

## **INTERNATIONAL AIR SERVICES DRAFT REPORT**

Brisbane Airport Corporation Limited continues to support a more liberalised air service policy to assist in increasing tourism to Australia and to subsequently develop the Australian economy.

We also endorse Melbourne Airport's response to the Productivity Commission.

The following is our response to a number of issues contained within the Draft Report.

### **Draft Report Chapter 4**

Brisbane Airport Corporation Limited fully supports the recommendation that “the Commonwealth Government should publish, and keep up to date, a statement of its aviation policy.”

A concise policy stating the government department's goals and objectives in international air service agreements would assist in streamlining the consultation process. If all major interested parties are aware of the objectives and agree to them then there would be less need to provide input through individual negotiations.

### **Draft Recommendation 5.1**

The recommendation about the removal of restrictions on city designation of secondary gateways implies that city designation for major gateways will continue. This approach is inconsistent with the drafts general theme to liberalise air service agreements.

It is acknowledged in the report that restrictions, such as city designation, can affect the viability of airlines operating to Australia. Airlines will ultimately only operate on profitable routes, so market forces should dictate what cities the airlines will fly to. Designation of cities shouldnot be in the agreements.

### **Draft Report Chapter 7**

Air Service Agreements and airport capacity shouldnot be dependent on each other.

The Australian Government has pursued and, should continue to pursue liberalisation of bilateral arrangements. It should not become involved in capacity issues at privatised airports. The introduction of a market for trading in landing and take-off slots would involve greater government intervention rather than less.

There are many and more costly variables, by example, aircraft and crew rotation, curfews and prime operating times, that will influence an airline in its scheduling before peak surcharging has an influence.

If the peak surcharge is placed too high, only the larger, wealthier operators will be able to operate at the desired times. The smaller airlines will be pushed to the non-peak times where they may incur additional costs for extra crews or end up carrying fewer passengers as they will depart or arrive out of prime time or miss strategic connections. In turn the route will become uneconomical and they will cease to operate.

Although the peaks will be reduced, the airports and the Australian economy will be the ultimate losers, as airlines will withdraw flights.

Any slot market would be dominated by the larger, more profitable airlines. The draft suggests that the Australian Competition and Consumer Commission (ACCC) could address this issue. This would be another level of government involvement in what should be a more liberal environment.

For privatised airports to increase their revenue base they have to increase passenger numbers from increased aircraft activity. To attract additional aircraft activity it will be incumbent of them to resolve any capacity issues.

Brisbane Airport Corporation Limited does not support any government intervention in capacity demand management.

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