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Airport Regulation inquiry
Productivity Commission
Locked Bag 2
Collins Street East
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Dear Sir/ Madam,

Written Submission
Economic Regulation of Airports - Productivity Commission Issues (July 2018)

This submission highlights that this inquiry's scope is inadequate because it excludes social and environmental factors which constrain the operations and capacity of an airport (especially Sydney Airport); thereby, providing an inaccurate assessment of efficiency as externalities (noise and health impacts) are not included in the aviation prices i.e. these impact the community and health system. The scope also "cherry picks" which social impacts are included which is unfair giving preference to country NSW over Sydney residents.

The Productivity Commission website states the commission's aim as " Providing independent research and advice to Government on economic, social and environmental issues affecting the welfare of Australians." Hence, the Commission is ignoring it's own objectives by excluding the majority of social and environmental issues.

Social impacts

The Productivity Commission has "cherry picked" which social impact to be included for Sydney Airport:

1. The "regional ring fence" is mandated in the Issues Paper as it significantly benefits regional NSW. However, other Sydney Airport constraints that significantly improve life in urban Sydney e.g. the flight cap, the curfew and the Long Term Operating Plan targets on noise sharing are not mentioned. The residents of Sydney are heavily impacted by an ever increasing aircraft noise and jet engine emissions which effects their quality of life and health but these constraints are not mandated in the same manner as the "Liberal and National Party" political issue of maintaining access to Sydney Airport for country people. Is the government not committed to the people of Sydney, in the same manner as they are for country people? The Sydney Airport constraints are absolutely mandatory now and in the future to support a reasonable life in Sydney which is extensively impacted by aircraft noise and aircraft emissions. *Action: Include the Sydney Airport and other airport's flight cap, curfew and Long Term Operating Plan in the scope of this inquiry.*
2. Exclusion of the 'non-economic' factors of environmental protection, noise and health impacts infers the travelling public have more rights and consideration than the long suffering community. This is unfair.

Environmental impacts

The Issue Paper (Page 2) states "Some regulations that have a 'non-economic' focus — such as air safety regulation, environmental protection and noise —are not the primary focus of this inquiry, but may be considered by the Commission where they affect the efficient operation of airports."

We do not believe it is possible to assess efficiency of aviation operations and of capital investment decisions with the exclusion of constraints and with an artificially low aviation price which excludes externalities. The efficiency and economic effectiveness is impacted by the constraints and capacity limits of the airport especially Sydney Airport where building more runways is not an option. *Action: Inclusion of the "non-economic" issue in the prime scope of this inquiry (see below).*

Aircraft Noise Amelioration

Our recommendation is that aircraft noise amelioration should be recommenced by insulating houses to the Australian Standard AS2021 - Acoustics Standard i.e. within and above the ANEF20 noise contour. The purpose of this program is to provide a reasonable life for those heavily impacted by any airport and ensure that aviation prices reflect a true cost to provide that service including mitigation of the negative impact on the community using the polluter pays principal. This would lead to better, more informed and more socially minded capital investment decisions.

Note: ANEF is a noise index which takes into account the loudness, noise frequencies, whether it is day or night and how many aircraft fly over each area.

Insulation to the Australian standard would involve noise insulation of approx. 150,000 houses (using the prediction for noise in 2029 from Sydney Airport's Master Plan). A similar program (the Sydney Airport Noise Insulation Program) insulated 4,200 houses within the ANEF30 contour and public buildings within the ANEF25 at a cost of \$400 million funded by a \$3.40 cost per person over several years. Not to pay for the impact of aircraft noise on the community is resulting in an artificially low aviation costs and fees and creates an artificial bias in capital investment decisions.

Health impacts associated with airports

Major investigations in the USA and Britain found increased risk of heart disease in people affected by aircraft noise. The US study of 6 million people found a "statistically significant association between exposure to aircraft noise and the risk of hospitalisation for cardiovascular diseases among older people living near airports." The study was able to take account of effects from road traffic noise, air pollution and socioeconomic status to show the long term effect of aircraft noise on hospital admissions.

The British study said that "high levels of aircraft noise were associated with increased risks of stroke, coronary heart disease, and cardiovascular disease for both hospital admissions and mortality in areas near Heathrow airport in London." There has been no similar study in Australia.

Our recommendation is for a similar study around Sydney Airport to investigate both the impact of aircraft noise and aircraft emissions on resident's health. Once, Australian data is obtained this should be used to determine a pollution price to be paid through aviation fees to fund the impact of aircraft noise and aircraft emissions on the public health system.

Economic impacts

The jet fuel subsidy should be included in the scope and assessment of this inquiry because it provides an artificial low price in the analysis.

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