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4 October 2006

Mr Chris Sayers
Assistant Commissioner
Productivity Commission
c/ Regulation Benchmarking Study
Locked Bag 2, Collins Street East
MELBOURNE 8003 VIC

Via facsimile: 03 9653 2302

Dear Mr Sayers

Canberra International Airport submission to Productivity Commission Study on Performance Benchmarking of Australian Business Regulation

I refer to the Productivity Commission's request for submissions for a Study on Performance Benchmarking of Australian Business Regulation.

I would like to raise two examples of where unnecessary government regulation hampers the operation and growth of Canberra International Airport.

1. National Capital Authority and Department of Transport and Regional Services: dual planning layers at Canberra International Airport

The *Airports Act 1996* regulates development (both aeronautical and non-aeronautical) at Australia's privatised airports. A quirk of the Airports Act, particular to Canberra International Airport, saw an additional requirement for National Capital Authority planning approval to apply to all developments at Canberra International Airport.

Since the Airport's privatisation, this additional planning layer has caused very significant cost and time penalties to the Airport, penalties that do not apply at any other privatised Airport around Australia, who are solely regulated by the Department of Transport and Regional Services' rigorous planning regime.

I would note that the Minister for Transport and Regional Services has announced the removal of this additional planning layer as part of a program of amendments to the Airports Act, a move that is very warmly welcomed by Canberra Airport. However, significant delays in introducing this amendment legislation to Parliament has meant that the additional planning burden on Canberra International Airport continues to apply for the foreseeable future.

2. Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) burdens on Airport Development

At the time of the sale of the Airports, a process was put in place for the approval of major projects at the privatised airports, namely the Major Development Plan Process.

I attach to this letter diagrammatic representations of the process as it applied to Major Development Plans at the time of Airports' privatisations. The process was already reasonably slow, with a minimum 180 days turnaround for development approvals.

However, with the introduction of the EPBC Act in 1999, and the associated additional involvement of the Department of Environment and Heritage, the process has become far more cumbersome. This is quite clearly depicted in the highly complex process diagram attached.

Furthermore, the actual planning process is no longer certain, with the Department of Environment and Heritage able to reject the Airports Act process developed exclusively for Airports at the time of Airports sale and impose their own requirements including full public inquiries or Environmental Impact Studies (EIS).

Some Major Development Plans are now taking up to a year or more to get approved, seriously hampering the ability for Australia's privatised airports to grow sustainably and efficiently and at times holding up the construction of vital aviation infrastructure projects.

I urge the Productivity Commission to take these two examples of unnecessary regulatory burdens on the airports planning process into account in your Study.

I would be pleased to elaborate further on either of these matters, should this be of interest to the Commission. Please do not hesitate to contact my office on 6275 2267.

Yours sincerely

Stephen Byron
Managing Director