

AUSTRALIAN COMPETITION & CONSUMER COMMISSION

Record of oral submission in relation to Airservices Australia draft price notification

Linfox Airports Pty Ltd

DATE: 24 September 2004

LOCATION: ACCC Offices – Melbourne and Canberra

PRESENT: Tim Anderson – General Manager
Justin Giddings - Operations Manager, Essendon Airport

ACCC: Commissioner John Martin
Margaret Arblaster
Lyn Camilleri
Rod Middleton
Mark McLeish

Linfox Airports Pty Ltd (Linfox) reiterated its views, as outlined in its submission to the ACCC, in relation to Airservices Australia's (Airservices) draft price notification. In addition to the arguments outlined in its submission, Linfox submitted:

- Essendon Airport has only a small number of passengers (approximately 10,000) that use the airport each year. This is due to a restriction that prohibits larger passenger aircraft using the airport. Essendon Airport also has approximately 10-20 corporate jet landings per week.
- Linfox has a 50-year lease on Essendon Airport, with an option to extend for a further 45 years. Conditions attached to Linfox's lease with the Commonwealth Government mean that it is unable to develop the airport land into housing. Linfox is committed to operating the airport in the long term which is reflected in its decision to enter into long-term leases with its customers at Essendon Airport.
- Airservices' operating costs at Essendon Airport are about the highest of any secondary airport in Australia. At most other secondary airports, air traffic control (ATC) only operates until 6pm.
- Essendon Airport's ATC services are largely in place to support operators at Melbourne Airport. Linfox provided a copy of a letter addressed to it from Melbourne Airport in relation to Essendon Airport's Preliminary Draft Master Plan. In this letter Melbourne Airport states that "The issue of continuing over flights of Melbourne bound aircraft is also relevant to the future use and siting of the localiser naviad for the Essendon east-west runway. This localiser is used by aircraft approaching Melbourne and hence will need to be retained." (A copy of this letter is attached to this document).

- If Melbourne Airport did not exist, Essendon Airport would not need to have ATC services. Linfox noted that Point Cook Airport has similar movements to Essendon Airport and has no ATC services.
- There should be no risk-sharing arrangements in the Airservices' pricing proposal. Airservices should abide by the terms and conditions set out in its price notification, and bear any increase in costs above those forecast.
- The application of the basin concept should include all airports, and should result in the same prices across services and locations. However, only operators providing a passenger service should pay the Aviation Rescue and Fire Fighting (ARFF) charge.
- Airservices' initial pricing proposal was irresponsible, as it affected the motivation of general aviation operators to continue their operations at regulated airports.
- Higher prices for air traffic management services at Essendon Airport will mean that its corporate customers will move to Melbourne Airport while smaller operators will move to uncontrolled airfields.
- Activity levels at uncontrolled airports are high and continuing to increase i.e. approximately 40,000 movements at Tyabb, 25,000 at Lillydale, and 25,000 at Wallan.
- Moorabbin and Essendon Airports will be forced by the Federal Government to introduce security measures. These new security measures involve an identity card, which will cost operators approximately \$200 per staff member. However, airports such as Tyabb and Point Cook are not required to install such security measures. Linfox contends, that smaller airports should also be included in this requirement.
- Avalon Airport is doing well and this has resulted in cheaper fares, and an opening up of the aviation market, in particular to passengers who have not flown before and to passengers that have not flown in the past 5 years.
- Linfox expects that an ARFF service will be required to be established at Avalon Airport in about 18 months.
- Margins for operating a large passenger service out of Avalon Airport are finely balanced. If costs get out of control at Avalon, Jetstar will move to Melbourne Airport.



AIRPORT MANAGEMENT
LEVEL 2
INTERNATIONAL TERMINAL
MELBOURNE AIRPORT

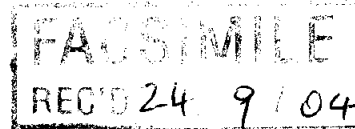
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30 October 2002

Mr Tim Anderson
General Manager
Essendon Airport
1st Floor
250 English Street
Essendon Airport Vic 3041



Dear Mr Anderson

Essendon Airport Preliminary Draft Master Plan

The following comments are made in relation to the Essendon Airport Draft Master Plan which has been issued for public comment for a 90-day period expiring on 21 November 2002.

1. Relocation of Aircraft

- Melbourne Airport was pleased to see in the Master Plan the commitment to maintaining the existing aviation facilities and operations at Essendon Airport. The relocation of GA aircraft to Melbourne Airport resulting from any closure or downsizing of Essendon would be extremely difficult due to congestion at peak times and the unavailability of appropriate facilities. Additionally most GA aircraft are not speed-compatible with the international and domestic jet aircraft using Melbourne Airport and the resulting disruption and congestion would seriously and adversely affect the efficiency and operation of both the runways and the associated airspace. This point should be included in the final version of the Master Plan so that the GA community (including the Air Ambulance) and Governments are under no illusion as to the available options for their relocation if Essendon were to close or reduce in size. Similarly for aircraft that may need to relocate as a consequence of the runway shortenings resulting from the freeway intersection realignment works.

2. Overflight of Essendon Airport by Aircraft Approaching Melbourne Airport

- As correctly pointed out on the ANEF chart in the Master Plan, aircraft approaching to land at Melbourne Airport overfly Essendon Airport along the alignment of the east-west runway. This situation will continue into the future irrespective of the future use of the Essendon Airport land. This point is not made clear in the Preliminary Master Plan document and there should be a clear statement that any future development proposals on Essendon Airport land, be they offices, residential accommodation, education facilities, etc will need to take into consideration all aspects associated with the overflight of aircraft approaching Melbourne Airport. The main one will be aircraft noise but other aviation aspects such as glare, heights of structures, bird hazards etc would also need to be taken into consideration.

The issue of continuing overflights of Melbourne bound aircraft is also relevant to the future use and siting of the localiser navaid for the Essendon east-west runway (see p52 of Draft Master Plan). This localiser is used by aircraft approaching Melbourne and hence will need to be retained.

3. 2022 ANEF

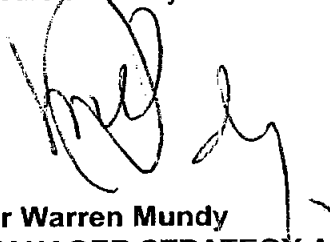
- It is noted that the ANEF contained in the Master Plan is a combined Essendon-Melbourne ANEF. Whilst a combined ANEF is probably necessary to inform the public of the resultant noise effect from traffic using both airports, it is also considered that an ANEF for Essendon traffic alone is also necessary in order for the community to understand the contribution Essendon traffic makes to the combined ANEF. It is also considered appropriate that the combined ANEF should be prepared and endorsed by an independent third party (such as Airservices) so that each airport can be confident that their traffic forecasts have been kept confidential and used or interpreted in the proper way. For example the Melbourne forecasts used in the combined 2022 ANEF contained in the Master Plan, were forecasts for Melbourne traffic in 2012. The document does not indicate why different years have been used and who made the decision that the discrepancy would not affect the accuracy of the ANEF contours.
- The other issue concerning the need to have an Essendon-only and a Melbourne-only ANEF is the application of the State Government's Airport Environs Overlay Controls. These controls, the boundaries of which are based on ANEF contours, are in existence for Melbourne Airport but not for Essendon. The Draft Master Plan document should include some discussion on this topic even if it is only to outline the State Government's position on this matter.

4. Junction of Calder and Tullamarine Freeways

- This intersection has for many years caused major disruption and delay to traffic heading to and from Melbourne Airport and hence is an important issue for the State Government to resolve, especially with the Commonwealth Games being held in 2006. Melbourne Airport appreciates the willingness of Essendon Airport Pty Ltd to have the necessary land required for the intersection upgrade excised from the airport lease with the consequential reduction in the useable length of both runways.

If you wish to discuss any of the above issues please don't hesitate to contact me on 9297-1368

Yours sincerely



Dr Warren Mundy
MANAGER STRATEGY AND PLANNING

cc Marianne Richards Victorian Department of Infrastructure
 Linda Addison Commonwealth Department of Transport and Regional Services