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Our ref: PLA:NAP

27 February 2009

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

Via email: aviationstatement@infrastructure.gov.au

Dear Sir

Submission on the National Aviation Policy Green Paper

Please find enclosed Canberra Airport Pty Limited's Submission in relation to the Sydney Second Airport.

We welcome any queries that you may have.

Yours sincerely

A handwritten signature in blue ink, appearing to be "S Byron", written over a horizontal line.

Stephen Byron
Managing Director



**CANBERRA AIRPORT – SUBMISSION TO AVIATION GREEN PAPER
*SECOND SYDNEY AIRPORT***

Executive Summary

The increasing capacity constraints at Sydney Airport are leading to increasing calls for a solution, including in the form of a second Sydney Airport.

The 2008 Aviation Green Paper highlights the need for a second Sydney Airport to cater for the ongoing growth in aviation demand from the Sydney basin. The need for a second Sydney Airport is recognised by all major airlines, who are already facing significant capacity restraints at peak times.

With Sydney Airport's curfew, Canberra Airport is the only 24-hour Boeing 747 and Airbus A380 capable airport between Melbourne and Brisbane, and its close proximity to Sydney makes it a critical national infrastructure asset with a unique opportunity to assist in the aviation needs of the Sydney basin, both in terms of passenger and freight. Canberra Airport also serves the national capital and a regional population of approximately 500,000.

Canberra Airport believes it has an important role to play, as the use of an existing major airport facility, such as Canberra Airport, will significantly mitigate the economic cost to the Commonwealth over building a new international airport facility outside the Sydney basin.

Passenger services

Sydney Airport is expected to be at or near capacity within 20 years, with significant capacity constraints already evident today. As Sydney approaches full capacity, Canberra Airport believes that there is likely to be increasing pressure upon Sydney Airport's infrastructure, particularly during peak

periods. Aviation delays in the Sydney basin are thus likely to become more common and there is likely to be pressure on passengers not commencing or terminating their journeys at Sydney to avoid Sydney airspace. Canberra is well positioned to become a hub for the significant number of passengers who currently have to transfer flights at Sydney, both between domestic flights and between domestic and international flights. Canberra Airport may be especially attractive to the new breed of long-haul, low-cost airlines, where cost-conscious travellers could either travel by road to/from Sydney, or catch an existing low-cost airline service to other Australian cities.

The Commonwealth has also indicated that a second Sydney Airport will be located outside the Sydney basin. Whilst the definition of the Sydney basin remains unclear, it has been established that a high-speed rail link will be required to link Sydney with the new airport site. Such a high speed train link would offer further opportunities for Canberra to operate as a back-up to Sydney Airport.

Canberra Airport notes that the cost of developing a new (Greenfields) international airport between Sydney and Canberra, as has been proposed, with a dedicated high speed rail link to Sydney, would be substantially greater than extending a high speed rail line to Canberra and utilising existing airport facilities at Canberra Airport.

Furthermore, a high speed train link to serve a second Sydney Airport in Canberra would not simply serve the needs of the Airport site, as it would at a Greenfields Airport site, but would also serve the significant population catchment in and around the ACT, including attracting a number of travellers who traditionally travel by private car.

Benefits to Sydney Airport

Canberra Airport thus believes that a high speed train link between Sydney and Canberra can deliver the following benefits to Sydney Airport:

1. A high speed train link would lead to the diversion of some level of passenger traffic to Canberra Airport, reducing aircraft movements at Sydney; and
2. A high speed train link would be expected to significantly reduce air travel between Sydney and Canberra, second only in flight frequency to the Sydney-Melbourne route, freeing up valuable slots for the expansion of other services.

Freight services

Only three hours by dual-lane motorway from Sydney, Canberra Airport offers an attractive and cost-efficient alternative to Sydney Airport for domestic and international airfreight: a curfew-free and slot-free airport. Canberra Airport has existing available apron and warehousing space as well as land area available for freight expansion. It is also centrally located in South-Eastern Australia at the meeting point of the east-west and north-south network of curfew-free airports to provide a hub for both road and airfreight connections to other major centres.

Recognising these advantages, Canberra Airport has already been approached by two major domestic overnight airfreight operators regarding the opportunity to develop a domestic hub for overnight airfreight. One of the operators of Trans-Tasman overnight freight and other international dedicated freight operators have also advised that they are interested in operating some or all of their services to Canberra rather than Sydney, especially if a domestic freight network is established.

Domestic and trans-Tasman freight

The current national overnight airfreight system comprises a complex network of routes designed around meeting curfew requirements at Sydney Airport (and to a lesser extent Adelaide Airport). The current network-based system is inefficient and reliant on strict maintenance of aircraft schedules to ensure freight is transported across the country in time for the beginning of the next business day.

Problems with the current network-based approach include:

- Sydney is Australia's largest origin and destination for express overnight freight, yet Sydney Airport is curfew-constrained. The curfew restricts the aircraft types able to be operated to the Airport overnight. Larger freight aircraft such as B737 are unable to operate during curfew hours, severely hampering the delivery of overnight freight to Sydney.
- The lack of daylight savings in Queensland means that for 6 months of the year, the Sydney curfew severely impacts on cut-off times for freight destined to Sydney from Brisbane and elsewhere in Queensland.
- The BAe146 is designated in legislation as the only jet freighter able to operate to Sydney

during curfew hours. This aircraft is currently ageing and is thus more susceptible to maintenance problems and is of lower freight-carrying capacity than more modern freighter aircraft. The Commonwealth has signalled that it has no intention to review curfew legislation to allow alternative aircraft types to operate during curfew.

- The network-based system requires more aircraft, including less efficient, smaller and older aircraft to operate more flights, hence increasing overall fuel burn, increasing emissions and hence raising the cost of airfreight.
- The network-based system means that a delay to one key flight can impact the entire system overnight, with significant cost implications to freight operators, who in such cases are often forced to charter alternative aircraft at short notice to meet contractual obligations.

The Green Paper advised that it will act to “enable the maintenance of a north-south and east-west network of non-curfew airports” and that this network “is crucial to maintaining access for airlines and airfreight services to major airports such as Brisbane, Cairns, Canberra, Melbourne and Perth.”

Canberra Airport welcomes this sentiment.

The Green Paper also ruled out any changes to current curfew restrictions at Sydney, Adelaide, Gold Coast and Essendon Airports to provide ongoing respite to members of the community surrounding these airports.

Recognising the Australian Government’s intentions for an east-west and north-south network, and recognising the reality that an ageing fleet of aircraft and increasing airfreight volumes are impacting on the viability of the current network-based overnight freight system, Canberra Airport believes that it is highly likely that a hub-based airfreight system will be introduced by domestic airfreight operators to satisfy the ongoing requirement for overnight airfreight across Australia.

International freight

Whilst the majority of international airfreight continues to be carried in the holds of passenger aircraft, that will continue to use Sydney Airport for the foreseeable future, restrictions on the size of the Sydney Airport site and the Sydney Airport curfew mean that growth of dedicated international freighter services continues to be constrained at Sydney Airport. Canberra Airport is well suited to

cater for this growth as well as potentially taking some of the existing dedicated freighter capacity that currently operates to Sydney.

Dedicated international freighter services are traditionally 24-hour operations, with significant schedule flexibility to accommodate the needs of clients. This nature of operation is not suited to airports constrained both by curfews, slot-restrictions and with limited parking space for freight aircraft.

Canberra Airport, as a curfew-free, slot-free international Airport, is well placed to provide an alternative to Sydney Airport, given its close proximity to Sydney. Canberra Airport has already been approached by international airlines operating dedicated freight services to Sydney regarding the opportunity to use Canberra Airport.

Existing apron at Canberra Airport is currently able to accommodate B747-400F and equivalent aircraft, and it is expected that this would be sufficient to accommodate initial aircraft parking requirements, with the opportunity to build more apron in the medium-term as need dictates.

Benefits to Sydney Airport

A major airfreight operation at Canberra will offer the following benefits to Sydney Airport:

1. Reduce the need for any overnight jet freight activity at Sydney, providing significant additional community noise respite;
2. Remove some or all of the wide-body dedicated international freighter aircraft from Sydney Airport, freeing up valuable slots; and
3. Valuable Sydney Airport land currently utilised to service dedicated freight aircraft would be made available for the expansion of other aviation activities.