

Our Reference : 2.3.1
Date : 19 June 2008

Alex Wilson
Research Officer
Senate Standing Committee on Legal and Constitutional Affairs
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Alex

Re:- Passenger Movement Charge Amendment Bill 2008

Further to the invitation to comment on the Amendment Bill as advised in your e-mail of 18 June 2008, to John McArdle, please note the following information from the Adelaide Airport Limited.

AAL is a private company whose shareholders are Australian Superannuation Funds. We were the successful bidder for the rights to lease and operate **Adelaide** and **Parafield** Airports for a term certain of 50 years, with a right of renewal for a further 49 years from the date of effect 28 May 1998.

Adelaide Airport is the major gateway to the State of South Australia and services international, domestic and regional flights with a total passenger throughput of close to 7 million passengers per annum and 99,000 aircraft movements. The airport is located 6 kilometers due west of the CBD of Adelaide City and 2 kilometers from the shores of the Gulf St Vincent. It is surrounded by residential, recreational and light industry developments.

AAL welcomes the opportunity to make a submission, recognising that the timeframe is relatively short we would also welcome the opportunity to discuss our views by means of teleconference if the Committee so wishes.

Initially, may we state that we fully endorse and recognise the valuable contribution that the Border Agencies undertake in the protection of Australian society. However, the current financial arrangements to provide this service, from our perspective, are inequitable, including the PMC.

Our specific points for consideration and discussion are:-

- the fact that the charge is not transparent, has undergone many changes over the past decade without consultation and it is not clear for what purpose the charge is levied and any increase in this charge reflects on the overall cost and perceptions of Adelaide as an expensive destination making it difficult to attract new business;
- the airlines collect this tax and pass it on to the Government having recovered their costs of collection, while we understand that this benefit to airlines has some problems in administration etc., no such remedy is available to airports;
- Airports are obliged to make space available for the Border Agencies yet receive no compensation for the associated infrastructure costs and administration in the management of the building services etc., – in negotiating with the Border Agencies in the construction of the new \$260 million terminal the demands from the border agencies for desks, queuing space and support facilities was far in excess of what they subsequently staff or use – it is our view that if a portion of this tax was

“hypothecated” through the agencies as rent for space occupied it would be a means by which the border agencies would ensure rational use of airport space and be an additional means of ensuring accountability of border agencies for their use of airport space;

- this tax does not encourage the adequate provision of staffing and infrastructure to meet the increasing demand on the CIQ services leading to long queues, poor service standards and heated conflict between passengers and Border agencies;
- the staffing and essential infrastructure for the Border Agencies should be pro-actively geared to airport traffic forecasts and that the allocation of monies to these agencies in the federal budget should be met from the general revenue raised from the PMC;
- we are of the view that the service provided by the border agencies is not to the benefit of the airport which is a conduit into the country as a whole but to the protection of Australia and consequently the space occupied should be rented from the National purse; and
- the proposal to raise the PMC from \$38 to \$47 without the relevant change in staffing or apparent , service quality, is contrary to any normal transmission of business and way outside the oversight which airports like AAL ‘enjoy’, being regulated and monitored in everything we do whether aero-pricing, car parks, planning, environmental, security, safety, service quality, etc.

As indicated above, we welcome the opportunity to comment further or clarify any of the issues raised in this submission by way of telephone conference on – I look forward to the details of this discussion, if deemed necessary.

Yours sincerely

Phil Baker
Managing Director
Adelaide Airport Limited