

Executive
Summary

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Overview

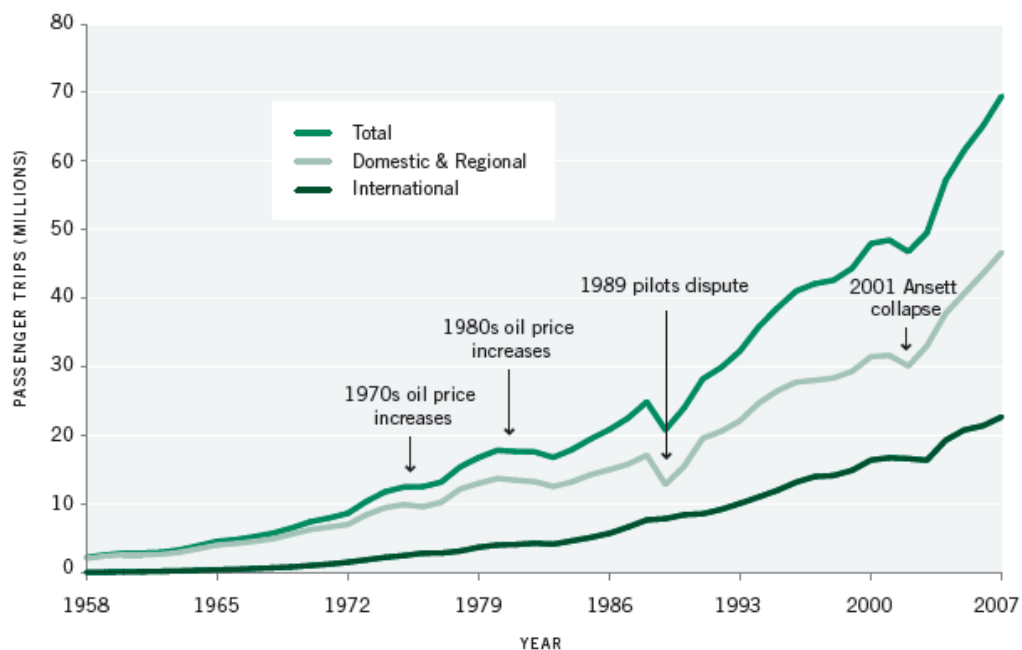
Australia's aviation industry is essential to the development of the nation's economy. We depend on it to connect to each other and to the rest of the world. Whether moving tourists, families, freight or business people the industry is critical to Australia's ongoing economic and social development. Australia's modern aviation industry supports nearly 50,000 jobs – many of them in highly-skilled specialties – as well as contributing \$6.4 billion each year to Australia's economy.

Aviation activity has grown strongly over the last twenty years. This has largely been driven by broader economic growth, increased tourism, regulatory reform, and greater industry efficiency. More people than ever before are flying to a greater number of destinations on planes that are bigger, quieter and more fuel-efficient.

Today, it is difficult to imagine a world without air travel. Aviation has fundamentally evolved from being a luxury to being an essential means of transport that connects towns, cities, countries and cultures. The number of people travelling on airlines to and from and within Australia has grown from 2.3 million in 1958 to 69.5 million in 2007, a rate of growth 14 times that of population growth.

Passenger journeys by air: Australia, 1958–2007


Source: BITRE



This growth is expected to continue, with the Bureau of Infrastructure, Transport and Regional Economics (BITRE) estimating the number of air passenger movements through Australian airports will grow by an average four per cent per annum to 2025-26. The forecasts anticipate a long-term positive economic outlook for Australia and its trading partners, notwithstanding short-term economic volatility.

The long-term growth predictions pose a fundamental challenge for government and industry.

Some of our major airports already operate at close to capacity during peak times; pilots, engineers



and air traffic controllers are in short supply; aviation safety standards are becoming a focus of community attention; flight delays and cancellations have become more frequent; communities are increasingly concerned about the impact of aircraft noise; and aircraft account for a growing proportion of global greenhouse gas emissions.

Addressing these challenges will not be simple and the solutions will not be immediate. Effective planning in the aviation industry takes time. Investment in aviation infrastructure requires consideration of complex commercial, engineering, environmental and safety factors. Similarly, setting the groundwork for adequate aircraft fleet and workforce planning requires the industry to take a long-term view.

Today's industry also faces a number of global challenges. The world economy is changing rapidly and has become increasingly unpredictable as a result of the global financial crisis. Economic conditions are affecting many international industries and demand for aviation services is volatile. Airlines are continuing to make significant capital investment in new aircraft which will need to be matched by appropriate investment in airport infrastructure and air traffic management systems.

The International Air Transport Association (IATA) has reported that the aviation industry made a profit of \$5.6 billion in 2007, the industry's first profit since 2000. However, record high fuel prices and slowing traffic growth were expected to result in industry losses of \$5.2 billion in 2008. Since that prediction, demand has slowed in response to the global financial crisis and, although oil prices have fallen, airline financial losses may be even greater than those forecasts. Such losses are unsustainable and will drive structural change within the international aviation industry. According to IATA, more airlines have gone out of business in 2008 than in the aftermath of the September 11, 2001 attacks on the United States.

The next 20 years will see fundamental changes in the aviation industry globally as airlines seek greater consolidation through mergers, cross-border investments and alliances to meet the challenges of higher fuel prices, excess capacity and addressing aviation emissions. Australia's airlines cannot expect to be isolated from global events.

By world standards, Australia's aviation industry is highly liberalised and is well-placed to meet these challenges. Our airlines are among the most efficient in the world due to reforms introduced in the late 1980s and early 1990s to improve the efficiency and competitiveness of our airlines and airports.

Governments play a vital role in ensuring appropriate policy and regulatory frameworks are in place, with settings that reflect current industry developments consistent with the broad objectives of safety, security, efficiency and environmental responsibility.

The Government's decision to develop an Aviation White Paper represents a milestone in planning for Australia's aviation future. It is the first attempt to bring all aspects of aviation policy together in a single forward-looking statement. After nearly a century of Australian aviation and several decades of significant changes in the commercial and regulatory environment of aviation businesses worldwide, now is the time to ensure Australians can look forward to a vibrant and prosperous aviation industry for the next twenty years and beyond.

The Government's aim is simple - to give industry the certainty and incentive to plan and invest for the long term, to maintain and improve our excellent aviation safety record, and to make clear commitments to travellers and airport users, and the communities affected by aviation activity.

The Government is committed to working with industry and the community to develop an Aviation White Paper that sets out a plan to support the safe, dynamic and sustainable development of the aviation industry into the future.




In particular, the Australian Government is committed to:

- **Making** safety the number one priority for Government aviation agencies and the industry, and ensuring safety regulation is robust, effective and efficient;
- **Ensuring** that aviation security is appropriate in an era where planes and airports are still potential terrorist targets;
- **Providing** a regulatory environment conducive to appropriate investment in aviation infrastructure facilities at our airports and in our air traffic management systems to meet forecast traffic growth;
- **Ensuring** an efficient aviation industry that supports growth in tourism and trade.
- **Achieving** an international air services policy which serves our national interest and balances the needs of an Australian-based industry with international competitiveness;
- **Addressing** the shortage of pilots, aircraft engineers and air-traffic controllers;
- **Dealing** with planning issues around airports in an integrated, considered way, and providing a solution to the long term airport needs of the Sydney region;
- **Planning** for the issues arising from the growth of low cost carriers, such as the increased passenger numbers at secondary airports;
- **Promoting** a proper dialogue between airports and the communities around them on issues such as the impact of aircraft noise;
- **Giving** proper consideration to the importance of air freight to regional businesses, our export industries and our economic performance;
- **Ensuring** access to regular air services in regional and remote areas, where regular flights are essential for communities, regional development and social services;
- **Establishing** an air traffic management plan which enables better long term planning and timely investment by government agencies and industry and addresses civil and military aviation requirements;
- **Using** satellite technology to improve safety and efficiency and reduce environmental impacts of aircraft operations;
- **Strengthening** the governance arrangements for the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB) to enhance the quality of their relationships with industry and the community;
- **Ensuring** that a vibrant general aviation industry is able to prosper as the nurturing ground for future commercial pilots and aviation workers; and
- **Addressing** climate change, a focal point of transport policy for this and future generations.

The Green Paper outlines the Government's proposals to deliver against these objectives.

The commitment to reform of the aviation industry complements the Government's broader economic reform agenda. The Government's long-term economic priorities are focused on enhancing productivity growth and lifting workforce participation – the keys to improving Australian living standards into the future.

The Government's vision for Australia's economic future is a nation with a diverse economy that provides fulfilling, highly-skilled and well-paid jobs; an economy that competes successfully in global markets; and an economy in which barriers to full participation are removed. The Australian Government is also committed to a strong program of structural reform to help manage the current impacts of global economic volatility.



As a global industry, aviation stands to contribute to, and benefit from, these broader reforms.

1. Aviation Safety

Safety is crucial to the aviation industry and must underpin every aspect of its operation. Safety needs to be at the foundation of every agency, every business and every flight.

Australia enjoys an enviable safety record. Our safety systems are second to none and our government agencies responsible for aviation safety – CASA, the ATSB and Airservices Australia – are internationally respected.

The Government cannot and will not rest on this record. Safety is the Government's number one priority in aviation and will remain so.

Our safety agencies must be prepared for their leading role in Australia's twenty-first century aviation sector. The industry itself is dynamic with the introduction of new aircraft, supporting technologies and business practices. Government and industry must share the responsibility for addressing these safety challenges.

Safety regulation and investigation

The Government will take immediate action to improve the capacity and effectiveness of our safety agencies. They must be able to meet the challenges of an increasingly complicated and diverse aviation industry.

CASA regulates the civil aviation industry to protect the travelling public, industry participants and the wider community. To do this, CASA needs to have the right structure, resources and legal framework. To achieve this, the Government will appoint a Board and strengthen CASA's capacity to take appropriate safety action, particularly in relation to foreign carriers operating into Australia.

The ATSB investigates incidents and accidents and recommends measures to improve the industry's safety performance. The Government will establish the ATSB as an independent statutory agency to ensure it continues to conduct the most thorough investigations possible and foster appropriate safety action.

Australian aviation is not isolated from other countries and the Government recognises that Australia can assist our neighbours to improve air safety. We will therefore continue to support a range of targeted activities, such as the Indonesia Transport Safety Assistance Package and other Asia-Pacific safety regulatory and air traffic management initiatives.


Air traffic management

Australia has one of the safest and most efficient air traffic management systems in the world.

However, sustained industry growth is placing unprecedented demands on an ageing system. Infrastructure renewal, including the replacement of our radar and navigation aids network is required. We need to make effective use of new technology and plan to ensure we have the skilled people to build and maintain an international best practice air traffic management system for the twenty-first century.

A modern air traffic management system must be able to clearly define the roles of government agencies, airlines and other aviation users in maintaining a safe and efficient airspace environment.

Sound governance is important to delivering safe air traffic management. To this end, the Government will maintain Airservices Australia as a fully Government-owned statutory authority with safety its most important consideration. Airservices will focus on delivering core air traffic management, rescue and fire fighting services. The Government will also ensure it meets its broader responsibilities to the community in relation to the environmental impacts of aircraft



operations.

One element missing from previous approaches to air traffic management is a government-led, coordinated and forward-looking air traffic policy for Australia. The Government will address this through the Aviation White Paper and develop a strategic air traffic management plan that will provide a sound basis for planning and investment decisions by aviation agencies and industry. A desirable objective of this plan will include moving towards greater integration of civil and military aviation, and enabling the ongoing development of a joint national air traffic management platform.

Good inter-agency cooperation is crucial to implementing air traffic policy. The Aviation Policy Group, comprising the heads of the Department of Infrastructure, Transport, Regional Development and Local Government, Airservices Australia, CASA and the Air Force, will continue to oversee the development and implementation of the air traffic policy, in consultation with industry.

Technology and innovation

The Government recognises the need for investment in modern air navigation infrastructure, including satellite technology, to further improve aviation safety and to meet future air traffic capacity demands. The Government also recognises the importance of investing in the skilled personnel needed to deliver safe and reliable air traffic services.

To meet these challenges, the Government is committed to the adoption of newer, satellite-based technologies, such as Automatic Dependent Surveillance-Broadcast (ADS-B) to enhance air traffic navigation and surveillance. As a high priority, government agencies are finalising a proposal for the wider application of ADS-B in Australia's air traffic navigation and surveillance management.

Improvements in air traffic management safety should also meet future service demands at growing regional airports, by providing higher levels of air traffic management services and by using new technologies where appropriate. These improvements will need to be actively considered and implemented in response to the outcomes of the Office of Airspace Regulation's ongoing regional aeronautical studies and subsequent airspace determinations.

2. Aviation security

Aviation security is not a new requirement, but it has become a priority for governments and industry since the September 11, 2001 attacks. The threat to aviation remains, and international terrorist organisations continue to focus on aviation as a preferred target.


There have been significant investments and upgrades in aviation security systems around the world since 2001. Australia's aviation security regime consists of multiple layers of preventative security measures, which have, to date, proven effective in protecting aviation from terrorist attack.

Australia's aviation security regime faces ongoing challenges from the growth in international and domestic aviation, changes to the industry, and the evolving nature of the terrorist threat.

Australia is an island continent in a growing, dynamic region. International flights from around 50 foreign airports regularly fly to Australia's eight gateway airports.

Aviation security regimes in place at these foreign airports vary, as do the potential threats to Australian interests at these locations. The introduction of a new generation of aircraft with significantly greater range increases the possibility of more international airlines flying from more distant foreign airports direct to Australia, which means the security regime needs to evolve to meet potential threats from these locations.

The Australian Government remains committed to working with the International Civil Aviation Organization (ICAO), Asia-Pacific Economic Cooperation (APEC) forums, and our regional partners to ensure a high standard of security in our region. In 2008-09 the Government will implement a



new, comprehensive foreign airports visit program designed to confirm best practice preventive security regimes are in place at high-risk locations. Reciprocal visit arrangements will be offered to foreign government regulators as part of this initiative.

Australia's decentralised airport network presents a challenge to ensure security outcomes are both effective and commensurate with the security risk at each location.

Currently, jet-powered aircraft are subject to screening, while non jet-powered aircraft are not screened, even when these aircraft are a similar size to jets and carry a similar number of passengers. The Government will examine whether this distinction remains appropriate.

A key requirement to meeting future security challenges is the need to provide updated and thorough training and background-checking of aviation security personnel. The Government is committed to working with industry to implement a National Aviation Security Training Program. This will enhance security awareness and performance of all employees working in security-controlled airports and improve national consistency in aviation security training and workforce performance.

Future aviation security screening must meet national performance expectations and be aligned with international requirements. Improved consistency of security measures across the Australian aviation network, balanced with the nature and level of threat, will improve the passenger experience while strengthening the integrity of aviation security measures.

The aviation security screening system must be improved to attract and retain personnel. Aviation security screening staff must be recognised as specialists in their field, with a high level of responsibility in applying security measures to help protect aircraft and passengers from possible acts of terrorism. Interest in establishing a new screening model based on overseas practice has been noted in submissions to the Aviation Screening Review. There are advantages and disadvantages to such an approach, with preliminary research of overseas practices indicating there is no single model that would transplant neatly to the Australian context. The Government is examining options for screening models that are suited to the Australian environment.

Finally, the costs of security measures must be considered to ensure that travel to and from remote and regional destinations remains financially viable.

A secure aviation environment includes securing the carriage of air cargo. The Government will continue to work with industry and other stakeholders to improve the security of the air cargo supply chain. To ensure Australian industry is not at a disadvantage, we will work with foreign governments and in multilateral forums to harmonise air cargo security regimes. Wherever practicable, the Government will also seek international recognition of Australia's air cargo security regime to gain access to key international markets.

3. International aviation

Australia's airline industry and carriers from other countries play a key role in linking us to the rest of the world.

There is broad public support for more liberal air service agreements, as they generate competition, stimulate tourism and expand opportunities for trade, business and cultural connections.

The Government is committed to pursuing the liberalisation of international aviation to benefit consumers and to provide Australia's airlines with the opportunity to compete effectively with their global rivals.

The Government recognises the close interrelationship between the aviation and tourism industries and in parallel with the development of the Aviation White Paper is developing a National Long Term Tourism Strategy. By complementing this strategy, the White Paper will help ensure the



continued growth of one of Australia's most important industries.

Australian airlines can only compete to their full potential in global markets if restrictions on market access are lifted. However, liberalisation needs to be balanced with what is in the nation's interest, as our aviation industry competes in an environment where not all countries apply the same rules. Government ownership, subsidies and other forms of industry assistance continue to distort the global aviation market and place Australian airlines at a disadvantage in many markets.

One of the few competitive rights Australia does have is access to the trans-Pacific route between Australia and the United States. The Australian Government has made it clear that it has no immediate plans for additional third country access to the route at this time to allow V Australia a reasonable opportunity to establish its operations.

Australia currently has some of the most liberal bilateral agreements in the world, including a full domestic and international 'open skies' agreement with New Zealand. The Government recently negotiated an open skies agreement with the United States and has also concluded expanded arrangements with Malaysia, Thailand and South Africa. There are also no restrictions on capacity in our agreements with Singapore and the United Kingdom.

Negotiations are underway on a comprehensive single air services agreement with the European Union to replace the current bilateral agreements with 17 EU Member States. This agreement is expected to remove many, if not all, of the restrictions currently in place for services provided by Australian and European airlines between our respective markets.

China, India, and countries in the Asia-Pacific and South American regions are other priority markets to which the Government is seeking greater access for Australian airlines.

There is debate about the ongoing pace of air services liberalisation. There are also differing views on whether foreign-owned, Australian domestic airlines might access Australia's international air services rights in some circumstances.

The Government will pursue a policy of securing capacity ahead of demand in air service negotiations to take advantage of growth in key emerging markets in our region, maximise trade and tourism opportunities, and ensure airlines are able to make commercial decisions on whether a service is viable.

Capacity is currently available in our agreements with our trading partners on all of our significant international routes and, in many cases unrestricted access is available to our important regional airports. The Government is also pursuing, wherever possible, expanded international freight arrangements.

The Government will maintain the legal requirement for majority Australian ownership of Australia's international airlines, including Qantas, to ensure a strong, Australian-based aviation industry continues into the future. It may, however, be timely to consider whether the additional ownership restrictions currently imposed on Qantas remain appropriate.

The Government will consider removing the intermediate caps under the Qantas Sale Act of 25 per cent on individual foreign airlines and 35 per cent on aggregate foreign airline interests. That may open additional options for structuring investment, while ensuring the airline remains Australian-run and Australian-based.

At the same time, the Government acknowledges the international trend away from a regulatory environment based on substantial ownership and control, to one based on 'principal place of business'. The Government proposes to continue seeking incorporation of principal place of business criteria in bilateral agreements.

In considering whether to ensure Australia's airlines are reasonably able to take advantage of moves towards airline consolidation in the global aviation industry, the Government will continue to apply the test of overall national interest.

4. Domestic and regional aviation

Domestic services

Twenty years ago, competition in Australia's airline industry was legally constrained by the long-standing 'Two-Airlines Policy'. Reforms by the Hawke Government in the late 1980s saw the end of this highly restrictive policy in October 1990.

As a result of these reforms, Australia's domestic market is now one of the most open in the world, and there is strong competition in our local aviation market, with services on major trunk routes offered by four airlines providing a range of services and fares.

However, aviation is a cyclical industry. While the Australian domestic industry has been growing and profitable over recent years, fluctuating oil prices, labour shortages and difficult international economic conditions have placed the industry under increased pressure during 2008.

Australia's airlines are in a better financial position than many of their overseas counterparts and our airlines are competitively placed to contend with fluctuating fuel costs and cyclical passenger and freight demands – but market conditions are difficult.

The Australian Government and stakeholders recognise the significant economic benefits that continue to flow from a deregulated domestic aviation market.

The Government considers a competitive, open, domestic aviation sector to be the best mechanism to deal with current industry challenges and strongly supports the maintenance of an open, deregulated interstate domestic aviation market.

Regional services

Australians living in regional and remote areas depend heavily on aviation to remain connected with Australia's capital cities.

While traffic to major regional centres, particularly tourist centres, has been growing strongly, traffic on many other regional and more remote routes has been declining.

Although regional intrastate air services are primarily a state and territory responsibility, successive Australian governments have played a role in maintaining vital air services to remote communities.

The Australian Government is committed to maintaining the current liberal ownership rules for Australian domestic airlines, including our regional airlines. The Government recognises that foreign investment has been important in building the capability and prosperity of our regional aviation sector.

In line with its broader objective of building a seamless national economy, the Australian Government encourages harmonised regulation and nationally consistent policies for investment in critical infrastructure. The Australian Government will work with states and territories, which have primary responsibility for intrastate aviation, to achieve greater consistency in the approach to providing regional aviation services and infrastructure.

The Australian Government recognises the vital role that aviation plays in the social and economic well-being of regional and remote communities. Therefore, the Government has committed to continue to provide support for remote air services and remote aerodromes through the Remote Air Services Subsidy Scheme and the Remote Aerodrome Safety Program.

The Government also proposes to discuss with the states possible improved models for oversight of regional aerodromes and services, drawing on the successful cooperative approach developed under the Remote Aerodrome Safety Program.

5. General aviation

The General Aviation (GA) sector is an important enabler for other industries such as agriculture and mining, and contributes to broader community outcomes such as medical evacuations, aerial fire-fighting services and law enforcement activities.

Where scheduled airline services are not viable, charter flights can provide an equivalent service, giving people in remote areas access to business, medical, education and social opportunities in bigger regional centres or capital cities. Recreational and sports aviation, private flying and pilot training are also important sectors of the GA industry. The growing popularity of ultra light flying is providing a new pathway to careers in the aviation profession.

Some parts of the GA industry have struggled to manage changes in the operating environment due to airport privatisation and regulatory reform, as well as changes in demographics and labour markets.

A recent report into the health of the industry by the General Aviation Action Agenda Strategic Industry Leaders Group found that many in the industry lacked the management skills to deal with this changing environment.

The industry is emerging from this period with strong growth in such sectors as recreational flying, training and charter activity. There is some anecdotal evidence that rationalisation is contributing to improved business skills in many areas. Innovation in aircraft and navigation technologies have created new opportunities as well as transitional challenges.

There have been calls for government intervention and subsidies for GA operators in some submissions arising from the GA Action Agenda and the Issues Paper. The Government recognises the difficulties faced by a number of GA businesses, particularly small businesses, over the last decade in transitioning to an increasingly commercial environment. However, the Government considers that a return to economic protection such as subsidies for this sector is not in the broader interests of the industry in improving its long-term viability and competitiveness.

To assist Australia's GA industry, the Australian Government will ensure priority is given to finalising CASA's regulatory reform process. Removing regulatory impediments to the viability and growth of the GA sector is important as is maintaining the highest levels of safety. In addition, the Government will consider options to help address the burden of regulatory charges, including charge on the GA sector.


6. Industry skills and productivity

For Australia to continue to grow and compete in the global economy, we must invest in a highly skilled workforce that is responsive to the needs of industry.

Worldwide growth has created a situation where aviation employers have recently experienced difficulties in attracting, recruiting and retaining key staff, including pilots, flight instructors, air traffic controllers, aircraft maintenance engineers and security screeners.

The Australian Government considers the development of aviation skills to be important within the context of broader vocational educational programs, to maximise training quality and competitiveness in the vocational training sector.

The Government has established the Productivity Places Program under the Skilling Australia for the Future initiative with a commitment of more than \$2.1 billion over five years to fund up to 701,000 new training places across all industries. Commercial aeroplane and helicopter pilots, aviation maintenance engineers and airport security screeners are key aviation skills that are eligible for federal funding for the first time under this program.



The Government has also moved to improve consistency and mobility between civil and military aviation sectors through the work of its Industry Skills Councils. The work of the Skills Councils, in cooperation with Skills Australia, will help prioritise broader government training efforts with those of Australia's aviation industry.

The Government's provider of air traffic services, Airservices Australia, also has an important role to play in recruiting and training tomorrow's air traffic controllers and aviation fire-fighters.

7. Consumer protection

Since the deregulation of the Australian domestic aviation industry in 1990, conditions of travel for airline passengers have been subject to the *Trade Practices Act 1994* and state consumer laws. There is broad support for the current arrangements to continue, and general agreement that additional regulation would lead to unnecessary costs being passed on to all consumers.

While there is broad-based support for general consumer protection mechanisms, there have been a number of concerns raised about the accessibility of air travel to people with a disability. The Government is listening to these concerns and is taking action to establish an *Aviation Disability Working Group* to work with groups representing people with a disability to find ways to improve access to aviation services.

Similar concerns were raised in the recent Review of the Disability Standards for Accessible Public Transport. This Review found that while there were positive reports from the hearings and submissions about factors that have improved accessibility to air travel for people with a disability, many individuals and organisations representing people with a disability noted there are still a range of difficulties that need to be overcome when accessing air travel.

The Government believes it is important to respond to the recommendations of the Review of Disability Standards in its entirety and will detail its future strategy on disability access issues when it responds to the final report of the review of Transport Standards.


8. Airport investment – planning for responsible growth

Australia's major airports are our economic and social gateways to the world. Since privatisation there has been significantly increased investment in airports, with over \$2.2 billion invested in new terminals, runways and other infrastructure at the leased federal airports. Further investment in excess of \$4 billion is scheduled in the near future. However, concerns have grown about the impacts of airport development on surrounding communities. With the growth of Australian cities, more residents are affected by airport operations.

The Government recognises the importance of continued investment in aeronautical infrastructure at airports, and is committed to ensuring infrastructure development is responsible. The Government will ensure planning for leased federal airport sites is more integrated with planning for the surrounding areas, and the interests of communities are given proper consideration in planning and development processes.

There is no intention to over-regulate, or to make the planning and approval process so cumbersome as to deter investment. A coordinated approach to planning brings benefits for both the airport and the community.

Proposals for non-aeronautical development will be closely scrutinised, recognising concerns that substantial commercial developments on airport land can undermine plans for the development and amenity of surrounding communities.



Airport sites are scarce and valuable. The Government will make sure planning of the airport site is consistent with its long-term development as an airport, and that planning supports the optimal mix of aeronautical uses.

The encroachment of city development around airports, particularly the secondary airports at capital cities, has increased the pressure for airport land to be used for other purposes with potentially higher commercial returns. The Government respects the right of the airport operators to a reasonable return on capital invested, but will not support proposals for the site to be used for commercial purposes which prevent the site from reaching its full potential as an airport.

The Government will also ensure airport infrastructure needs are met well into the future.

The pressure on Sydney Airport and the demand for aviation capacity in the greater Sydney region is an ongoing cause for concern. Sydney Airport is approaching capacity and there is broad community support for the maintenance of a legislated curfew and cap on movements at Sydney Airport.

The Government is committed to ensuring future economic activity and growth in the Sydney region is not constrained by the capacity limitations of the Sydney Airport site.

Sydney Airport Corporation Limited has begun its five-yearly revision of its Airport Master Plan. The plan, which sets out the forecast of activity and development at the airport for the next twenty years, will be finalised following consultation with the community, industry stakeholders and government agencies over the coming months.


This Master Plan process will provide further information about the future patterns of traffic at Sydney Airport and the implications of continued growth for the airport, operators and the community.

Following the completion of the Sydney Airport Master Plan in 2009, the Government proposes to begin a process to identify additional capacity for the Sydney region, consistent with Government policy of support for a second airport for Sydney.

The construction of an airport at Badgerys Creek is no longer an option.

A new level of cooperation is required between federal, state and local government on airport planning and development, with clear consultation and decision-making processes. For airport operators, it is essential that local planning schemes support the development of the airport and prevent development which would impact on current and future operations. In turn, planning authorities are seeking more effective input to airport development processes. The Government proposes to work with state governments to refine proposals for effective working arrangements, including the key initiatives outlined below:

- establishment of Airport Planning Advisory Panels, drawn from industry, community and government, for each of the major airports, to provide independent expert analysis and advice to the Minister;
- examining the impact of airport development on surrounding transport and community infrastructure and how the leased federal airports might contribute to this infrastructure;
- strengthening of the airport Master Planning process to provide greater transparency and certainty about future land uses at the airports;
- providing a power for the Minister to call for additional detail in precinct plans for areas which have been proposed for non-aeronautical development;
- a review of triggers for the airport major development process to ensure those developments of most interest to the community are subject to proper consultation;
- establishment of community consultation groups at each airport to foster effective community engagement in airport planning issues; and
- establishment of a clear policy on the definition of public safety zone areas around



airports, which can be taken into account in local planning.

Airports are critical for isolated communities. The Government will provide support for the upgrade of aerodromes to improve safe access to essential air services in remote parts of Australia through the Remote Aerodrome Safety Program.

Our aviation infrastructure will no longer be viewed in isolation from national infrastructure planning. The Government will work closely with Infrastructure Australia to ensure the development of major airports is considered as part of Australia's broader infrastructure strategy.

Pricing of airport services

The Government is committed to achieving a fair balance in encouraging investment in aeronautical infrastructure and ensuring accountability and transparency in the provision of airport services.

Recent indications show that under a price monitoring regime, airport operators and their airline customers have generally been able to negotiate pricing arrangements on a commercial basis without government intervention. The regime has provided airports and airlines with the flexibility to adapt to the changes and volatility in the aviation market.

The Government will continue appropriate price monitoring arrangements to safeguard against any abuse of market power and will continue the cycle of regular reviews of the monitoring arrangements.

Also, the Government proposes to introduce a formal 'show cause' process as an additional tool to be used where there is evidence of potential abuse of market power. The show cause notice would require airports to demonstrate why their conduct should not be subject to more detailed scrutiny, such as a formal price inquiry under the *Trade Practices Act 1974*.


In addition to monitoring charges to airlines for airport services, the Government is committed to making sure airports act reasonably in the charges collected from the travelling public and in the quality of services provided to the public. For example, car parking charges at major airports will continue to be monitored, with reports published regularly. Arrangements for monitoring quality of service are under review and, if necessary, will be enhanced to improve reporting on passengers' experiences at airports.

9. Aviation emissions and climate change

The Australian Government is developing a decisive national action plan on climate change to reduce greenhouse gas emissions, to support adaptive actions to reduce the impact of climate change, and to help shape a global solution. The Australian Government has committed to a long-term national emissions reduction target of 60 per cent below 2000 levels by 2050. A key measure in achieving this target will be the Carbon Pollution Reduction Scheme, an emissions trading scheme to apply across the national economy from 2010. While final details of the scheme are yet to be settled, the Government is committed to including domestic aviation in the coverage of the scheme.

Civil aviation currently accounts for about two per cent of global emissions and this is expected to increase due to predicted growth in the aviation sector. While aircraft are 70 per cent more fuel-efficient than 40 years ago, future improvements in fuel efficiency will not be sufficient to counteract the extra emissions generated by a growing industry. A balanced approach, including a range of operational and market-based measures, is needed to constrain the size of aviation's carbon footprint.

Air traffic management initiatives which increase operational efficiencies will help to reduce emissions. The Government will ensure Airservices Australia remains at the forefront of efforts by air navigation service providers to introduce cooperative working arrangements and innovative



approaches to reducing emissions, including flexible flight paths and continuous descent approaches.

Australia cannot act alone in managing emissions from international aviation. The Government will ensure Australia continues to take an active role in international forums like ICAO and APEC, working towards a cooperative global approach to addressing international aviation emissions. Industry-led initiatives, such as voluntary offsetting schemes, have an important contribution to make.

Improved planning requires better information. The Government will develop a tool for comprehensive carbon monitoring and footprinting to assist with transparent reporting and planning within the industry.

These initiatives will help ensure aviation plays its part in addressing climate change without unduly constraining the development of an industry which is crucial to the nation's economic growth.

10. Noise impacts

While aircraft in today's modern fleet are much quieter than comparable aircraft of 30 years ago, aviation growth and continued development around airports have increased the number of people exposed to aircraft noise. Aircraft noise disturbance arises as much from the number of aircraft movements and lack of respite, as from the loudness of individual flights.

Noise complaints are no longer limited to those living close to major urban airports. Many residents tens of kilometres from airports are disturbed by aircraft noise. Urban encroachment and the increase of airline and other aviation activity at secondary airports have increased community exposure to aircraft noise.

A more balanced approach to aircraft noise management is required to ensure quality of life for communities, to control noise sensitive developments including homes, schools and hospitals, and to avoid unreasonable constraints on future airport development.


It is important that state and local governments meet their responsibilities to establish zoning policies, in consultation with airports, that ensure development near airports and under flight paths is compatible with noise exposure. It is also important that airports establish ongoing consultation arrangements with their communities to address noise problems.

The Australian Government proposes to retain existing curfew arrangements at Sydney, Gold Coast, Adelaide and Essendon airports. Communities have grown around these existing arrangements and it is important they remain in place. The Government also proposes to limit the operation of noisy aircraft and to phase out marginally-compliant older aircraft, such as hush-kitted Boeing 727s. The Government will also consider industry-funded noise amelioration programs where airport operations and air traffic changes place residences into existing high-noise exposure zones.

The Government recognises the importance of maintaining a north-south and east-west overnight freight network. Airports such as Brisbane, Cairns, Canberra, Melbourne and Perth are integral to this network. The Government expects industry to develop appropriate arrangements to minimise the noise impacts of night-time operations.

Access to transparent and easily-understood aircraft noise information is lacking. Traditional approaches to measuring aircraft noise no longer meet the expectations of the community and industry. Planners, or those exposed to aircraft noise and noise contouring techniques often exclude those communities living outside the contours from assessment processes and participation in the noise debate.

At Sydney and Adelaide airports, insulation programs have been implemented for areas exposed to



a very high level of aircraft noise – for residences within the 30 Australian Noise Exposure Index (ANEI) contour and public buildings within the 25 ANEI contour. The Government will consider such programs for any airport should they become exposed to similar noise levels through an increase in air traffic. Additional measures will be implemented, where feasible, to reduce problems, such as the accelerated phase-out of noisy aircraft such as older Boeing 727s. Programs to address noise issues need to be tailored to the specific characteristics of each airport, to meet the airport's requirements and the aspirations of the communities involved.

The Government will continue to support the development of a new noise information framework to help address the needs of all affected stakeholders. As part of this strategy, Airservices Australia is installing an internet-based flight path tracking system to enable members of the public to get close to real-time information on aircraft flight paths and noise in the vicinity of Australian airports. The Government also proposes to work with state governments to ensure an appropriate national regime is established to plan the use of land in the vicinity of airports and under flight paths, with a view to avoiding future noise problems.

Next steps

The Aviation Green Paper is the second of three steps in the development of Australia's first ever comprehensive national aviation policy. The process began with the release of an Issues Paper in April 2008 and will be completed with the release of a White Paper in the latter half of 2009, bringing all aspects of aviation policy into a single forward-looking statement.

The Green Paper describes the initiatives and policy settings the Government is considering to deliver a vibrant and prosperous aviation industry; one that delivers the highest standards of safety and security, competitive aviation markets and services, investment in infrastructure and environmental responsibility.

The chapters which follow discuss a range of short, medium and long-term issues facing Australia's aviation industry.

Everyone can play a role in shaping Australia's aviation future.

The Government invites comments on the Aviation Green Paper to be considered in the development of a White Paper in 2009.

Submissions or comments on the Green Paper should be provided no later than 27 February 2009 to:

Aviation Green Paper
Department of Infrastructure, Transport, Regional Development and Local Government
GPO Box 594
CANBERRA ACT 2601

Phone: +61 2 6274 6040

Fax: +61 2 6274 6749

Email:

Submissions and comments provided to the Department of Infrastructure, Transport, Regional Development and Local Government, in response to this invitation, may be published on the Department's website, unless the submission is marked confidential at the time it is delivered to the Department.