



Australian Government
**Department of Infrastructure
and Regional Development**



2015-16 REGULATOR PERFORMANCE FRAMEWORK

SELF-ASSESSMENT REPORT – AIRPORTS BRANCH

December 2016



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Chapter 1: Executive Summary

1.1 Self-assessment

The Airports Branch undertook its annual self-assessment against the Regulator Performance Framework (RPF), between October and November 2016. The Branch held a number of internal workshops and surveys, led by the leadership team to:

1. Establish key evaluation criteria;
2. Evaluate annual performance against the criteria; and
3. Consider areas of focus for potential improvement.

The self-assessment workshops were undertaken on:

- Executive Workshop 1 (11 October 2016), SES and EL2s
- Executive Workshop 2 (19 October 2016), SES and EL2s
- Executive Workshop 3 (4 November 2016), SES and EL2s
- Branch Workshop (24 November 2016), all staff.

The workshops and surveys were informed by:

- The Department's Corporate Plan 2016-17
- The Division's Business Plan for 2015-2016 and 2016-17
- Evidence of performance through the Department's 2015-16 Annual Report
- The *Airports Act 1996* and subsidiary legislation
- Experience and professional knowledge of the Branch's executive team and staff
- Outcomes from annual airport lease reviews for 2015-16
- Portfolio Budget Statements 2015-16
- Additional evidence of best practice regulatory behaviour.

The self-assessment found:

- no strongly differing perspectives on the Airports Branch's performance as a regulator; and
- a positive overall view of the Airports Branch's performance, while at the same time recognising there are always opportunities for improvement.



The self-assessment results broadly indicate the Airports Branch:

- effectively facilitates the efficient operation of the airport industry while achieving positive regulatory outcomes;
- is aware there is always opportunities for improvement and is prepared to improve; and
- recognises as the regulator of 21 federally leased airports that there is a need for ongoing process improvement in the regulatory environment and is prepared to proactively suggest and make those improvements.

1.2 Self-assessment Validation

Given its position as a key stakeholder and representative body of a number of federally leased airports, the Australian Airports Association (AAA) was identified as the appropriate body to validate the Airport Branch's self-assessment.

On 6 December 2016 the Department provided its self-assessment findings to the AAA for review and comment.

Overall, the AAA's feedback was very positive and supported the results of the self-assessment undertaken by the Airport's Branch. In particular, the AAA confirmed it is strongly supportive of the manner in which the Airports Branch engages with the industry it regulates. A summary of the AAA's comments on the self-assessment are below.

AAA's comments:

- The AAA values the ongoing consultation that the Department has with it and through the AAA, its airport members.
- The self-assessment document is a comprehensive overview of the extent of consultation with industry.
- The Department is to be commended on its engagement with industry.
- The AAA believes the relationship between the Department and industry has matured significantly over the past six years and AAA hopes to continue with this positive and productive relationship moving forward.

Opportunities for improvement:

- Nil identified by the AAA.

Chapter 2: Background

2.1 Context

Airports are a significant contributor to jobs, economic development and national productivity across Australia's cities and regions. Airports are critical components of the national economic and transport infrastructure. They support trade and tourism and drive growth across the economy.

All sectors of the Australian economy rely directly or indirectly on the efficient movement of people and freight through airports. Ongoing investment in and the upgrade of aviation infrastructure at airports is needed to continue to drive productivity and economic performance and to meet forecast growth.

The operation of Australia's federal airports was privatised between 1997 and 2003 by selling long-term leases over the airport sites to private sector operators. The leased federal airports are regulated under the Commonwealth *Airports Act 1996*. The Airports Branch of the Department of Infrastructure and Regional Development has regulatory oversight for the 21 federally-leased airports. These airports are:

New South Wales: Sydney (Kingsford Smith), Bankstown, Camden

Victoria: Melbourne, Essendon, Moorabbin

Queensland: Brisbane, Archerfield, Gold Coast, Townsville, Mt Isa

Western Australia: Perth, Jandakot

South Australia: Adelaide, Parafield

Tasmania: Hobart, Launceston

Northern Territory: Alice Springs, Darwin, Tennant Creek

Australian Capital Territory: Canberra.

The Government recognises the important role regulators play in managing risk and protecting the interests of industry and the community. Efficiently administered regulatory frameworks can enhance the operation of businesses, markets, the economy and benefit stakeholders.

The Airports Branch regularly reviews the regulatory framework applied to the federally-leased airports with the objective of protecting the interests of community and other stakeholders while supporting the ongoing integration of on-airport planning with off-airport planning frameworks. Measurement of the performance of the Airports Branch in this context will provide an assurance for the community and other stakeholders that this regulation is being administered in a consistent and risk-based manner.

2.2 Purpose

The purpose of the legislative environment for the federally-leased airports is to provide a transparent, consistent and effective regulatory framework that supports the sustained growth of these significant components of national infrastructure.

The *Airports Act 1996* provides the primary legislative basis for the regulation of these airports. The objectives of the *Airports Act 1996* are:

- to promote the sound development of civil aviation in Australia;
- to establish a system for the regulation of airports that has due regard to the interests of airport users and the general community;
- to promote the efficient and economic development and operations of airports;
- to facilitate the comparison of airport performance in a transparent manner;
- to ensure majority Australian ownership of airports;
- to limit the ownership of certain airports by airlines;
- to ensure diversity of ownership and control of certain major airports; and
- to implement international obligations relating to airports.

Within this framework the Airports Branch focusses on three key areas to ensure the objectives of the *Airports Act 1996* are met:

- regulating in accordance with the legislative framework;
- consideration of Master Plans and Major Development Plans; and
- industry engagement.

These objectives are consistent with the measures and key performance indicators identified under the Commonwealth Regulatory Performance Framework which are:

- regulators do not unnecessarily impede the efficient operation of regulated entities;
- dealing with regulated entities are open and transparent, and communication is clear, targeted and effective;
- compliance and monitoring approaches are streamlined and co-ordinated, and any actions taken are proportionate to the regulatory risk being managed; and
- regulators actively contribute to the continuous improvement of regulatory frameworks.

To measure and monitor outcomes and compliance in the three areas identified above and against the Regulatory Performance Framework, the Airports Branch has developed evaluation criteria/ indicators against which to assess our performance as regulators.

2.2.1 Regulate in accordance with the legislative framework

- Ensuring compliance with the *Airports Act 1996* and relevant Regulations.
- Ensuring compliance with lease and sale agreement obligations.

2.2.2 Master Plans and Major Development Plans

- Ensuring the facilitation of appropriate and sustainable planning and development on airport to support the economy, growing industry and to facilitate access for airport users.
- Ensuring Master Plans and Major Development Plans are managed in a timely manner and assessed in accordance with the *Airports Act 1996*.
- Oversighting airports' infrastructure development strategies including both aviation and non-aviation development, recognising non-aviation development may be needed to support the aviation operations of the airport lessee's business.
- Ensuring consideration and analysis of Master Plans and Major Development Plans is evidence-based and follows legally compliant processes.
- Ensuring appropriate stakeholder engagement with regard to airport long and medium term development.
- Ensuring airport development (building activity) is facilitated in a timely and effective manner to allow ongoing investment in airport infrastructure while meeting safety and environmental requirements.

2.2.3 Industry engagement

- Working with industry to increase the efficiency and effectiveness of the operation of the federally-leased airports.
- Identifying areas for improvement in the *Airports Act 1996*, Airports (Building Control) Regulations 1996 and Airports (Environment Protection) Regulations 1997.
- Ensuring effective participation in airport Planning Co-ordination Forums (PCFs) and Community Aviation Consultation Groups (CACGs).



Planning Co-ordination Forums	
Sydney Airport	Northern Territory Airports
Melbourne Airport	Hobart Airport
Brisbane Airport	Archerfield Airport
Perth Airport	Bankstown Airport
Adelaide / Parafield Airports	Camden Airport
Canberra Airport	
Community Aviation Consultation Groups	
Sydney Airport	Darwin Airport
Melbourne Airport	Essendon Airport
Brisbane Airport	Moorabbin Airport
Perth Airport	Townsville Airport
Adelaide Airport	Alice Springs Airport
Canberra Airport	Parafield Airport
Gold Coast Airport	Jandakot Airport
Hobart Airport	Camden Airport
Bankstown Airport	Archerfield Airport
Launceston Airport	

Chapter 3: Method

3.1 Evidence

3.1.1 Regulate in accordance with the legislative framework

Indicator:

- **Ensuring compliance with the *Airports Act 1996* and relevant Regulations.**
 - No compliance breaches of any provisions the *Airports Act 1996* and relevant Regulations were identified in the period under review.

Indicator:

- **Ensuring compliance with lease and sale agreement obligations.**
 - Annual lease reviews conducted with the airports as summarised below.
 - Any areas of concern were identified in lease review discussions and were addressed by airports immediately. No breaches or incidences of non-compliance have been formally recorded against any of the airports.

Airports	Lease Review Dates	Outcomes
Sydney	1 June 2016	Compliant (28 June 2016)
Melbourne	17 May 2016	Compliant (15 July 2016)
Launceston	5 May 2016	Compliant (21 July 2016)
Brisbane	14 June 2016	Compliant (22 June 2016)
Perth	3 June 2016	Compliant (22 June 2016)
Adelaide / Parafield	20 May 2016	Compliant (29 May 2016)
Gold Coast / Townsville/ Mount Isa	21 June 2016	Compliant (23 June 2016)
Bankstown / Camden	23 June 2016	Compliant (5 July 2016)
Darwin/ Alice Springs/ Tennant Creek	31 May 2016	Compliant (29 June 2016)
Moorabbin	24 June 2016	Compliant (13 July 2016)
Jandakot	1 June 2016	Compliant (22 June 2016)
Hobart	23 May 2016	Compliant (15 July 2016)
Essendon	17 June 2016	Compliant (13 July 2016)
Canberra	7 June 2016	Compliant (22 June 2016)
Archerfield	6 June 2016	Compliant (28 June 2016)

3.1.2 Master Plans (MP) and Major Development Plans (MDP)

Indicator:

- **Ensuring the facilitation of appropriate and sustainable planning and development on airport to support the economy, growing industry and to facilitate access for airport users.**
 - Regulatory reforms were progressed during 2015/16 to reduce red tape and the regulatory burden on leased airport operators.
 - Draft reforms include:
 - implementing a differential MP submission cycle for federal leased airports (excluding Mount Isa and Tennant Creek) to facilitate:
 - an eight year submission cycle for Adelaide, Alice Springs, Archerfield, Bankstown, Camden, Canberra, Darwin, Essendon, Gold Coast, Hobart, Jandakot, Launceston, Moorabbin, Parafield and Townsville airports; and
 - retain the current five year MP submission cycle for Brisbane, Melbourne, Perth, Sydney (Kingsford-Smith), and in the future, Sydney West airports.
 - increase the current \$20 million monetary trigger for MDPs to \$35 million and allow the Minister for Infrastructure and Transport (the Minister) to issue legislative instruments for the purpose of increasing the threshold amount (monetary trigger) for MDPs every three years, taking into account price indexations indicating changes in construction activity costs; and for the purpose of specifying the costs that must be included and excluded when calculating the cost of construction for an MDP.
 - specify a 15 business day statutory decision timeframe within which the Minister for Infrastructure and Transport (the Minister) must consider applications for reduced consultation periods for MDPs, with such applications deemed approved if there is no Ministerial decision within this timeframe.

- enable the Minister to extend more than once the period that approved MDPs are required to be substantially completed.
- enable Airport Lessee Companies to notify the Minister if an approved MDP is not able to proceed on the basis of exceptional circumstances.

Indicator:

- **Ensuring Master Plans and Major Development Plans are managed in a timely manner and assessed in accordance with the *Airports Act 1996*.**
 - Number of Master Plans assessed and approved within the period – three.
 - Number of Major Development Plans assessed and approved – nine (includes approval of a minor variation).

Airports	Master Plans assessed and approved	Major Development Plans assessed and approved
Sydney	N/A	Minor Variation to approved MDP for car parking and commercial facilities at International Terminal precinct - 23 November 2015
Melbourne	N/A	Air Traffic Services Centre Modernisation (Extension) and Equipment Room Project – 16 December 2015.
Launceston	N/A	N/A
Brisbane	N/A	Air Traffic Services Centre Extension and Equipment Room Project – 30 November 2015
Perth	N/A	Forrestfield Airport (Rail) Link - 30 November 2015
Adelaide	N/A	N/A
Parafield	N/A	N/A
Gold Coast	N/A	Project LIFT (Terminal redevelopment) – 10 February 2016
Townsville	N/A	Terminal Redevelopment – 4 January 2016 Instrument Landing System – 19 January 2016
Mount Isa	Not required	Not required
Bankstown	N/A	N/A
Camden	18 December 2015	N/A
Darwin	N/A	N/A
Alice Springs	1 October 2015	N/A

Tennant Creek	Not required	Not required
Moorabbin	N/A	N/A
Jandakot	N/A	Extension of runway 12/30 and taxiway system – 16 June 2016
Hobart	18 December 2015	Runway Extension Project – 14 April 2016
Essendon	N/A	N/A
Canberra	N/A	N/A
Archerfield	N/A	N/A

Indicator:

- **Oversighting airports’ infrastructure development strategies including both aviation and non-aviation development, recognising non-aviation development may be needed to support the aviation operations of the airport lessee’s business.**
 - Three master plans and nine major development plans were assessed and approved over the period to facilitate aviation and non-aviation development.
 - Financial viability assessments are also conducted annually of the 16 leased airports with tripartite agreements in place entered into by the Government, airport lessee companies (ALC) and the ALCs’ financiers.
 - financial viability assessments are undertaken to inform the Department of any potential risk to the Commonwealth associated with tripartite deeds.
 - with the assistance of financial specialists, the most recent assessments were reported in August 2016.

Airports with Tripartite deeds with the Commonwealth	
Sydney	Darwin
Melbourne	Essendon
Brisbane	Townsville
Perth	Alice Springs
Adelaide	Parafield
Canberra	Jandakot
Gold Coast	Bankstown
Hobart	Launceston

- 
- CAPEX information is provided as part of the annual lease review process with each airport, outlining current and future aero and non-aero developments.
 - Utilising information prepared and analysed by the Australian Competition and Consumer Commission (ACCC), the Department reviews the annual Airport Monitoring Report. The most recent report is the 2014/15 report, which was released in April 2016. The Airport Monitoring reports are used to confirm that Australia's privatised airports are efficient and have the capacity to meet ongoing needs for investment in aeronautical infrastructure. Reports are used in discussions with airports at the annual lease review meetings about aspects of airport operations where they relate to lease requirements such as investment and quality of service.

Indicator:

- **Ensuring consideration and analysis of Master Plans and Major Development Plans is evidence based and follows legally compliant processes.**
 - In 2015/16 actions have been brought against the Minister's decisions on two Master Plans and one Major Development Plan in the Administrative Appeals Tribunal (AAT).
 - In the period under review no Ministerial decisions on Master Plans or Major Development Plans have been found by the AAT to be overturned or deemed incorrect.

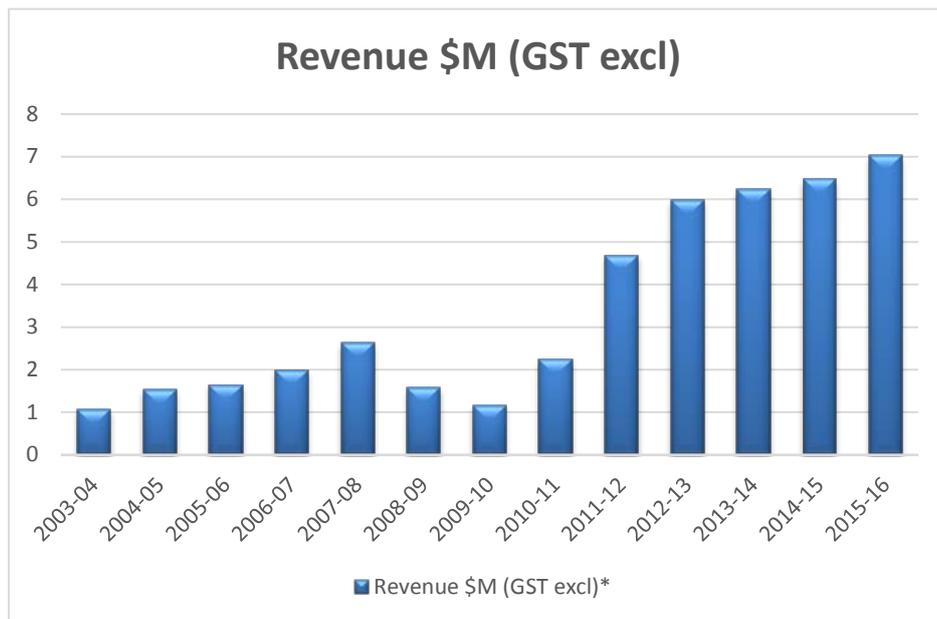
Indicator:

- **Ensuring appropriate stakeholder engagement with regard to airport long and medium term development.**
 - In all instances in 2015/16, all airports met the community consultation requirements for Master Plans and Major Development Plans.

Indicator:

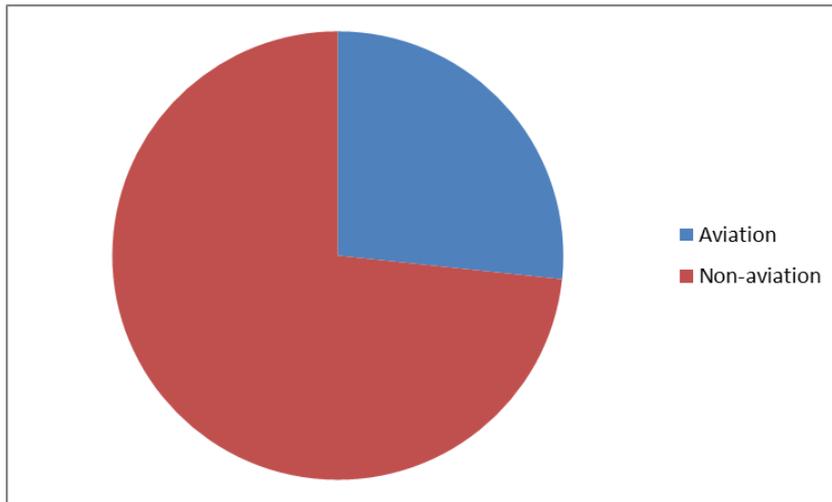
- **Ensuring airport development (building activity) is facilitated in a timely and effective manner to allow ongoing investment in airport infrastructure.**

- The Department reviews the Airport Building Control (ABC) service provision model prior to the cessation of the ABC contract period. The last review was undertaken in 2014 and sought the views of the Airport Leasing Companies (ALC's) on the performance of the ABCs.
- The review confirmed the Department's view the ABC network was acting professionally and effectively, and in accordance with the contractual requirements. It also highlighted areas for improvement; namely the need to review the minimum contracted hours to avoid delays in ABC processing applications.
- The building development on airports has increased for most years since 2003-04. Building application fees outlined in the charts below provide an indication of the level of airport development across 19 of the 21 federally leased airports.



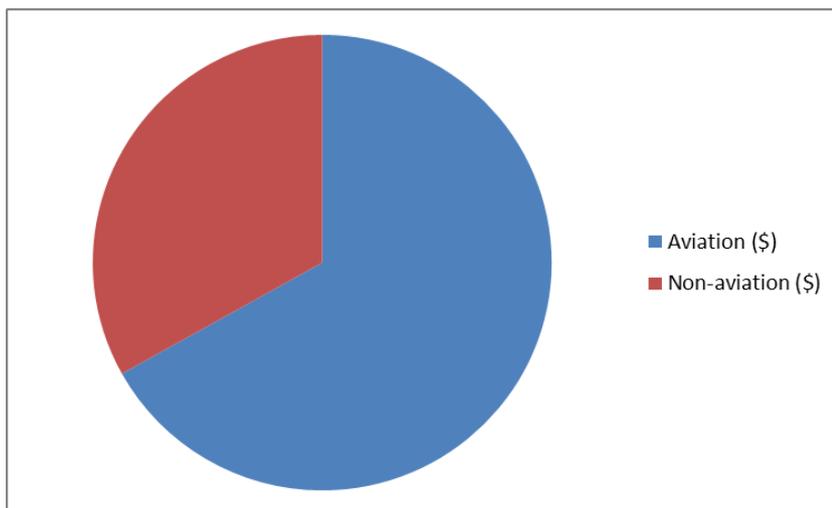
- In 2015-16, the number of applications reached 892. This is broken down into aviation and non-aviation developments as shown below. The number of applications for 2016-17 is expected to exceed those of 2015-16.

No. Applications	Aviation	Non-aviation
Totals	238	654



- In 2015-16 the revenue from building application fees was valued at \$7.037M. The value of the construction for 2015-16 was \$1.748B.

Values	Aviation (\$)	Non-aviation (\$)
Totals	1,169,510,778	578,710,822



3.1.3 Industry engagement

Indicator:

- **Working with industry to increase the efficiency and effectiveness of the operation of the federally-leased airports.**
 - Consultation activities undertaken with the airports and other key stakeholders such as the Australian Airports Association and state and local councils to discuss regulatory reform and red tape reduction measures.

Indicator:

- **Identifying areas for improvement in the *Airports Act 1996*, *Airports (Building Control) Regulations 1996* and *Airports (Environment Protection) Regulations 1997*.**
 - As detailed above, regulatory reforms to the *Airports Act 1996* have been prepared for consideration by Parliament.
 - The *Airports (Environment Protection) Regulations 1997* are being reviewed and revised to better align with relevant state and territory environment regulations and guidelines.
 - The *Airports (Building Control) Regulations 1996* have been reviewed to improve clarity and remove ambiguity. These changes are to be incorporated as part of a full review prior to the Regulations sunset in 2019.

Indicator:

- **Ensuring effective participation in airport Planning Co-ordination Forums (PCFs) and Community Aviation Consultation Groups (CACGs).**
 - Active participation and attendance at the PCFs and CACGs as detailed in the following table noting 100% attendance by Departmental representatives at all the meetings.
 - An independent review of PCFs and CACGs, conducted in 2015, found broad stakeholder support for these groups and showed overall satisfaction with the Department's contribution to meetings.

- The review showed over 80% of CACG Chairs agreed that the Department provides useful input to CACG meetings, and all CACG Chairs agreed that they receive sufficient and appropriate support and guidance from the Department.

Airports	Planning and Coordination Forums	Community Aviation Consultative Groups
• Sydney	<ul style="list-style-type: none"> • 3 July 2015 • 2 December 2015 	Sydney Airport Community Forum: <ul style="list-style-type: none"> • 19 February 2016
• Melbourne	<ul style="list-style-type: none"> • 13 August 2015 • 12 November 2015 • 11 February 2016 • 12 May 2016 	<ul style="list-style-type: none"> • 18 August 2015 • 17 November 2015 • 16 February 2016 • 17 May 2016
• Launceston	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 23 September 2015 • 8 March 2016
• Brisbane	<ul style="list-style-type: none"> • 27 August 2015 • 10 November 2015 • 23 February 2016 • 25 May 2016 	<ul style="list-style-type: none"> • 14 July 2015 • 27 October 2015 • 22 March • 28 June 2016
• Perth	<ul style="list-style-type: none"> • 15 September 2015 • 10 December 2015 • 3 March 2016 • 2 June 2016 	Community Forum: <ul style="list-style-type: none"> • 1 September 2015 • 10 December 2015 • 3 March 2016 • 2 June 2016
• Adelaide	<ul style="list-style-type: none"> • 13 August 2015 • 12 November 2015 • 4 February 2016 • 19 May 2016 	<ul style="list-style-type: none"> • 21 August 2015 • 18 November 2015 • 12 February 2016 • 20 May 2016
• Parafield	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 20 Aug 2015 • 19 Nov 2015 • 11 Feb 2016 • 19 May 2016
• Gold Coast	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 22 July 2015 • 25 November 2015 • 16 March 2016 • 22 June 2016
• Townsville	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • 1 July 2016 • 11 November 2016

		<ul style="list-style-type: none"> 9 March 2016
<ul style="list-style-type: none"> Mount Isa 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
<ul style="list-style-type: none"> Bankstown 	<ul style="list-style-type: none"> 8 September 2015 31 March 2016 	<ul style="list-style-type: none"> 25 August 2015 24 November 2015 19 April 2016
<ul style="list-style-type: none"> Camden 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> 2 July 2015 12 November 2015 31 March 2016
<ul style="list-style-type: none"> Darwin 	<ul style="list-style-type: none"> 3 July 2015 20 November 2015 1 April 2016 	<ul style="list-style-type: none"> 2 July 2015 19 November 2015 31 March 2016
<ul style="list-style-type: none"> Alice Springs 	<ul style="list-style-type: none"> Shared with Darwin Airport 	<ul style="list-style-type: none"> 18 November 2015 30 March 2016
<ul style="list-style-type: none"> Tennant Creek 	<ul style="list-style-type: none"> Shared with Darwin Airport 	<ul style="list-style-type: none"> N/A
<ul style="list-style-type: none"> Moorabbin 	<ul style="list-style-type: none"> N/A – discontinued in 2013 	<ul style="list-style-type: none"> 25 September 2015 5 December 2015 8 April 2016 24 June 2016
<ul style="list-style-type: none"> Jandakot 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> 2 September 2015 9 December 2015 2 March 2016 1 June 2016
<ul style="list-style-type: none"> Hobart 	<ul style="list-style-type: none"> 21 September 2015 11 February 2016 16 May 2016 	<ul style="list-style-type: none"> 24 August 2016 23 November 2015 22 February 2016 23 May 2016
<ul style="list-style-type: none"> Essendon 	<ul style="list-style-type: none"> 22 October 2015 11 April 2016 	<ul style="list-style-type: none"> 4 September 2015 20 November 2015 11 March 2016 17 June 2016
<ul style="list-style-type: none"> Canberra 	<ul style="list-style-type: none"> 10 November 2015 10 May 2016 	<ul style="list-style-type: none"> 12 Nov 2015 14 April 2016
<ul style="list-style-type: none"> Archerfield 	<ul style="list-style-type: none"> 15 September 2015 1 November 2015 2 February 2016 7 June 2016 	<ul style="list-style-type: none"> 8 July 2015 4 November 2015 30 March 2016



Chapter 4: Results

4.1 Branch RPF self-assessment

The evidence provided against the indicators in this report demonstrate the effectiveness of the ongoing implementation of the airport regulatory regime by the Airports Branch at the 21 federally leased airports.

The evidence confirms the federally leased airports are fulfilling their lease obligations and legislative requirements under the Airports Act and associated regulations.

No indicators assessed indicate any areas of concern where Airports Branch is not fulfilling its regulatory responsibilities.

The Airports Branch is considered by its stakeholders as an efficient and effective regulatory body. In their comments the AAA specifically stated 'the Airports Branch is to be commended on its engagement with industry'.

Overall the Airports Branch has played an important part in facilitating continued airport development and growth while ensuring regulatory requirements are being met.