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## **PERTH AIRPORT RESPONSE TO THE AVIATION GREEN PAPER**

Perth Airport is Australia's fourth largest airport and plays a pivotal role in the economic growth of Western Australia and the well-being and prosperity of its people.

We welcome the opportunity to provide the following comments in response to the "Aviation Green Paper – Towards 2050."

In compiling this response, Perth Airport is mindful that policy review processes such as this are open to special pleading by various parties acting in their own commercial self-interest.

In noting this, Perth Airport acknowledges the findings of successive independent inquiries by the Productivity Commission that the light-handed approach to economic regulation of airports remains fit for purpose and, more importantly, has delivered timely private investment in new infrastructure. This new infrastructure has promoted economic growth and delivered greater competition in the airline sector, delivering real benefits for both consumers and the national economy.

Perth Airport is preparing to embark on a major infrastructure expansion which is estimated to deliver more than \$3billion in new investment to deliver new terminal facilities, multi-storey carparks and upgraded entrance road network, and a new airport hotel.

Also included is the Perth's New Runway project – an investment of around \$1billion alone.

To deliver these projects, Perth Airport relies on the continued support of our investors – the taxpayer-owned Future Fund and a range of superannuation funds representing the retirement savings of around eight million Australians.

To invest such vast sums, investors seek certainty of the regulatory environment.

Any move in the White Paper process to revisit an issue already resolved on numerous occasions by the Productivity Commission and successive Australian Governments would serve to greatly undermine investor confidence and put an immediate handbrake on new investment.

To support continued investment in new infrastructure to fuel growth and competition in the aviation sector, along with better outcomes for consumers, increased competition between airlines, and lower airfares, the Australian Government must retain the current light-handed approach to economic regulation.

## 1. SUMMARY OF KEY RECOMMENDATIONS

### Economic regulation of airport services

- The White Paper should acknowledge that investment by airports in new infrastructure is the key driver for increased competition in both the domestic and international aviation markets.
- Consistent with the findings of successive inquiries by the Productivity Commission, the current system of light-handed regulation remains fit for purpose and has delivered timely investment in new infrastructure which, in turn, has delivered additional capacity, increased airline competition, lower airfares, and benefits for the community.
- The current Aeronautical Pricing Principles remain fit for purpose and there is no requirement for them to be legislated. There is no evidence to suggest the current system is not working to the benefit of the community.
- Consistent with the findings of the Productivity Commission, a negotiate-arbitrate model would undermine the incentives for genuine commercial negotiation between airport operators and airport users, increase the risks that airports would face in making investments and distort their incentives to make investments, and open the door to uncompetitive behaviour by airlines. Such a regime would be detrimental to the community as a whole.
- The Australian Competition and Consumer Commission (ACCC) has acknowledged that the advice it has provided to the Australian Government on additional monitoring of major airports goes well beyond what the Productivity Commission called for and, as such, should be rejected.
- Monitoring of major airports should be consistent with the views of the Productivity Commission's Recommendation 9.4 and the ACCC should be directed to contain its reporting activity to those areas identified in the Treasurer's directives.
- The White Paper should acknowledge that airport charges are a relatively minor component of airfares.

### Consumer protection

- Perth Airport recognises and acknowledges the frustration felt by travellers due to cancelled or delayed services, lost baggage and other issues, however Perth Airport urges caution in policy approaches to consumer protection as aviation is a dynamic industry with multiple stakeholders involved in the passenger journey and the proposed approaches may have unintended implications across the industry.

### Disability Access and Inclusion

- The White Paper should acknowledge the investments and efforts already made by airports to improve access for people with a disability. Perth Airport has continued to invest in improving infrastructure and services in this area.
- The White Paper recognises that the construction of new terminal facilities provides the best opportunity to include best practice facilities for passengers with a disability. Airports should, however, continue to look for ways to improve the passenger experience in existing terminals for people with a disability.
- The Australian Government should publish clear guidelines for the passage of medical devices approved for use in Australia through security screening to provide advice for operators and passengers, including publication on their website as to what can and cannot go through the machines safely.
- The Australian Government should set clear guidelines for airlines to meet their responsibilities for their passengers with a disability or restricted mobility.

### The environment

- Policy initiatives to achieve Net Zero in aviation must be pragmatic, practical and achievable.
- The Australian Government must play a leading role in funding and supporting research into new technologies, including Sustainable Aviation Fuels, and their adoption by industry.

### Airport planning

- Immediately move to increase the Major Development Plan (MDP) threshold to \$50million while considering a more wholistic overhaul of the approvals process, allowing for differentiation between aviation, aviation-related and non-aviation development proposals.
- Include “deemed approved” deadlines in environmental legislation and establish an independent appeals or review process for project proponents.
- The Australian Government must become a champion of the aviation sector and play a more high-profile role in explaining aircraft noise impacts and ensuring the safeguarding of airports is a priority at all levels of government.
- Airport operational regulation is antiquated, and reform processes are hamstrung by a lack of coordination between agencies and a lack of resources in those agencies. The White Paper must address this as a priority.
- Airspace protection must remain a top priority with the primacy of Regular Passenger Travel (including industry-based contract services) and freight services recognised.



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### Supporting the growth of international aviation

- Adopt an open skies approach to promote and stimulate new international connections.
- Require the Minister to publish a statement of reasons for any decision to reject a request for additional access to Australian destinations.
- Ensure the efficient allocation of border agency resources to high volume capital city airports ahead of regional airports seeking to attract low frequency international services.
- Review aviation taxes, and visa charges and processes/timelines to help stimulate international travel to Australia.

## **2. BACKGROUND**

The Green Paper comes at a crucial time for Australia's aviation sector as it continues its recovery from the Covid-19 pandemic.

Consumer confidence in air travel has arguably never been lower while dissatisfaction has never been higher.

Consumers are still scarred by the exorbitant increases in airfares, ruined holidays, lost travel credits, refund refusals, cancelled flights and lost or delayed baggage.

While some of this can be reasonably attributed to the impacts of Covid-19 and is not systemic to the industry, the public perception remains that domestic airlines have sought to benefit from a deliberate reduction in domestic capacity which has pushed airfares up and resulted in windfall profits for airlines.

High airfares continue to be a source of frustration for consumers. The strong growth of the FIFO-base resources sector may also be masking the negative impact of high airfares on travel to regional destinations in Western Australia.

It is essential that the Australian Government approaches the issues raised in the Green Paper with some clear perspective.

In its December 2022 "Airline competition in Australia" report, the Australian Consumer and Competition Commission (ACCC) reported:

"Consumers on some routes have seen bigger increases than others. In November 2022 the cheapest economy return fares on over 10 routes were more than double what they were in November 2019, prior to the pandemic. More than half of these routes were to and from Sydney, with return fares on Ayers Rock – Sydney more than tripling from \$249 to \$829. There were also notable increases on major city routes such as Adelaide – Gold Coast (156% from \$374 to \$958), Melbourne – Perth (146% from \$439 to \$1,078) and Perth – Sydney (143% from \$497 to \$1,210). Other routes that have more than doubled since pre-pandemic figures include Adelaide – Sydney, Hobart – Melbourne, Launceston – Sydney and Adelaide – Brisbane."<sup>1</sup>

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<sup>1</sup> Airline Competition in Australia, Report 10, December 2022, ACCC, Page 15



This is where Australian consumers have felt the pain point – excessively high airfares. Higher cancellation rates, refund refusals, and lost baggage accentuated that pain, albeit there has been some improvement as airlines return to operational capacity.

However, in testimony to recent Senate Committee inquiries, airline representatives have again tried to portray airport charges as being a major driver of these high airfares.

Former airline CEO Alan Joyce stated:

A major cost pressure for the Qantas group moving forward is increased airport pricing. The regulatory regime that governs the relationships between airports and airlines isn't working.<sup>2</sup>

The airline-funded lobby group Airlines for Australia & New Zealand (A4ANZ) sounds a similar alarmist tone:

Airlines had already warned that the 2019 decision by the government to retain existing settings for monopoly airports, was putting the sustainability of affordable airfares in Australia at risk, as airport charges continued to escalate, and more disputes were headed to court.

Now, in the vastly changed landscape of 2020, it puts at risk the country's broader economic recovery from the COVID-19 crisis.<sup>3</sup>

Subsequent to this dire warning, Qantas reported a record half year profit of \$1.43billion, followed by a full year profit of \$2.47billion for FY23.<sup>4</sup> Virgin also reported its first profit in more than a decade with group revenue of \$5billion.<sup>5</sup>

Neither airline mentioned airport charges in their media releases detailing their annual results.

In a Fact Sheet attached to its full year profit media release, Qantas listed the "Factors driving airfares in FY23" as being:

- Constraints on global capacity
- Fuel related costs up
- Inflation up.<sup>6</sup>

Airport charges remain a very small component of overall airfares

In contrast to the significant increases in airfares, the ACCC in its latest Airport Monitoring Report found that the aeronautical revenue per passenger (including security) across the four major airports was just \$21.65.

The airline funded lobby group A4ANZ is, in essence, arguing that increasing airfares by more than \$700 (one way) had no impact on aviation or the broader economy but a \$21.65 average cost levied by airports must be addressed as a priority.

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<sup>2</sup> Hearing transcript, Senate Select Committee on the Cost of Living, 28 August 2023, Page 2

<sup>3</sup> "The Future of Australia's Aviation Sector: Submission in response to the Australian Government's issues paper: Flying to recovery", A4ANZ, November 2020 P29

<sup>4</sup> "Qantas Group returns to profit with record half-year result" – Qantas Group media Release, 23 February 2023 &

<sup>5</sup> "Virgin Australia returns to profitability in FY23, transformation plan well underway." Virgin Australia Media Release, 10 October 2023

<sup>6</sup> "What's happening to airfares"- Fact Sheet, Qantas Group, August 2023

In its FY23 results, Perth Airport's aeronautical revenue per passenger (excluding security) was just \$14.18 – a figure lower in real terms than that recorded in FY19 pre-Covid.

All of the evidence therefore confirms that airport charges remain a minor component of overall airfares and are irrelevant in explaining the increases in airfares set by airlines.

#### A focus on the key issues for Australia's aviation industry

The Australian Government should remain focussed on the key issues which will shape Australian aviation to 2050 rather than being distracted by the special pleading of some airlines, or their lobby group, aimed solely at bolstering airline profit margins.

It is noted that while the ACCC made no adverse findings against airlines nor recommended any actions as a result of excessively inflated airline prices, it did provide around 140 pages of advice to the Australian Government on additional reporting requirements for airports for charging an average of just \$21.65 per passenger.

Having noted that, this submission seeks to address only those issues where Perth Airport can make the most valid and constructive immediate contribution to the debate.

This should not be construed as a lack of interest in other aspects of the Green Paper. Perth Airport stands ready to engage with the Australian Government on all policy issues and proposals as the White Paper process continues.

### **3. COMPETITION – AIRLINES (Chapter Three)**

Chapter Three of the Green Paper correctly notes the excessively high concentration of market power of the two major airlines – Qantas and Virgin – in the Australian domestic market.

This statement of fact makes a mockery of the repeated claims by these airlines and their lobby group A4ANZ that airlines have no countervailing market power when dealing with airports.

In Aviation Green Paper workshops conducted by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) a key focus was also placed on the problem of high airfares and poor connectivity for regional Australians.

The Green Paper again floats the concept of cabotage, even in a limited or targeted form, to help create more competition on domestic routes. While limited cabotage may have some potential, it is arguably a distraction from the main debate.

The single most important factor which has influenced and created greater competition in Australia for both domestic and international air travel has been the significant and timely investments in new infrastructure made by airports since privatisation.

These have been enabled by and delivered under the current light-handed approach to economic regulation.

This new infrastructure has delivered cost-effective new capacity at major airports. Over the past two decades, Perth Airport has invested around \$1billion in a new common user domestic terminal (Terminal 1 Domestic), an upgraded and expanded international terminal (Terminal 1 International), and a purpose-built terminal for regional and FIFO-based flights (Terminal 2). This has been supported by major upgrades to the airfield including new taxi ways, Category 3 runway lighting, and additional aircraft parking bays.

These investments have underpinned the significant expansion in international services and new international airlines connecting to Perth, while delivering continued competitive tension in the key FIFO-based market. It has also provided the capacity for new entrants into the regional RPT market such as Rex and Nexus airlines.

As the Productivity Commission has noted, the need for airports to invest in new infrastructure to meet projected growth in demand is a key factor in ensuring airports have not exercised their market power:

First, airports have strong incentives to reach agreements with airlines, especially given the need for new investments to meet demand growth.<sup>7</sup>

A secondary but still significant factor in the increase in competition on international routes has been the aviation business development efforts of Australia's major airports who actively pursue and compete against each other for new entrants, increased services, and new routes.

The business model for airports is based on volume – more passengers mean more revenue earned. In other words, airports have a vested commercial interest in growing aviation services through attracting new airlines, new routes, and increased route capacity.

As the Productivity Commission noted:

The number of passengers travelling through Australia's airports has more than doubled over the past 20 years, to about 160 million in 2017. The volume of international air freight has increased by about 75 per cent over the same period.<sup>8</sup>

This growth has been enabled by airports having the confidence under the current light-handed approach to regulation to make timely investments in new infrastructure.

The Productivity Commission found:

Each airport has generated returns sufficient to enable investment while not earning excessive profits, and passengers consider airports to have good service quality. There is no justification for significant change to the current form of regulation of aeronautical services at these airports.<sup>9</sup>

<sup>7</sup> Economic Regulation of Airports, Productivity Commission Inquiry and Report, June 2019 Page 13

<sup>8</sup> Ibid Page 3

<sup>9</sup> Ibid Page 20



Despite these findings, which were consistent with findings of all previous Productivity Commission inquiry reports, airlines continue to push for the previously discredited concept of a negotiate- arbitrate model.

This proposal is disguised in the A4ANZ submission with wording such as “workable dispute resolution mechanisms”.

They are seeking to use the suggestion of legislating the current Aeronautical Pricing Principles as a form of “Trojan Horse” to introduce the negotiate-arbitrate model by stealth.

The Australian Government has already accepted the clear advice from the Productivity Commission on this matter.

The test put forward by the Productivity Commission was a simple one:

The test for any policy change is whether it would generate the greatest increase in the welfare of the Australian community compared with other options, including the status quo.<sup>10</sup>

It was this test that the airlines and their lobby group failed.

As the Productivity Commission found:

However, when the full implications of the (negotiate-arbitrate) proposal are considered, there is significant risk that passengers would be worse off.

This quasi regulation could have a chilling effect on investments, leading to a long-term risk of increased congestion and falling quality of service.<sup>11</sup>

Of even greater significance to the White Paper’s stated goal of increasing competition to provide better service and lower airfares for Australian consumers, the Productivity Commission correctly stated that under the negotiate-arbitrate approach sought by airlines:

Incumbent airlines would be able to use the system to stymie investment that would facilitate increased competition, potentially leading to higher airfares.<sup>12</sup>

This is the question the Australian Government should be asking: why are Australia’s two most dominant domestic airlines, with control of 95 per cent of the domestic market, so desperately seeking this model?

As noted above, airports are a volume-based business and are therefore incentivised to grow aviation services and competition. More competition means lower airfares, which equates to more passengers using airports.

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<sup>10</sup> Ibid Page 8

<sup>11</sup> Ibid Page 307

<sup>12</sup> Ibid 307

Airlines, on the other hand, are a margins-based business and are therefore arguably incentivised to restrict or reduce competition. The hugely inflated airfares reported by the ACCC in its December 2022 “Airline Competition in Australia” report and the subsequent profits reported by Qantas and Virgin arguably confirms this. Airlines withdrew capacity from the domestic market under the guise of Covid constraints, having the predictable consequence of rapidly accelerating increases in airfares. Australian consumers suffered as a result.

The Productivity Commission has pointed to the true reasons behind the airline push for negotiate-arbitrate.

There is no question, as identified by the Productivity Commission, that airlines with existing market share can have a vested interest in delaying or preventing the development of new infrastructure that could be used to attract competitor airlines.

#### The need to invest in new capacity at Perth Airport

As noted above, Perth Airport is now planning a major wave of new development to provide the infrastructure required to grow aviation and competition in Western Australia.

The most significant current constraint on airline growth in Western Australia is a lack of capacity on Perth Airport’s current system of runways (a cross-runway configuration) during peak use.

Due to high demand from the FIFO-based resources sector, demand for runway slots during weekday peak periods regularly exceeds demand. The problem is being exacerbated by international airline services returning post-Covid and interstate services also building in frequency.

The current lack of slot availability is arguably the biggest constraint to new entrants or existing airlines looking to increase capacity in either the domestic or international markets.

With further significant growth expected in the resources sector over the next decade, Perth Airport has been working towards building a new parallel runway with associated taxiways – an expected investment of around \$1billion.

A negotiate-arbitrate regime opens a process for airlines (who hold slots on the existing runway system) to delay delivery of the new runway. These delays could then lock competitors who require new slots out of the market. In a Western Australian context, this is particularly so for the lucrative FIFO market.

The negotiate-arbitrate model also undermines airport shareholder investor confidence. Shareholders will not make significant investment decisions where such uncertainty exists and could potentially result in funds being redirected elsewhere.

The existing light-handed economic regulatory arrangements remain best suited to reaching agreement across airlines over the delivery timing and pricing of the parallel runway. It involves the parties undertaking good faith negotiations, with the airport best placed to balance the needs of the various airlines and external stakeholders.

A4ANZ and the airlines both claim that a negotiate-arbitrate process would be timely and efficient but provide no supporting evidence. In Western Australia's aviation market, the FIFO contracts for major resource sector companies are highly lucrative. It is well within the bounds of possibility for one airline to use the negotiate-arbitrate model to delay a decision on an expansion that would deliver additional capacity needed by a rival airline bidding for a FIFO contract. The uncertainty created by even a short delay could be enough to effectively push the rival airline out of contention.

Perth Airport is also seeking to expand its international terminal to provide, in tandem with the slots made available by the new runway project, for expanded and more efficient services to attract new international airlines.

International airlines with services operating out of the current T1 International theoretically could use negotiate-arbitrate to delay or obstruct this investment to prevent new entrants or to buy themselves time to build their own domination of existing routes to the point where it is no longer financially viable for a new entrant to compete.

In summary, the Productivity Commission was clear in its warning that negotiate-arbitrate would create "opportunities for incumbent airlines to engage in anticompetitive conduct" and be "detrimental to the community as a whole".<sup>13</sup>

#### The Aeronautical Pricing Principles

The current Aeronautical Pricing Principles already include the capacity for airports and airlines to mutually agree to dispute resolution mechanisms such as independent commercial mediation/binding arbitration where appropriate.

This should not be misinterpreted to mean that either party should have the automatic right to binding dispute resolution to resolve any commercial obstacles they face as part of the negotiations. Instead, it is recognised that different commercial issues may be resolved through various commercial avenues, which can also include the external reports and information, and for mutually agreed binding arbitration over any disputes that occur in implementing signed agreements.

The proposed negotiate-arbitrate model would radically alter that balance.

As (then) Productivity Commissioner Paul Lindwall reflected:

Indeed, a negotiate-arbitrate regime would upset the current fair balance between airports and airlines and tilt the regulatory regime to favour airlines. ...Such an arrangement would be profoundly detrimental to good negotiations between airports and airlines, changing the incentives and behaviours of negotiating parties in ways that would be detrimental, rather than beneficial, to the community. This would result in airport operators reducing the level of investment in airport infrastructure.

Unrestricted access to arbitration would create opportunities for incumbent airlines to engage in anticompetitive conduct, such as using arbitration over a common-use facility to reduce the ability of other airlines to compete.

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<sup>13</sup> Productivity Commission 2019, op cit Page 40



Overall, it is hard to see how a negotiate-arbitrate regime would be in the interests of the flying public. To the contrary, it could lead to higher fares, less competition between airlines and restricted services.<sup>14</sup>

#### 4. COMPETITION AIRPORTS (Chapter Three)

The key question here for the Australian Government is: what is the problem we are trying to solve?

In other words, is the current system broken?

As noted above, successive inquiries by the Productivity Commission have confirmed the current system of light-handed regulation remains fit for purpose.

The Productivity Commission has also found that airports “have not systematically exercised their market power in commercial negotiations, aeronautical services or car parking”<sup>15</sup> and that “on balance, most indicators of operational efficiency (including costs and service quality), aeronautical revenue and charges, and profitability are within reasonable bounds.”<sup>16</sup>

Perth Airport’s current Aeronautical Services Agreements were negotiated and agreed in the 18 months leading up to July 2018. These were informed by the Aeronautical Pricing Principles and the Building Block Model.

At that time, Perth Airport was able to negotiate new deals with 24 out of the 25 airlines operating at the airport at the time.

There is therefore no suggestion that the system was broken.

While Perth Airport and Qantas have ongoing commercial issues to resolve, the court action initiated by Perth Airport to obtain a fair and reasonable price for the services provided shows that airports cannot just set prices as they see fit.

Only one airline, the Qantas Group, chose not to agree to a new ASA, despite being offered a significant discount on its previous agreement.

Both the Productivity Commission and the ACCC would later note similar behaviour by this airline with other Australian airports, indicating a deliberate pattern of behaviour.

It is a matter of record that Perth Airport, even without a signed agreement in place, as a gesture of goodwill initially invoiced the Qantas Group at the discounted rate for the first three months of the new period. The Qantas Group chose to pay a significantly reduced amount.

It is also a matter of record that Perth Airport made numerous offers in good faith to try to resolve the issue and only as a last resort commenced legal action in the Western Australian Supreme Court.

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<sup>14</sup> Economic Regulation of Airports, a speech by Productivity Commission Commissioner Paul Lindwall, Adelaide, 16 November 2022.

<sup>15</sup> Productivity Commission 2019, op cit Page 2

<sup>16</sup> Ibid Page 147

While the lobby group A4ANZ (partly funded by Qantas) has in our opinion misrepresented this case in its submission on the White Paper's Terms of Reference, the fact remains that the WA Supreme Court findings confirm that the current light-handed regulation system is not broken.

Perth Airport had sought a WACC of 9.7 per cent. It is a matter of public record that Qantas was only prepared to pay around 5 per cent.

The WA Supreme Court's ruling – based on the Building Block Model - included a determination of a 9.6 per cent WACC: a figure in line with that initially proposed by Perth Airport.

This clearly confirms that Perth Airport's approach to the pricing negotiation was fair and reasonable. It was also open to Qantas to negotiate to reach a commercial agreement without the need for a legal process.

In its subsequent ruling on costs, the Court made it clear that Perth Airport had won the action.

While Qantas subsequently paid Perth Airport the outstanding amount (relevant to the period July to mid-December 2018), it has continued to short pay on invoices for aeronautical services provided by Perth Airport.

While the case was still before the court during the most recent Productivity Commission inquiry, (then) Productivity Commission Commissioner Paul Lindwall would later reflect:

... here is an example of where an independent and rigorous assessment using a building block methodology of airport charges was undertaken by the Court.

And the case may have the side benefit of providing some precedent as well as transparency over airport charges.

But coming back to the main question of my talk – does it affect in any substantial way the calculus the Commission reached on the balance of airport regulation?

I think not. It shows that an airport cannot just set a price and have it unchallenged. It gives credibility to the methodology used by airports and airlines in their negotiations. It shows that an airport cannot deny a service to force a customer to pay.

...if anything, the WA Supreme Court case gives additional weight to the Commission's view that the present regulatory system is fit for purpose.<sup>17</sup>

#### Airport financial and services quality monitoring

The airline lobby group A4ANZ has in our opinion also misrepresented the position of airports to the Productivity Commission's recommendation 9.4 for additional data to be provided to the ACCC.

In doing so, it has also misrepresented the nature of the advice provided by the ACCC to the Federal Government in response to recommendation 9.4.

<sup>17</sup> Paul Lindwall, 2022, op cit, Pages 14,15

Perth Airport accepts that the role of the ACCC in monitoring the four major airports is an essential element of the successful light-handed approach to economic regulation.

However, we remain concerned that the ACCC has used this function as a stalking horse for its mission to secure increased regulation of airports.

The ACCC is tasked by the Assistant Treasurer to monitor the quality, prices, costs and profits of Australia's four major airports in relation to the provision of aviation services and car parking services.

The annual monitoring reports of the ACCC regularly go beyond this directive and include references to non-aviation activity such as property investments and developments. Previous ACCC reports have also floated uncorroborated or unsubstantiated allegations by airlines against airports. In some cases, these allegations have not even related to the four major airports but have been aired regardless.

The ACCC's advice to the Federal Government on how to respond to the Productivity Commission recommendation 9.4 continues this pattern of regulatory and policy over-reach.

As noted previously, in response to an average aviation revenue per passenger of just \$21.65, the ACCC has compiled around 140 pages of advice to government for additional reporting requirements for airports.

Buried within this advice, the ACCC begrudgingly acknowledges that its approach goes well beyond what the Productivity Commission recommended:

It appears that the PC's recommendation did not require the monitored airports to allocate common costs and assets that cannot be directly attributed to a particular service.

However, the ACCC considers that the allocation of common costs and assets is necessary to achieve the objective of enhancing transparency and improving the monitoring regime.<sup>18</sup>

In other words, the advice is based on the ideological belief of the ACCC that airports, as a natural monopoly, must be regulated, even when there is no evidence of abuse of market power.

It is not what the Productivity Commission asked for.

The ACCC advice is yet another attempt to introduce heavy-handed regulation of airports by stealth despite there being no evidence of a need for such a move.

The Federal Government, consistent with its endorsement of the Productivity Commission's inquiry, should reject the advice of the ACCC and instead work directly with airports to deliver a workable implementation of recommendation 9.4.

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<sup>18</sup>More detailed information on airport performance – ACCC final advice, Productivity Commission recommendation 9.4, May 2023, Page 11



As the Productivity Commission noted,

Governments should only make changes to regulation to address airports' market power if those airports are systematically exercising this power, and changes to the regime are likely to lead to net benefits to the community.<sup>19</sup>

In terms of net benefits, the Productivity Commission has detailed the negative impact of the proposal of a negotiate-arbitrate process in terms of loss of new investment and incentivising anti-competitive behaviour by airlines.

Given the Federal Government's focus on cost-of-living pressures, there may be some superficial appeal in the unsubstantiated claims by the airline lobby group A4ANZ that increased regulation will deliver lower airfares for passengers.

There is simply no credible evidence to support this claim.

Economic modelling paid for by A4ANZ was discredited through the Productivity Commission inquiry process:

Frontier Economics made several assumptions and drew implications that are not credible.<sup>20</sup>

The airline lobby group A4ANZ subsequently resubmitted the modelling which indicated the net benefits from increasing regulation of airports would be \$445million – just 2.5 per cent of its original estimate of \$17.6billion.<sup>21</sup>

As the Commission noted:

Even the revised estimate of the benefits in the supplementary submission from A4ANZ lacks credibility.<sup>22</sup>

The Commission considered that the modelling had made fundamental errors including:

its assumption about the pass-through to passengers of reductions in aeronautical charges, which failed to take into account price discrimination and the concentration in the market for domestic air travel.<sup>23</sup>

Taking Perth Airport's FY23 aviation revenue per passenger of \$14.18 as an example, even if increased regulation was to bring about a 10 per cent reduction, this would equate to roughly \$1.42 per passenger.

It is simply not credible to argue that a \$1.42 reduction in the cost of a \$1200 one-way flight from Perth to Melbourne would deliver any discernible economic or consumer benefit, nor mean anything in terms of total passenger demand.

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<sup>19</sup> Productivity Commission 2019, op cit, Page 86

<sup>20</sup> Economic Regulation of Airports: Productivity Commission Draft Report, February 2019, Page 280

<sup>21</sup> Ibid Page 281

<sup>22</sup> Ibid Page 282

<sup>23</sup> Ibid Page 282

It also raises the obvious question as to whether this reduction would even be passed on to consumers.

Domestic airlines have always been careful to avoid this question and, as noted above, the economic modelling paid for by the airline lobby group A4ANZ fudges the issue by claiming the benefits could also be delivered through making routes more sustainable.

The most likely scenario would be that airlines would simply maintain current pricing, meaning the reduction would represent a transfer of wealth from airport shareholders to airline shareholders, with no benefit to consumers.

Even if airlines were to commit to passing any reductions in aviation charges, how would the government or the community be able to hold them to account for this commitment?

The notion that a \$14.18 airport charge is the justification for a \$1200 airline ticket or that a \$1.42 reduction on that airfare would deliver “cost of living relief” is a cruel hoax on consumers.

## **5. CONSUMER PROTECTION (Chapter Three)**

Perth Airport recognises and acknowledges the frustration felt by Australian air travellers due to cancelled or delayed services, high prices, lost baggage, and refund refusals.

While these issues relate directly to airlines and their contractors in areas such as baggage handling, Perth Airport urges a degree of caution in identifying and implementing additional consumer protections.

The more complex and broad ranging the consumer protection process, the more complicated it will be to implement and effectively administer.

Air travel involves multiple stakeholders responsible for different parts of the passenger journey.

For example, airports provide the infrastructure for aero-bridges and baggage systems, but they are operated by ground handling firms who are contracted by airlines.

A flight may be delayed or cancelled due to a breakdown of a baggage belt. The airline may then apportion blame to the airport as the provider of that infrastructure. The truth, however, may be that the cause of the break down was handler error by the ground handling firm contracted by the airline.

It should be noted that there is an extremely low level of awareness of the Airline Customer Advocate and perhaps this is an area where the government could have an immediate impact.

## **6. DISABILITY ACCESS SETTINGS (Chapter Three)**

In recent years Perth Airport has invested significantly in new and improved facilities for passengers with a disability. These investments continued throughout Covid, despite the financial impact of the pandemic.

Many of these new facilities exceed regulatory requirements. The most significant project saw \$36million invested in upgrading three boarding gates in T1 International, replacing stairs with a modern, enclosed ramp which provides greater ease of access for passengers with restricted mobility.

Other investments delivered accredited Changing Places facilities in both major terminal buildings (T1 and T3/4), along with Service Animal Relief Areas. A new Kids Play Space in T1 International was upgraded to make it more engaging and inclusive for children with disability. The physical, digital and sensory stations are built so that kids of all ages and abilities can interact with them.

Planning is well-advanced for a Sensory Room to serve the needs of passengers with neurodevelopmental disability who need a fit for purpose space to decompress post passport control and security screening. As part of Perth Airport's Disability Access and Inclusion Plan, the airport's website is being upgraded to promote greater digital inclusivity.

The White Paper should be cognisant of the fact that retrofitting facilities to existing (and often dated) infrastructure can be challenging. Despite this, Perth Airport will continue to build on its record to date of finding solutions to these challenges and improving access and inclusion for all passengers.

As a minimum, the White Paper should focus on ensuring the latest design standards for disability access and inclusion are incorporated into new airport builds.

There is also a responsibility for government agencies to be carefully thinking through the implications of policy changes in relation to their impacts on passengers with restricted mobility or other medical issues.

For example, Perth Airport is the first major airport to complete the full installation of new passenger screening technology and processes mandated by the Federal Government.

There is a lack of clarity and certainty around the risks of exposure of implanted or attached medical devices to body scanner and x-ray technologies. Many manufacturers of medical devices do not provide this information in their device instructions, perhaps because they haven't actually tested their devices against the specific technology in use across Australian airports. Testing of this nature, and publication of the results of this testing, would provide customers and airport screening staff which much needed clarity.

We recommend that the Australian Government publish clear guidelines for the passage of medical devices approved for use in Australia through security to provide advice for operators and passengers, including publication on their website as to what can and cannot go through the machines safely.

Passengers with restricted mobility or other significant health issues do face challenges when travelling by air. Often despite booking ahead with their airlines for assistance, these passengers are left unattended or unassisted, usually while airline staff or their contracted ground handling staff are busy completing other tasks. It is not uncommon for these passengers to give up waiting and make their own way through the terminal.



The Australian government should set clear guidelines for airlines to meet their responsibilities for their passengers with restricted mobility or other medical issues.

There are significantly more actors involved in the user experience than just airports and airlines. Some of the main pain points for customers relate to queuing – which is a regular and significant issue at inbound Immigration and Biosecurity checks. These are the responsibility of Australian Border Force and the Department of Agriculture, Fisheries and Forestry. Interventions that would have a significant positive impact on customers include a fast-track queue system for travellers with special circumstances and Hidden Disabilities training for all frontline staff.

## **7. NET ZERO (Chapter Five)**

Perth Airport has a rigorous and challenging Environment, Social, and Governance (ESG) strategy with robust targets and performance measures.

This includes a commitment to achieve a reduction of PAPL-only Scope 1 and Scope 2 emissions to be carbon neutral by 2030, and a commitment to be Net Zero by 2040.

Perth Airport welcomes the Green Paper's recognition that aviation is a "hard to abate" sector and acknowledges the statement that "all emitters in the aviation industry will need to contribute to net zero commitments – not just airlines."

Perth Airport's ESG targets are a practical expression of our commitment to play a fair and proportionate role in helping the aviation sector achieve net zero.

Perth Airport welcomes the establishment of the Jet Zero Council to guide the design of policy in this area. The continued involvement of an airport representative is essential to ensuring a pragmatic, practical and achievable policy outcome.

A key focus will be on the development and adoption of Sustainable Aviation Fuels (SAF). There is widespread recognition that SAF will be more expensive, at least in the short term, which will impact on the cost of airfares. This will be particularly so for lower-volume, longer distance flights to regional areas (e.g., Perth to Carnarvon.)

There is a clear role for government to play in incentivising research and developments of SAF, including the establishment of domestic production capacity. Given the cost impact of SAF, the government should also consider subsidies to make SAF more accessible and cost competitive.

The government can also collaborate with aviation industry stakeholders to fund research and development of sustainable aviation technologies, such as biofuels, electric aircraft, and more fuel-efficient engines. Grants, tax incentives, and subsidies can incentivise companies to adopt these technologies.

To further support this, governments should look to streamline regulatory processes for certifying and approving green aviation technologies to accelerate their adoption. This can reduce barriers for companies looking to develop and implement sustainable innovations.

## **8. AIRPORT DEVELOPMENT PLANNING PROCESSES AND CONSULTATION MECHANISMS (Chapter Six)**

### Airport Development Processes

Airports operate in one of the most highly regulated industry environments in the Australian economy. In one sense, this is hardly remarkable given the safety and security considerations at play.

However, there is clear evidence that in the area of land use and development planning, airports are over-regulated and there is obvious scope for government to act to reduce red and green tape, streamline approvals processes, and create a regulatory environment which encourages new investment and economic growth.

Perth Airport welcomes and strongly endorses the Green Paper proposal to immediately raise the Major Development Plan “trigger” threshold to \$50million.

This represents a sensible first step, the implementation of which should be straightforward and deliver immediate benefits.

The White Paper process should, however, take a more wholistic approach to reviewing development planning processes.

Perth Airport is required to submit a five-year Airport Master Plan to the Federal Government. This detailed document must go through a lengthy government and community consultation process and places the airport’s proposed development and project plans within a 20-year planning outlook.

Having had this plan approved, the airport must then submit detailed Major Development Plans for significant projects worth more than \$25million. In the current construction climate, most aviation and non-aviation developments are likely to trigger this requirement.

This can have significant implications for the timely delivery of new infrastructure.

Two recent MDP processes for Perth Airport projects highlight the complexity of the current system.

1. The “Perth’s New Runway” project saw an exposure draft MDP submitted for consideration in 2017. The reality is work on consultancies relating to this document had been taking place over the previous 18-24 months. A final MDP was approved in November 2020 with environmental conditions attached. In 2023 Perth Airport is still trying to satisfy the environmental conditions after the Department of the Environment significantly shifted the goal posts on the original conditions. So, more than eight years after commencing the approval process for a key aviation project which all stakeholders agree is essential to both aviation and the WA economy, Perth Airport is still waiting for an approval to start pre-construction works.



2. Airport Master Plans dating back to the 1980s have highlighted the need to consolidate all air services into the Central Airport precinct. As part of these plans, Perth Airport will need to build two multi-storey carparks in front of Terminal 1 to accommodate the additional traffic expected when Qantas moves to the precinct. The MDP process for this project – in essence, a plan to build two multi-storey carparks on top of an existing at grade carpark - took just short of two years.

Perth Airport accepts that any project which is likely to have a significant impact on flight paths or aircraft noise will be of significant interest to the community. It is not unreasonable to expect airports to go through a rigorous but reasonable approvals process for such projects and that these processes must include genuine community consultation.

Aviation-related projects which do not impact communities off the estate should not be held to the same standard. Perth Airport was required to undertake a 60 working day public consultation/comment period for its runway project – a project with obvious aircraft noise and community impacts. Perth Airport was required to undertake the same period of community consultation for its proposal to build two multi-storey carparks on its existing at grade carpark – a project with no potential community impact.

There is scope for the White Paper to take a more pragmatic approach to development approvals for non-aviation projects, such as retail and commercial development on land identified as not being required for future aviation use.

Ex gratia land tax and council rate payments already provide for competitive neutrality between developments on the airport estate and those on State land.

It is illogical therefore to require a higher, less efficient standard of approvals for developments on airport estates which do not impact on aviation activities or growth.

Given the significant duplication between Airport Master Plans and MDPs, the government should consider allowing precinct-wide approvals for non-aviation land.

Perth Airport already identifies a number of precincts on its estate which cover land which has been identified as not being required for future aviation purposes.

Having had these precincts undergo community consultation and be approved as part of the Master Plan process, the airport may then be required to undertake MDPs for individual developments.

There is scope for the government to consider allowing airports to provide a more detailed submission on the types of developments proposed for the precinct. The airports could be required to cover off on development-related issues such as the impact on traffic management and potential impacts on local communities.

This could be done as part of the Master Plan process or as a subsequent stand-alone precinct wide MDP. Airports would then be free to develop those projects consistent with the framework provided by the precinct wide MDP.



Perth Airport makes the following suggestions for consideration improving the planning and approvals process:

- A clear differentiation between aviation and non-aviation projects.
- A clear differentiation between aviation projects with significant aircraft noise impacts and aviation-related projects with no significant/direct impact on aircraft noise.
- Expanded powers for the Minister to exempt projects from the MDP process in specific circumstances.
- Precinct-wide approvals for land identified as not being required for future aviation purposes.
- Given delays in environmental approvals and potential impacts from skills shortages/labour availability, replace the “substantial completion” test in MDPs with a “substantial commencement” test and extend the period to 10 years.
- Ensure “deemed approved” timelines are included in environmental legislation to provide greater certainty and efficiency and to ensure delays in the provision of advice from environmental officials cannot be used as a pressure point or tactic against airports.
- Remove the current terminal floor area trigger for a building extension. It is an illogical requirement given the building would currently be being used for the same aviation purposes.
- Remove duplication between the Department of Environment (DCCEE) and the Department of Infrastructure (DITRDCA) in relation to environmental conditions. DCCEE provides environmental advice for consideration by the Minister for Infrastructure, who usually appends this advice as conditions to the MDP. The delivery of these requirements should be overseen by the existing DITRDCA airport environment officers.

In addition to the above comments, Perth Airport has also experienced the impact of significant ‘scope creep’ in relation to environmental considerations. This has included environment officials using unpublished draft guidelines to significantly increase environmental requirements, with no right of appeal for the airport. Perth Airport has also experienced officials placing different definitions or interpretations on previously agreed and approved environmental conditions, again with no right of appeal for the airport.

As noted above, “deemed approved” deadlines should be inserted into environmental legislation and an independent appeals/review process should also be implemented.

#### Aircraft Noise, Consultation Mechanisms, & Land Use Planning

Perth Airport welcomes the Green Paper statement that “the Australian Government is not considering imposing any additional constraints on airports such as curfews or movement caps.”

Perth Airport’s geographical location coupled with the nature of its critical FIFO-based aviation requirements means that a curfew would have a devastating impact on the State’s economy and its connectivity to the world.

Perth Airport would like to see the White Paper take a clear and unequivocal stand in sending a message that the aviation sector is critical to the economic, social and cultural wellbeing of the Australian community.

The Australian Government should be standing up for and championing the aviation sector. As an island continent with a relatively small population spread over a vast land mass, Australia cannot survive without the aviation sector. Our economy and our nation's wealth will only continue to grow if our aviation sector can plan with confidence for its own growth.

Airports are required to plan for a 20-year horizon. Airports invest in infrastructure such as runways which will provide capacity for 50 years and beyond. Airports should not be hamstrung by the pressures of a three-year electoral cycle.

Having noted that, Perth Airport accepts there is a need to sensitively and effectively manage community concerns around issues such as aircraft noise.

Perth Airport first began operating in the mid-1940s. Since that time, there has been considerable urban development of the suburbs surrounding the airport. Much of this development has been in recent decades as the need to contain urban sprawl has become more pressing.

It is estimated that since the noise footprint for Perth Airport's proposed new runway was identified in the early 1980s, more than 30,000 new residences have been constructed within that noise footprint. These residents will now experience significantly increased aircraft noise, or in many cases will experience aircraft noise for the first time.

This highlights the need for better coordination and agreement between the three levels of government to ensure the primacy of aviation needs.

The National Airspace Safeguarding Framework (NASF) and associated guidelines may be a set of useful documents, but its application has been inconsistent and is all too often ignored by Local and State governments.

Planning authorities should have far greater consideration for the impact of aircraft noise, and the many other NASF guidelines, as part of their land use planning. Existing policies do not provide sufficient protection for airports which are critical pieces of infrastructure.

The White Paper needs to send a clear signal that the Federal Government expects State and Local governments to properly implement the NASF guidance into planning policy. This should include the explicit threat that failure by Local and State Governments to act on a voluntary basis will see moves to regulate the framework in a similar nature to the Commonwealth airspace protection regulations.

The communication of aircraft noise to the community is a complex issue made more difficult by the fact that residents feel aggrieved that they were not properly advised or warned about the issue before purchasing or building.

Local governments should have more onus on them to represent and advise on the existence of aircraft noise within their council areas to prospective residents prior to purchasing.



Perth Airport accepts that as part of the MDP approvals process there is a responsibility to engage with the community on any aircraft noise issues.

It needs to be understood, however, that regardless of the quantity or quality of that engagement, there will always be significant opposition to new or increased aircraft noise from local residents.

The White Paper should be cautious in recommending new requirements or obligations for airports in this regard as it is likely to lead to increased cost and complexity while still delivering the same result of a certain percentage of the local community being resolutely opposed to the new project.

As part of its “Perth’s New Runway” project, Perth Airport wrote to 300,000 residences and businesses. More than 60 community forums and pop-ups were held in shopping centres and community events in suburbs surrounding the airport. An Airport Experience Centre with an aircraft noise lab was open to the community throughout the 60 working day consultation period.

Perth Airport also engaged the services of former Aircraft Noise Ombudsman Ron Brent to conduct a number of community workshops to gain a benchmark on the community’s understanding of aircraft noise and to ask them how they would like the issue to be communicated to them. These findings were implemented in our approach to the community consultation process. For example, it included booklets which allowed residents to overlay a map of their suburb over the proposed flight corridors and it detailed the expected number of flights per day they would likely experience.

While we believe this has created a better community understanding, we are realistic in our belief that there will still be a small but vocal local opposition to the project on the grounds of aircraft noise.

Having noted that, N-Above contours should form part of the planning considerations and be required as a minimum for community engagement. But the reality is there is no silver bullet here, and most metrics don’t actually communicate a noise impact as aircraft noise is perceived differently by individuals. As a broad observation, our experience was that the level of opposition or complaints was higher in suburbs further away from the airport than in those suburbs directly adjacent to the airport. This may reflect the lack of ambient noise in those outer areas or perhaps the fact that residents closer to the airport had become accustomed or desensitised to noise.

As noted above, airports already carry a significant burden supporting management of aircraft noise, with little government support.

There is clearly an increased and stronger role for governments of all levels to play. At a basic level, information around aircraft noise and other aviation impacts should be included in online mapping facilities provided by governments.

Adopting principles of transparency and open engagement go a long way to building trust within the community however there are limitations to the amount of technical information that can be provided to and understood by the community.



In theory, Community Aviation Consultation Groups (CACG's) can play a role in improving two-way information flows between airports and the community. However, the White Paper process needs to appreciate the shortcomings and limitations of this approach. Mandating or requiring more engagement through these processes will not necessarily lead to better outcomes.

Perth Airport actively engages in a number of external forums. Our experience has been that identifying genuine community representatives who will attend and engage on a regular basis is problematic. Attendance has significantly dropped. This simply reflects the fact that aircraft noise is a single-issue concern for a small but vocal section of the community, and these residents have little or no interest in other airport-related issues.

In relation to newer and emerging technologies such as drones and Advanced Air Mobility Services, the White Paper should acknowledge and protect the primacy of flight paths and airspace management for regular transport, charter and freight services.

## **9. FIT FOR PURPOSE AGENCIES AND REGULATIONS (Chapter Eight)**

In considering whether current agency arrangements are "fit for purpose", it must be noted that the May 2023 Federal Budget included a 17% increase in the Passenger Movement Charge (PMC) imposed on all departing passengers, moving from \$60 per passenger to \$70 from 1 July 2024.

The increase will reportedly generate an additional \$520 million in revenue for the Federal Government over the next five years. The Federal Government estimates the PMC will generate \$1.38 billion in 2024/25, of which an estimated \$420 million will be spent on border management processes.

Against this backdrop, airports are facing a reduction in government services and an increase in cost recovery for existing services.

This has included staffing issues within Airservices Australia, significant new compliance costs resulting from regulatory changes by CASA, and recent proposals of excessive increases in cost recovery charges for services provided by the Airport Building Controller and Airport Environment Officer arrangements.

The White Paper must include a commitment to better fund key agencies to accelerate delivery of reform of outdated operational regulatory processes and to coordinate this effort on a sector-wide basis.

Perth Airport believes that either a lack of resources or a lack of priority within agencies such as CASA and Airservices Australia is holding back a number of reforms desperately needed to update antiquated operational regulations. This lack of reform urgency, for example, could have a detrimental impact on airports' ability to adequately protect their operational airspace and has the potential to significantly impact aviation safety.

Reform priorities for the White Paper should include:

- Reform of immigration regulations, including the introduction of technologies required for Common Departure Lounges and biometric processing,
- Regulatory change to permit inbound international bags to go straight to their destination without passengers needing to pick them up at their first port of arrival and check them in again.
- Harmonisation of screening requirements between international and domestic passengers.
- Airspace protection – recognising the primacy of current RPT and Freight services.
- Airport/aviation safeguarding.

## **10. FUTURE INDUSTRY WORKFORCE (Chapter Ten)**

Like all Australian airports, Perth Airport faces significant challenges in attracting and retaining the employees it will need for deliver future growth in aviation.

While this challenge is common to all airports in the post-Covid period, the extent of the problem for Perth Airport has been exacerbated by the continued strong growth in the resources sector which is placing significant strain on skilled labour availability.

As a member of the Australian Airports Association, Perth Airport endorses the proposals for addressing the skills shortage which have been put forward in the AAA's submission to this Green Paper process.

## **11. INTERNATIONAL AVIATION (Chapter Eleven)**

International aviation is critical to the future economic development of Western Australia.

Sitting in the same time zone as 60 per cent of the world's population and with 17 of Asia's 20 most populous cities being closer to Perth than they are to Brisbane, Sydney or Melbourne, international connectivity into our region is essential.

The recovery of international passenger numbers to Perth and the reconnection of services lost during Covid has been underpinned by our continued efforts throughout Covid to remain engaged and work cooperatively with international airlines.

Our international aviation rebound has now accelerated and is nearing pre-Covid levels, but we have lost almost three years of expected growth.

The value of a typical daily international flight flown on A330-200 aircraft could generate over 600 FTEs of employment (in air service and visitor spending impacts) and \$70 million in value added GDP.<sup>24</sup>

Perth Airport supports 'balanced' capacity ahead of demand across Australia. We strongly support open skies agreements, removing barriers to trade and taking a 'let the market forces decide' view.

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<sup>24</sup> Perth Airport Airline Routes Benefits Study", Final Report, March 2017, InterVISTAS Consulting, Page 4,



There should be a forward negotiation program with countries that remain under bilateral capacity pressure: Indonesia, Fiji, Vietnam, Hong Kong, Qatar.

It is also essential that, in the absence of open skies arrangements, bilaterals should be distributed in a balanced way for the major capital city airports, enabling growth across the entire country.

Given recent controversy surrounding the Qatar Airways decision, Perth Airport would recommend a requirement for the Minister to publish a statement of reasons for any rejection of an airline request for additional bilateral slots.

There should be transparent reporting against public benefit criteria (competition, connectivity, consumer benefit, promotion of tourism & trade, growth opportunities for aviation, tourism, primary industries and broader trade industries). This would give the community and the aviation sector greater confidence in the process.

The Green Paper has a strong focus on the Pacific, which may reflect the priorities and opportunities for east coast airports. Perth Airport would encourage a broadening of this agenda to an Indo-Pacific outlook. From a WA and national perspective, this is important for regional safety, connectivity and (financial) sustainability outcomes.

The passenger experience coupled with efficiency for airlines (in terms of turnaround times) dictates that there should be clear benefits associated with the designation of a major capital city airport, with the prioritisation and adequate resourcing of government agencies such as ABF and Agriculture. While State and local governments around Australia are seeking to attract international flights to regional airports, this can result in an inefficient allocation of Australian Government border agency resources. The Australian Government's priorities should remain with high volume capital city airports ahead of calls to service low frequency services to regional airports.

Recent increases in the Passenger Movement Charge will generate significant additional revenue for the Federal Government. At the same time, airports are being faced with reduced or restricted service levels.

Other agencies such as CASA and Air Services, along with Tourism Australia must have adequate funding to support Australia's effort to capture a greater share of the lucrative international travel market.

Aviation taxes and visa charges (along with processing times) remain a strong disincentive for international travellers. This in turn impacts on airport negotiations with potential new airline entrants. These should be reviewed from an economic efficiency view – are the disincentives created and opportunities foregone of greater economic value than the revenue collected by the process? Improving the process will also create more opportunities for international connections. For example, Indian citizens require a transit visa for an onwards trip to New Zealand. The process and expense is a deterrent to what could potentially develop into a stop-over passenger in one direction.



## 12. FURTHER DISCUSSION

Perth Airport would welcome the opportunity to further discuss the specific proposals put forward in this submission and to continue to engage with the Government as the White Paper process continues to unfold.

For further information, please contact our General Manager Corporate Affairs Matt Brown on [matt.brown@perthairport.com.au](mailto:matt.brown@perthairport.com.au) or 08 9478 8411.

Yours sincerely



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