

# PRIVATISATION OF SECONDARY AIRPORTS A MISTAKE

In April Archerfield Airport Chamber of Commerce Inc. wrote to Hon Warren Truss Minister for Infrastructure and Transport about

*“Privatisation of Secondary Airports being a mistake”.*

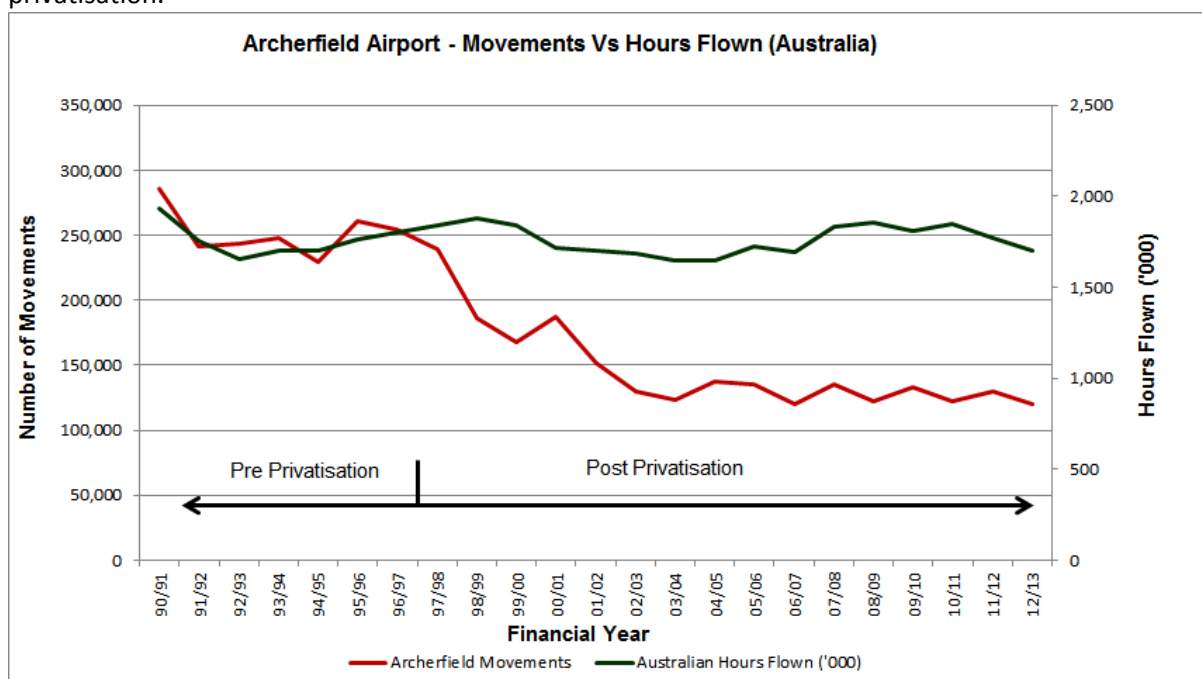
The Chamber stated that “It was incumbent on all of us to address the shortcomings (of Secondary Airport Privatisation) by means other than repossession of the airfields. The task though falls primarily on the government of the day as they alone have the resources to take the required action”

The Chamber further stated to Minister Truss that “In the policy the coalition took to the polls, undertakings were given that many of the existing defects in policies relating to aviation would be addressed. So far there have been no changes implemented and more tellingly no public discussions of the prospect of any changes.”

The Chamber warned “We are aware of important enquiries that you have implemented and we fully acknowledge the importance in probing deeply into some industry matters so that root and branch corrective action can be taken in order for effective and permanent redress to be achieved. That inevitably involves some delay in instituting change. While accepting that point, the really important fact that we live in a commercial world cannot be ignored.”

Minister Truss was told that many current policies are causing great financial cost directly to the General Aviation industry which is as a consequence in undeniable accelerated decline.

This is particularly true of the Secondary Airports which are in catastrophic decline post privatisation.



Total General Aviation Flying Hours<sup>i</sup> (which excludes sport aircraft and Airline Transport) are almost static as to actual hours but in decline compared to population.

Archerfield Airport's movements<sup>ii</sup> are now only 47% of pre-privatisation levels.

The loss has been a 53 % decline post airport privatisation, that is 134,336 movements per annum down from pre-privatisation levels.

Minister Truss was advised that "A large number of these factors are self-evident and do not need an expensive and protracted enquiry to establish their existence. Immediate action however is required."

A classic example of that is, in relation to airports, the failure of successive governments to implement the statutory provisions of the *Airports Act 1996* and the *Airport Sales Agreements* –including the *Commonwealth leases* and the *Sale Transfer Instruments*.

To list only a few examples;

- i. the failure to maintain the airports at least to the standard at the commencement of the lease;
- ii. the failure to make provision for development for future aviation and aviation related needs;
- iii. the failure by lease holders to adhere to their privatisation obligations to renew the leases of hangar owners who have title to their hangars and equitable interests as to renewal;
- iv. the permanent quarantining of land through long term leases for non-aviation industrial purposes thereby denying future expansion for aviation purposes- clearly aimed at bringing about the premature demise of this public utility,
- v. the way airport leasing companies stifle both competition and development in the aviation service industry by denying, without explanation or reason, both the expansion of established industry or the introduction of competition on their airfields;
- vi. the lack of any mechanism to restrain the abuse of the monopoly powers in the hands of the airport leasing companies including:
  - a. Denying lessees renewals to gain their assets by reversion,
  - b. Placing unreasonable restrictions on lessees upon lease renewal, for instance renewing leases that previously permitted aircraft maintenance and hangarage to aircraft hangarage only with no justification for the additional restrictions
  - c. very high rental increases which cannot be afforded by the industry that are leading to the destruction and closure of general aviation business being irreplaceable losses to the industry.

The Chamber reminded Minister Truss that "The Parliament enacted a Bill which, with the benefit of hind sight, had many short comings. That said, it has never been

properly implemented. The interpretation of the *Airports Act 1996* has been left entirely in the hands of the bureaucrats, an unelected and unaccountable body answerable to no one, whose members are technically ignorant both of the needs of the aviation industry and of commercial reality.”

The Chamber complained that “When any member of the aviation world has written to the various Ministers of Transport the reply always comes back from a public servant who invariably states that any dispute with a lease holder is a commercial matter and should be decided in the court room, irrespective of how blatantly the Act has been breached. Departmental policy has always been to support and promote the interests of the airport lease holders. In short the interpretation and implementation of the Act has been left entirely to the bureaucracy who developed the policy of ‘LIGHT HANDS’ as justification for their actions, a policy which lacks a statutory base.”

The Chamber reminded Minister Truss that “It is not within the power of any government to turn a blind eye and fail to implement what is on the statute books. Some of the significant economic problems the industry faces in General Aviation can be ameliorated by resolute implementation of the Act.”

The Chamber Stated **“the secondary airports in Australia form the nodal points, the very heart of general aviation in this country being the advanced centres of aviation technology and knowhow and the gateway to the regions. They must be allowed to function efficiently as public utilities not private fiefdoms of property developers.**

**The aviation industry is impatient for these impediments to be addressed and fails to see why some of the readily apparent and easily tackled failings have not been dealt with.**

**The Minister therefore should as a matter of great urgency abandon the Light hands policy and endorse the establishment of an Airports Review Tribunal.**

Archerfield Airport Chamber of Commerce Inc.



Lindsay Snell  
President

Encl. – Airport Review Tribunal Proposal

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<sup>i</sup> Source: BTRE General Aviation Activity Reports (excludes sport aircraft and Airline Transport)

<sup>ii</sup> Source: Airservices Australia and Airport Master Plan Movement Reports - During Tower hours)