



RESPONSE TO
**THE NATIONAL
AVIATION POLICY
GREEN PAPER**

FEBRUARY 2009





A U S T R A L I A

Tourism & Transport Forum

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1. INTRODUCTION – TOURISM & TRANSPORT FORUM (TTF)

The Tourism & Transport Forum (TTF) is the peak industry group for the Australian tourism, transport, aviation and investment sectors. A national, Member-funded CEO forum, TTF advocates the public policy interests of the 200 most prestigious corporations and institutions in these sectors.

TTF represents a wide cross-section of the Australian aviation industry, including domestic and international airlines: Air New Zealand; Emirates; Etihad Airways; Jetstar Airways; Qantas Airways; Singapore Airlines; United Airlines; V Australia; Pacific Blue and Virgin Blue; and Australia's major airports: Adelaide Airport Limited; Bankstown Airport Limited; Brisbane Airport Corporation; Cairns Airport; Canberra Airport; Hobart International Airport; Melbourne Airport; Newcastle Airport Limited; Northern Territory Airports; Queensland Airports Limited; Sydney Airport Corporation Limited; and Westralia Airports Corporation.

TTF also represents aircraft and engine manufacturers Boeing Australia and Rolls-Royce Australia, as well as professional service firms such as Fintrax International (who provide payment delivery services for the Tourist Refund Scheme), IBM Business Consulting, L.E.K. Consulting, URS Australia, major airport retailer AWPL, Queensland University of Technology, University of New South Wales, and tourism interests across Government, accommodation, major attractions and transport.

TTF welcomes the release of the National Aviation Policy Green Paper and the Government's commitment to industry consultation throughout the White Paper process.

Globally, the aviation industry faces the most demanding set of operating conditions in its history, characterised by the severe economic impacts of the global financial crisis. The National Aviation Policy must be strong and flexible enough to address these challenges and possible future ones.

A National Aviation Policy will impact on the commercial operations of businesses across our membership base. Aviation and tourism are intrinsically linked, and, as such, the National Aviation Policy will affect not only aviation development but also Australia's \$85 billion tourism industry.

TTF asks that the Federal Government consider the recommendations outlined in this submission, on behalf of our Members.



2. CURRENT OPERATING CONDITIONS – THE GLOBAL FINANCIAL CRISIS

The financial crisis of 2008 has evolved into a global economic downturn of unprecedented scale, depth and complexity. Industry sectors with high exposure to volatile export markets and demand patterns, such as tourism and aviation, face an exceptionally challenging set of operating conditions. In the face of lower consumer confidence and rising unemployment, household discretionary spending will be reduced, resulting in weakened demand for international leisure travel. Business confidence and corporate travel expenditure has also softened. Australia's distance from its key tourism source markets, many of them developed economies facing contraction in 2009, makes it particularly susceptible to these trends.¹

The United Kingdom, Japan and the USA – Australia's second, third and fourth largest inbound tourism markets by visitor numbers respectively – are in recession, and expected by the International Monetary Fund to record negative economic growth in 2009. Moreover, even previously fast-growing eastern markets, such as China, are likely to experience markedly slower rates of growth in 2009.²

Internationally, the United Nations World Tourism Organisation (UNWTO) reported global tourism arrivals grew by 2 per cent for 2008, down significantly on the average annual growth rate of 7 per cent recorded between 2004 and 2007.³ This follows an overall decline in arrivals of 1 per cent over the six months from June to December 2008. Of specific concern is a sharp 3 per cent decline during that period in arrivals in the Asia Pacific region, which had grown by 6 per cent in the first half of the year. The UNWTO now expects international tourism arrivals to decline by between 0 and 2 per cent in 2009.

Domestically, the Australian Bureau of Statistics has reported an overall fall in overseas visitor arrivals to Australia of 1 per cent during 2008, suggesting that demand for Australian tourism is weakening more quickly than demand for other destinations. The Tourism Forecasting Committee expects this trend to continue. It has projected a 4.1 per cent decline in international visitor numbers in 2009, as well as a 0.9 per cent fall in domestic visitor nights. The economic value of inbound tourism is forecast to fall from \$24.6 billion to \$23.7 billion.⁴ While there may be some replacement of outbound travel by Australians with domestic travel – following a slowing in departures growth in 2008 – it is unlikely to offset the overall effect of the downturn on industry performance and associated economic activity.

The most recent TTF Industry Sentiment Survey, carried out in January 2009 in association with MasterCard, found a severe lack of business confidence among Australian tourism operators, across all leading indicators. Fifty eight per cent of respondents to the survey expect business performance in the first quarter of 2009 to be worse than would normally be achieved at this time of year. Only 18 per cent of businesses believe international tourism will be equal or better than they would normally expect for the quarter. Forty five per cent of tourism businesses do not expect operating conditions to improve until 2010 – and, most alarmingly, 63 per cent of tourism businesses expect to make at least 'moderate' cuts to staffing levels during 2009.⁵

It is clear from the statistical and anecdotal evidence currently available that tourism is in the front line of the crisis. Strong leadership and good government policy will be required to ensure that the Australian economy – and, within it, the tourism industry and aviation sectors – weathers the storm and emerges stronger when conditions recover. In this context, Government policy frameworks such as the National Aviation Policy Statement (White Paper) and National Long Term Tourism Strategy must be effectively constructed and aligned, enabling the tourism and aviation sectors to continue to function optimally as major economic drivers and employers.

¹ International Monetary Fund, *World Economic Outlook*, January 2009

² United Nations World Tourism Organisation, *World Tourism Barometer*, January 2009

³ Australian Bureau of Statistics, *Overseas Arrivals and Departures*, February 2009

⁴ Tourism Research Australia (Tourism Forecasting Committee), *Forecast*, 2008, Issue 2, December 2008

⁵ Tourism & Transport Forum / MasterCard, *Tourism Industry Sentiment Survey*, January 2009

2.1. Aviation and the global financial crisis

With much of North America, Europe and Japan now in recession, the airline sector has been particularly hard hit by the global financial crisis and is facing one of the worst downturns in aviation history.

Figures from the International Air Transport Association (IATA) show that the last major downturn in air traffic, driven by recession rather than terrorist attack, was in 1991, when global passenger traffic fell 2.6 per cent. IATA forecasts that global passenger traffic will fall by 3 per cent in 2009.⁶

In Asia Pacific, December 2008 saw revenue passenger kilometres fall by almost 9.7 per cent compared with December 2007, while capacity declined by 5.6 per cent, placing significant pressure on load factors and yields.⁷ As a result, airlines have been quick to reduce capacity and costs. Qantas has recently reduced services to India and China, Virgin Blue has redeployed capacity and shed 400 jobs, Singapore Airlines has reduced capacity across its network and regional airlines are facing significant pressure to stay afloat, with Queensland regional operator Mac Air recently collapsing.

While IATA does not expect Asia Pacific to perform as badly as other regions in 2009, traffic⁸ is still expected to fall faster than capacity, with projected declines of 2.5 per cent and 0.5 per cent respectively⁹.

Airlines have been heavily discounting in order to stimulate demand and fill aircraft. Figures from the Bureau of Infrastructure, Transport and Regional Economics (BITRE) show that the cost of domestic air travel has never been cheaper.¹⁰ January 2009 was the cheapest month on record, closely followed by February 2009, during a period of traditionally strong demand and high prices.

The economic crisis has also seen a strong move towards lower air fares, with premium bookings experiencing a sharp decline – according to IATA many economies recorded a year-on-year fall in premium ticket sales of 11.5 per cent in November 2008, after a 6.9 per cent drop in October.¹¹

While IATA does not expect Asia Pacific to perform as badly as other regions in 2009, traffic¹² is still expected to continue to fall faster than capacity, with projected declines of 2.5 per cent and 0.5 per cent respectively.¹³

Looking forward, IATA states that the duration of weakness in travel markets during economic downturns has typically been for three years, with negative, zero, or very low growth in global passenger traffic. Historical experience suggests that traffic rarely returns to the previous trend or peak-to-peak growth. The post-2000 recovery was the exception, driven by a credit boom that is unlikely to be repeated.¹⁴

It is therefore vital that the National Aviation Policy White Paper recognises the current operating environment and focuses on investment and operational certainty, job creation, and industry growth.

⁶ IATA Economic Briefing – The Impact of the Recession on Air Traffic Volumes

⁷ IATA Monthly Traffic Analysis, December 2008

⁸ Passengers and freight.

⁹ IATA Financial Forecast, December 2008

¹⁰ BITRE Domestic Air fares Index – Time series

¹¹ IATA Economic Briefing – The Impact of the Recession on Air Traffic Volumes

¹² Passengers and freight

¹³ IATA Financial Forecast, December 2008

¹⁴ IATA Economic Briefing – The Impact of the Recession on Air Traffic Volumes

3. A TWENTY-YEAR VISION

While it is clear that the Australian and global aviation industries face one of the toughest operating environments in recent history, in addition to addressing these short term challenges, it is equally important that a National Aviation Policy provides a long-term vision for the Australian aviation industry to continue to grow and develop over the coming decades.

In this context, TTF believes a key overarching theme of the White Paper should be the aspirational goal of developing Australia as a low cost carrier gateway in South East Asia.

In May 2008, TTF launched the findings of a groundbreaking tourism innovation initiative called Project X. It aimed to take an evidence-based approach to identifying the impediments to tourism growth, to look at ways to establish a strong competitive position for the industry over the next 10 years.

While the operating environment has dramatically changed since then, Project X identified that Australia has unprecedented opportunity to take advantage of our location within the region that has the highest growth in tourism demand and arrivals. It is important that Australia has the capacity, infrastructure and policy framework in place to capitalise on this growth and support the efforts and investments Australian carriers and airports have already made.

In this regard TTF believes the Government should make every effort to attract low cost carriers and develop Australia as a regional hub, supporting initiatives such as expanding Darwin airport as a northern gateway to Australia.



4. SUMMARY OF RECOMMENDATIONS

PRINCIPLE ONE: SAFETY

CHAPTER ONE: AVIATION SAFETY AND AIR SPACE MANAGEMENT

- Continue harmonisation of civil and military air traffic management (ATM) systems to meet the distinct requirements of nationally-significant defence operations and support airports' commercial growth strategies and broader tourism and regional development objectives.
- Investigate ways of achieving the more effective use of airspace over, and ATM resources at, shared airports, considering broader economic issues as well as military and operational factors.
- Ensure financial arrangements for the provision of defence services such as ATM and airfield rescue and fire fighting reflect the economies of scale and efficiencies which can be achieved by civil providers.

CHAPTER TWO: AVIATION SECURITY

- Review Alice Springs Airport's Counter Terrorism First Response (CTFR) designation.
- Rationalise the Prohibited Items regime to remove low-risk items not contributing to the security outcome, enable a more focused, risk-based approach to passenger screening and bring Australia into line with international standards.
- Investigate options for mitigating the cost impacts of passenger screening requirements on regional airports or those with low passenger volumes.
- Consider the adoption of a direct Government support scheme for regional airports facing onerous security cost pressures.

PRINCIPLE TWO: ECONOMIC PROSPERITY

CHAPTER THREE: INTERNATIONAL AVIATION

- Continue the liberalisation of Australia's international air service agreements towards 'open skies' and ensure capacity is provided well ahead of demand.
- Pursue greater access to priority markets such as China and India, as well as multilateral arrangements with regional groupings such as the European Union.
- When determining Australia's negotiating priorities, give formal consideration to Tourism Forecasting Committee forecasts.
- The Aviation White Paper should provide clarity on what is considered "reasonable time" in relation to the trans-Pacific route.
- In addition to a strong Australian-based aviation industry, the "national interest" should also recognise tourism, other service exports, regional development, community services, air freight and other users of aviation.

- The regional package continues to be provided in good faith and irrespective of whether or not other countries provide similar arrangements for Australian airlines.
- The Federal Government considers the inclusion of Perth Airport in the regional package.
- The Aviation White Paper sets out a short to medium term goal to reconcile legislated foreign ownership restrictions on Australian carriers with a move from “substantial ownership and control” to “principal place of business” in bilateral agreements.
- The Minister for Infrastructure and Transport ensures that changes to aircraft tax depreciation are given due consideration by the Henry Review.
- Via the Council of Australian Governments (COAG), mandate the removal of stamp duty on airline insurance imposed by states and territories.
- Ratify the Cape Town Treaty.
- Ensure no further increases in the Passenger Movement Charge and introduce more transparency around how it is used.
- Establish a review of the Passenger Movement Charge to examine its purpose, application and impact on tourism demand.
- Recognise the importance of operational flexibility and border agency cost recovery as a barrier to entry for airlines at new international airports.

CHAPTER FOUR: DOMESTIC AND REGIONAL AVIATION

- Recognise regional airports are nationally significant infrastructure and therefore need the Federal Government to support their growth and development through Infrastructure Australia and the Building Australia Fund.

CHAPTER FIVE: GENERAL AVIATION

- Include sport aviation and foreign-owned aircraft on the CASA register so airport operators can identify owners to recover fees and so compliance, safety and security matters can be applied.
- Implement the outcomes and recommendations of the General Aviation Action Agenda.

CHAPTER SIX: INDUSTRY SKILLS AND PRODUCTIVITY

- Support the establishment of a national co-funded ARC Centre for Excellence in Aviation.
- Simplify the FEE-HELP system so that any Australian trainee pilot enrolled in a CASA accredited program can access FEE-HELP to cover the costs of pilot training.

PRINCIPLE THREE: INFRASTRUCTURE

CHAPTER EIGHT: AIRPORT INFRASTRUCTURE PLANNING AT FEDERAL LEASED AIRPORTS

- Following consideration of Sydney Airport's 2009 Master Plan, the Federal Government must detail in the White Paper the process by which it will identify additional aviation capacity for Sydney.
- The role and function of Airport Planning Advisory Panels must be subject to the conditions put forward in section 7.2.1.
- Establish key principles for community engagement considering those suggested in section 7.2.2. which provide flexibility for airport operators to determine the most effective strategy for airports and their communities.
- The Federal Government detail in clear and simple terms what is expected in terms of content and detail in initial years of master plans, particularly terminals, taxiways, aprons, and car parks as these elements typically have longer lead times than non-aeronautical buildings. Based on this greater level of definition, such aeronautical developments should also be exempt from MDP requirements.
- The Federal Government remove the distinction between minor or major variations to master plans and introduce a reduced public consultation period of 10 -20 business days.
- A ground access strategy be included in master plans and state governments be required to produce their own ground transport plans to ensure better integration and delivery of infrastructure.
- Precinct plans be developed independently of the master plan, as a form of MDP on a needs basis, when it becomes clearer how non-aeronautical precincts will be developed.
- A review of MDP triggers be conducted in close consultation with airport operators and industry and introduce an annual index in accordance with non-residential building costs.
- The public consultation timeframe for MDPs be reduced to 30 calendar days (excluding the Christmas and Easter periods).
- A call-in power, if established, should also enable the Minister to fast track approvals for important and uncontentious developments.
- Ensure a pragmatic approach is taken when considering what types of development are incompatible. Consideration could be given on a case by case basis, taking into account location and intended use.
- The Federal Government establishes, through COAG, a protocol between the Federal and State Governments which would restrict noise sensitive developments and appropriately zone land for uses which are compatible with airport operations.

USE OF DEFENCE AIRPORTS FOR CIVIL AVIATION

- Review operating agreements at Newcastle Airport, recognising the increasing importance of co-located and joint-user Defence airports as drivers of economic growth.
- Review joint user deeds at defence airports, providing a more effective and flexible avenue for renegotiation.

PRINCIPLE FOUR: ENVIRONMENT

CHAPTER NINE: AVIATION EMISSIONS AND CLIMATE CHANGE

- Increase government funding and collaboration with the aviation sector to accelerate the commercialisation, at scale, of a world-leading aviation biofuel industry in Australia.
- Implement accelerated depreciation on the effective life of aircraft from 10 to 3-5 years.
- Continue the uptake of measures by Airservices Australia to improve the operational efficiency of air traffic management.
- Further research and investigation in a better understanding of aviation emissions and non-CO₂ emissions from aircraft.
- The Federal Government should recognise and respect the International Civil Aviation Organisation's (ICAO) jurisdiction over international aviation emissions.
- Going forward, the regulation of domestic aviation emissions should be consistent with the future ICAO policy framework for international aviation emissions.
- Provide CPRS assistance for the domestic aviation industry through the allocation of free permits or direct financial assistance.

CHAPTER TEN: NOISE IMPACTS

- The Federal Government establishes, through COAG, a protocol between the Federal and State Governments which would restrict noise sensitive developments and appropriately zone land for uses which are compatible with airport operations.
- Maintain a network of curfew free airports across Australia including Brisbane, Melbourne, Perth, Cairns and Canberra.
- Align the Sydney Airport Curfew Act and regulations regarding the 0500-0600 curfew shoulder period at Sydney Airport, and rationalise curfew policy recognising the shrinking noise footprint of next generation aircraft with regard to curfew dispensations.
- The Federal Government and industry jointly develop a set of guiding principles for noise mitigation around airports to give both industry and communities greater certainty regarding curfew applications.

5. PRINCIPLE ONE: SAFETY

TTF welcomes the Government's focus on safety and security in the National Aviation Policy Green Paper. Industry is committed to ensuring that Australia's world-leading record on aviation safety continues and that Australian aviation remains secure against a range of evolving threats, including terrorism. Growth in the industry must be matched by the maintenance of the highest standards of safety and security in Australian airspace, on airlines and at Australian airports. However, the two objectives cannot be pursued separately from one another.

The White Paper must lay out a security policy framework supported by a workable funding model, balancing the need for a robust and best-practice security regime with the costs incumbent on airports in helping deliver it – and with the broader objectives of tourism and regional development policies in mind.

TTF believes that aviation security policy must be risk-based, and cognisant of the commercial environment in which airports operate, an argument that we made strongly in our submission to the Government's Beale Review of Quarantine and Biosecurity.¹⁵ We are also aware that the Government's concurrent Review of Aviation Security Screening will inform the security policies presented in the White Paper. These policy reviews are central to the overall shape and direction of aviation security policy.

For the purposes of the present submission, a number of matters raised in the Green Paper require greater clarity from the Government.

5.1. Chapter One: Aviation safety

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- Enhancing Air Traffic Management (ATM) safety, capacity and efficiency.

5.1.1. Greater civil / military cooperation and integration in ATM

Effective cooperation between users of ATM services at shared airports is essential. TTF supports the Government's commitment to the harmonisation of civil and military ATM systems and appreciates that shared services must meet the distinct requirements of nationally-significant defence operations, as well as supporting airports' commercial growth strategies and broader tourism and regional development objectives.

While TTF believes it is appropriate that the Government investigate means of addressing this demand, we oppose any move to a system in which unreasonable ATM costs are recovered from civil aviation users on defence sites.

The ATM agreements currently in place at airports such as Newcastle and Darwin have, on the whole, proved effective in balancing civil and military requirements. Darwin Airport in particular, being an ATM training facility for RAAF, plays an important role in providing "live" training for the RAAF air traffic controllers.

TTF therefore encourages the Government to investigate ways of achieving more effective use of airspace over, and ATM resources at, shared airports. Regular public transport aviation services at defence airports in Australia have a strong record of invigorating regional tourism industries and stimulating employment and development.

More broadly, ATM resourcing must be considered in the context of the wider range of safety and security costs imposed on airports and the funding mechanisms used to cover them. These issues are dealt with in more detail in section 5.2.3. below.

¹⁵ One Biosecurity: A Working Partnership, The Independent Review of Australia's Quarantine and Biosecurity Arrangements, Report to the Australian Government

TTF appreciates that in some circumstances it would be appropriate to recover costs from civil users of defence infrastructure. However, the financial arrangements do not often reflect the economies of scale and efficiencies which can be achieved under civil commercial arrangements for services such as ATM and airfield rescue and fire fighting. TTF therefore believes cost recovery by the Department of Defence in these instances should reflect this.

TTF RECOMMENDATIONS:

- Continue harmonisation of civil and military ATM systems to meet the distinct requirements of nationally-significant defence operations and support airports' commercial growth strategies and broader tourism and regional development objectives.
- Investigate ways of achieving the more effective use of airspace over, and ATM resources at, shared airports, considering broader economic issues as well as military and operational factors.
- Financial arrangements for defence services such as ATM and airfield rescue and fire fighting reflect the economies of scale and efficiencies which can be achieved by civil providers.

5.2. Chapter Two: Aviation security

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- Balancing an appropriate level of security with smooth transit of passengers.
- The threat environment and the need to balance new measures with likely threats.
- Balancing the needs of metropolitan centres with the needs of regional airports.

TTF believes the White Paper must address a number of key issues in aviation security, particularly the cost pressures imposed on regional airports by national security requirements. The Federal Government must consider ways of rationalising and streamlining aviation security and, if necessary, discontinue measures that have proved ineffective.

Industry is acutely aware of the risk environment determining Australian aviation security policy, characterised by the threat of trans-national terrorism. Tourism was one of the sectors most severely affected by the repercussions of the 11 September, 2001 terrorist attacks on the United States. Since 2001, the Government has sought to reform Australia's security systems and processes, with the support and cooperation of industry.¹⁶ It is vital for public and business confidence that the highest standards of security are in place on airlines serving Australia and at Australian airports.

Equally, it is important that Australia's aviation security system is risk-based. In the post-9/11 era, airports must be secure gateways to and from Australia's cities and regions while operating efficiently as commercial entities, at a time when growing passenger numbers are challenging passenger facilitation resources. A rigid, catch-all security regime is simply not appropriate to meet these demands.

With regard to security pricing and funding, TTF is concerned that current mechanisms do not reflect either the nature of the Australian aviation market or that of the global threat environment.

¹⁶ National Aviation Policy Green Paper, p.73

There is concern among regional airports and airlines that the cost of passenger screening at these airports is impeding growth opportunities and threatening the viability of certain services. For example, on a per passenger basis, security charges vary considerably from airport to airport. Costs at Darwin are by far the greatest, some 30% higher than the next airport, Alice Springs, and around five times greater than Adelaide, the airport with the lowest per passenger security costs.¹⁷ Qantas also reports that passenger service charges at Alice Springs Airport have almost doubled as a result of the airport passing on costs associated with new infrastructure required to comply with mandated Government security requirements.¹⁸

Furthermore, there is a lack of recognition that, in providing national security services, airports are contributing to achieving security outcomes that are primarily the responsibility of the Federal Government.

5.2.1. Counter Terrorism First Response (CTFR) airports

Eleven Australian airports are designated Counter Terrorism First Response (CTFR) airports. These include capital city international airports (Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin) regional international airports (Cairns, Gold Coast), capital city domestic airports (Canberra, Hobart) and Alice Springs. The inclusion of Alice Springs on this list is an anomaly, given its low volumes of passenger traffic.

There is no justification for Alice Springs to be included with this group. Given its proximity to the joint military facility at Pine Gap, TTF believes Alice Springs' CTFR designation is inconsistent with the Government's CTFR application at other airports around Australia.

This situation compromises the role and importance of Alice Springs Airport to the Northern Territory tourism industry and economy.

The Wheeler Review of aviation security, recognising the cost impacts and changing nature of aviation security, recommended that the Government review airports' CTFR designation on a regular basis.¹⁹ To date, this recommendation has not been implemented – yet there is evidently cause for such a review, with Alice Springs being the clearest example of where the cost of CTFR obligations may not be appropriate.

TTF believes that the White Paper must at least acknowledge the inequity of Alice Springs' CTFR designation, and consider appropriate ways of addressing the airport's distinct situation.

The larger question of security costs and pricing across all airports, including their implications for the growth of regional airports, is considered in section 5.2.3. below.

TTF RECOMMENDATIONS:

- Review Alice Springs Airport's Counter Terrorism First Response (CTFR) designation.

¹⁷ Cairns Ports Limited/Tourism Tropical North Queensland (Access Economics), Submission to the Towards a National Aviation Policy Statement Issues Paper, p.39

¹⁸ Qantas Airways Limited, Submission to the Towards a National Aviation Policy Statement Issues Paper, p.150

¹⁹ Northern Territory Airports, Submission to the Towards a National Aviation Policy Statement Issues Paper, p.23

5.2.2. Policy settings for passenger screening

TTF supports a passenger screening system targeted at persons and items posing a genuine security risk.

The Government's commitment in the Green Paper to reform the Prohibited Items regime, and consider "especially the removal of low-risk items not contributing to the security outcome," is welcome.²⁰ Screening policy must reflect improvements to aircraft security made in recent years, in particular the strengthening of flight-deck doors. These improvements warrant the removal from the list of items that might cause minor harm to passengers but would be unlikely to threaten the security of the aircraft (for example, tweezers and nail clippers).

In addition, the ban on metal cutlery on airlines serving Australia should be removed. Australia is one of the few jurisdictions to maintain this requirement, and it makes little sense given the increased sophistication of aircraft security. A passenger travelling across the Pacific from Australia to the US, then transiting to a US domestic service, will be given plastic knives on the international flight and metal knives on the domestic flight – an inconsistent and, ultimately, ineffective security policy.

Taking a more risk-based approach would enable a more focused approach to passenger screening, rather than a blanket, 'catch-all' system, improving not only security outcomes but also overall passenger facilitation. It would bring Australia into step with international standards, streamlining cross-border coordination policies.

These reforms should be implemented alongside any larger reforms proposed by the ongoing Review of Aviation Security Screening, in line with the work being done in this area by the International Civil Aviation Organisation (ICAO).

TTF RECOMMENDATIONS:

- Rationalise the Prohibited Items regime to remove low-risk items not contributing to the security outcome, enable a more focused, risk-based approach to passenger screening and bring Australia into line with international standards.

5.2.3. The cost of passenger screening

The Green Paper accurately identifies the issues facing regional airports as a result of increased security obligations and costs, which restrict airports' capacity to develop new business and maintain existing services. It canvasses the possibility of Government action to mitigate the cost impacts of security screening.

The pattern of development in Australia's aviation market in recent years – seen particularly in the growth of low-cost carriers – has been overwhelmingly positive for tourism in regional Australia, fostering the sector's role as an employer and economic driver. Regional airports must therefore have the financial capacity to maintain and grow aviation services, so that they can continue to deliver on federal and state tourism and regional development strategies. The ongoing discussion about the correct balance of aviation security charges should be placed in this context.

TTF does not believe there is a need for a national screening authority as private sector delivery of security screening has been entirely successful in terms of outcomes. Individual airports have responded strongly to the evolving security challenge in the post-9/11 era.

Should Government seek to change the structure of security pricing, it has two clear options. The first is to introduce some form of network pricing, whereby a uniform per-passenger screening charge applies across all designated airports. The second option, which is not discussed in the Green Paper but must be considered, is direct Government support to those airports bearing inordinate security costs.

²⁰ National Aviation Policy Green Paper, p.86

²¹ National Aviation Policy Green Paper, p.88

TTF does not support network security pricing as it would result in inefficient outcomes whereby airports with large passenger throughput would be subsidising smaller airports with lower passenger volumes. Rather, on balance, TTF believes the Government should investigate the adoption of a direct support scheme, to apply in cases where security costs are impeding airports as facilitators of regional development.

Direct Government support is a targeted policy response, reflecting the fact that aviation security is indivisible from national security. As a result, there needs to be sufficient Government funding in appropriate circumstances. Similarly, it is consistent with the Government's established role in enabling and supporting economic development in regional Australia, both in policy and funding terms.

TTF's preferred model would be a cap scheme, establishing a benchmark per passenger cost. Airports incurring average per passenger costs above this benchmark would qualify for full Government funding of all costs above the cap. This model would have the advantage of addressing specific cost pressures at individual airports without affecting price signals and efficiency across the rest of the network. It would recognise that certain regional airports are capable of absorbing security costs up to a point, beyond which those costs begin to exert unreasonable pressure on their capacity to compete effectively for cost-responsive airlines and price-sensitive passengers and, as a result, on their capacity to facilitate tourism and regional development.

While we understand that the Government's final decision on security pricing policy will be subject to further, comprehensive review, we regard the Green Paper consultation period as an appropriate forum in which to state clearly the industry's preference for a direct support scheme over the option of network pricing.

TTF RECOMMENDATIONS:

- Investigate options for mitigating the cost impacts of passenger screening requirements on regional airports or those with low passenger volumes.
- Consider the adoption of a direct Government support scheme for airports facing onerous security cost pressures.



6. PRINCIPLE TWO: DRIVER OF ECONOMIC PROSPERITY

Aviation policy is a key factor in determining the price and availability of international air travel. Aviation policy therefore influences patterns of tourism flows and the total level of tourism both into and out of Australia. The development of a National Aviation Policy and National Long Term Tourism Strategy are therefore critical and need to be closely aligned.

6.1. Chapter Three: International air services

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- International air services policies that balance the need to have an Australian-based industry with robust competition from international competitors.
- Facilitating growth in trade, tourism and employment opportunities for Australians in the aviation and tourism industries.
- Australia's bilateral negotiating priorities.
- Increasing services to international airports outside the four major gateways.
- Foreign airline access to Australia – third country international markets.
- The implications of expanded international operations as secondary airports, including border security.
- International air services policies that balance the need to have an Australian-based industry with robust competition from international competitors.
- Facilitating growth in trade, tourism and employment opportunities for Australians in the aviation and tourism industries.
- Australia's bilateral negotiating priorities.
- Increasing services to international airports outside the four major gateways.
- Foreign airline access to Australia – third country international markets.
- The implications of expanded international operations as secondary airports, including border security.

Broadly speaking, TTF supports the key objectives outlined in the Green Paper concerning international air services policy.²²

Recent open skies agreements with the United States and United Kingdom, expanded capacity entitlements for the United Arab Emirates, as well as current negotiations with the European Union (over a comprehensive air services agreement for all 22 European Union member states) and scheduled talks with Canada, all provide significant opportunities for the tourism industry, Australian airports and both Australian and international airlines.

In this regard, TTF acknowledges the progress the Australian Government has made in liberalising international services and welcomes the Government's commitment to the continued liberalisation of Australia's international air service agreements towards 'open skies'.

TTF is encouraged that Australia's negotiating priorities will continue to be designed to ensure that emerging opportunities in key markets are taken up and that capacity stays ahead of demand.

TTF strongly encourages the Government to continue to pursue greater access to emerging markets such as China and India, as well as multilateral arrangements with regional groupings such as the European Union.

²² National Aviation Policy Green Paper, p.117

Tourism development should also be an important factor in setting Australia's negotiating priorities and position. In this context, TTF recommends that formal consideration be given to Tourism Forecasting Committee forecasts in determining Australia's negotiating priorities.

TTF RECOMMENDATIONS:

- Continue the liberalisation of Australia's international air service agreements towards 'open skies' and ensure capacity is provided well ahead of demand.
- Pursue greater access to priority markets such as China and India, as well as multilateral arrangements with regional groupings such as the European Union.
- Give formal consideration to Tourism Forecasting Committee forecasts when determining Australia's negotiating priorities.

6.1.1. Trans-Pacific Route

Given Australia is limited in its negotiating power, any trading of the competitive traffic rights we do hold should be done in a way that maximises the national benefit.

The trans-Pacific is a case in point, where some third country carriers have expressed interest in operating on the route for a long time, citing a lack of competition.

More recently, the dynamics of this market have shifted, with Qantas introducing the A380 onto the route, V Australia commencing services from 27 February 2009 and Delta announcing its intention to operate a daily service to Sydney from Los Angeles from mid 2009, all of which will increase competition on the route. United Airlines also continues to be a critical operator in this market.

It has been the Federal Government's position that it does not plan to allow third country access to the trans-Pacific route in the immediate future, in order to give V Australia a reasonable opportunity to establish its presence in the market.

While TTF understands this, an indication of what time period the Federal Government considers to be a "reasonable opportunity" would be welcome.

TTF RECOMMENDATIONS:

- The Aviation White Paper should provide clarity on what is considered a "reasonable opportunity" in relation to the trans-Pacific.

6.1.2. The national interest

Aviation policy, particularly in relation to international services, affects a number of distinct interests including:

- The Australian tourism industry;
- Australian travellers;
- Australian airlines and their workforces;
- Australian airports, their owners and workforces;

- Regional communities;
- Foreign airlines; and
- Australian governments.

TTF believes that while we must always be mindful to ensure policy settings provide for a strong Australian-based aviation industry, aviation policy must also ensure that tourism, other service exports, community services, air freight, other users of aviation and the wider Australian economy are an important focus.

We also note that the Green Paper proposes to factor in the extent to which international airlines are prepared to invest in Australia when assessing the national interest for bilateral negotiations. While marketing, sponsorship and investment by foreign carriers is important and should be recognised by Government, the outcome of bilateral negotiations should not be solely dependent on these factors.

TTF RECOMMENDATIONS:

- In addition to a strong Australian-based aviation industry, the “national interest” should also recognise tourism, other service exports, community services, air freight and other users of aviation.

6.1.3. Improving access to regional areas

TTF supports the Government’s commitment to continue to offer foreign airlines unlimited access to international gateways other than Sydney, Brisbane, Melbourne and Perth.

Nevertheless, as the Green Paper observes, it is clear that the ‘regional package’ has not resulted in a large number of international airlines flying direct to regional airports.

While Government is limited in what it can do to increase the take up of the regional package - a reflection of the commercial realities of airlines - it is important that the regional package continues to be provided in good faith and irrespective of whether or not other countries provide similar arrangements for Australian airlines.

However, it should be recognised that the Passenger Movement Charge and the significant cost impost of Government-mandated security suppress demand, making it harder for regional airports to attract international services, particularly from short-haul and leisure markets. Despite this it is important that Government also recognises principles of competitive neutrality in relation to secondary airports competing directly with major gateways for international services.

TTF’s position regarding security charges at regional airports is detailed in section 5.2.3. of this submission and the PMC in section 6.3.1.

Consideration should be given to including Perth in the regional package. Given Perth’s remoteness from the high density east coast of Australia, it would assist in growing air services and tourism to the West Coast as well as the rest of Australia.

TTF RECOMMENDATIONS:

- The regional package continues to be provided in good faith and irrespective of whether or not other countries provide similar arrangements for Australian airlines.
- The Federal Government consider the inclusion of Perth Airport in the regional package.

6.2. Chapter Three: Regulatory environment

6.2.1. Foreign ownership rules and designation status

Recognising the importance of a strong Australian-based aviation sector, TTF welcomes the Government's commitment to ensure Australian-based international airlines are in a position to take full advantage of consolidation and alliances with other international carriers.

TTF strongly supports:

- A move towards "principal place of business" from "substantial ownership and control" in all of Australia's bilateral agreements.
- The removal of additional restrictions on foreign ownership under the Qantas Sale Act (25 per cent for foreign individual shareholdings and 35 per cent for total foreign airlines shareholdings).

With regard to a move towards principal place of business, TTF believes it should be accompanied by a move to reconcile this approach with the corresponding legislation in place for domestic carriers – *The Qantas Sale Act 1992* and *Air Navigation Act 1920*. This point is well illustrated by Qantas in its submission to the Issues Paper.²³

The legislated limits on foreign investment are in place to ensure compliance with the ownership and control requirements for the designation of international carriers under bilateral agreements. Traditionally, these have been based on substantial ownership and effective control by nationals of that country. There is now a global move – encouraged by the International Civil Aviation Organization (ICAO) – towards the use of principal place of business and regulatory control, in recognition of the constraints on access to capital and opportunities for consolidation that this places on airlines.

Seeking to replace traditional nationality provisions with these criteria when negotiating bilateral agreements has been Australian Government policy since 2000, this has now been secured in 18 of Australia's agreements.

In light of these developments, it is expected that over the next decade, the requirements for foreign ownership limits on airlines to protect designation will become far less important. In order to facilitate the improved industry outcomes that the use of the modern designation criteria is designed to achieve, changes to domestic legislation relating to foreign investment in airlines will be required.

The tourism benefits of such a move would be significant as it would enable Australian-based carriers such as Tiger Airways Australia to operate international services from secondary gateways such as Cairns and Darwin into South East Asia.

TTF RECOMMENDATIONS:

- The Aviation White Paper set out a short to medium term goal to reconcile legislated foreign ownership restrictions on Australian carriers with a move from "substantial ownership and control" to "principal place of business" in bilateral agreements.

²³ Towards A National Aviation Policy Statement, Submission by Qantas Airways Limited, July 2008, pg. 26.

6.2.2. Taxation related issues

TTF appreciates that the Federal Government's review of Australia's taxation system (Henry Review) is best placed to assess changes to taxation related issues such as the cap on the effective life of aircraft.

TTF will continue to argue for changes to the effective life of aircraft throughout the taxation review's consultation process.

It is TTF's preferred position that the effective life of aircraft be reduced from 10 to 3-5 years – this is further detailed in section 8.1.1. However, TTF also encourages the Minister to ensure that this recommendation is given due consideration by the Henry Review.

Stamp duty on airline insurance is a major cost imposition. TTF recently commissioned a report into the Economic Impacts of Aviation Stamp Duties, undertaken by Australia's leading tourism economists Forsyth, Spurr and Dwyer.²⁴

The key findings of the report demonstrate that:

- Stamp duty on airline insurance is effectively a tax on air travel;
- This tax will reduce inbound and outbound tourism expenditure, although the impact of the tax will be greater in reducing inbound tourism;
- On balance, the net effect of increased tax revenue and reduced tourism expenditure will be negative;
- The tax will therefore lower Gross State Product;
- States and territories must determine whether any increases in tax revenue are worth the cost in reduced economic activity;
- Retaliation by other countries whose airlines suffer as a result of states and territories imposing the tax remains a real possibility; and
- These findings do not factor in the costs associated with retaliation, which would only worsen the impact of the tax for Australia and the states and territories.

Stamp duty on insurance was not one of the taxes meant to be replaced by the GST as part of the 1999 Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations. However, the Royal Commission into the failure of HIH Insurance Group did recommend states and territories abolish stamp duty on general insurance products.

TTF therefore recommends that the Federal Government intervenes, via the Council of Australian Governments (COAG), to mandate the removal of stamp duty on airline insurance imposed by states and territories.

TTF RECOMMENDATIONS:

- The Minister for Infrastructure and Transport ensure that changes to aircraft tax depreciation are given due consideration by the Henry Review.
- Via the Council of Australian Governments (COAG), mandate the removal of stamp duty on airline insurance imposed by states and territories.

²⁴ Sustainable Tourism Cooperative Research Centre, *The Economic Impacts of Aviation Stamp Duties*.

6.2.3. Cape Town Treaty

The Convention on International Interests in Mobile Equipment (the Convention) and Protocol on Matters Specific to Aircraft Equipment (or Cape Town Treaty) is an international agreement that provides a common legal framework for financing aircraft and engines.²⁵

The primary aim of the Convention is to increase the efficiency of financing high-value “mobile equipment” (e.g. aircraft, space objects, railway rolling stock). Because such equipment moves from jurisdiction to jurisdiction, and because not all jurisdictions provide equivalent recognition of creditors’ rights, creditors face higher risks, which increase the cost of obtaining credit.

The Convention is based on the principle that a sound legal framework that facilitates the creation, perfection and enforcement of security interests will provide confidence to lenders and institutional investors and make it easier to attract domestic and foreign capital.

Widespread ratification of the Treaty is expected to make aircraft financing more efficient and cost effective, providing benefits to airlines worldwide. Manufacturers, financiers and governments will also benefit from the reduced uncertainty the Treaty provides in the context of a harmonised legal and insolvency regime.

It is estimated that the potential world wide economic benefits of the Convention would be several billion dollars in relation to aircraft alone, with benefits to be widely shared among airlines, manufacturers and national economies.

While Australia was a signatory to the Treaty, the Australian Government has not yet ratified it. Importantly ratification would have a number of benefits for Australia, including for:

- Australian airlines: ratification would support investment in next-generation, environmentally friendly aircraft through reduced financing costs. For example, had the Treaty been ratified by Australia in advance of the delivery of Virgin Blue’s 737s, Virgin Blue would have saved approximately \$500,000 per aircraft, or over \$8 million in total.²⁶
- Australian aerospace manufactures and suppliers: expected to benefit through increased economic output and higher or more stable employment levels.
- Financiers and airline investors: projected to benefit from the reduction in risk brought by widespread ratification. Australian financial institutions are becoming increasingly important participants in the global market for aircraft finance, and will pass these benefits on to borrowers, shareholders, and employees.

While it could be argued that the Treaty is not necessary in Australia since there is a well-defined legal system and bankruptcy regime, countries in equivalent situations – such as the United States, Ireland, and Luxembourg – have all ratified the Treaty, demonstrating the importance and the benefits of a common legal framework for aircraft finance.

TTF believes ratification would come at no cost to Government or undermine our own laws as an important part of the Treaty is the inclusion of optional declarations which allow for recognition of existing national laws.

Ratification of the Treaty by Australia will also show regional leadership and a commitment to multilateral initiatives to improve the rule of law and harmonised regulation of financial markets. The global financial crisis in particular has demonstrated the need for prudent economic regulation.

TTF RECOMMENDATIONS:

- The Australian Government ratify the Cape Town Treaty.

²⁵ The treaty resulted from a diplomatic conference held in Cape Town, South Africa in 2001.

²⁶ Advice from Boeing Australia.

6.3. Chapter Three: Passenger facilitation and border control

Delays in processing international passengers through Customs, Immigration and Quarantine agencies at international airports have been a major concern for TTF and industry since 2001. Passenger facilitation has improved significantly in this time, due to increased resources and the work of the Government's Passenger Facilitation Taskforce, of which TTF has been an active member and strong supporter.

Moving forward, TTF will remain an active participant in the National Passenger Facilitation Committee, which combines the activities of the Taskforce and National Advisory Facilitation Committee, to ensure passenger facilitation continues to improve at Australian airports.

6.3.1. Passenger Movement Charge

Industry is united in the belief that the PMC is a flawed and ill-defined tax, having a negative impact on tourism demand yet little clear relationship to any defined outcomes in relation to its stated purpose.

The debate about the level and purpose of the PMC – or departure tax – was given impetus by last year's Commonwealth Budget, which increased the charge from \$38 to \$47 (almost 25 per cent). TTF immediately raised industry concerns about the potential impacts of the increase and the lack of transparency around the PMC's cost recovery role, and also addressed the issue in a submission and evidence to a Senate inquiry.

Despite these representations, the Government has not engaged with industry on the PMC. In fact, the prospect of a further increase to the charge has been floated, with the Beale Review recommending it be adjusted. The Beale Review raised the need for a \$260 million per annum addition to biosecurity funding. The Government has suggested that it is considering this proposal.

In particular, TTF is very concerned with the language used by Beale:

*"In efficiency terms, cost recovery ensures that consumers of a product being regulated face what is referred to as its "full social cost." This enables consumers to make informed decisions about whether to consume more or less of the product in comparison with other products which may have lower biosecurity risks and hence lower associated regulatory expenditure."*²⁷

In our view this suggests that an explicit goal is to specifically discourage inbound tourism: a position to which we are entirely opposed.

TTF is unequivocally opposed to any further increase of the PMC. Considering that the primary beneficiary of biosecurity at Australian airports is the agriculture sector, it would seem perverse to subsidise improvements in quarantine measures by increasing a charge that directly affects the tourism sector.

There is no doubt that biosecurity reform is long overdue, and TTF has been a strong advocate for an improved quarantine service, but international visitors to Australia should not be required to fund it any more than they already do.

Tourism is already heavily taxed relative to its economic contribution. It is the only sector subject to GST on its exports, and net taxes on tourism products in 2006-07 amounted to \$6.6 billion, against total tourism consumption of \$85 billion. Conversely, tourism attracts very little direct government support. As a long-haul destination, it is vital that Australian tourism remains price-competitive in global markets, not least given the downside effects of the global financial crisis. Inelastic taxes such as the GST and PMC hinder the industry's efforts to respond flexibly and effectively to current market conditions.

²⁷ One Biosecurity: A Working Partnership, The Independent Review of Australia's Quarantine and Biosecurity Arrangements, Report to the Australian Government, pg 195.

TTF's own research, and that conducted by our members, demonstrates that the PMC has a disproportionate impact on inbound tourism demand (that is, it is a bigger factor in international travellers' decisions to visit Australia than in Australians' decisions to travel overseas). Furthermore, it is plain that the PMC discriminates on the basis of distance: it has a greater impact on the cost of travel for visitors from markets within a medium-haul flight of Australia. These include New Zealand – Australia's largest tourism market – China – our fifth largest and a key growth market – and other key markets in South and South-East Asia.

The PMC also has a greater impact on leisure travel than business travel, which is less price-sensitive. The combination of these factors means that airports and tourism regions dependent on short-to-medium haul leisure visitors, such as North Queensland and the Northern Territory, are especially disadvantaged by the PMC.

With economic conditions putting heavy downward pressure on tourism demand, the marginal impact of the PMC on airfares becomes even more pronounced as consumers make hard travel decisions based on cost.

Finally, it is widely understood that the PMC over-collects relative to the costs it is purported to recover, although this is difficult to verify because its receipts are not hypothecated or pegged against any specific, costed Government activities (as the Green Paper points out). To the extent that the PMC does over-collect, the case for its reform is strengthened. However, as long as the PMC is retained at its current level, it would also be reasonable to consider whether any over-collection could be reinvested into the sectors primarily affected by the charge.

Industry is concerned that the PMC has been subject to a process of creeping augmentation, with limited consultation, and with an incremental effect on tourism demand that is likely to intensify in light of the global economic situation.

TTF notes that a key focus of the Green Paper is economic regulation of airports and greater transparency regarding the fees they charge. TTF believes this same premise should be applied to the application of the PMC. Importantly the Green Paper states:

*“The Government will ensure that the existing cost recovery methods and funding models for the provision of border agencies' services are appropriate to meet this continued growth and are **transparent** to industry.”²⁸*

While this is welcome, TTF and industry hold the view that current cost recovery measures for border control agencies are not transparent.

TTF calls on the Government to establish a review of the PMC, including key industry and Government stakeholders, to examine its purpose, application and impact on tourism demand.

TTF is carrying out a detailed research project into the economic impacts of the PMC and potential approaches to its reform, which we have undertaken to share with industry and the Government on completion. We are committed to working constructively with the Government on this issue.

TTF RECOMMENDATIONS:

- No further increases in the Passenger Movement Charge and introduce more transparency around how it is used.
- Establish a review of the Passenger Movement Charge to examine its purpose, application and impact on tourism demand.

²⁸ National Aviation Policy Green Paper, p.114.

6.3.2. Government services at new international airports

TTF understands that the Federal Government is proposing a set of principles and an approach for the future provision of government services at new international airports, which are to be released in early 2009. It is therefore difficult for TTF to comment fully on this at this stage.

It is important from the tourism industry's perspective that the provision of border control arrangements does not become a factor prohibiting airports that wish to attract international airlines.

In this regard, TTF believes a key factor in the provision of government services at new international airports is the recognition of cost and operational flexibility. It is important that government agencies have the operational flexibility to work with airline timetables. While initial air services will be stand alone and infrequent, there is significant potential for growth at destinations such as Newcastle, Canberra, and Hobart and therefore economies of scale once passenger numbers and service frequency increase.

A case in point is the \$5000 per flight that was charged by border control agencies to staff a seasonal Air Pacific Canberra-Nadi (Fiji) service²⁹ which operated in winter 2004. This charge was over and above the PMC – essentially a double charge – and was one of the reasons the service did not continue in the long term. The additional levy acted as a barrier to entry, reducing the incentive for other international airlines to operate flights into and out of Canberra Airport.

While the broad principles detailed in the Green Paper³⁰ are important considerations, the extent to which unjustified cost recovery measures and operational inflexibility act as barriers to entry for international carriers should be recognised. Given the extent to which the PMC is known to over-collect and is not hypothecated to government spending, TTF sees little reason for cost recovery to be an issue when establishing services at those airports which wish to operate international services.

TTF RECOMMENDATIONS:

- The Federal Government recognises the importance of operational flexibility and border agency cost recovery as a barrier to entry for airlines at new international airports.

6.3.3. Trans-Tasman common border

Australia and New Zealand have a long history of close economic and trade relations. The Single Aviation Market, in particular, between Australia and New Zealand is one of the most liberal airline operating environments in the world.

TTF supports ongoing efforts towards closer economic relations between Australia and New Zealand which generate increased trade and tourism demand. In this regard TTF welcomes the joint statement on strengthened trans-Tasman cooperation made by Prime Minister Kevin Rudd and Prime Minister John Key on 2 March 2009, including aiming to reach a common border agreement within the year³¹.

²⁸ Of the \$5000, Customs charges between \$1500 to \$2500 (with the remainder levied by AQIS) for flights that operate on weekends or outside standard business hours.

³⁰ National Aviation Policy Green Paper, p. 116.

³¹ Transcript of Joint Press Conference with Prime Minister John Key, Commonwealth Parliamentary Offices, Sydney, 2 March 2009.

Given New Zealand is our largest international market, a common border would provide a wide range of significant tourism and aviation-related benefits to both countries, including:

- Reduced travel costs through the elimination or reduction of government taxes such as the Passenger Movement Charge;
- Reduced travel times through removing the requirement for passengers to be processed by Customs, Immigration and Quarantine on departure and arrival;
- More efficient border operations, not only for Australian and New Zealand passengers, but for all international passengers, as it would free up the resources of border control agencies;
- Greater opportunities for regional tourism development through direct services to regional airports where provision of border control services is a barrier to entry.

TTF is acutely aware of the challenges inherent in implementing a common border between Australia and New Zealand. It is particularly important from industry's perspective that a common border must take into account existing infrastructure and build on existing projects in a way that avoids duplication and does not result in a cost burden on airport operators.

Careful consideration must be given to implications for current and planned infrastructure at airports. As indicated below in Box 1 (section 7), airports are investing significantly in terminal infrastructure, particularly international, in anticipation of growth in international arrivals, including from New Zealand. Melbourne Airport, for example are investing \$330 million on a new international terminal and Brisbane Airport have recently finished a \$320 million upgrade of their international terminal. Operating trans-Tasman services out of domestic terminals could therefore lead to excess capacity in international terminals and increasingly congested domestic terminals.

TTF would also like to note that, in the context of developing a common border between Australia and New Zealand, maintaining a trans-Tasman duty free industry is critical and TTF is confident that a system could be set up to facilitate this.

TTF would like to recognise the work of the National Passenger Facilitation Committee (and previously the Passenger Facilitation Taskforce) which has been instrumental in developing strategies to progress the concept of a common border, and in which TTF will remain an active and dedicated participant.

6.4. Chapter Four: Domestic and regional aviation

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- The impact of deregulation of the domestic market.
- Ownership criteria for domestic airlines that balance access to global investment markets with promoting an Australian-based industry.

The deregulation of domestic aviation in Australia has been an unequivocal success. Australian consumers – and the economy – now benefit from one of the most liberal and competitive domestic markets in the world.

In recent years, this policy environment has fostered the emergence and development of strong, viable low-cost carriers in Australia, with Jetstar and Virgin Blue having been joined by Tiger Airways in 2007. These airlines are serviced by a wide network of capital city and regional airports, giving Australian consumers unprecedented choice and value for money. Competition has driven down the price of travel and changed the nature of domestic tourism, making the European-style 'city break' widely available in Australia and revitalising many regional tourism destinations.

The current economic climate is likely to drive a shift away from long-haul international travel, presenting opportunities for the domestic tourism industry, though demand within Australia is likely to remain soft in the short term. With the ongoing support of Governments – in terms of tourism marketing support and a benign regulatory framework – Australian airlines are well placed to meet the challenges arising from the downturn and to emerge strongly once the cycle enters a recovery phase.

TTF welcomes the Government's commitment to maintaining its current light-handed approach to domestic aviation regulation, including its policy of allowing 100 per cent foreign ownership of domestic airlines. TTF comments in relation to designation status and principal place of business are detailed in section 6.2.1.

Regional aviation and access to regional Australia are critical to the development of the regional tourism industry and the Federal Government's broader objective of regional dispersal.

However, as previously highlighted, because of low passenger numbers, government mandated security regimes and charges have a disproportionate impact on regional air services, which can be a significant barrier to entry and growth.

Recognising this, and the fact that airports are nationally significant infrastructure assets, TTF believes there is a role for the Federal Government, through Infrastructure Australia and the Building Australia Fund, to support the growth and development of regional airports and air services.

TTF RECOMMENDATIONS:

- The Federal Government should recognise regional airports as nationally significant infrastructure and therefore support their growth and development through Infrastructure Australia and the Building Australia Fund.

6.5. Chapter Five: General aviation

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- The impact of micro-economic reform on general aviation businesses.
- Strategies for ensuring that viability and growth are not impeded by airport access constraints.
- The role of governments in protecting secondary airport infrastructure and in providing for new infrastructure.
- Investing in new aircraft.

³² General Aviation Industry Action Agenda, The Final Report of the Strategic Industry Leaders Group released by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, on 6 August 2008.

General aviation plays a critical role in Australia's wider aviation industry through its contribution to job creation, skills development and economic development.

Bankstown Airport for example is an economic generator and employment hub for Western Sydney, contributing over \$700 million annually to the NSW economy and supporting over 6000 direct and indirect jobs. In the past 18 months, more than \$30 million has been invested by Bankstown Airport and a further \$200 million will be invested over the next 18 months, expanding aeronautical and non aeronautical facilities and creating more skilled jobs.

Despite this, the health of the general aviation sector has attracted considerable attention over recent years. The Federal Government's General Aviation Industry Action Agenda, through the Strategic Industry Leaders Group, sought to identify the main challenges facing the industry. In particular it noted:

Australia has long been a leader in world aviation and the General Aviation industry is an industry of great importance to the nation. Our geography demands that this remains so. It is however an old industry in Australian terms and parts of it are struggling to cope with the pace and scale of change in a modern global commercial environment.³²

TTF supports the view that general aviation businesses have not adjusted well to a commercial operating environment following the privatisation of Australia's airports. Despite this, airport privatisation has been instrumental in delivering much needed investment in infrastructure at general aviation airports.

The most significant impact of the initiatives proposed in the Green Paper is an increase in costs for airport operators in terms of planning processes and the consequent passing on of these costs to the general aviation community. This will significantly affect the viability and future growth and investment for the general aviation sector, and should be recognised as such in the White Paper.

It is important that government policy does not exacerbate the burden on an already struggling sector of Australia's aviation industry – TTF's concerns about the Green Paper's proposals for airport infrastructure are addressed in Section 5 of this submission.

With regard to specific issues in the general aviation chapter of the Green Paper, TTF would like to highlight the following:

- Sport aviation sector – Sport aviation aircraft are not on the CASA register and therefore Australian airports are not able to administer commercial and regulatory compliance matters with regard to these aircraft. This is a significant safety, environmental and compliance matter which affects all airports, and TTF recommends that these aircraft be included on the CASA register so that they can be identified.
- Foreign-owned aircraft – Similarly, foreign-owned aircraft remain unidentified in the CASA register, meaning airports cannot identify owners to recover fees; also compliance, safety and security matters cannot be applied. Bankstown Airport, for example, accommodates about 100 foreign aircraft a year for maintenance. TTF recommends that the White Paper include initiatives to capture foreign aircraft on the CASA register.
- To ensure the future growth of the industry as a whole, the outcomes of the General Aviation Action Agenda³³ should be implemented. This comprehensive review proposed a number of sensible and affordable initiatives which would assist the industry and improve relationships between the general aviation sector and airport operators.

³³ General Aviation Industry Action Agenda, The Final Report of the Strategic Industry Leaders Group released by the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, on 6 August 2008.

TTF RECOMMENDATIONS:

- Include sport aviation and foreign-owned aircraft on the CASA register so airport operators can identify owners to recover fees and so compliance, safety and security matters can be applied.
- Implement the outcomes and recommendations of the General Aviation Action Agenda.

6.6. Chapter Six: Industry skills and productivity

Industry research

Skills, highly qualified labour and improvements in system design will be key drivers of productivity in the Aviation industry moving forward. To this end, it is important that the White Paper recognise the importance of investment in these areas, which complements the Federal Government's wider education, nation building and environmental agendas.

TTF places a high priority on Australian research that delivers outcomes and makes a difference at the industry/policy interface. To date, there has been limited potential for shared knowledge, economies of scale or collaborative research advantage.

In this regard TTF endorses Queensland University of Technology's proposal for a national co-funded ARC Centre for Excellence in Aviation.

TTF RECOMMENDATIONS:

- The Federal Government supports the establishment of a national co-funded ARC Centre for Excellence in Aviation.

Commercial pilot training

Strong growth in domestic air travel over recent years has resulted in an industry-wide skills shortage, particularly for commercial pilots. While the global financial crisis has temporarily eased demand for pilots, the skills shortage will continue in the medium to longer term.

The current downturn provides an opportunity to put in place appropriate strategies to ensure the aviation industry can meet its future workforce needs during times of growth.

The training of commercial pilots is an expensive process in which the majority of trainees are self-funded. This prevents an unknown and possibly large number of potential commercial pilots from being trained and entering the industry.

In this regard TTF supports the proposal put forward by the University of New South Wales (Department of Aviation) to simplify the FEE-HELP system for commercial pilot trainees, which would provide trainee pilots, beyond those in VET and postgraduate programs, with access to FEE-HELP to cover the costs of training.

TTF RECOMMENDATIONS:

- The Federal Government simplifies the FEE-HELP system so that any Australian trainee pilot enrolled in a CASA accredited program can access FEE-HELP to cover the costs of pilot training.



7. PRINCIPLE THREE: INFRASTRUCTURE

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- Improving consultation with state and local authorities and co-operation between airport operators and state and local governments on land use planning.
- Integrating investment on airports with improved road and rail links to and from airports.
- Ensuring non-aeronautical developments do not compromise aeronautical requirements of airports.
- Improving mechanisms for guiding airport development around airports to ensure aircraft noise issues are fully addressed in planning.
- Developing mechanisms for effective ongoing dialogue between airport operators and their local communities.
- Ensuring off-airport developments, such as tall buildings, do not compromise safe and effective use of airports.
- Addressing future airport needs, recognising the importance of airports as an element of the national economic infrastructure.
- Accommodating the safe and effective use by civil aviation of joint use of defence-owned airports.
- Potential commercial impacts of non-aeronautical airport developments on off airport competition.

TTF and industry are committed to working with Government to ensure the regulatory environment on and around airports continues to facilitate investment into the future.

Airports are a critical part of Australia's economic infrastructure and it is vital that they continue to attract investment and are protected from development that compromises their operations.

The Green Paper recognises the significant aeronautical investment planned by major airports around Australia and the need for a supportive planning framework to ensure this level of investment continues. In this regard, the Airports Act has worked very well to encourage billions of dollars in private sector investment, creating jobs and economic activity with significant benefits to the national economy, a contribution that has never been more important and welcome.

The evidence quantifying the economic benefits of airport growth and investment is presented in TTF's report *Assessing the Impact of Airport Privatisation: Final Report*, undertaken by consulting firm URS (Attachment 1 provides a summary of findings). In summary, the report demonstrates that each billion dollars of capital expenditure at airports generates around:

- \$3.5 billion of gross output;
- \$1.47 billion of value added; and
- \$0.8 billion of wage and salary income to 19,000 workers.

The economic benefits of airport investment are therefore significant and, given forecast capital expenditure at airports over the short to medium term, airport operators are injecting vital economic stimulus at a time when Australia needs it most, complementing the Federal Government's \$42 billion Nation Building and Jobs Plan. A summary of aeronautical development either underway or planned at Australia's major airports is provided below.

It is also critical that Government recognises the importance of non-aeronautical investment which has at times caused some controversy. However, TTF maintains that non-aeronautical development and revenues are

fundamental to ensuring that airports remain a bankable proposition while providing a major source of employment both during and post construction. Diversity in an airport's revenue stream will help to protect it from external shocks, industry downturns and volatile markets, which is vital in the current economic climate.

CURRENT AERONAUTICAL INVESTMENT AT AUSTRALIA'S MAJOR AIRPORTS

- Sydney Airport - \$500 million redevelopment of the international terminal (T1).
- Brisbane Airport - \$2.2 billion on a new parallel runway, international and domestic terminal redevelopments and a northern access road.
- Melbourne Airport - \$330 million redevelopment of the international terminal (T2).
- Perth Airport - \$1 billion on consolidating the domestic and international terminals. Stage one includes a \$120 million construction of Terminal WA.
- Canberra Airport - \$250 million terminal upgrade and expansion.
- Darwin Airport - \$60 million terminal upgrade and expansion to accommodate Jetstar's south east Asian hub.

7.1. Chapter Eight: Sydney basin airport capacity

TTF recognises that a decision regarding additional aviation capacity for the Sydney Basin will be made well beyond the completion of the Government's National Aviation Policy process and TTF will continue to work with Government in this regard. TTF's position remains:

- Sydney Kingsford Smith Airport will remain the main gateway to Sydney, New South Wales and Australia;
- New capacity for the Sydney Basin needs to be supplementary and therefore located within the Basin;
- Newcastle Airport and Canberra Airport should be considered as part of the capacity solution;
- Investment in connecting land transport infrastructure needs to be a key focus of Government, particularly between Sydney basin airports;
- Proceeds from the sale of Badgerys Creek should be quarantined for investment in airport and transport-related infrastructure (including land transport links between Sydney Basin Airports);
- As nationally significant assets, airport infrastructure should be a priority for Government and therefore supported by Infrastructure Australia and the Building Australia Fund, including road and rail access to the airport; and
- Following consideration of Sydney Airport's 2009 Master Plan, the Federal Government must detail in the White Paper the process by which it will identify additional aviation capacity for Sydney.

TTF RECOMMENDATIONS:

- Following consideration of Sydney Airport's 2009 Master Plan, the Federal Government must detail in the White Paper the process by which it will identify additional aviation capacity for Sydney.

7.2. Chapter Eight: A more effective planning regime

TTF believes the current regulatory framework for airport planning strikes the right balance between the commercial objectives of airport operators, the legitimate interests of airlines and the travelling public and the importance of comprehensive community consultation.

However, it is evident from the Green Paper that some stakeholders feel that they are not appropriately involved in the planning process at airports. Despite this, the Green Paper does not provide specific examples that support the need for airport planning reform. This lack of detail makes it difficult to comment on the specific proposals and how they will remedy alleged sub-optimal planning outcomes.

A key issue for TTF and our Members is the significant cost of operation and regulatory compliance that would accompany the proposed planning reforms outlined in the Green Paper. Compounded, each new measure will impose significant costs on industry, particularly at smaller regional and general aviation airports (which have no option other than to pass the costs on to customers), which would significantly threaten airport investment.

It is important that before implementing any new initiatives the Government considers the cost, compliance and competitive neutrality implications for industry and what it will mean for future airport investment and aviation growth.

Given the current focus on infrastructure development and job creation, careful consideration must therefore be given to how the current planning regime can be made more efficient and effective to support the timely delivery of airport investment. Simply adding processes to the existing regime without considering the cost and efficacy of the overall regime will result in poor outcomes and investment will slow down and, in the long run, fall behind growth in demand.

Any changes to the current regime should not be retrospective or apply to those currently gaining approvals under the current system. Investment certainty is critical in the current financial market.

7.2.1. Better integration with state and local planning

TTF strongly supports the Federal Government's desire to achieve greater planning cooperation and integration between airports and state and local government. As vital economic generators, it is essential the relationship and planning integration works to facilitate economic development.

TTF and industry will continue to work with Government to finalise specific proposals to improve integration between airports and state and local government. In this regard, TTF considers the Australia Trade Coast in Brisbane a good model for consideration, which brings together the sea port, the airport, the state and local governments to address critical infrastructure and planning challenges. This model has resulted in significant planning outcomes of regional benefit, including integrated infrastructure plans and fast tracking the duplication of the Gateway Bridge and the Gateway Motorway by approximately five years.

While TTF supports the Government's desire to work with state and territory governments and industry on improved planning integration, industry has significant concerns with the Green Paper's preferred position to establish Airport Planning Advisory Panels (APAPs) for each major airport.

TTF would therefore like to nominate some specifics regarding their role and function which work to address key outcomes of the Green Paper.

Purpose of Airport Planning Advisory Panels (APAPs)

From a TTF and industry perspective it is critical that the application of an APAP does not result in another prohibitive layer of government bureaucracy and provides an avenue to improve the planning outcomes and impacts on land surrounding airports.

TTF believes APAPs should be viewed as a key element in developing co-operative relationships with state governments to improve airport planning and impacts between state and federal planning regimes.

The role of APAPs should be to provide independent and expert advice to the Minister on the implications of major development plans (MDPs) and master plans relating to off airport matters such as traffic, public transport and other areas of local planning.

Membership

To provide confidence to all stakeholders (state and local government, airports and the community) that any advice provided by an APAP is fair and balanced, TTF believes a critical focus of any APAP should be independence and expertise.

An APAP should therefore be made up of a small number of independent experts that are experienced in urban planning, aviation and tourism.

It is important that the views of state governments are represented and therefore they should be given the opportunity to nominate independent panel members that are not from within Government.

While community views are important, TTF does not believe the community should be represented on an APAP, rather, APAPs could consider whether an airport operator has or has not appropriately addressed community concerns in MDPs and master plans. Community confidence in airport consultation is further addressed in section 7.2.2.

Application

While the Green Paper states that an APAP could be established for each of the “major airports,” there is no clear indication or definition of which airports this would include. From TTF’s perspective it is critical that the White Paper details specifically which airports will and will not be subject to an APAP.

TTF does not believe that there is a need for this model to apply at all airports, particularly smaller and secondary airports where the cost and compliance issues associated with an APAP will have a markedly greater impact on profitability and attracting investment.

TTF would consider it practical and sensible to “trial” the use of APAPs at Australia’s top three airports (Sydney, Melbourne and Brisbane) to determine their effectiveness, the degree to which they lead to improved planning outcomes and to further refine the model before expanding their application.

Timeframe

Timeframe certainty for master plans and MDPs is critical to regulatory certainty and investment confidence at airports.

It is important that the introduction of an APAP does not extend the already lengthy approval timeframes for airport developments and master plans, which are currently 60 business days for public consultation and 50 business days for Ministerial decision – far longer than any equivalent off airport planning regime. Any timeframe extension would further disadvantage airport operators compared with off-airport developments.

With particular regard to MDPs, the very long approval process not only delivers investor uncertainty but also prolongs and exacerbates community uncertainty and disquiet. In particular it makes it difficult for airport lessee companies to compete for, and attract, investment. TTF’s specific recommendations about MDP approval timeframes is detailed in section 7.2.4.

It is therefore critical that APAPs do not increase the approval timeframe for master plans or MDP processes.

When is the Panel involved?

It should be recognised that many airport developments go ahead with the full support of the local community and state and local governments and therefore an APAP will not always be required. In this regard the Minister should only call for the advice of an APAP on an “as required” basis.

In order for airports to conduct a comprehensive and thorough consultation process with community and stakeholders, TTF believes APAPs should be kept separate from this phase of the master plan and major development plan processes. In this fashion the APAP would be well placed to appropriately consider how well an airport operator has addressed community concerns.

To ensure the Minister has sufficient time to make a decision within the 50 business day timeframe, the Minister would need to determine whether or not an APAP is required by a particular point in the process. Should an APAP be needed, TTF believes this should be announced within 7 business days after receiving an MDP or master plan. At this time the Minister should also publish a “terms of reference” detailing what aspects the Minister is seeking advice on and why.

Should the Minister refer an MDP or master plan to an APAP, their advice would need to be provided within sufficient time to allow the Minister to make a final decision within the timeframe.

Moreover, on providing advice to the Minister, the APAP should also be required to provide a copy to the airport in question. This would enable the airport operator to make appropriate comment and endeavour to address any specific concerns the APAP raises before a final ministerial decision. This reduces investment uncertainty, the need for the Minister to use stop-the-clock powers to call for more detail and ultimately the risk that MDPs or master plans are rejected.

Funding

Given that it is the Minister who initiates an APAP, defines their scope and appoints the subject matter to a panel of experts, TTF regards this as a function of the determination and review process of Government. Therefore it is appropriate that APAPs should be wholly funded by Federal Government.

Further to this it should be recognised that airports already spend extensive amounts of money on expert advice throughout the master plan and MDP processes. Airports should not be required to fund a panel of experts to review their own expert advice.

TTF RECOMMENDATIONS:

The role and function of Airport Planning Advisory Panels should be subject to the scope and conditions put forward above, including:

- A purpose to provide independent and expert advice to the Minister on issues in MDPs and master plans relating to external planning matters;
- Membership of a small number of independent planning experts that are experienced in different aspects of urban planning, with State Government able to nominate panel members who are not from within Government;
- Applied to only “major airports” in Australia, with an initial trial at Australia’s top three airports;
- The timeframe for master plan and MDP approvals should in no way be extended;
- APAPs should only be used on an “as required” basis and their advice sought after master plans and MDPs are submitted to the Minister for approval;
- A terms of reference should be published on what aspects the Minister is seeking advice on;
- An APAPs advice should also be provided to the airport in question to allow them to make appropriate comment; and
- APAPs should be wholly funded by Government.

7.2.2. Strengthening arrangements for community consultation

The Government proposes that the Minister be empowered to require airport lessees to establish community consultation groups for each major airport to foster effective community engagement in airport planning and operations issues.³⁴

TTF believes that major airport operators are already currently fulfilling this obligation. The Airport Act already contains directives relating to community consultation in Master plan processes.

All TTF airport members have extensive community and stakeholder consultation strategies in place. Attachment 2 provides a summary of TTF’s airport members’ different consultation strategies.

It is important to recognise that the circumstances and experiences at each airport around Australia can be very different, and that what may work for one community, may not work for another.

Best practice community consultation must be both meaningful and two-way and airports should have the flexibility to determine and design their own community consultation strategies depending on their circumstances and what works best.

TTF believes that community consultation should therefore not be prescriptive – applying a blanket community consultation format for each major airport is not the most effective way of fostering community engagement and risks having process for the sake of it.

It should also be recognised that often the loudest and most vocal do not represent the views and interests of the whole community.

³⁴ National Aviation Policy Green Paper, p. 167.

TTF recommends that Government work with industry to develop a set of guiding principles for community consultation, instead of a prescriptive regime, which allows for flexibility and provides confidence to community, industry and government that due process has occurred.

Such principles could include:

- Timeliness;
- Inclusiveness;
- Community-focus;
- Interactive and deliberative;
- Well-facilitated;
- Open, fair and subject to evaluation; and
- Flexibility.³⁵

It should also be recognised that there has been a significant shift in understanding of the nature, type and function of community involvement. That is, consultation is only one form of engagement. An engagement model would work to ensure communication is two-way and about a more mature interaction between airports and community. In this regard, the emphasis should be on the attainment of mutual outcomes and dialogue, interest based negotiation and a genuine sharing of interest positions.

TTF RECOMMENDATIONS:

- The Federal Government establish key principles for community engagement considering those suggested above which provide flexibility for airport operators to determine the most effective strategy for airports and their communities.

7.2.3. More clarity about future planning

TTF believes the current master planning process is appropriate, being a 20 year planning document which looks at the long term options for the airport with five year reviews. It should be recognised that master plans are required to contain significant amounts of information about long-term development of the airport and its land use.

It is important that the Government recognises that too much detail reduces the operational and design flexibility of airports and their ability to respond to market changes and capitalise on new opportunities. While it is desirable to have more detail and definite timing in master plans, the exact nature and rate of actual development is not realistic. The exact timing of aeronautical and non-aeronautical developments is uncertain as most relate to market demand.

Reduced flexibility limits investment incentives by creating the necessity for additional minor variation applications, which increases the cost and approval times for airport developments.

It would be appropriate for the Government to detail in clear and simple terms what is expected in terms of content and detail in the initial years of master plans, particularly terminals, taxiways, aprons, and car parks as these elements typically have longer lead times than non-aeronautical buildings. Based on this greater level of definition, such developments should also be exempt from MDP requirements.

³⁵ Carson, L. & Gelber, K. (2001) Ideas for Community Consultation: A discussion on principles and procedures for making consultation work.

Moreover, TTF also believes that the amendment of master plans needs more clarity as the current requirement variations are ambiguous and ill-defined. To reduce legal and investment uncertainty TTF believes there should be no distinction between minor or major variations to master plans and should be subject to a reduced public consultation period of 10 - 20 business days.

Ground transport plans

Airports are not destinations - they are significant economic generators and transport gateways which are part of a wider and integrated transport network.

In this regard, airport operators have made significant investments in supporting infrastructure to facilitate the movement of people to other towns and cities. They should not be required to contribute to the cost of off-airport transport infrastructure, much in the same way that seaports are not required to invest in landside infrastructure to move goods to and from ports.

The master plan process already requires airports to consider and provide detail on issues such as public transport, car parking and access to commercial developments on the airport site. In this regard, TTF believes the master plan could include a ground access strategy rather than an annex to master plans. Requiring state governments to develop a similar plan would work to ensure better planning integration and timely delivery of infrastructure.

Moreover, TTF believes the Federal Government needs to take a more active role and responsibility to ensure the delivery of road and rail access to Australia's airports.

Precinct plans

With regard to the proposed precinct plans TTF does not believe airports should be required to produce one in conjunction with the master plan, as it would lead to over regulation far exceeding any equivalent state and local planning regime.

Market forces dictate how airports intend to develop non-aeronautical precincts on airports. Airports should have the ability to capitalise on opportunities that arise – the actual detail is not known 20 years out.

TTF believes it would be appropriate that the Minister be given the power to call for a precinct plan independently of the master plan (as a form of MDP) when it becomes clearer how non-aeronautical precincts will be developed over the short term. It is also critical that precinct plans do not trigger the requirement for variations to master plans.

TTF RECOMMENDATIONS:

- The Federal Government outlines clear and simple terms what is expected in terms of content and detail in initial years of master plans, particularly terminals, taxiways, aprons, and car parks as these elements typically have longer lead times than non-aeronautical buildings. Based on this greater level of definition, such developments should also be exempt from MDP requirements.
- The Federal Government removes the distinction between minor or major variations to master plans and introduces a reduced public consultation period of 10 -20 business days.
- A ground access strategy be included in master plans and state governments be required to produce their own ground transport plans to ensure better integration and delivery of infrastructure.
- Precinct plans be developed independently of the master plan, as a form of MDP on a needs basis, when it becomes clearer how non-aeronautical precincts will be developed.

7.2.4. Strengthening triggers of Major Development Plans

When compared with the approval processes of state and local government, the MDP process is far more onerous, time consuming and costly. At a state level, for almost all projects, consultation timeframes are 21, 28 or at most 30 calendar days. Decision determination ranges from 14 – 28 days for most projects, including large ones.

Attracting investment is therefore harder for airport operators. In the interests of competitive neutrality, the Federal Government should consider more closely aligning the MDP process with that of state and local planning. TTF considers a public consultation timeframe of 30 business days (excluding the Christmas period) to be more appropriate.

Regarding the Green Paper's proposal to review MDP triggers, it is important that this is conducted in close consultation with airport operators and industry. TTF believes the current \$20 million threshold is appropriate and should also be indexed annually in accordance with non-residential building costs.

The use of a call-in power as proposed by the Green Paper may give the community confidence that developments with significant projected impacts would be subject to an MDP, however, it would also create a level of uncertainty that would jeopardise airports' ability to secure capital and threaten the viability of airport development. Therefore, call in powers must be carefully structured. TTF believes a call-in power, if established, should also enable the Minister to fast track approvals for important and uncontentious developments.

TTF RECOMMENDATIONS:

- A review of MDP triggers be conducted in close consultation with airport operators and industry and should be indexed in accordance with non-residential building costs.
- The public consultation timeframe for MDPs be reduced to 30 calendar days (excluding the Christmas and Easter periods).
- A call-in power, if established, should also enable the Minister to fast track approvals for important and uncontentious developments.

7.2.5. Identifying uses which are not compatible with airport sites

The Green Paper details a range of activities and land uses that the Government considers may be incompatible with the operation of an airport, including schools, aged care facilities, child-care facilities and hospitals.³⁶

It is important to recognise that a number of the above mentioned developments already occur on airport land and provide important services. Child care facilities, for example, are essential for airport and airline employees and their families.

It is important that the Federal Government recognises that some airports have extensive land tenure which could mean that these developments would be nowhere near aeronautical infrastructure.

TTF believes that proposals for the above type of developments could be considered on a case by case basis, taking into account location and intended use.

Developments of the above nature can be built right up to the fence of an airport, therefore competitive neutrality demands that they be considered on-airport as well.

³⁶ National Aviation Policy Green Paper, p.168.

TTF believes that, should certain developments be deemed inappropriate for an airport, they would be identified and dealt with in the master planning and MDP processes.

TTF RECOMMENDATIONS:

- The Federal Government should take a pragmatic approach when considering what types of development are incompatible. Consideration could be done on a case by case basis, taking into account location and intended use.

7.3. Chapter Eight: Safeguarding future aeronautical needs from inappropriate development in surrounding areas

As essential pieces of Australia's economic infrastructure, safeguarding the growth and development of airports from inappropriate off-airport development is critical.

TTF welcome the Minister's leadership in this area.

Industry is committed to continue working in close consultation with the Government to develop a national airport safeguarding framework to facilitate the safe and unhindered operation of airports.

TTF believes that there would be merit in establishing, through COAG, a protocol between the Federal and state governments which would restrict noise sensitive developments and appropriately zone land for uses which are compatible with airport operations.

For example, a case in point is the proposed residential development at Tralee, under the southern flight paths of Canberra Airport, which is being supported by Queanbeyan City Council and the New South Wales Government.

State governments have raised concerns that they want to be more involved in the master plan and MDP process and it is proposed that they be included in the Airport Planning Advisory Panels. Should state governments be included in this process, they should also have a more formal role to play in safeguarding airports from inappropriate development in surrounding areas.

TTF RECOMMENDATIONS:

- The Federal Government establish, through COAG, a protocol between the Federal and state governments which would restrict noise sensitive developments and appropriately zone land for uses which are compatible with airport operations.

7.4. Chapter Eight: Use of Defence airports for civil aviation

The use of Defence airports for civil operations has been very successful with services to destinations such as Newcastle (Williamstown), Townsville and Darwin demonstrating a strong record of invigorating regional tourism industries and stimulating employment and development.

For example, since the introduction of jet services by Virgin Blue at Newcastle in 2003, annual passenger movements have increased from 198,000 in 2002/03 to over 1 million in 2007/08, an increase of 438 per cent.³⁷ Moreover, the number of annual inbound domestic visitors using Newcastle Airport to visit the Hunter has

³⁷ Bureau of Infrastructure, Transport and Regional Economics (BITRE) Airport Traffic Statistics 1997-98 to 2007-08.

increased from 141,000 in the year ending September 2003 to 223,000 in the year ending September 2008, an increase of 58 per cent.

The net regional economic benefit generated by Newcastle Airport is assessed as \$433 million annually, supporting 3,128 jobs, of which the tourism sector derives a benefit of \$150 million or 894 jobs annually.³⁸

Facilitating continued civil aviation growth at these airports while ensuring Defence requirements continue to be met, should therefore be a priority for the Government. TTF's position regarding civil use of Defence infrastructure and cost recovery is detailed in Section 5.1.1.

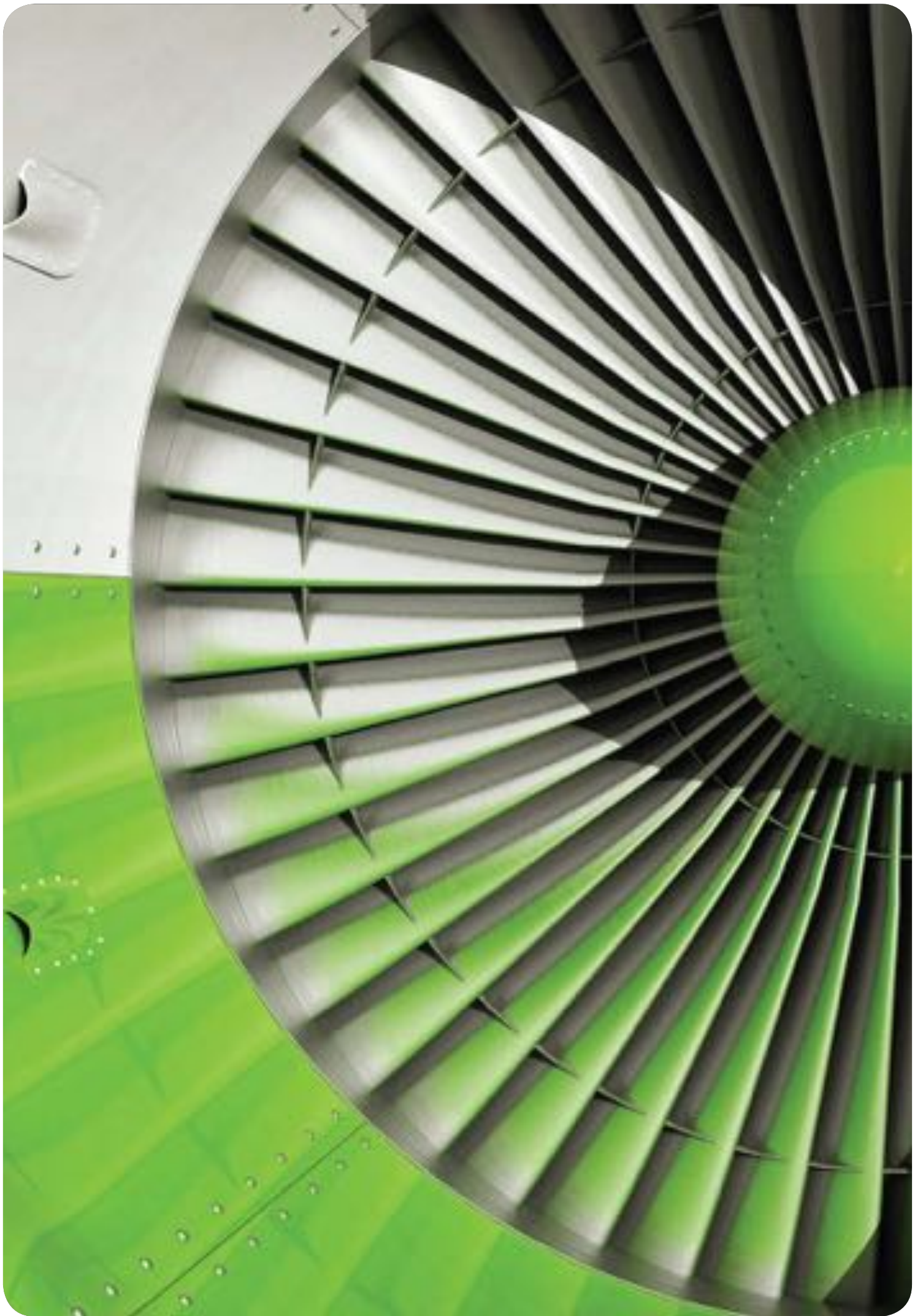
In this regard, TTF believes that the White Paper should consider reviewing the operational limitations placed on Newcastle Airport. While operating agreements need to account for Defence considerations, there needs to be greater recognition of the increasing importance of Newcastle Airport as a driver of economic growth.

In more general terms, TTF believes arrangements at joint user airfields (Such as Darwin and Townsville) need to better reflect the commercial realities airport operators face. Arrangements with the RAAF on a local operational level work very well on the whole, however the joint user deeds (JUD) signed by Department of Defence are difficult to renegotiate and no airport operator has been able to achieve this to date. TTF therefore recommends that the Federal Government reviews the JUD framework, providing a more effective and flexible avenue for renegotiation of terms.

TTF RECOMMENDATIONS:

- The Federal Government reviews operating agreements at Newcastle Airport, recognising the increasing importance of Defence airports as drivers of economic growth.
- The Federal Government reviews joint user deeds, providing a more effective and flexible avenue for renegotiation.

³⁸ Newcastle Airport Limited, Submission to Towards a National Aviation Policy Statement Issues Paper.



8. PRINCIPLE FOUR: ENVIRONMENT

8.1. Chapter Nine: Aviation emissions and climate change

THIS SECTION ADDRESSES THE FOLLOWING ISSUES PAPER THEMES:

- Taking practical steps now to reduce emissions.
- Measures the aviation industry should take, in the short to medium term, to reduce emissions, such as clean engine technology and clean aviation fuels.
- Opportunities to minimise emissions and trade permits through emission trading schemes and measures that might be effective in an international context.

TTF recognises that climate change is a serious issue that has significant implications for the future growth and prosperity of the tourism and transport sectors, and which calls for aggressive, credible action on the part of the aviation industry. Industry must contribute to efforts to reduce aircraft greenhouse gas emissions by both accurately accounting for such emissions and implementing effective steps to reduce them.

From a global perspective, emissions from aircraft constitute only around 1 to 2 per cent of man-made greenhouse gas emissions³⁹, while emissions from domestic air travel make up only a small percentage of total transport emissions, accounting for 7.7 per cent.⁴⁰ According to some projections, aircraft emissions may account for up to 3 per cent of global man-made greenhouse gas emissions by mid-century.

The Sustainable Tourism Cooperative Research Centre (STCRC) has attempted to account for the emissions directly associated with the tourism sector. Its estimates cover a wider range of emissions sources that it attributes to tourism, including aviation, transport and accommodation. The STCRC concludes that in 2003-04 emissions attributable to Australia's tourism sector totalled 54.4 Mt of CO₂-e. Australia's domestic tourism (i.e. excludes international aviation and shipping) emissions represent approximately 7.2 per cent of Australia's total emissions.⁴¹

8.1.1. Industry capacity to manage emissions

All segments of the aviation industry are working towards minimising their environmental impact, including aircraft and engine manufacturers, air traffic management, airlines and airports. Action taken to date and that planned for the future is significant.

Aircraft and Engine Manufacturers

Aircraft and engine manufacturers have made tremendous progress in reducing the environmental effects of aircraft. Next-generation aircraft provide significant advances in environmental performance as compared to their predecessors, through advanced airframe and engine design. The Boeing 787, for example, will consume 25 per cent less fuel than its predecessor, the Boeing 767.

Engine manufacturers, including Rolls-Royce, have also made significant progress improving the environmental performance of aircraft engines. Rolls Royce's Trent 1000 engine, for example, is 15 per cent more fuel efficient than its Trent 800 series (typically used on Boeing 777s).

Rolls-Royce continues to invest heavily in research with the aim of identifying further environmental improvements. Two-thirds of Rolls-Royce's annual \$1.6 billion research and technology budget is dedicated to this purpose.

³⁹ In 1992 the IPCC concluded that aviation was responsible for 2% of carbon dioxide emissions due to the total burning of fossil fuel and 13% of that associated with transport.

⁴⁰ Department of Climate Change (2008), National Greenhouse Gas Inventory 2006.

⁴¹ Sustainable Tourism Cooperative Research Centre (2008), *The Carbon Footprint of Australian Tourism*.

Alternative Fuels

Sustainably produced biofuels, including jatropha, algae and halophytes-based biofuels, among others, have the real possibility of reducing aviation emissions.

On December 30, 2008, Air New Zealand, in conjunction with Rolls Royce and Boeing, conducted the world's first flight test on a large passenger aircraft using fuel sourced from the jatropha plant. One of the Air New Zealand Boeing 747-400's Rolls Royce engines was powered by a blend of 50:50 jatropha and Jet A1 fuel. More than a dozen key performance tests were undertaken in the two hour test flight from Auckland International Airport. The tests indicated that the jatropha fuel met or exceeded all requirements.

Despite the successful trials of alternatives to traditional jet fuel, there is little supply chain infrastructure of any scale for sustainable alternative fuels. Currently, alternatives provide limited options in reducing total emissions from the aviation sector over the short to medium term. Support from Government is critical in this regard, and it will become particularly important as the Carbon Pollution Reduction Scheme is established.

Air Traffic Management

Airservices Australia is working to address inefficiencies in the current air traffic management system by attempting to restrict aircraft delays to the ground, introducing more direct flight paths using state-of-the-art navigation technology and implementing flexible tracking.

TTF fully supports the Green Paper's proposal to continue the initiatives of Airservices Australia including flex tracks, improving ATC sequencing and introducing continuous decent approaches.

Airlines

Airlines are investing substantial amounts of capital in new next-generation aircraft that will deliver significant environmental improvements.

Qantas aims to reduce its CO₂ emissions by two million tonnes and improve fuel efficiency by 7.5 per cent by 2011. Qantas' fuel efficiency program has already produced fuel consumption reductions equivalent to removing 30,000 cars from Australia's roads each year.

Jetstar, Qantas and Virgin Blue have also implemented carbon offset schemes for passengers and Virgin Blue also offsets the travel of its staff and crew at a cost of \$2.5 million.

Airports

Airport operators are also taking steps to address climate change concerns:

- A number of Australian airports are participating in the Department of Climate Change's Greenhouse Challenge programme. Participating airports submit annual reports to the programme outlining their greenhouse gas emissions and savings for the year.
- Sydney Airport uses hybrid vehicles on the tarmac and offsets the emissions from these vehicles through its Greenfleet programme. Meanwhile, the airport's Energy Savings Action Plan has resulted in greenhouse gas savings of approximately 6,265 tonnes of CO₂ each year.
- Since January 2007, Brisbane Airport has hosted a Required Navigation Performance project with Qantas and Airservices Australia, which has shown encouraging results in reducing aircraft emissions.

TTF believes industry action to date has been significant and, while more can be done, it is vital that Government provide the following support:

- Increased government funding and collaboration with the aviation sector to accelerate the commercialisation, at scale, of a world-leading aviation biofuel industry in Australia.
- Accelerated depreciation on the effective life of aircraft from 10 to 3-5 years. Accelerated aircraft depreciation would provide financial incentives to Australian carriers to reinvest in new aircraft.
 - Australia's airlines are investing significant amounts of capital in new fuel efficient aircraft. In the context of addressing aviation emissions it is vital Government policy support this.
 - TTF understands this issue is being addressed as part of the Government's taxation review. However, it is appropriate that the Minister ensure this recommendation is given due consideration across Government.
- The continued uptake of measures by Airservices Australia to improve the operational efficiency of air traffic management.
- Further research and investigation into a better understanding of aviation emissions and non-CO2 emissions from aircraft. TTF has asked the CSIRO to scope a discussion paper on non-CO2 emissions to be undertaken in 2009. Government support for this proposal would be very welcome.

TTF RECOMMENDATIONS:

- Increased government funding and collaboration with the aviation sector to accelerate the commercialisation, at scale, of a world-leading aviation biofuel industry in Australia.
- Accelerated depreciation on the effective life of aircraft from 10 to 3-5 years.
- The continued uptake of measures by Airservices Australia to improve the operational efficiency of air traffic management.
- Further research and investigation into a better understanding of aviation emissions and non-CO2 emissions from aircraft.

8.1.2. Carbon Pollution Reduction Scheme (CPRS)

The Federal Government has announced that it intends to include domestic aviation in Australia's emissions trading scheme (CPRS) from commencement. While TTF supports an ETS that includes all sectors of the economy where possible, TTF has concerns about the design of the CPRS and its potential impact on Australian tourism.

Moreover, while the CPRS does not capture international aviation, TTF strongly believes that the Federal Government should recognise and respect the International Civil Aviation Organisation's (ICAO) jurisdiction in this area. The Federal Government should also ensure that regulation of domestic aviation emissions is consistent with the future ICAO policy framework for international aviation emissions.

Within the tourism industry, the largest impacts from the CPRS are likely to fall on the aviation sector. Aviation is the lifeblood of the Australian tourism industry, and therefore if aviation suffers, Australian tourism suffers.

TTF's submission in response to the Australian Government's CPRS Green Paper in September 2008 showed that the CPRS will negatively impact the aviation and tourism industry by increasing the price of travel and tourism. Despite this, the CPRS White Paper does not consider aviation to be strongly affected.

The CPRS is expected to have particularly strong impacts on leisure and regional air service routes, where price rises will have a greater effect on demand. This limits airlines' ability to pass through the cost of carbon and could potentially lead to airlines pulling services from leisure and regional destinations.

This impact will be felt by:

- Leisure holiday travellers – especially families who have to bear increased carbon costs as part of their low cost travelling budget.
- Regional communities – faced with the cancellation of air services, as seen in Queensland in 2008 due to high oil prices.

Such impacts will have a severe effect on communities in the Northern Territory and Tropical North Queensland.

It is therefore important that the CPRS is not inconsistent with other Government policies directed towards building aviation and tourism.

TTF is also alarmed by the significant potential for substitution between domestic flights and international outbound travel under the proposed CPRS. Raising the cost of domestic aviation will simply cause travellers to change their holiday preferences.

From a climate change policy perspective, the CPRS will lead to carbon leakage. In TTF's view, global greenhouse gas emissions will continue to rise, as travellers simply shift their travel overseas.

Given the demand elasticities associated with leisure and regional aviation, combined with the potential of substitution between domestic and international travel, domestic airlines will have a limited ability to pass through the total cost of carbon. The CPRS White Paper does not recognise this.

This aspect of the CPRS could serve to:

1. Transfer wealth from Australia overseas by:
 - a) disadvantaging our domestic airlines;
 - b) encouraging outbound travel; and
 - c) exacerbating the trend of Australia becoming a net importer of tourism.
2. Encourage carbon leakage, with no consequent reduction in global greenhouse gas emissions.

It should be recognised that the CPRS will be another commercial and financial constraint on Australia's aviation industry during what is anticipated to be one of the worst downturns in the industry's history. TTF therefore believes there is a case to assist Australian domestic aviation through complementary Government support (as detailed in the previous section) and the allocation of free permits or direct financial assistance.

TTF RECOMMENDATIONS:

- The Federal Government should recognise and respect the International Civil Aviation Organisation's (ICAO) jurisdiction over international aviation emissions.
- Going forward, the regulation of domestic aviation emissions should be consistent with the future ICAO policy framework for international aviation emissions.
- The Federal Government should provide CPRS assistance for the domestic aviation industry through the allocation of free permits or direct financial assistance.

8.2. Chapter Ten: Noise impacts

This section addresses the following Issues Paper themes:

- Strategies and government policies for reducing the impact of aircraft noise on communities.
- The role of airports and state and local governments in aircraft noise management.
- The conditions under which certain airports remain curfew-free, and managing operations at those airports to ensure the community is protected, while providing night-time access for freight operations.

8.2.1. Land-use and noise sensitive development

TTF commends the Government's commitment to safeguarding airports from inappropriate off-airport developments. As airports are critical economic and social assets, it is vital that Government work proactively to prevent developments such as residential housing from occurring in the high noise corridors around airports.

The Green Paper also recognises that "it does not make sense to allow new noise-sensitive developments to occur in areas where they will lead to public concerns that may affect the long-term viability of the airport."⁴² A case in point is a residential development, approved in 2004, in close proximity to a runway at Perth Airport within the 20-25 ANEF. Despite Perth Airport's objections (on the grounds that more residents would be subject to aircraft noise) the development went ahead. Noise complaints are now being made by residents from that development.⁴³

A similar situation is unfolding near Canberra Airport where Queanbeyan City Council is pushing ahead with a residential development at Tralee, south of the airport, between 20-25 ANEF, which is supported by Planning NSW and the NSW Government. This development not only threatens the long term viability and curfew free operation of Canberra Airport, it will also be a major commercial constraint on the regional economy and an imposition on current and future residents.

TTF therefore strongly supports any effort by the Federal Government to develop a national mandate to prevent councils and state governments from locating noise sensitive developments near airports or under airport flight paths.

As indicated above in section 7.3. TTF encourages the development of a protocol between state and Federal governments which prevents residential and noise sensitive development in high noise corridors around airports and appropriately zones land around airports for uses that are compatible with airport operations.

TTF RECOMMENDATIONS:

- The Federal Government establish, through COAG, a protocol between the Federal and state governments which would restrict noise sensitive developments and appropriately zone land for uses which are compatible with airport operations.

8.2.2. Curfew policy

TTF is encouraged by, and strongly supports, the Green Paper's recognition of the importance of maintaining a network of non-curfew airports, including Brisbane, Cairns, Canberra, Melbourne and Perth.

⁴² National Aviation Policy Green Paper, p. 191.

⁴³ Perth Airport Submission to National Aviation Policy Review, p. 61.

While TTF does not oppose the Government's intention to maintain existing curfew arrangements at Sydney, Adelaide, Gold Coast and Essendon airports, we do believe that the Government should begin to take a more pragmatic approach to (a) curfew dispensations and (b) the operation of the 0500-0600 shoulder period at Sydney Airport.

- a) Federal Government curfew policy should recognise the noise implications of diverting aircraft that are on final approach. Refusing dispensation in these circumstances only works to further increase noise and carbon emissions – perverse policy outcomes on both accounts.

When assessing requests for curfew dispensation, the type of aircraft should be a consideration, recognising the significant noise reduction achieved by next generation aircraft.

TTF believes that curfew policy as it currently stands needs some degree of flexibility, to avoid unnecessary imposition on both the community and airlines.

- b) TTF believes the Federal Government should also align the current regulations with the Sydney Airport Curfew Act in relation to the 0500-0600 curfew shoulder period. Under the Act a maximum of 35 aircraft arrivals over Botany Bay per week are allowed between 0500 and 0600, while the regulations only allow for a maximum of 24.

Bringing the regulations into line with the Act would involve no more than a extra 1.5 flights per day. The landings would all be over Botany Bay, thus minimising any noise impacts. To further reduce noise, the flights could be reserved for quieter aircraft like the A380 and the soon to fly B787.

Such a change is modest and sensible and in line with the existing legislation. It would benefit Sydney by making the city more accessible for long haul airlines and the international visitors they bring to Sydney.

While the Green Paper acknowledges the importance of maintaining a network of non-curfew airports the threat of a curfew continues to exist at a number of airports. This provides investors with little certainty over their planned investments in runways, terminals and roads. The Green Paper highlights the significant planned investments by airport operators in aeronautical infrastructure.⁴⁴ However, the threat of a curfew is a risk for investors, particularly in such uncertain economic times.

Imposing a curfew should therefore be avoided by the Government at all costs. If the policy objective is to reduce noise, all efforts should be invested in what else can be done rather than imposing a curfew, such as implementing appropriate land use planning regimes.

To this effect, TTF believes there would be merit in Government and industry jointly developing a set of guiding principles to give both industry and community greater certainty. The principles would be developed to reduce the impact of aircraft noise through the use of insulation programs, land acquisition around airports, building codes, information for the purchases of noise affected properties and air traffic management measures such as continuous decent approaches.

TTF RECOMMENDATIONS:

- The Federal Government maintain a network of curfew free airports across Australia including Brisbane, Melbourne, Perth, Cairns and Canberra.
- The Federal Government align the Sydney Airport Curfew Act and regulations regarding the 0500-0600 curfew shoulder period at Sydney Airport, and rationalise curfew policy in light of the rapidly shrinking noise footprint of next generation aircraft.
- The Federal Government and industry jointly develop a set of guiding principles for noise mitigation around airports to give both industry and communities greater certainty about curfew applications.

⁴⁴ National Aviation Policy Green Paper, p.164-5.

ATTACHMENT 1

Assessing the Impact of Airport Privatisation - Final Report

Airports are vital for tourism not only because they facilitate access to Australia but also because they affect a traveller's experience. Airports have a significant role in ensuring a visitor's first and last impression of Australia is positive, supporting our reputation as an attractive tourist destination.

Given the importance of Australia's airports to tourism, TTF Australia commissioned the report 'Assessing the Impact of Airport Privatisation' undertaken by consulting firm URS.

The report found the policy of privatising Australia's airports has been a resounding success, with significant improvements in the airports' operational efficiency, financial performance and investment levels.⁴⁵

TTF's report for the first time estimates the economic contribution of privatised airports.

The latest forecast level of capital expenditure by airports totals \$10 billion Australia-wide, and will be at record levels for runway construction.

This \$10 billion forecast is approximately equivalent to:

- 7 M7s in Sydney at approximately \$1.5 billion each;
- 5 Melbourne City Link Toll Roads at \$2.0 billion each;
- 6 Gateway Bridge duplications at \$1.6 billion each; or
- 10 Alice Springs to Darwin railways at just over \$1.0 billion each.

Our best estimate is that there will be significantly more spent on major runway construction over the next 15 years alone, than was spent during the previous 20 years.

The economic benefits of this forecast expenditure are significant.

It is estimated that airport and air service activity will generate around \$80-billion of gross output by 2020 – almost doubling the present level.

It is estimated that each billion dollars of capital expenditure at airports generates around:

- \$3.5 billion of gross output;
- \$1.47 billion of value added; and
- \$0.8 billion of wage and salary income to 19,000 workers.

In addition, the continuing growth of air services at airports generates around:

- \$4.7 billion of gross output;
- \$2.15 billion of value added; and
- \$1.18 billion of wage and salary income to 24,000 workers for each \$1.7 billion in annual growth.

⁴⁵ The possible sale of Federal airports was announced in the 1994-95 Budget. The proposal was based on the premise that increased competition in the management of airports would lead to efficiency gains. The policy to offer maximum 50 years leases with the possible option of 49 year renewal was agreed at the ALP National Conference held in September 1994 - see Airports Bill 1996 (Bills Digest, no.98, 1995-96).

Growth in demand for air travel (both business and leisure) has been considerable over the past decade at around four per cent per year. At that level of growth, it is expanding faster than the economy as a whole.

These planned long-term investments will translate into more capacity, efficiency gains, and enhanced benefits for the entire community including:

- ordinary Australians;
- Australia's superannuation funds, which contain over \$1 trillion of savings and include mum and dad investors;
- visiting tourists and international travellers.

TTF's report estimates airport and air service activity will generate around \$80 billion of gross output by 2020 – almost doubling the present level. This makes airport and air services a leading growth sector with an increasing share of the national economy.

The report is available on-line and can be downloaded at www.ttf.org.au.

ATTACHMENT 2

AIRPORT COMMUNITY AND STAKEHOLDER CONSULTATION	
AIRPORT	DESCRIPTION
ADELAIDE AIRPORT LIMITED	<p>Adelaide Consultative Committee - AAL, DITRDLG, Federal, State and Local Govt Elected Representatives, Executive Reps State Govt (Infrastructure, Transport, Tourism and Environment), Local Government, Airservices Australia, Airline Operators, SA Freight Council, General Aviation, Concessionaires, and Local Govt endorsed resident action groups. Independently chaired since 2004 and meets quarterly on the last Friday of Feb, May, Aug and Nov. Same applies for Parafield airport.</p> <p>Western Adelaide Consultative Group - AAL, Mayor and CEO's of Holdfast Bay, West Torrens, Marion, Charles Sturt, Port Adelaide/Enfield, plus West Beach Trust, Natural Resource Management Board and including invited guests from time to time. Rotating chair by Mayors or CEO's and meets first Friday of each alternate month.</p> <p>State and Local Govt Planners - City Planners of West Torrens, Charles Sturt, Holdfast Bay, Adelaide, Senior Representative of State Planning and Senior Exec of AAL. Currently chaired by AAL – independent chair to be nominated in February 2009. Meets Thursday immediately prior to the Adelaide Airport Consultative Committee.</p>
BANKSTOWN AIRPORT LIMITED	<p>Bankstown Airport Community Newsletter - 30,000 copies circulated quarterly to households surrounding the Airport; Monthly stakeholder Flyer - 2,000 copies circulated electronically to airport users, elected representatives and other airport stakeholders; Bankstown and Camden Airport's website - community consultation and news items sections which are regularly updated.</p> <p>Bankstown Airport Community Consultative Forum - the BACCF is chaired by an independent chair, funded by BAL and selected because of her experience in community mediation. The forum meets quarterly and has 10 members made up of Bankstown Council; Fairfield Council; Parents & Citizens Association; Environment groups; Airport user groups; Local sports clubs; Western Sydney industry group representatives.</p> <p>BAL also has quarterly briefings to the Bankstown City Councillors; Six monthly briefings to airport users; Memorandum of Understanding with the Bankstown City Council - this agreement relates principally to an exchange of information and includes an agreement by BAL to pass all materially significant development applications to the Council for comment; and a Community Support program - a well developed Community Support map which identifies key community activities which receive financial and material support.</p>

BRISBANE AIRPORT LIMITED

Australia Trade Coast – This is a great model for consideration, based on the Amsterdam Airport Area, which brings together the sea port, the airport, the state and local governments to address critical infrastructure and planning challenges. BAC founded it, accommodate it and heavily fund it (250 K per year).

Brisbane Airport Community Forum (BACF) – designed to provide the community with an open forum for information, discussion and feedback on operations and development at Brisbane Airport. The forum is a unique opportunity to have direct interaction between airport management and the community on issues including environment, traffic, noise and commercial development.

The BACF is held four times a year in neighbourhoods adjacent to and affected by the Airport, and are widely publicised in the media and through the offices of Federal Parliamentarians, who BAC invite to auspice, attend and participate in the forum.

They are attended by senior management of BAC (including CEO and all Executives) on Saturdays at convenient locations for the communities, and also feature representatives of agencies responsible for issues such as security, environment and air traffic control. BAC also invites local, state and federal government representatives of each area, as well as officers from the Department of Infrastructure, the Queensland Government, the Brisbane City Council, airlines, and the business and tourism sectors.

The main business of the Forum is to allow community members to raise issues with the people directly responsible for them. Issues requiring a technical response will be referred to the Technical Noise Working Group. A unique feature is the online forum, where BAC post all questions and issues raised, and allow attendees and anyone else, to follow the threads of subjects that interest them.

BAC-BCC Protocol – A high level quarterly workshop addressing all planning issues of concern or interest to Council and to the Airport. The Lord Mayor and CEO attend one of these annually, while they are run by the senior-most planning people in each organisation.

BAC-QLD Govt protocol – This is in development, following five years of trying to get the state to commit to it. It is being modelled on the BAC-BCC Protocol.

AIRPORT COMMUNITY AND STAKEHOLDER CONSULTATION (CONTINUED)

AIRPORT	DESCRIPTION
CANBERRA INTERNATIONAL AIRPORT	<p>Canberra Airport Aircraft Noise Community Forum – Meets three times per year and attended by all peak community organisations in Canberra and the surrounding region, as well as key industry and government bodies.</p> <p>The Forum considers all matters relating to the Airport, including noise, regional planning, aviation growth and on-airport development – CBR are looking to this forum as the basis for the new “community consultation groups” suggested by the Commonwealth in the Green Paper.</p> <p>CBR also have an extensive range of formal and informal consultations with other stakeholders including all levels of government, the aviation industry and tenants.</p>
MELBOURNE AIRPORT	<p>Noise Abatement Committee – APAM, Airservices Australia, State and Local Government representatives includes elected representatives from some local councils. Discusses noise reporting, monitoring and mitigation measures to reduce the impact of aircraft noise on communities. Chaired by APAM and meets quarterly in February, May, August and November.</p> <p>Brimbank Noise Forum – APAM, Airservices Australia, Brimbank City Council (usually elected representative and officer) and invited residents (around 6-10 in number). Discusses noise reporting, monitoring and mitigation measures to reduce the impact of aircraft noise on communities. Chaired by APAM and meets approximately twice a year.</p> <p>State Government Planners – APAM, DPCD, DoT and DIIRD. Discusses land use planning and related transport issues on and off airport. Chaired by APAM and meets twice a year.</p> <p>Hume City Council – APAM and Hume officers (planning, engineering, transport and environment departments). Discusses a range of issues on and around the airport and also an information sharing session. Chair and meeting location rotates between the two organisations and meets quarterly.</p> <p>Vicroads – APAM and Vicroads North West Region staff. Discusses road and transport planning and projects in the region with a focus on accessibility to Melbourne Airport. Chaired by APAM and meets twice a year.</p> <p>Community Environment Committee – APAM, Hume, Keilor Historical Society, EPA, Melbourne Water, MPCCC and local community representatives. Discusses management of environment issues on airport including water quality and conservation. Chaired by APAM and meets approximately twice a year.</p>

SYDNEY AIRPORT CORPORATION LIMITED

Sydney Airport Community Forum (SACF) - SACF's membership includes 14 State and Federal Members of Parliament representing electorates in the vicinity of the airport, 6 Mayors of councils in the vicinity of the airport, 4 community representatives, 2 aviation industry representatives and 1 SACL representative.

SACF meet at least quarterly. Its role is to act as a forum for providing advice to the Minister for Infrastructure, Transport, Regional Development and Local Government, SACL and aviation authorities on the abatement of aircraft noise and related environmental issues at Sydney Airport. SACF also provides advice to aviation authorities to facilitate improved consultation and information flows to the community about Sydney Airport's operations.

SACF provides an effective forum in which matters of concern to the local community regarding the operation of Sydney Airport can be raised and discussed. It also provides an effective community forum that facilitates the exchange of often complex and highly technical information during formal major development plan and master plan consultation processes.

SACL also meets regularly with each of the three councils bordering the airport (City of Botany Bay, Rockdale City Council and Marrickville Council) to discuss issues of mutual concern and on-airport developments.

WESTRALIA AIRPORTS CORPORATION

Perth Airport Advisory Board – the Advisory Board comprises senior representatives from State and Local Government, airlines and industry associations. It provides a forum to exchange information on all matters relating to the successful development of Perth Airport and its interface with the city and the region's economies and communities.

Perth Airports Municipalities Group – The PAMG is an organisation established by those local councils that have an interface with, or interest in, Perth and Jandakot Airports. The Group typically includes Mayors, Deputy Mayors and Council CEO's representing the Councils. The Chief Executive Officer attends each meeting of the Group and provides comprehensive briefings on airport plans and developments. Perth Airport also answers questions raised by the Group.

Perth Airport Aircraft Noise Management Consultative Committee – the Noise Management Committee includes community and government representatives. It meets regularly to consider noise management issues and results in noise improvement measures being reviewed and improved.

