

15th January 2007

The Secretary,
Rural and Regional Affairs and Transport committee
PO Box 6100
Parliament House,
Canberra ACT 2600

Dear Sirs

**Airports Amendment Bill 2006
Submission by Moorabbin Airport Corporation**

Moorabbin Airport Corporation (“MAC”) is pleased to make a written submission to the Rural and Regional Affairs and Transport Committee regarding the *Airports Amendment Bill 2006*. The Australian Airports Association (“AAA”) is making a complete submission on behalf of its member airports, of which we are one. The submission of the AAA covers many aspects of the Airports Amendment Bill 2006 and we have made considerable input into this submission.

Our submission is a simpler one and concentrates on aspects of the *Airports Act 1996* and *Airports Amendment Bill 2006* that affect us as a small Airport Lessee Company (“ALC”). However, if any opinions in this submission are at variance to the AAA submission you should take this submission as the policy and opinion of MAC.

General Comment - The Airports Act 1996 and Small Airports:

The Airports Act 1996 provided for the long term lease of a large number of airports across Australia but it is interesting to note that one Act administers all such airports. For the most part airports such as Moorabbin have exactly the same compliance requirements as a major international airport such as Sydney. This can of course give rise to anomalies in regulations, which when applied to an airport such as ourselves; severely hamper us both operationally and financially. For instance *Section 89 (1) (d) of the Airports Act 1996*, dealing with Major Development Plans is thus:

A Major airport development is....

(d) Extending a building that is wholly or principally for use as a passenger terminal, where the extension increases the buildings gross floor area by more than 10%

We can easily understand why, in 1996, this was considered important for the major capital city airports where an increase of 10% in terminal capacity would be considerable. Unfortunately our terminal area has a total capacity of around 100 sq metres so the addition of a new toilet would in theory trigger the requirement for a Major Development Plan. There are of course other ways in which we could sensibly increase our terminal capacity but we use this example to make the point that in many ways the Airports Act 1996 was a blunt instrument.

Another example is the high cost of ongoing compliance with ANEF, flight paths and aspects of environmental requirements. Whilst Moorabbin supports many of the current amendments, we do not believe that there has been due consideration to differentiating the requirements for smaller airports versus the capital city airports.

Amendment 23: Section 70 Final Master Plans:

We understand that a reason for the inclusion of additional clarification to the contents of a final Master Plan has been the ongoing opposition of some parties to both non-aviation and aviation developments that have occurred at federal leased airports.

We strongly support the inclusion of these amendments and the retention of the current planning regime for airports under the Commonwealth. Our reasons are quite simple. Without certainty of continuing aviation and non-aviation development of airport sites small general aviation airports such as Moorabbin cannot survive. In fact they never could survive without this.

For example, the former Federal Airports Corporation (FAC) recognised in the 1980's that general aviation revenues could never on their own provide adequate cash flow to continue to fund the maintenance and development of a complex training airport such as Moorabbin. They developed the (then) Fairways Market complex (now DFO) and were challenged in court as to whether this was a fair and necessary use of the site. The sale documents offered by the Commonwealth laid stress on the fact that potential purchasers would have the possibility of developing land on the fringes of the airport site as a means to "*improve the return on current assets by further development of un-serviced sites*" (Moorabbin Airport Information Memorandum Nov 1997 1.2.3)

These activities have recognised the fact that without the ability to develop the site as a whole there would never be any future for aviation on the site without some form of subsidy. In developing our Final Master Plan MAC has always recognised this fact and has allowed for the proper development of aviation as well as complementary developments to enhance the future of the site as a whole.

In order for MAC to continue to invest in both major aviation and non-aviation development, we need planning certainty. The current Master Plan and controls give us that certainty within defined parameters and requirements.

Amendment 26 section 71 (Contents of draft or final Master Plan 71 (2) (d) ANEF's and civil flight paths (and 71 (3) (d)):

ANEF's:

The submission by the AAA will address this issue in greater detail but we comment that the provision of ANEF by airports of our size is, at best, of limited value. Our ANEF20 level barely extends beyond the airport boundary and affects very few homes. In 1997 the former FAC and our local council (City of Kingston) established an "Airport Environs Overlay" covering the ANEF20+ levels around Moorabbin but even this gives limited coverage. The vast majority of our noise complaints have come from communities and individuals several km away from the ANEF coverage area. Light aircraft that use Moorabbin make very little

actual noise but they can be heard and the nature of the small amount of noise they produce is what irritates people, rather than the volume of noise. At levels under ANEF20 this noise is barely above background noise level.

Furthermore, ANEF system is of very little use in explaining aircraft noise to the public and for the vast majority of calls from the public it is simply irrelevant and confusing. Even the 20 year ANEF forecast which includes 12,500 jet RPT movements barely touches any residential housing because actual noise levels are so low.

Whilst we would prefer that ANEF's are not an airport responsibility, at least for the smaller airports such as Moorabbin, we recognize that this would be impossible to achieve.

ANEF's can and do change due to a variety of factors such as new technology, aircraft type and mix, airport demand, etc. Most of these factors are not under the control of an airport. We are concerned that **Section 78 (2)** would require an airport to submit an entirely new Master Plan should an ANEF change. For a small company such as ourselves the production of a Master Plan is a major expense that must be amortised over a number of years. We would much prefer to produce an Ultimate Capacity ANEF as part of the master planning process rather than a continually changing ANEF.

Civil Flight Paths:

We are concerned by the inclusion of a new requirement for the airport to explain to the public "Civil flight paths" Presumably the definition of these will be included in the Regulations but we must consider what could be some serious implications for airports.

For airports such as Moorabbin what are they? We have five "reporting points" at various landmarks around the airport but these are not in reality flight paths as aircraft are not directed positively by ATC- the concept of a GAAP airport such as Moorabbin is that ATC "facilitate" separations of aircraft rather than "direct". We have a very highly traveled coastal track which has nothing to do with Moorabbin Airport but gives rise to numerous calls. Once an aircraft has left the immediate (3nm radius) area of Moorabbin Airport it can take almost a random flight track. How are we to explain this to the public? Should we have such an obligation in any case?

In addition there are no really viable tools for airports to use in this regard. The TNIP programme is at best again a blunt tool and is almost unusable for GAAP airports as our noise levels are so low. A better tool would be the use of such systems as the Airservices Australia Flightpath Monitoring System (FPMS) which can build up a pattern of daily or weekly usage.

3.8 Changes to triggers and Costs associated with Major Developments:

MAC welcomes the change to the trigger cost from \$10 million to \$20 million and supports the current amendments to the Act, which in our view clarify already established policies for the production of plans.

3.9 Changes to Public Display Periods and Methods for Master Plans, MDP's and Environment Strategies:

The AAA will be making a more detailed submission regarding the above. We would make the point that we would strongly oppose any "Stop Clock" provision in this Bill as in order to progress a major development a small company such as ourselves needs an element of certainty in timing.

Whilst the current amendments reduce public display periods and the period for consideration by the Minister of Master Plans and MDP's, the introduction of potentially an unlimited "Stop the Clock" period introduces substantial uncertainty for Airports and we cannot see the need for this change given that under existing legislation and proposed amendments to requirements for the production of Master Plans and MDP's, the Minister has, in any event, wide ranging powers as to the requirements for submission of Master Plans and MDP's and also the power not to approve a plan and ask for re-submission.

No "Stop the Clock" provision at least provides for certainty of time frames and requirements and moreover squarely puts the onus on airports to produce plans which meet all the requirements of the Act or risk the Minister not approving plans and seeking re-submission.

Conclusion:

In conclusion, we would refer to the original intent of the **Airports Act 1996** that would allow for "light-handed regulation" of federal leased airports and known operating and regulatory regime at the time of purchase.

The airports were leased on this basis and the Commonwealth gained a substantial consideration for these leases. We would urge the committee to consider this policy and intent of government and the implications of some of the amendments to the ongoing viability and planning certainty required by airports, as they consider the Airports Amendment Bill 2006 during their hearings. Moorabbin Airport Corporation would welcome the opportunity to clarify or provide further information to committee members on any of the points raised above if required.

Yours faithfully
For Moorabbin Airport Corporation Pty Ltd

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