

18 October 2022

Department of Infrastructure, Transport, Regional Development,
Communications and the Arts
GPO Box 594
Canberra ACT 2601

Via email: aviationreform@infrastructure.gov.au

Attention: Aviation Reform Team, Domestic Aviation & Reform Division

Dear Sir, Madam

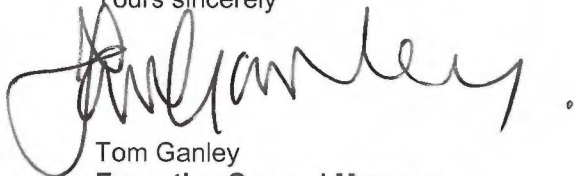
Airports Reform – Sunsetting Airports Regulations Stage 2: Control of On-Airport Activities – Adelaide Airport and Parafield Airport Submission

Please find attached Adelaide Airport's response to "Stage 2 of the Airports Regulations Sunsetting Review" as per your correspondence dated 16 September 2022.

The submission is provided on behalf of Adelaide Airport and Parafield Airport, on a non-confidential basis, as it does not include any commercial details relating to Fun Trading Pty Ltd (the operator of Roulettes Tavern at Parafield Airport). This information has been provided to the Department, separate to the attached submission.

Should you require further information or clarification, please do not hesitate to contact me.

Yours sincerely



Tom Ganley
Executive General Manager
Corporate Affairs

Sunsetting Airports Regulations Stage 2: Control of On-Airport Activities

Consultation paper response

October 2022

Name:	Adelaide Airport Limited and Parafield Airport Limited
Confidential submission:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Industry type:	<input type="checkbox"/> Government Body <input type="checkbox"/> Airline <input checked="" type="checkbox"/> Airport Lessee Company <input type="checkbox"/> General Aviation <input type="checkbox"/> Community Group <input type="checkbox"/> Retail <input type="checkbox"/> Industry Body <input type="checkbox"/> Other (please specify)
If you ticked other above, please specify:	

Responding to this paper

In acknowledgement of the size and scope of this submission paper, respondents are welcome to provide responses to aviationreform@infrastructure.gov.au via other formats. However, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) recommends the use of this submission paper to assist with analysing and reviewing of submissions.

Please provide submissions or direct your questions to aviationreform@infrastructure.gov.au.

Privacy and confidentiality

Written submissions **will be made publicly available** in full on the Department's website unless you clearly indicate that you would like all or part of your submission to remain in confidence.

Any personal information respondents provide to the Department will be used for purposes related to considering issues raised in the consultation paper, in accordance with the *Privacy Act 1988* (see **Appendix B** of the consultation paper). You are also welcome to provide submissions confidentially.

Introduction

Please provide relevant background information to help the Department to understand your perspective. Relevant factors may be who you are or what organisation you are from, and what your interests are in responding to the sunseting review of the Airports (Control of On-Airport Activities) Regulations 1997 (the Regulations).

Thank you for the opportunity to provide a response to this Consultation paper.

This submission is provided on behalf of both Adelaide Airport Limited (**AAL**) and Parafield Airport Limited (**PAL**) as operators of Adelaide and Parafield Airports (**together AAL**). AAL purchased the operating leases for Adelaide and Parafield Airports in May 1998, to operate both airports for the next 50 years with an option for a further 49 years.

Adelaide Airport is the aviation gateway to South Australia. Adelaide Airport was the fifth-largest domestic and international airport in Australia processing more than 8 million passengers in 2019. The Adelaide Airport Business District is South Australia's largest single site employment precinct directly employing more than 10,000 people on and off airport. In the recent years, Adelaide Airport has transitioned from an aviation and infrastructure facility to a business district, encompassing a variety of aviation and non-aviation services, facilities and developments. It is also a critical transport hub connecting South Australia with global and domestic markets.

Parafield Airport is South Australia's premier general aviation airport and is a major world standard international training airport. The provision of commercial, retail and industrial activities contribute to the viability of the airport as a business enterprise and provide an economic core and employment centre for the northern suburbs of Adelaide and beyond.

1: Liquor control in airports outside NSW

1. How appropriate do you think the current regulatory settings are for liquor in leased federal airports outside NSW? What works well? What needs to be fixed?

AAL's position is that the current regulatory framework is appropriate and should be maintained. Subject to minor amendments required to update legislative referencing, Part 2 and Schedule 1 of the Regulations should be remade without substantive changes.

With respect to Part 2 of the Regulations, AAL acknowledge that this part contains appropriate amendments to the *Liquor Licensing Act 1997* (SA) (**Liquor Act**) to provide for the operation of Roulettes Tavern and Parafield Airport Liquor Store. Accordingly, AAL considers that the provisions of Part 2 which are relevant to Adelaide and Parafield Airports should be retained. The transitional arrangement under Regulation 58 in respect of a liquor authorisation that was in existence before the grant of the Airport Lease to PAL is still in use and should be retained. Fun Trading Pty Ltd (**Fun Trading**), the underlessee of Roulettes Tavern at Parafield Airport, holds a liquor authorisation in accordance with Regulation 58. In accordance with this part, Fun Trading is taken to have been granted a hotel liquor licence under section 32 of the Liquor Act. Fun Trading is also taken to be granted an extended trading authorisation under section 44 of the Liquor Act.

In addition to the tavern itself, Fun Trading also operate a substantial commercial liquor store operation, known as the Parafield Airport Liquor Store or P.A.L.S, adjacent to the Roulettes Tavern under this authorisation.

If the transitional arrangements are not remade, Fun Trading will be required to obtain a liquor licence and, if relevant, an extended trading authorisation under the Liquor Act. AAL acknowledges that there is no guarantee that the licence and authorisation will be granted, which may have serious detriment on the operations of Fun Trading, the individuals employed in this business and the long-term viability of the tenancy.

AAL will provide to the Department confirmation as to the transitional arrangements under Regulation 58, other than applicable to Fun Trading, that have since been superseded and can be removed from Regulation 58. AAL will have to consult with the relevant licence holders prior to providing such confirmation.

2. What is your preferred sunseting option (sunseting without remaking, remaking without substantive changes, or remaking with changes)? Why?

AAL's position is that the Regulations should be remade in the same form. The reasons for this position are stated in item 1 above.

3. Are there any modifications of state or territory liquor laws, or other provisions of the Regulations relating to the control of liquor outside NSW (Part 2 or Schedule 1 of the Regulations), that are no longer required? If so, what are they and why?	The Regulations should be updated to ensure correct referencing of the Liquor Act in the Regulations. These changes are only technical and very minimal.
4. Are there any modifications of state or territory liquor laws, or other provisions, that are out of date or ineffective and so require updating? If so, what are they and why? What is the nature of the update required?	As stated above, the changes required to update the Regulations are only very minor and technical in nature. For example, there are parts of the Liquor Act which have been repealed and these references can be removed from Schedule 1 (for example section 44(4) which was repealed and section 76 (2) which as amended).
5. What disparate requirements (for example, different requirements that apply to different airports within a state or territory, or to different parts of an airport such as the terminal area only) need harmonisation, if any? What would be the impacts of this harmonisation?	In AAL's view, there are no specific changes required to allow for harmonisation.

2: Consumer trading hours

6. How appropriate do you think the current regulatory settings are for consumer trading hours in leased federal airports? What works well? What needs to be fixed?	Under Part 3 of the Regulations, the current exemption from State trading hours restrictions only applies to the terminal area of Adelaide Airport or Parafield Airport. This arrangement is satisfactory and should be maintained. However, AAL would welcome the exemption being applied to the whole of the airport site as this change would bring economic advantages to the businesses located on the airport land.
7. What is your preferred sunseting option (sunseting without remaking, remaking without substantive changes, or remaking with changes)? Why?	<p>In the first instance, it is AAL's position that the provisions of Part 3 relevant to Adelaide and Parafield Airports should be remade in substantially the same form.</p> <p>If the Regulations were to be remade with changes, AAL would support the exemptions to state trading hours restrictions apply to the whole of the airport site.</p>
8. Should the Regulations include any new provisions (e.g. exemptions to consumer trading hours for Western Sydney International (Nancy-Bird Walton) Airport)? What would be the impact on your operations if the provisions were or were not included?	AAL does not see the need to include any new provisions, however, the position of other airports may be different.
9. If you think it is appropriate for exemptions to continue to apply (or new exemptions to apply) under the Regulations to state or territory consumer trading restrictions, should these apply to the whole of the airport site, or only the terminal area? Why? Would your views be different if any change only impacted new businesses trading on the airport site?	While the current exemption from State trading hours regulation only applies to the terminal area, AAL would welcome this exemption being applied to the whole of the airport site. As already noted, this change would bring economic advantages to the businesses located on the airport land.

10. Are there any provisions in the Regulations relating to consumer trading hours (e.g. exemptions to state laws) that are no longer required? If so, what are they and why?	AAL is satisfied with the current application of the Regulations.
11. Are there any provisions in the Regulations relating to consumer trading that are out of date or ineffective and so require updating? If so, what are they and why? What is the nature of the update required?	AAL is satisfied with the current arrangements applicable to Adelaide and Parafield Airports.

3: Landside vehicle parking

12. Should the Parking Infringement Notice Scheme (PINS) framework continue in its current form? Why?	<p>AAL has no experience of relying on the Parking Infringement Notice Scheme (PINS). Division 2 of Part 4 does not apply to AAL and PAL, making both airports 'non-PINS airports'. With respect to landside vehicle management, AAL relies on and implements the state law and the framework governed by the local council. As noted in AAL's previous submission to the Sunsetting of Airport Regulations inquiry, AAL has developed a good working relationship with the local council under which AAL manages landside traffic and parking on the airport land.</p> <p>The current arrangements with respect to the parking infringement notices on the airport land adopted by AAL (see summary of the arrangements in item 13) are satisfactory from AAL's perspective. The current, state-law-based, framework provides benefits for all stakeholders. On this basis, for the purposes of landside traffic management, it is AAL's strong preference to remain 'a non-PINS airport', that is outside of the application of the Regulations.</p>
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13. What are the benefits (or issues) to your business of the current arrangements at the airport you are located at or manage? (PINS or non-PINS)	As noted in the past submission to the Department, under the current framework, AAL (through its staff in their capacity authorised parking infringement officers) monitors traffic and parking, provides advice to motorists of implications of illegal parking and issues infringement notices in case of non-compliance with the parking rules on the airport land. The remaining enforcement powers (including collection of fines) are the responsibility of the local council. The benefits of this current framework include consistency of traffic management 'on airport' and 'off airport'. (In simple terms, the fact that parking infringement notices on the airport land are issued and enforced in the same fashion as the surrounding suburbs improves compliance by the motorists with the parking and traffic rules in general). The local councils are also well equipped to handle legal review and complaints about the framework. The only drawback of this framework for AAL is the fact that all revenue derived from the parking infringement notices is collected and retained by the local council. However, this is acceptable to AAL from the business perspective considering the limited role AAL plays in enforcing the scheme (AAL's involvement in enforcement ends at the point of the parking ticket being issued).
14. What additional changes would make the PINS work better if it was retained?	As noted above, AAL has no experience of relying on PINS.
15. What benefits (or issues) would there be from the use of state and territory regulations?	Please refer to the comments in item 13. AAL acknowledges that each airport should consider its specific operational needs in determining appropriateness of state or territory regulation with respect to landside vehicle parking.

4: Airside vehicles

16. Should airside vehicle controls be nationally consistent? Why?

Airside vehicle management is mandated under *the Civil Aviation Safety Regulations 1998 (CASR)* Part 139.B.2 (subparagraph 139.095(a) (ii) Airside Vehicle Control). Under this Part, aerodromes must include in their aerodrome manual applicable traffic rules, including speed limits, and the means of enforcing the rules. The inclusion of airside vehicle management in the CASR reflects the safety impacts airside vehicles can have on the aviation system.

In AAL's view, airside vehicle control being exercised by each airport mainly through the Airside Vehicle Control Handbook is the appropriate approach. AAL is of the view that a level of flexibility which each airport is allowed to exercise by creating and applying the Airside Vehicle Control Handbook is appropriate and on this basis the Regulations are fit for purpose. While national consistency is desirable and important, in principle it does not warrant changes to the current arrangements.

AAL supports remaking Division 3 and 4 and Part 4 without substantive changes and retaining the current authorisations in place, including the Airside Vehicle Control Handbook.

17. Would there be an impact on your operations if the airside vehicle control provisions within the Regulations were allowed to sunset?

Yes. AAL is of the view that the Regulations currently allow the right level of regulatory oversight being maintained by the Commonwealth. That oversight is combined with a level of flexibility giving AAL the control over its own airside operations. Allowing the Regulations to sunset would create uncertainty and potentially cause disruption to airside operations. In AAL's view, reliance on state government entities for oversight of airside vehicle controls would not be desirable considering the sensitive nature of airside operations.

18. What additional changes would make this part of the Regulations work better if it was retained?

It is AAL's position that the current arrangements are adequate.

5: Gambling

19. How appropriate do you think the current regulatory settings are for gambling in leased federal airports? What works well? What needs to be fixed?

AAL's position is that Part 5 of the Regulations should be remade in substantially the same form, including the grandfathering provisions for 'hard gambling' at Roulettes Tavern Parafield Airport. Subject to the transitional provisions being retained, AAL is supportive of soft gambling being permitted at airports.

The rationale for this position is provided below.

20. What is your preferred sunseting option (sunseting without remaking, remaking without substantive changes, or remaking with changes)? Why?

AAL considers that Part 5 of the Regulations should be remade in substantially the same form, including the grandfathering provisions for 'hard gambling' at Roulettes Tavern Parafield Airport.

Under Regulation 139, Fun Trading is permitted to operate gaming machines at Roulettes Tavern Parafield Airport under an old gambling authority (**Authority**) that was in existence before the grant of the Airport Lease to PAL. If grandfathering is not continued and the Regulations are remade to prohibit hard gambling at Parafield Airport, Fun Trading will be unable to continue its current operations.

If grandfathering is discontinued, but hard gambling is allowed on Parafield Airport on the basis that State gaming legislation will apply in full, Fun Trading must obtain a gaming machine licence under the *Gaming Machines Act 1992* (SA) in order to continue to provide gaming machines in Roulettes Tavern. A person is only eligible to hold a gaming machine licence if that person also holds a hotel licence (see comments in item 1 above). There is no guarantee that this licence would be granted and should this not be approved, it is likely that both Fun Trading and its employees may be disadvantaged.

The current lease terms which apply to Fun Trading rely on the arrangement under Regulation 139 and allow rent concessions in favour of Fun Trading. (Particulars of these concessions will be provided to the Department on request). If the grandfathering is discontinued, these concessions will no longer apply. This will create significant commercial detriment to both parties, Fun Trading and PAL, especially considering substantial capital expenditure to the site by Fun Trading and future plans for further investment at the site.

Parafield Airport is currently in the process of rebuilding its business considering the devastating impact of Covid-19 on the aviation industry. PAL's specific focus is on resumption of the flight school operations and return of international students. Fun Trading played key role in the community recovery plan supported by PAL. Fun Trading provides casual employment to international flight school students, offers affordable meals and venue for the students to remain socially engaged within the local Australian community. In addition to its standard business operation, Fun Trading is actively investing in community projects, such as regular Sunday morning farmers market with the view of restoring the sense of relative 'normality' in uncertain economic times. Fun Trading recently proposed further capital investment on the site to sustain and expand these initiatives.

AAL considers that changes to Part 5 of the Regulations would cause significant detriment to Fun Trading and as a flow on effect considerable negative impact on other

businesses (including Parafield Airport itself) and the local community. Because of this impact, AAL is of the view that revoking the existing arrangement is unreasonable, especially in the current economic climate.

Accordingly, AAL strongly advocates that Part 5 of the Regulations is remade in substantially the same form, including the grandfathering provisions for 'hard gambling' at Roulettes Tavern Parafield Airport.

21. Would you support the lifting of the gambling prohibition? What impacts would an increase in gambling activities on leased federal airports have?

For the reasons described above, in relation to hard gambling, AAL supports the Regulations being remade without substantive changes.

In relation to soft gambling, AAL supports the proposal for the Regulations to be amended to allow soft gambling at airports (including the terminal). These activities should be brought under the jurisdiction of the relevant South Australian government authorities with the view of harmonising on-airport and off-airport soft gambling. In South Australia, the state legislation differentiates between the lotteries conducted by the Lotteries Commission of South Australia (**State Lotteries**) (a statutory authority under the *State Lotteries Act* (SA) 1966) and lotteries conducted by others. If any forms of soft gambling were to be permitted, AAL would support the proposal for only the State Lotteries tickets being sold by on-airport retailers.

22. Would you support the transfer of regulatory responsibilities for gambling activities under existing authorities to the relevant South Australian and Victorian government authorities?

Under the grandfathering provisions for 'hard gambling' at Roulettes Tavern Parafield Airport, Fun Trading must comply with any State gaming law (other than a licensing or reporting law) so far as that law is not inconsistent with the Authority. This includes any current responsible gambling provisions.

In particular, the South Australian liquor and gambling authority, Consumer and Business Services, has the responsibility of conducting annual audits of liquor and gambling activities at Roulettes Tavern. The outcomes of the annual audits are submitted to the Department. AAL considers that these specific arrangements are appropriate and remain fit for purpose.

23. Are there any provisions relating to the control of gambling (Part 5 of the Regulations), that are no longer required? If so, what are they and why?	Please refer to the comments above.
24. Are there any provisions relating to the control of gambling (Part 5 of the Regulations), that are out of date or ineffective and so require updating? If so, what are they and why? What is the nature of the update required?	Based on consultations with other airports, AAL is aware that there is a widespread support for 'soft-gambling' (for example, 'scratchies' and lottery tickets as part of a standard newsagency offering). AAL supports the proposal of these forms of soft-gambling to be allowed at airports in order to ensure consistency with off airport retail activity and remove competitive disadvantage that may be experienced by on-airport retailers.

6: Smoking

25. Do the current smoking regulations adequately control smoking at leased federal airports?	<p>Under the current Regulations, airport operators may issue an infringement notice to a person smoking in an area they have designated and signposted as a no smoking area. AAL does not rely on the infringement notice scheme to enforce the smoking regulations.</p> <p>In AAL's experience, this is not a major issue and can be determined by the airport under private property provisions.</p>
26. Are the penalties appropriate for the contravention of smoking?	As noted above, AAL does not rely on the infringement notice scheme to enforce the smoking regulations.
27. What additional changes would make smoking provisions under the Regulations work better if it was retained?	AAL's position is that Part 6 of the Regulations should be remade in substantially the same form so that AAL continues to designate where smoking is restricted or prohibited on the Airports, including Terminal 1.
28. Would state and territory governments need to make changes to their frameworks if smoking provisions under the Regulations were to sunset?	<p>AAL's position is that the smoking restrictions should be made as a matter of operational determination by the airports and not the state and territory governments.</p> <p>AAL does not see smoking in no smoking areas as a major issue and would prefer this issue to be left for determination by the airports as an operational issue.</p>

7: Other comments

29. Do you have any other comments you would like to share with the Department in relation to the sunset review of the Airports (Control of On Airport Activities) Regulations 1997?

AAL recognises that the purpose behind the Regulations is to promote economic development and efficient operation of airports. Continuation of the existing regulatory arrangements promotes business certainty and removes the risk of disruptions to airport operations. It is AAL's overall view that remaking the Regulations without substantive changes would be consistent with those principles.

AAL is grateful for the opportunity to discuss the issues relevant to this Consultation paper during meetings with the Department representatives in August this year.

This response to the Consultation paper is provided on non-confidential basis as AAL values collaboration with other airports and transparency. If there is any commercial information that is required by the Department to further support AAL's position as set out in this response, AAL will provide this information separately in the form that would be best suited.
