

Our ref: GOV:CUS



28 November 2013

Mr Tony Shepherd AO  
Chairperson  
National Commission of Audit

Via email: [submissions@ncoa.gov.au](mailto:submissions@ncoa.gov.au)

Dear Mr Shepherd

**National Commission of Audit – Australia's Airports**

Further to my correspondence of 26 November 2013, I wish to raise the future of Commonwealth airports in Australia for consideration during your audit. I note the second phase of the audit will include the condition and adequacy of Commonwealth sector infrastructure, including proposing remedies to improve deficiencies. My submission relates more to the second phase so I trust you do not mind my providing this information early.

The former Government estimated \$13 billion will need to be invested in privately financed Commonwealth airports over the next 10 years. No doubt much of this investment is required at the major airports to manage growth with new runways, runway extensions, new terminals and air navigation systems where projects can quickly exceed a billion dollars. By and large the Commonwealth is of the view the privatisation of airports in Australia has been a success coveted by a number of international counterparts. The Government is undoubtedly aware, and can rest easy in the knowledge that not one of those \$13 billion dollars will come from a tax payer.

I concur that for our part privatisation has been a success, while not without its challenges. It is a fact of life this kind of investment requires extensive consideration by airport boards, investors and financiers alike, with decisions as well as the projects themselves taking years to finalise. I often wonder if the last 10 years of airport development is an accurate reflection of what to expect going forward and if, with all that is expected of these vital Commonwealth assets, meeting demand is growing easier or more difficult over time.

Like all regulatory environments, legislation requires tweaking over time to keep up with changes in industry, demand, social policy, political views, economic environments and so on. The framework regulating airports was amended by the previous Government in 2010, in most cases increasing legislative hurdles for development on-airport.

But, you may be surprised to learn it is not these changes I believe are most pertinent to the Commission's review into Commonwealth infrastructure. Of greatest threat to future investment in airports is the almost certain future for all large airports in this country that the asset will only operate some of the time. A curfew or the threat thereof, creates a very uncertain environment within which to invest, while making the operation of existing Commonwealth assets less viable.

Some of our international counterparts are ahead of Australia in terms of airport noise policy and operating constraints. The UAE and Asian hubs, including Singapore are curfew free and will remain so, while the USA also seems to have the same no curfew purpose. We need to send a message to the world that we too are open for business 24 hours a day, and are ready to compete internationally.

At home, the *National Aviation Policy White Paper* released in 2009 states "The Government is conscious of the value of a network of curfew-free airports and has no current intention to introduce additional airport curfews." The White Paper goes on to discuss a curfew for Brisbane Airport, a review of which the Government is currently undertaking.

A new curfew has long been held as a political bargaining chip, while the uncertainty about future expectations does not do anyone any good, including airports, communities, state governments and their planning departments. The threat of a curfew not only places pressure on investment decisions for airports it also undermines the early, upfront and interventionist work expected of airports to engage openly with communities and abate noise impacts so as to avoid operating restrictions.

In considering community assets I request you do not forget airports, acknowledging they are significant enablers of growth, productivity and jobs in this country. It is in the national interest to protect airports while doing so will not place any cost on the national budget.

The Commonwealth should be honest with airports and communities, and firmly demonstrate its commitment to the role of its airports in the future of Australia. The Commonwealth must introduce legislation protecting the 24 hour future operation of major airports in this country.

Should you wish to discuss this matter please contact me on [REDACTED] [REDACTED] [REDACTED]. I trust this information is of assistance and I wish you well in your Audit.

Yours sincerely

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[REDACTED]  
Managing Director