



AUSTRALIAN
AIRPORTS
ASSOCIATION

Mr John Young
Committee Director
Standing Committee on State Development
Parliament House
Macquarie St
Sydney NSW 2000

12 September 2014

Response to Questions on Notice – NSW Inquiry in Regional Aviation Services

Dear Mr Young,

I am writing to you in relation to the New South Wales Legislative Council's Inquiry into Regional Aviation Services. The following information is provided in response to questions taken on notice from the Australian Airport Association's (AAA) participation in a public hearing at the NSW Parliament House on 15 August 2014.

Question 1. *(Mr SCOT MacDONALD) Do you have any thoughts about whether you would support a fund via 10¢ or 20¢ on the ticket price to build up a fund for the next failure?*

The position of the AAA and its Board is that, as a general philosophy, we do not support the introduction of network charges and on that basis we would not support the introduction on a ticket levy for a fund to potentially support a failing regional airline.

Question 2. *(The Hon. CATHERINE CUSACK) I noted with interest your comments about the market power that the airline has over the airport. Do you have any suggestions as to a better model of governance that would make the relationship more equal? If you could provide details of those examples you referred to where the consumer price index [CPI] was applied, I presume in a contract, and not paid.*

Upon further consideration, the AAA believes that commercial issues should be negotiated solely between the airline and airport, without the risk of further regulatory intervention where it may not be necessary. The AAA supports a light-handed approach to airport regulation and believes that market interference should be kept to a minimum.

Question 3. *(The Hon. MICK VEITCH) One of the State RPT providers in their submission suggested that we look at bringing in a body like the Independent Pricing and Regulatory Tribunal [IPART], or an ombudsman or some sort of arbiter process for the setting of the landing fees. The view was that the fees were too high for them. Do you have any views on that? Do you think a body like that would have a role?*

In principle, the AAA does not support a third-party playing a role in setting the fees and charges for the aviation industry. The AAA believes that for regional council owned airports, the fees and charges issued by the airport should be set by the Council through its due processes, to ensure that these fees accurately reflect the costs being incurred by the airport depending on its activity and development.

With regards to a third-party arbiter or ombudsman being utilised for dispute resolution, the AAA is concerned that such a process may unnecessarily delay some negotiations and has the potential to be too heavily relied upon in the event of disagreement.

Question 4. *(The Hon. CATHERINE CUSACK) Can I ask about Wagga Wagga and the \$600,000 interest bill: how big is the loan?*

The balance of all Wagga Wagga Airport loans as at 30 June 2014 was \$11.2M. The total interest on loans expense for financial year 2013/14 was \$637,192.

Should you have any queries in relation to any of the above information, please do not hesitate to contact me.

Yours sincerely,

Caroline Wilkie
Chief Executive Office