

Extracts from Senate Committee Hansard
RURAL AND REGIONAL AFFAIRS AND TRANSPORT

Monday 21/5/07 Sen Heffernan in the chair

Page 24 of 128

CHAIR—Can you also comment on places like Bankstown airport as a strategic policy and why the owners want to kick all the light aircraft owners off or make it unviable for them to be there with their charges and red-hot behaviour?

Mr Mrdak—This unit does not deal with it. I would be happy to deal with that when we do aviation and airports, if you like.

CHAIR—All right.

Page 93 to page 97

CHAIR—The other day I had a mob come in to see me from Bankstown Airport. They were telling me that it was the view of the management that aviation is a secondary consideration. This is for light aircraft owners and whatever you call that side of the aviation industry. There is a view from the owners that the quicker they get rid of all those small aircraft owners and turn the thing into more of an industrial site the better. Does the department or the government have a policy to protect the integrity of light aircraft owners in places like Bankstown? We are going through the same episode at Long Bay rifle range. It is a great development site and they want to kick the riflemen off and tell them to go to Goulburn or somewhere, when the bulk of the riflemen come from around Sydney, so that in effect collapsed the culture of the rifle. What is to stop the owners of Bankstown eventually pricing all the light aircraft off the airport? I noticed actually on the way out of town to Yass that there is a paddock there with two or three, four planes always parked in it because they reckon that they cannot afford to park in the airport here. There are all sorts of silly buggers being played at Bankstown with the buyback of hangars and the land they stand on and all the rest of it. Do we have a policy that says that it should not be just left to the full market forces for light aircraft owners, or should we just hunt them out to build a hub in the bush somewhere and land in a paddock and make the most of it somewhere else? Do you know what I mean?

Mr Mrdak—Yes, I understand. We have had the same representations from aircraft owners and the pilots association and other tenants of Bankstown, and other GA airports.

CHAIR—They are the ones that have been to see me.

Mr Mrdak—Similarly, I have had discussions with them, as have ministers. We have also taken it up with Bankstown Airport's management.

CHAIR—I think the boss out there has told these blokes that the quicker he can get rid of them the better it will be.

Mr Mrdak—That is not his view of what he is saying to us.

CHAIR—Well, no doubt.

Mr Mrdak—We have taken these issues up. Firstly, your comment, 'Does the government have a policy?' and the answer is, 'Yes.' The airport has been leased and the primary purpose of the lease is to run a general aviation aerodrome. There are requirements in the lease in relation to maintaining a general aviation aerodrome facility and providing for open access. Those sorts of things are set out in the lease. What role do we take? We do regulate the airports through the master planning process, and one of the key considerations for the department in assessing the last approved master plan for the airport was the amount of dedicated aeronautical sites that they were making available.

In my understanding—and I will check—there is something of the order of 142 acres that have been set aside in the current master plan for general aviation development and aero use. We have gone back and tested with the airport management—and Mr Williams and I are meeting with airport management again this week, in relation to a whole range of issues on Bankstown—the claims of AOPA and others. The view of the airport

management is that they are trying to negotiate commercial terms; they are trying to clean up—

CHAIR—They have a responsibility to work with their shareholders to maximise profit.

Mr Mrdak—Yes.

CHAIR—If they can get a profit some other way, who gives a bugger about someone that has got a 172 parked there?

Mr Mrdak—Well, there are some limitations on how they achieve that profit. That is what I am saying. We do look closely at the amount of aeronautical development in the master plan to ensure that the site is predominantly a GA airport.

CHAIR—But you can have 142—whatever you have got—acres or hectares set aside, but it might be like owning a house on the waterfront at Point Piper or something: you can price people out of it and then you say, ‘Well, there’s no takers. We’ll use it for something else.’ How do you not have the capacity to gouge the price because they are a monopoly?

Mr Mrdak—I suppose at the end of the day the normal provisions of the Trade Prices Act apply in terms of behaviour. Pricing behaviour is obviously very difficult to regulate. Particularly what we are really talking about here are commercial rents. The airport is saying to us that, yes, where they have had a breakdown in commercial negotiations with one aviation user, they have then found they have aviation tenants who want to take up that site. So we do not actually get a reduction in aviation tenants per se; we get a changeover of the tenants on the airport. It is recognised that many tenants have been there a long time, operate under old departmental leases and, as the leases come up for renewal, the new owners are asking for different rent terms and different modifications.

Senator O’BRIEN—It is not as the leases come up for renewal; it is as they are reviewed, during the lease.

CHAIR—With great respect, Senator O’Brien, the problem that I have with this is the same as I have with land tax on your house: you can be taxed out of your own home; you have been left a big house at Point Piper and the land tax bill comes along at \$100,000, you have got to sell the damned thing. If you have had a hangar out there at Bankstown and you have a 172, and the bloke in the hangar next door has got a contract to run drugs or to fight fires—you would not know what for—let the market forces take care of it?

Mr Mrdak—To some degree the commercial negotiation will take place. What Bankstown is trying to do, in my understanding, is to provide incentives for some of the people who are doing recreational flying or small operations to move to other locations like Camden.

CHAIR—But they also own that other airport handy to there. What is it like? Are they just going to cut that up for building blocks and some millionaire—

Mr Mrdak—Hoxton Park will revert to freehold under the terms of the sale next year.

CHAIR—The writing is on the wall, isn’t it?

Mr Mrdak—For Hoxton Park the writing is on the wall—

CHAIR—Yes, but the writing is on the wall for these small aircraft owners. You are going to hunt them to buggery.

Mr Mrdak—I think the Hoxton Park issue has been one driven by New South Wales planning association. They are building in the airport.

CHAIR—We have the same stuff over at Jandakot.

Mr Mrdak—I think we have had similar issues in relation to tenancies and commercial rent at a lot of the airports, be they large or small.

CHAIR—This is like getting a contract with a monopoly retailer. I will not name any of them. The farmer,

when he originally gets his contract, goes home and gets drunk with his wife and says, 'I've got a contract with you know who', and then the next year the bloke comes along and says, 'Listen, old mate, the market says we've got to cut your margin back a bit so we're going to pay a little less for your spuds or your grapes' and eventually you go broke. What is there to stop the airports from doing this to all these poor buggers who have the planes out there? Nothing?

Mr Mrdak—At the end of the day we continue to monitor. The government continues to look at these issues. Where issues are raised with us we go—

CHAIR—But is there any fairness? It is a bit lopsided. What protection is there for past occupants in Young, given the creative monopoly situation?

Mr Mrdak—At the end of the day there will be changes of tenants at these airports—

CHAIR—At the end of the day you are going to hunt everyone off the place and they will build another supermac store there.

Mr Mrdak—As I say, there are protections under master planning—ministers have been very firm on this with Bankstown Airport and the other GA airports, that areas that have been identified for aeronautical use will not be approved for non-aeronautical use.

CHAIR—That is not what the aircraft owners think. They think they are being screwed.

Mr Mrdak—There is no doubt that when the new owners of the airports are operating in a very commercial environment, they are looking to maximise their rental. We understand that. But what we are saying is there is a limited pool of people who can take tenancies in those areas because they are aeronautical areas.

CHAIR—They gave me an example—I am sorry to do this to you, Mr Mrdak—

Mr Mrdak—No, you are right.

CHAIR—They gave me an example of some poor bugger—it is a bit like the woman who has been left the house in the will and cannot pay the land tax—who owned a hangar there and they put up the rent, and they put up the rent and they put up the rent. Eventually they said, 'I'll tell what we'll do with you. We'll give you a rental rest but we'll take the hangar.' So they took the hangar. Do you think that is fair behaviour?

Mr Mrdak—I am sorry, I am not familiar—

CHAIR—Could you get back to me on that?

Mr Mrdak—I will certainly do that.

CHAIR—I will give you the details away from this process of some of the outrageous propositions that have been put to people out there. I hope they all die the richest airport owners in the world, these fellows. I do not know who they are even, but they are doing a nice old job on these poor buggers that have been out there, teaching kids to fly et cetera for all time, and now they find they cannot go out and they cannot afford to be there.

Mr Mrdak—If there are examples like that I am happy, as we have been, to take it up with the airport owner to make sure that there is a proper process involved. We have been doing that. As I said, the government's position is clear. We do have protections through the planning process. If there are examples of unfair or unconscionable behaviour, then that is something we will take on, and also through the ACCC if we need to. So there are policy settings.

There is not a price control mechanism around these airports. We do recognise that the airport owners at Bankstown are trying to move to a movement based charge. That will have some advantages for many users of the airport and for some it may involve some additional cost. It is probably a more efficient way to charge; to do that for aircraft over 10 tonnes. So there are changes happening like that which may not suit all parties. But I can assure you if there are examples of unconscionable behaviour the department will discuss those.

CHAIR—Would it be fair to say unless you are a millionaire of some description, whether it is from building high-rise, or running drugs, as I say—whatever you have got your money from—or backing race horses, for the ordinary punter the time is going to come when he will not be able to afford to park his plane there, and the time is not far away.

Mr Mrdak—I do not necessarily think that that is inevitable. There is no doubt—

CHAIR—There are signs it is happening though, aren't there?

Mr Mrdak—There are changes happening in the whole GA sector, and when you have an airport—

CHAIR—So if that is the case what are we going to do to provide for these people not to have to leave their plane at Goulburn or my paddock at Junee or somewhere, like these poor buggers out here in a paddock on the way to Yass?

Mr Mrdak—In many ways when you have an important piece of infrastructure that close to the city centre, you are going to move to a higher-value user of that airport over time. You are going to find that some people who have benefited from being able to park on those sites for free because the previous Commonwealth practice will have to change as we move to this. My understanding is Bankstown Airport is offering lower rates and charges to operate at Camden, which is another one of their airports, to try and make that the centre of flying training and making Bankstown more focused on the business, commercial charter markets. So they are trying to structure their business in that way.

CHAIR—So they should just own up. We all want to go from here and—

Mr Mrdak—I do not think it is as clear as that. I think what they are trying to do is—

CHAIR—No, in code, I mean.

Mr Mrdak—Look—

CHAIR—Hoxton is redundant, is it?

Mr Mrdak—Hoxton is essentially built in by New South Wales planning decisions which put housing developments all around it.

CHAIR—So is that what is going to happen to Canberra Airport because they have agreed to do this bloody Tralee thing? Isn't that the same principle? In time that is going to get built out?

Mr Mrdak—That remains one of our concerns; that over time where you do have corridors like the approaches to Canberra, they will be built out and that increases the—

CHAIR—So you are somewhat defenceless or hopeless or unable to see the common sense of—Frank Sartor has worried about this but eventually has come down on the side of whoever he has come down on the side of to agree to put this Tralee development in the flight path of the airport. There are big plans to have this as a transport hub et cetera; to make the great asset that it is for Canberra to be an even greater asset. All of a sudden, no doubt, in time he will be saying, 'Oh, look, I was kept awake last night by those planes. I've just bought this great new home and I've got a new baby and I'm on Tralee, and damn the airport' and shut the airport down at night. Won't that inevitably happen?

Mr Mrdak—I think that is right, Senator.

CHAIR—What can we do about that?

Mr Mrdak—The Commonwealth government's position has been clear; that the independent report that was commissioned by the New South Wales government in relation to planning in that area should be adopted, which recommended there be no development in the Tralee area.

CHAIR—There is a lot of country from here to bloody Canberra. Surely you could just move everything two miles south. I do not know how greedy they all are though. The bloke that has got the option on the

country is going to make \$800 million or something out of it, but to what cost for the rest of the community?

Mr Mrdak—We agree totally. That has been the Commonwealth's position; that where you do have opportunities to have green corridors—

CHAIR—What should we do, this parliament? What should this committee do with what just does not make any sense?

Mr Mrdak—I think at the end of the day it is a matter of the more people that do express a view that it is inappropriate—we thought the independent report that was commissioned by the New South Wales government would have put this matter to bed by virtue of such a clear finding that it would be inappropriate to build that development at Tralee. That did not prove to be the case in the decision taken by Minister Sartor and the New South Wales planning authorities.

CHAIR—As I said once before here, I have handed the whole matter over to the police for very good reasons.

Mr Mrdak—Senator, just to close off, I will be meeting with Bankstown Airport senior management this week and I will be raising these concerns.

CHAIR—These blokes came into me. They are decent, everyday Australians who do not deserve to be treated by the full market power. There has got to be some provision for these poor buggers. It is the same argument, as I say, as the riflemen out there at Long Bay. Sure, it is a great development site and, sure, one of the blokes that came to see me offered me a million-dollar bribe to help him, which I reported by the way—the first million-dollar bribe I have been offered. It was all about developing the Long Bay rifle range and getting rid of the hundred years of what all that stands for. It is a bit like this Anzac memorial drive here; just to make a quid. I just think it is outrageous.

Mr Mrdak—As I say, the airport has a different view of what is happening, but I think somewhere in between we are trying to find a way—

CHAIR—Anyhow I commend your comments tonight, and I would be grateful if you could measure up the competing interests. Hopefully, the people that own the Bankstown Airport will be listening at some stage and know that a lot of people think that they have been done over, shall I say.