requirement of business aviation operators, both domestic and international to have uninterrupted access to Sydney Airport at a fair and reasonable cost. Approximately 80% of business aircraft flights from overseas arrive at Sydney Airport.

Sydney Airport recorded in excess of 1,000 international arrivals and departures of business aircraft in 2010. This number is expected to increase by at least 5% in 2011.

6) Virgin Australia's plans for a Maintenance Hangar at the current Business Aviation Precinct

This subject was mentioned in our amended letter dated 21st September 2011. The main concern of ABAA members is to obtain an assurance from SACL for the uninterrupted availability of a business aviation precinct at Sydney Airport, which would include: taxiways, aircraft parking areas, maintenance facilities, lighting, road access and motor vehicle parking - **all** being at least comparable to the infrastructure presently existing.

Also, the ABAA is of the opinion that the current business aviation precinct is adequate in providing the required infrastructure for at least the next 20 years, and this is all currently provided at a reasonable cost.

We are very concerned that moving the business aviation precinct to a “greenfield” site, south of the airport control tower, may lead to SACL wanting to charge unreasonable costs to our members.

7) Airport charges in Australia and Overseas

The following cost comparisons clearly demonstrate that one Australian Airport lessee is overcharging for aircraft parking. The following charges are for a Global Express:

Canberra	A\$690 per day
Athens	570 per day
Macau	365 per day
Istanbul	270 per day
Sydney	240 per day
Auckland	120 per day
Hong Kong	125 per day
Essendon	70 per day
Singapore Changi	50 per day

A three day trip to Athens and Canberra for a Global Express, including a landing charge and three days parking is: Athens A\$2,570, Canberra A\$4.990.

Also, our members have experienced anomalies in regard to airport charges for training flights. Recent examples include training flights at Avalon Airport and Brisbane Airport - both carried out in the same business jet.

Avalon Airport	Six circuit training flights
January 2011	Avalon Airport charge: \$2,316

Brisbane Airport	Six circuit training flights
July 2011	Brisbane Airport charge: \$491

8) Airport Lease Conditions

During our meeting 1st September, we asked if it would be possible for the Productivity Commission to obtain a general outline of the section of the Airport Lease Agreements, which refers to ongoing obligations of the Airport Lessees in respect to continuing access to the airports at a fair and reasonable cost.

We appreciate the opportunity to provide the above additional information.

Thank you.

Yours faithfully

David Bell
Executive Director

