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**July 4, 2010**

Hon Anthony Albanese,  
Minister for Infrastructure, Transport, Regional Development and Local Government,  
Parliament House,  
Canberra, ACT 2600

Dear Minister,

**A request to the Minister from organisations and individuals seeking regulatory compliance, equity and accountability from entities responsible for the management and operations of Australian privatised airports.**

The purpose of this letter is to:

- detail the apparently unintended avenues available to airport head-lease holders to engage in anti-competitive conduct which appears to breach relevant law and their contracted obligations;
- identify resulting economic and social impacts on the future of Australian regional and rural aviation;
- detail courses of action apparently available to the Australian government to reverse these breaches; and
- formally request that the Minister issue appropriate directions to cause the effects of the conduct evidenced herein to be reversed.

The adverse effects on Australian aviation of airport privatisation in a complete vacuum of pricing, compliance and management disciplines include:

1. Uncontrolled rental increases that artificially inflate the cost of aircraft parking and operations, as well as the cost of maintenance, fuel, and other airport-based aviation services;
2. The operational and commercial management of public assets by organisations without adequate relevant aviation background or direction;
3. Tenure uncertainties that remove owners' ability to fund development of their businesses or to offer them for sale;
4. Compulsory acquisition (confiscation) of lessees' capital improvements by airport head-lease holders;
5. Degradations of air safety as airports' aviation assets are diverted to commercial non-aviation uses;
6. The apparent disinclination on the part of both ATSB and CASA to intervene in important air safety issues; and
7. Costs and other restrictions which negate some airports' utility as operating bases, destinations, or refuelling/maintenance stops.

Non-compliances with head lease obligations have already caused numerous business failures or shrinkages, job losses, and degradation of aviation support infrastructure and safety. These have also seriously damaged the important export industry of overseas pilot training.

Analyses of the inequities created by these issues, and of some potential solutions, are provided at Attachment A. We stress that these are only a few examples of a nationwide malaise.

### **Industry request**

Since Australian airport privatisation processes began, the Department of Transport, Regional Development and Local Government and its relevant predecessors always established and maintained the authority and ability to direct the process along an equitable, legal and appropriate course.

We, the signatories to this letter, therefore request the Minister to:

1. acknowledge that grave inequities and injustices have resulted from airport transfers under the Airport Local Ownership Plan and from the granting of head leases under the *Airports Act 1996* respectively, and that these inequities and injustices were neither intended nor adequately identified in industry consultation;
2. accept that it is a role of government to restore equity and justice to the way in which aerodromes are managed and operated in their primary role, and to adopt a positive approach to ensuring that all available avenues are pursued towards that goal;
3. take into account the strategic roles of airports in terms of their orderly development as a key part of the nation's public transport infrastructure and of defence;
4. specifically investigate whether the purposes and intents of the ALOP and the Airports Act are being observed, using whatever necessary legal avenues and resources are available to the government;
5. direct the Department of Infrastructure, Transport, Regional Development and Local Government, the Australian Consumer Competition Commission, the Civil Aviation Safety Authority and the Australian Transport Safety Bureau to adopt proactive roles in relevant aspects of that process;
6. impose deadlines in order to reach an outcome that will begin the reversal of the injustices here detailed, in a very timely manner; and
7. cause all available immediate action to be taken to prevent identified abuses which these processes identify.

Yours faithfully,

Benjamin Morgan  
Managing Director, AviationAdvertiser

#### Attachments:

Rationale for these requests

Signature sheets signed by industry participants

CC: All federal parliamentarians  
Selected aviation journalists and current affairs media