

21 March 2019

Airport Regulation Inquiry  
Productivity Commission  
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Via electronic submission

Dear Sir / Madam

## RE: Airport Regulation Inquiry Draft Report

On behalf of the South Australian Freight Council's (SAFC) Executive Committee and Membership I thank you for the opportunity to provide comment on the Productivity Commission's Inquiry into the Economic Regulation of Airports Draft Report.

As you may be aware, SAFC is the State's peak, multi-modal freight and logistics industry group that advises all levels of government on industry related issues. SAFC represents road, rail, sea and air freight modes and operations, freight services users and assists the industry on issues relating to freight logistics across all modes.

In general, SAFC is supportive of the Commission's draft findings/recommendations, in particular:

- That none of the airports that participate in the second tier voluntary monitoring regime (including Adelaide Airport) have market power that would justify regulatory intervention.
- That Adelaide and Canberra airports are constrained from exercising market power in the market for domestic aeronautical services by the significant countervailing power from Qantas Group and Virgin Australia Group airlines.
- Adelaide Airport's continued position in the second tier of reporting requirements, and the Commission's draft position to remove reporting requirements for this tier for the reasons outlined in the report.
- The Commission's draft position on opening up competition in the aviation fuel sector.
- The Commission's draft finding that airport parking fees (at least in relation to SA) are reasonable.

While not contained in our original submission, SAFC notes that the Productivity Commission has made a number of recommendations surrounding the Sydney Airport Curfew. In particular we note the commission has made an information request around:

*Options that could improve the targeting of noise outcomes include:*

- *replacing regulatory constraints on aircraft movements with noise caps based on the amount of noise made by each aircraft*
- *adopting noise-based criteria for determining which aircraft are permitted to operate during the curfew, rather than the current prescribed list of aircraft types.*

Sydney and Adelaide are the only two capital city airports that are constrained by aircraft curfews – indeed the Adelaide Airport Curfew legislation is closely based on the Sydney model, and was passed by the Commonwealth Parliament only a short time after the Sydney legislation.

Given the close relationship between the structures of the two curfews, any modifications that are recommended for the Sydney curfew should also be considered for Adelaide Airport.

SAFC takes a pragmatic approach to the Adelaide Airport Curfew. While it is a restriction on the operation of flights that would otherwise be available to carry airfreight, we recognise that the airport exists in a metropolitan locale, and that a balance of interests is required.

However there are options for curfew modernisation that will have a net benefit for local residents as well as airport users and the air export freight community. Chief amongst these is the adoption of a noise based criteria for determining which aircraft are permitted to operate during the curfew, rather than a prescribed list of aircraft types.

SAFC has argued for replacement of the list of prescribed aircraft with a noise standard for many years – most recently in our publication ‘Regulating Freight 2017’ (see <http://www.safreightcouncil.com.au/userfiles/docs/SAFC%20Reports/FINAL%20Regulating%20Freight%202017%20SA%20Freight%20Council.pdf> , Page 22)

Updates to the list of prescribed aircraft have been few and far between – SAFC is only aware of two instances where the list has been updated in relation to Adelaide Airport in the nearly 20 year operation of the curfew.

We congratulate the Productivity Commission for examining replacing the prescribed list with a noise standard – at least in relation to Sydney. If set at the level of the current noisiest permitted aircraft, it would allow current operations to remain unaffected, but also allow the industry to improve outcomes for the community by purchasing/leasing quieter aircraft as these become available – without having to wait many years for the optimum aircraft to be added to the permitted list (and potentially purchasing/leasing noisier aircraft in the meantime).

This option represents a sensible ‘win-win’ for both the aviation sector and aircraft noise affected communities, and we ask that it be recommended for adoption in both the Sydney and Adelaide Airport Curfew Acts.

Again, I thank you for the opportunity to provide a submission on this important topic. Should you wish to discuss any element of this submission further, please feel free to contact me

Yours Sincerely,

**Evan Knapp**  
Executive Officer, SA Freight Council.