

Second Reading

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services) (9.03 am)—I move:

That this bill be now read a second time.

This bill provides for the transfer of airspace regulation and administration from Airservices Australia to the Civil Aviation Safety Authority (CASA). This will create a new function for CASA of civil airspace regulator. CASA will continue to be subject to its existing primary obligation to regard the safety of air navigation as the most important consideration.

As a nation, Australia is responsible for administering 11 per cent of the airspace above the earth's surface. It is vital to the aviation industry that this airspace is well administered.

The airspace Australia is responsible for is divided into blocks, with the level of air navigation services for each particular volume of airspace being determined through a classification process. This process takes account of a range of factors—including the local topography and number and type of aircraft that use that airspace.

Since 1995, Airservices Australia has been responsible for classifying each particular volume of non-defence airspace to set the level of services it needs to ensure safety and efficiency of aircraft operations, while also taking account of its other legislative obligations including environmental protection.

However, the government considers that to progress airspace reform and ensure Australia's airspace management reflects best management practice, airspace regulatory functions need to be separated from Airservices Australia due to the potential for a conflict of interest between Airservices Australia's industry and commercial focus and its

airspace regulatory functions. The government wants to ensure that Airservices Australia's airspace regulatory decisions can not in any way be seen to have been influenced by its commercial relationships and focus on efficiency. The government has decided that it is time to remove any perception of a conflict of interest by moving airspace classification and designation to the government's civil aviation safety regulator—CASA.

CASA will perform this function by establishing a dedicated administrative unit within the authority—the Office of Airspace Regulation.

This legislation to transfer the airspace regulatory function from Airservices to CASA provides an opportunity for a series of other important changes to airspace regulation and administration. This opportunity comes against the background of important international and domestic developments. The International Civil Aviation Organisation has released a global Air Traffic Management Operational Concept: a vision for an integrated, harmonised and globally interoperable air traffic management system that will take the world beyond 2025. The Australian government has itself been implementing a substantial change to the way Australian airspace is administered through introducing the National Airspace System, based on the National Airspace System of the United States of America. There has also been a rise of satellite based technologies offering new systems for aircraft navigation and surveillance that will change the way in which airspace is administered in the future. It is important that Australia's regulatory arrangements enable us to take advantage of new technologies and approaches to improving the safety and efficiency of our airspace administration.

The government considers it important that clear objectives are set for Australian-

administered airspace and that the Australian aviation community is given the opportunity to participate in the process for considering and analysing airspace change. This will provide a solid base for decisions to be made on the future of Australian-administered airspace and the integration of Australian airspace into the global system while ensuring that Australian-administered airspace continues to make its contribution to a safe, secure and efficient aviation industry.

This bill requires that airspace change be underpinned by an Australian Airspace Policy Statement, which will outline the government's objectives for civil airspace administration and provide assistance for industry in its investment decisions. The ministerial statement will be developed in consultation with the Minister for Defence, CASA, Airservices, the Department of Defence and the Australian aviation community. The statement will describe the processes to be followed for changing classifications and designations of particular volumes of airspace, the policy context for those processes and the Australian government's strategy for the future administration and use of Australian administered airspace.

Importantly, the statement will require that major changes to Australian airspace will be made only after the results of a risk analysis, a detailed examination of the potential costs and benefits, and inclusive consultation with stakeholders to rigorously test proposed changes before they are implemented.

This process will ensure that CASA will continue to have safety as the most important consideration but that the safety case will always be properly justified. In considering reforms, CASA will also be obliged to look for opportunities to deliver benefits through greater efficiency, environmental protection, equity of access and national security. The government believes that we should not ig-

nore the scope for benefits on these fronts if they can be obtained while preserving or enhancing safety standards. The assessment process will start with the remaining unimplemented elements of the NAS and continue for future proposals that fall outside the current NAS framework.

The Australian government expects that CASA will be an active regulator, undertaking ongoing risk reviews of the existing classifications of airspace and the services provided to ensure that they remain appropriate. The government also expects that CASA will take the lead on airspace system change, proposing and designing and steering the implementation of system changes consistent with the Australian Airspace Policy Statement. All of this activity will be with the aim of ensuring that Australian airspace remains safe, while also seeking benefits in terms of efficiency and the environment, and taking account of access and national security.

While this bill does not impose obligations upon Defence in relation to the decisions it takes, both Defence and CASA have undertaken to work closely together to ensure that the decisions each authority takes are closely coordinated. Airservices and Defence already have a close working relationship as both organisations provide air traffic control services in Australian administered airspace, and the government expects that Defence will work closely with CASA.

The cost of airspace regulation is currently borne by industry through air navigation charges levied by Airservices Australia. CASA will charge Airservices for the cost of airspace regulation and administration. Airservices will in turn pass that cost on to industry. CASA will establish an administratively separate unit to ensure that the costs of airspace regulation and administration are transparent, and it will be up to CASA to transparently demonstrate to the aviation

industry the value of the regulatory role it performs.

The transfer of the airspace regulatory function from Airservices to CASA forms part of a broader governance change for the Australian government's civil aviation regulators. The government will shortly be introducing a bill to further improve CASA's accountability and performance by making it subject to the Financial Management and Accountability Act 1997 and by changing the employment arrangements for CASA staff so that they are employed under the Public Service Act 1999. This legislative framework recognises that CASA is a government regulator and not a commercial business.

The government will be referring this bill to the Senate Standing Committee on Rural and Regional Affairs and Transport for consideration. I welcome their scrutiny and will watch their deliberation with interest. The referral of the bill to the committee is further evidence that the government is determined to achieve the best outcome for the aviation industry.

The world is changing and this bill is part of a broader change to the administration of Australian-administered airspace that will ensure Australia is well placed to take advantage of the benefits the future has to offer. This bill also ensures that the Australian aviation community will have the opportunity to understand and be a part of the process of determining that future.

Debate (on motion by **Mr Crean**) adjourned.

AIRSPACE (CONSEQUENTIALS AND OTHER MEASURES) BILL 2006

First Reading

Bill and explanatory memorandum presented by **Mrs De-Anne Kelly**, for **Mr Vaile**.

Bill read a first time.

Second Reading

Mrs DE-ANNE KELLY (Dawson—Parliamentary Secretary to the Minister for Transport and Regional Services) (9.14 am)—I move:

That this bill be now read a second time.

The purpose of this bill is to make a number of consequential amendments to the Civil Aviation Act 1988. These amendments are necessary to allow the effective introduction of the Airspace Bill 2006.

Amendments to the Civil Aviation Act 1988 ensure that airspace regulation is a clear and separate function for the Civil Aviation Safety Authority and that it act consistently with the Australian Airspace Policy Statement. The bill also grandfathers decisions made by Airservices Australia under regulations to be transferred to the Civil Aviation Safety Authority.

The bill also makes a number of technical amendments to the Air Services Act 1995 and the Civil Aviation Act 1988 to accommodate amendments made to the functions of Airservices Australia by the Civil Aviation Legislation Amendment Bill 2003.

Debate (on motion by **Mr Crean**) adjourned.

CUSTOMS TARIFF AMENDMENT (INCORPORATION OF PROPOSALS) BILL 2006

First Reading

Bill and explanatory memorandum presented by **Mr Ruddock**.

Bill read a first time.

Second Reading

Mr RUDDOCK (Berowra—Attorney-General) (9.16 am)—I move:

That this bill be now read a second time.

The Customs Tariff Amendment (Incorporation of Proposals) Bill 2006 contains amendments to the Customs Tariff Act 1995