



Australian Government

Department of Infrastructure and Transport

Reference: 10/15220

Alan Johnston
Assistant Commissioner
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

Dear Mr Johnston

In its April 2011 submission to the Productivity Commission's Inquiry into the Economic Regulation of Airport Services, the Department of Infrastructure and Transport advised that the long term leasing of federal airports has resulted in airport operators bringing significant new investment to enhance and maintain a key part of our national transport infrastructure.

The Department noted that in addition to meeting the \$700 million of new development committed to through the sale agreements, the operators of major airports have since 2006 completed, or currently underway, some \$2 billion of capital works projects, mostly directed to aeronautical activity.

The Department wishes to advise the Commission that new information sourced from the leased airports indicates that since the privatisation of the airports from 1997 the airport lessees have undertaken more than \$6.9 billion in capital expenditure of which more than \$4 billion (or 59 per cent) was in aeronautical facilities.

Enclosed are five data tables describing the capital expenditure for leased federal airports since privatisation. These data indicate that 77 per cent of the total capital expenditure was undertaken by the top five airports and that 61 per cent of expenditure at those airports was for aeronautical development.

The information in these tables has been aggregated as some of the airports have requested that the airport specific expenditure not be used outside of the Department.

We are still awaiting a response from two airports and will send revised tables when full information is available. It is not expected that the data yet to be received will change the figures substantially. A description of the limits to the data is included in the notes to each table.

Yours sincerely

Marcus James
General Manager
Airport Economic Regulation Taskforce
Aviation and Airports

3 August 2011
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Capital Expenditure by year

Leased Federal Airports

| Year | Aeronautical (\$million) | Non- Aeronautical (\$million) | Total (\$million) |
|--------------|-----------------------------|-------------------------------------|----------------------|
| 1997-98 | 24.3 | 66.6 | 91.0 |
| 1998-99 | 16.0 | 29.1 | 45.2 |
| 1999-00 | 32.2 | 25.3 | 57.5 |
| 2000-01 | 56.1 | 85.8 | 142.0 |
| 2001-02 | 85.2 | 61.0 | 146.2 |
| 2002-03 | 96.2 | 71.6 | 167.8 |
| 2003-04 | 259.3 | 203.4 | 462.7 |
| 2004-05 | 340.0 | 190.4 | 530.4 |
| 2005-06 | 188.7 | 214.8 | 403.5 |
| 2006-07 | 417.6 | 289.5 | 707.1 |
| 2007-08 | 618.2 | 469.2 | 1,087.3 |
| 2008-09 | 600.8 | 503.4 | 1,104.1 |
| 2009-10 | 827.7 | 359.8 | 1,187.5 |
| 2010-11 | 523.1 | 269.8 | 792.9 |
| | | | |
| Total | 4,085.5 | 2,839.7 | 6,925.0 |
| | 59% | 41% | |

Notes:

- Data is not included for two airports. It is not anticipated that the outstanding information will substantially change the proportions of expenditure or have more than a minor impact on the total expenditure amounts.
- 1997-98 – Melbourne, Brisbane, Perth only.
- Darwin Airport capex from 2000-01.
- Sydney Airport capex from 2002-03.
- Bankstown and Camden Airports capex from 2003-04.
- Essendon Airport capex from 2004-05.
- Mt Isa and Townsville Airports capex from 2005-06.
- 2010-11 does not include Brisbane, Darwin, Hobart and Alice Springs Airports.

Capital Expenditure by year

Five Major Leased Federal Airports

| Year | Aeronautical (\$million) | Non- Aeronautical (\$million) | Total (\$million) |
|--------------|-----------------------------|-------------------------------------|----------------------|
| 1997-98 | 24.33 | 66.64 | 90.98 |
| 1998-99 | 8.87 | 26.66 | 35.64 |
| 1999-00 | 24.32 | 24.53 | 48.84 |
| 2000-01 | 38.71 | 62.50 | 101.21 |
| 2001-02 | 57.83 | 39.76 | 97.58 |
| 2002-03 | 70.94 | 58.49 | 129.43 |
| 2003-04 | 240.71 | 147.00 | 387.70 |
| 2004-05 | 300.15 | 165.06 | 465.21 |
| 2005-06 | 153.85 | 161.56 | 315.40 |
| 2006-07 | 301.42 | 157.29 | 458.61 |
| 2007-08 | 518.94 | 312.03 | 830.87 |
| 2008-09 | 469.78 | 365.69 | 835.47 |
| 2009-10 | 609.73 | 241.13 | 850.86 |
| 2010-11 | 411.30 | 203.30 | 614.60 |
| | | | |
| Total | 3,230.87 | 2,031.63 | 5,262.40 |

Notes:

- Data for the five major airports is included: Sydney, Melbourne, Brisbane, Perth and Adelaide Airports.
- 1997-98 – Melbourne, Brisbane, Perth only.
- Sydney Airport capex from 2002-03.
- 2010-11 does not include Brisbane Airport.

Capital Expenditure by year

Eight Largest Leased Federal Airports

| Year | Aeronautical (\$million) | Non- Aeronautical (\$million) | Total (\$million) |
|--------------|-----------------------------|-------------------------------------|----------------------|
| 1997-98 | 24.33 | 66.64 | 90.98 |
| 1998-99 | 15.97 | 29.06 | 45.14 |
| 1999-00 | 31.82 | 25.13 | 56.94 |
| 2000-01 | 55.51 | 83.80 | 139.31 |
| 2001-02 | 84.83 | 60.96 | 145.78 |
| 2002-03 | 95.94 | 71.19 | 167.13 |
| 2003-04 | 256.51 | 195.50 | 452.00 |
| 2004-05 | 338.05 | 188.26 | 526.31 |
| 2005-06 | 185.85 | 192.46 | 378.30 |
| 2006-07 | 388.82 | 272.09 | 660.81 |
| 2007-08 | 553.54 | 421.23 | 974.67 |
| 2008-09 | 555.28 | 439.49 | 994.77 |
| 2009-10 | 817.03 | 327.53 | 1,144.56 |
| 2010-11 | 492.30 | 231.40 | 723.70 |
| | | | |
| Total | 3,895.77 | 2,604.73 | 6,500.40 |

Notes:

- Data for one airport yet to be provided.
- The nine largest leased federal airports are Sydney, Melbourne, Brisbane, Perth, Adelaide, Gold Coast, Canberra, Hobart, Darwin Airports.
- 1997-98 – Melbourne, Brisbane, Perth only.
- Darwin Airport capex from 2000-01.
- Sydney Airport capex from 2002-03.
- 2010-11 does not include Brisbane, Darwin and Hobart Airports.

Capital Expenditure by year

Leased Federal Airports (RPT)

| Year | Aeronautical (\$million) | Non- Aeronautical (\$million) | Total (\$million) |
|--------------|-----------------------------|-------------------------------------|----------------------|
| 1997-98 | 24.33 | 66.64 | 90.98 |
| 1998-99 | 15.97 | 29.06 | 45.14 |
| 1999-00 | 31.89 | 25.22 | 57.11 |
| 2000-01 | 55.52 | 85.79 | 141.41 |
| 2001-02 | 84.94 | 61.02 | 145.95 |
| 2002-03 | 96.17 | 71.50 | 167.67 |
| 2003-04 | 256.90 | 196.45 | 453.35 |
| 2004-05 | 338.65 | 189.29 | 527.94 |
| 2005-06 | 187.82 | 193.38 | 381.64 |
| 2006-07 | 396.10 | 274.67 | 686.04 |
| 2007-08 | 562.79 | 424.42 | 1,012.12 |
| 2008-09 | 579.07 | 447.33 | 1,042.64 |
| 2009-10 | 823.33 | 330.45 | 1,155.31 |
| 2010-11 | 506.50 | 232.74 | 746.91 |
| | | | |
| Total | 4,020.42 | 2,633.86 | 6,654.19 |

Notes:

- Data for one airport yet to be provided.
- RPT airports are Sydney, Melbourne, Brisbane, Perth, Adelaide, Gold Coast, Canberra, Darwin, Hobart, Launceston, Townsville, Mt Isa, Alice Springs and Tennant Creek Airports.
- 1997-98 – Melbourne, Brisbane, Perth only.
- Darwin Airport capex from 2000-01.
- Sydney Airport capex from 2002-03.
- Mt Isa and Townsville Airports capex from 2005-06.
- 2010-11 does not include Brisbane, Darwin, Alice Springs Airports.

Capital Expenditure by year

Leased Federal Airports (General Aviation)

| Year | Aeronautical (\$million) | Non- Aeronautical (\$million) | Total (\$million) |
|--------------|-----------------------------|-------------------------------------|----------------------|
| 1997-98 | n/a | n/a | n/a |
| 1998-99 | 0.03 | 0.00 | 0.03 |
| 1999-00 | 0.28 | 0.08 | 0.36 |
| 2000-01 | 0.58 | 0.00 | 0.58 |
| 2001-02 | 0.25 | 0.00 | 0.25 |
| 2002-03 | 0.03 | 0.05 | 0.09 |
| 2003-04 | 2.44 | 6.96 | 9.39 |
| 2004-05 | 1.31 | 1.14 | 2.45 |
| 2005-06 | 0.54 | 21.29 | 21.83 |
| 2006-07 | 6.80 | 14.22 | 21.02 |
| 2007-08 | 32.15 | 43.04 | 75.14 |
| 2008-09 | 7.07 | 54.44 | 61.51 |
| 2009-10 | 3.98 | 28.19 | 32.17 |
| 2010-11 | 9.59 | 36.44 | 46.03 |
| | | | |
| Total | 65.03 | 205.86 | 270.84 |

Notes:

- Data for one airport yet to be provided.
- GA airports are Archerfield, Bankstown, Camden, Essendon, Jandakot, Moorabbin and Parafield Airports.
- Bankstown and Camden Airports capex from 2003-04.
- Essendon Airport capex from 2004-05.