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27 February 2008

The Secretary
National Aviation Policy Statement
Department of Infrastructure, Transport,
Regional Development and Local Government
GPO Box 594
CANBERRA ACT 2601

Dear Sir

Submission to the National Aviation Policy Green Paper


Thank you for the opportunity to contribute to the Government's National Aviation Policy Green Paper.

The Local Government Association of NSW and Shires Associations of NSW (The Associations) are pleased to make a written submission in response to the release of the Green paper.

Please note that our submission does not contain confidential information, however it is provided subject to endorsement by the Associations' Executives. I will let you know if the draft submission changes as a result of Executive consideration.

Should you require further information or wish to discuss the matters raised in our submission, please contact Richard Connors, Senior Policy Officer – Roads and Transport at the Associations, on 02 9242 4000.

Yours sincerely


Noel Baum
Acting Assistant Secretary General



SUBMISSION TO THE NATIONAL AVIATION POLICY GREEN PAPER	
DATE	FEBRUARY 2009

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1. Opening

The Local Government Association of NSW and Shires Association of NSW (the Associations) are the peak bodies for NSW Local Government.

Together, the Local Government Association and the Shires Association represent all the 152 NSW general-purpose councils, the special-purpose county councils and the regions of the NSW Aboriginal Land Council. The mission of the Associations is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community.

The Associations thank the Federal Government for the invitation to make a submission concerning the National Aviation Policy Green Paper.

Local Government is a key stakeholder in the provision of aviation services to regional Australia. Many airports in regional centres are owned and operated by local councils, and the infrastructure and associated airline services are vital components for the economic and social development of regional areas. At the same time, many urban councils are directly affected by policies regulating access to the larger city airports, especially relating to development on airport land and aircraft noise issues.

2. Executive Summary

The Associations have long standing policy positions on many aviation-related issues and these are reflected in our initial submission to the paper. These include:

- Sustainability of regional aviation services, regional airports and aerodromes, and equitable access of regional services to Sydney Airport;
- Opposition to a second Sydney Airport in the Sydney basin;
- Opposition to non-aviation related development on airport land;
- Sydney airport noise related issues;
- Aviation security issues especially relating to regional airports & aerodromes; and
- Skill shortages in the aviation industry, especially pilots.

Modern and efficient air services between country areas and the state capital are essential for the social and economic sustainability of regional areas that increasingly rely on air travel for access to the wide range of services no longer available outside Sydney. This includes travel related to essential business, education, health and medical purposes. In turn regional airlines are able to provide city-based business and leisure based travellers with efficient access to regional areas. Appropriate investment in the provision of these services, including pilot training initiatives, is therefore justified on state and national interest grounds.

The provision of airports and associated aviation services also provides a significant development impetus to regional areas and helps to further encourage development and business investment in that region.

Likewise, urban councils are directly affected by policies regulating access to the larger city airports, especially relating to development on airport land and aircraft noise issues. A national aviation framework must include appropriate strategic policies addressing the long term airport needs for the Sydney region and especially including the impact on affected local communities.

3. Purpose

The Associations note that this Green Paper will examine the aviation industry's growth over the next decade and beyond.

The Government's stated aim is to give industry the certainty and incentive to:

- Plan and invest for the long term;
- Maintain and improve our excellent aviation safety record; and
- Give clear commitments to travellers and airport users, and the communities affected by aviation.

The Associations submission deals with Local Government's views about:

- Sustainability of regional aviation services, airports and aerodromes, and access to Sydney;
- Opposition to a second Sydney Airport in the Sydney basin and potential alternative
- Opposition to non-aviation related development on airport land;
- Sydney airport noise related issues;
- Aviation security issues; and
- Skill shortages in the aviation industry

4. Sustainability of regional aviation services

It is the policy of the Associations that all residents of country New South Wales should be afforded equitable access to ongoing and reliable air services. Modern and efficient air services between country areas and the state capital are essential for the social and economic well being of all residents, and particularly for country residents who rely on air travel increasingly for access to the wide range of services no longer available outside Sydney. This includes travel related to essential business, education, health and medical purposes.

It is important to note that a viable competitive and accessible regional aviation sector is not beneficial only to regional based customers. It is vital that Sydney-based professionals, administrators, investors and others with responsibilities or interests in regional areas to have efficient access to regional aviation services.

In a general sense, regional communities remain concerned that while the existing licensing arrangements have been adequate, the reliability of individual operators and services has been marginal in some cases. The continued uncertainty in the regional aviation industry highlights the need for a policy response by both the Commonwealth and State Governments to ensure the availability of air services to country areas.

We reaffirm that it is vital to these communities that access is maintained and that services are appropriate to that area. Pricing mechanisms should not focus solely on the optimal or economically most efficient outcome, but should also address the continued provision of viable services delivering frequency and quality of service appropriate to the needs and size of regional communities. Our rural and regional constituents have consistently expressed the view that their access to air services should be comparable to those available to people in metropolitan centres.

The NSW Government, through its responsibilities under the NSW Air Transport Act, exercised through the State Aviation Working Group (and formerly through the Air Transport Council), has the ability to exercise functions on air transport service matters that have the potential to affect the whole State.

The Associations are firmly of the view that in arranging agreements with existing or new regional owners or operators, there is an obligation for the State Government to ensure that there are sufficient incentives set in place to ensure their on-going viability. While it is not our intention to comment directly on the various regulation options being canvassed through this consultation process, we believe that there may be case for raising the regulatory passenger threshold in some cases where route/operator viability has been marginal.

Further, there may be a case for special treatment of regulated routes within relatively close proximity to larger deregulated routes. Competition from these adjacent ports, often from one or more operators with lower fares and superior levels of service has attracted many passengers and decreased the viability of many regulated operators. This occurs despite the travel time penalty associated with passengers driving longer distances to access the deregulated port.

The development of more airport capacity in regional New South Wales would potentially increase the aviation related economic contribution to this State, as well as strengthen Australia's major airport network and capacity. Exploring this possibility is especially important in the ongoing climate of uncertainty surrounding the second Sydney airport, and may be warranted even if a second airport proceeds.

5. Regional Airline Access to Sydney Airport

The issue of access to Sydney airport is one that is crucial to Local Government in NSW. While cognisant of the economic efficiency of using larger aircraft to manage and expand the capacity of Sydney Airport, the Associations believe there are other broader economic, social and regional development issues which should also be considered. Local Government in NSW, including both urban and regional councils, is united in its support for continued regional access to Kingsford Smith Airport at affordable prices.

We have previously noted concern with statements made by Sydney Airport Corporation Limited (SACL) that the development of a second Sydney airport could be delayed through the use of larger planes and better use of non-peak times, allowing the number of passengers passing through the airport to be more than doubled in that period. Clearly this could only be achieved through a reduction of the present curfew or the substitution of slots currently available to smaller regional aircraft for larger aircraft.

More recently we have also raised concerns at attempts to restrict access by regional airlines to key departure gate, lounge and maintenance facilities by SACL. Restrictions such as this place in doubt the protection of slots for regional airlines secured as part of the airport privatisation process. Equitable access to terminals, gates and other facilities form vital components of any access arrangements and the economic viability of regional airlines as a whole.

It is the policy of the Associations that residents of country New South Wales should be afforded equitable access to Sydney Airport. As stated in (2.) above, efficient air services between country areas and the state capital are essential for the economic viability of our rural and regional areas.

It would be a retrograde step for a commercial decision of the Sydney Airport management or through broader national efficiency aims to diminish current airport and terminal access arrangements for country air travellers, or for such a decision to adversely impact the ability of any particular operator to access the airport.

We have sought assurances from the government that as the regulator of air travel, it examined the circumstances being reported at Sydney Airport to ensure that access arrangements are in place which maximise the benefits for country travellers.

In a general sense, regional communities remain concerned that while the existing access management regime, particularly for peak hour access, may be adequate, there are no guarantees about future access. It is vital to these communities that access is maintained and that services are appropriate to the local community. Pricing and access mechanisms should not focus solely on the optimal or economically most efficient outcome for Sydney Airport, but should also address the continued provision of viable, profitable services delivering frequency and quality of service appropriate to the needs and size of regional communities.

The prospect of regional airlines being forced to use Bankstown, Newcastle or Canberra rather than Sydney is also not attractive to regional operators and unacceptable to regional communities of NSW. State and Federal Governments would need to spend enormous sums of money on transport infrastructure between Bankstown Airport, Sydney Airport and the CBD. Even if transport infrastructure were provided, there would still be extra time and cost for country people having to do business in Sydney or transferring to interstate or international flights. We also note the NSW Government has ruled out the use of Bankstown Airport as an alternative to Sydney on airspace management grounds.

It should therefore be clearly evident from the above discussion that there is no viable alternative to maintaining regional airline access to Sydney Airport.

6. Second Sydney Airport / Sydney Airport Noise Issues

The Associations, reflecting the views of many of our member councils at the time, originally supported the second Sydney Airport at Badgery's Creek Option because of the economic and employment opportunities it offered Western Sydney. This was qualified by the need for sound environmental and management practices for its operation. However, the change in scale of the proposed airport announced in 1998, the encroachment of urban development and in particular, the adverse affects this scale of airport would have on the residents of Sydney and especially Western Sydney, led the Associations to adopt a position opposing the development of a second airport at Badgery's Creek or elsewhere in the Sydney basin. Again, this reflected the changing views of most local councils in the area of the proposed airport. In addition we were approached by various councils outside the Sydney basin seeking our support for examination of their regions as possible second airport sites.

To summarise, our current policy positions on the siting of Sydney Airport are as follows:

- Local Government opposes the development of a second airport at Badgery's Creek or elsewhere in the Sydney basin in view of the adverse impacts any increase would have on the residents and environment of Sydney.
- Local Government would support any initiative of the Federal Government to re-examine potential locations outside the Sydney basin, given the likely adverse impacts of developing a second airport in the basin and the expressed desire of a number of regional councils to locate the facility within their local areas. These could include locations such as Newcastle, Wollongong/Albion Park, or Canberra, with connections to Sydney and Sydney Airport by appropriate alternative high speed rail and/or road options.

We would therefore like to see this inquiry formally and unequivocally rule out any future airport development at Badgery's Creek or anywhere else in the Sydney basin. At the same time, we see value in the Federal Government, in conjunction with State and Local Government, undertaking an open and transparent review of Sydney's future airport needs, including general aviation, and as part of this review, re-examine potential locations for a second Sydney airport outside the Sydney basin.

This process could also include working with the State and Local Governments to develop and implement an integrated and prioritised land transport plan for Sydney and surrounding regions, including an examination of the potential role of appropriate rail technologies such as high speed trains linked to longer-term opportunities for decentralisation. This may in many cases obviate the need for any second Sydney Airport.

Due to the impact of aircraft noise on their quality of life and value of their properties, both current aircraft noise and future forecast impose a considerable burden on communities surrounding airports. On the issue of noise management, Local Government seeks assurances that affected communities are properly consulted on the management of noise and other environmental impacts arising from operations at Sydney and other airports. We acknowledge and welcome the Governments reconstitution of the Sydney Airport Community Forum and the opportunity this will provide for ongoing consultation with councils on airport related issues including the recently announced construction of a runway end safety area and the timetable for the airport's new Master Plan.

Reduced aircraft noise over Sydney is another key objective of a second Sydney airport. However, substantial noise reductions will only eventuate if the second airport attracts enough demand to allow for the winding down of Sydney Airport. To achieve this, a high capacity second airport would need to be located relatively close to Sydney, creating community concerns about the new airport and making an already challenging site selection task even more difficult.

This is the dilemma that has led to the rejection of numerous second airport sites for so long. Whether or not a second Sydney airport is built in the future, aircraft noise issues will continue to arise and

require ongoing efforts to maintain and improve airport noise regulations and industry-wide aircraft noise initiatives.

Sydney Airport's noise can be controlled by maintaining noise abatement procedures, including the 80 aircraft per hour cap and the 11pm to 6am curfew, as supported in the Green Paper. Sydney Airport's regional airline access scheme also lowers aircraft noise by limiting the number of slots available to other, generally larger, aircraft; a policy also supported by Local Government. So, while the scheme limits capacity, it benefits regional communities *and* noise affected Sydney residents.

7. Development on Airport Land

Local Government recognises the importance of Sydney Airport to the region as a whole, however its ongoing development and expansion cannot be allowed to occur without a clearly defined mechanism for consultation with state and local government, allowing for a suitable consideration of the wider affects of airport development on local and regional communities, infrastructure and businesses.

The Associations believe that Local Government should have a lead role in planning for local communities with other spheres of government, and in developing an integrated approach to issues of regional development, infrastructure co-ordination, growth management and environmental management, including regionally significant developments such as those proposed for Sydney and other airports. The key issues for Local Government are:

- The continued exemption of commercial development at airports from state and local planning laws - resulting in developments which may be inconsistent or incompatible with surrounding developments or local growth strategies;
- The absence of any developer contributions regime to ensure that Airport Lessee Companies (ALCs), and not the local ratepayers, pay for the enhanced infrastructure costs of their developments;
- The inadequate community consultation, lack of transparency and public accountability in the development approval process for developments worth less than \$20 million. Unlike other development control authorities, the Airport is not required to give any public notice of such approvals sought and approved;
- The inadequate planning assessment, which fails to consider impacts of airport development on environment, amenity, infrastructure, properties and business in surrounding areas; and
- Ineffective master planning and development approval processes resulting in unrestrained retail development at airports at the expense of future aviation expansion needs.

Local Government recognises the importance of Sydney Airport as a regional aviation hub, its significance to the local, regional and Australian economy, and its importance to Sydney as a 'global city'. The airport is also a significant employer with many of these employees residing in local government areas geographically close to the airport. There are existing and potential economic benefits for local councils as well in related transport and service type industrial development not able to be located within the airport perimeter. Nevertheless we are adamant that these key economic drivers should not be used to justify development outside conventional, robust and transparent planning procedures that take account of the broader impacts on adjacent local and regional areas.

The Associations accepts the view that the aviation elements of airports are key parts of the nation's infrastructure and their planning is a matter for the Australian Government. However the occurrence in recent years of extensive non-aviation commercial developments does not constitute key national infrastructure and therefore does not justify being excluded from state and local planning regimes.

While we understand the Australian Government's desire to keep control over the planning for airports sites as a whole, the Associations ask that in relation to commercial developments on airport land the Minister be required to appropriately consult with Local Government, assess consistency with state and local planning policy, and to take account of the proposed development on nearby residents businesses and other transport infrastructure.

Local Government recognises that the Airports Amendment Bill 2006 and the Airport Development Consultation Guidelines 2006 has made some new requirements to make development plans more readily available to the community and councils, and made more explicit the expectation that ALCs demonstrate how they have given due regard to public comments on master plans, major development plans and airport environment strategies but there is no mechanism specified as to how the improved consultation should happen. The Guidelines are voluntary and do not have the force of law required to balance the position of an Airport in controlling the master plan process, against that of members of the community.

To achieve improved local area planning and environmental outcomes, it is essential to utilise available knowledge of ecosystems, site opportunities and constraints. Therefore, a reform of the current planning regime to put in place a statutory obligation for the Airport to use a joint approach with the Local Government in the master planning and impact assessment of development seems to be the solution.

In most cases, zonings in the approved master plans of airport are characterised by such vague generalities that they may be ineffective. There is almost no conceivable development which would be prohibited by any of the master plans so far approved. Besides its flexible long list of uses, which may be approved in various zones, the Sydney Airport Master Plan for example also includes the provision that, "Development uses which are not specified in a particular zone may be permitted on a case by case basis, following consideration by SACL [Sydney Airport Corporation Limited]"

The approval process for airport developments also appears to be inconsistent with National Competition Policy Commercial non-aviation development on airport land should be subject to the same level of scrutiny, community consultation and planning assessment as similar developments under state or local planning laws and regimes.

With the exception of a single case of rejection on safety grounds of a retail development close to a runway at Sydney Airport, the absence of any substantial evidence of significant amendment or rejection of a development proposal by the previous Government substantiates the ineffectiveness of the whole process.

Requiring Airport Major Development Plans which propose developments of a non-aeronautical nature to be subject to the same requirements under the provisions of relevant planning controls on adjoining non airport land would enable local and state authorities to determine the off-airport impacts and associated costs. This would enable local and state authorities to collect developer contributions or similar, that are required to be paid by any other developer within a given local government area, to be used to improved road and rail links to and from airports.

At present transport links to airports are generally upgraded on an ad hoc basis after traffic problems are experienced resulting from, or exacerbated by, airport non-aviation developments. Upgrading and the financing of upgrades require protracted and costly negotiations between all levels of government and airport operators on an individual issue by issue basis. Airport operators have no legal obligation to provide contributions towards road improvements nor are they obliged to participate in negotiations.

8. Regional Airport Infrastructure Issues

Local Government is a key stakeholder in the provision of aviation services to regional Australia. Many airports in regional centres are owned and operated by local councils, and the infrastructure and associated airline services are vital components for the economic and social development of regional areas.

Also the range of issues faced by councils can vary significantly from council to council, depending on the size and range of airport facilities and services used by that airport. For example an airport such as Dubbo which serves about 50,000 passengers per year with multiple operators, faces issues such as security provision and other infrastructure costs related to potential use of jet services. In contrast, nearby Parkes airport, with only one operator and a passenger levels of only 10,000 per year, faces difficulties in funding their basic infrastructure costs through a limited ability to apply or increase landing/head fees. Still other councils have even more marginally viable airport facilities, where

council and state government subsidies are required to assist in the provision of air services and aerodrome facilities.

At airports outside of Sydney, operators have noted that landing charges have steadily escalated over recent years. While it is reasonable to expect the owners of these airports to recover the costs of their operation, their pricing practices have contributed to the cost pressures of small regional operators. Regional airports are almost exclusively owned and operated by Councils. Currently some councils charge fees reflecting the cost of the service provide, while others subsidise the services through their ratepayers, justified on tourism or regional development grounds, or to assist with the retention of their service. When one council in NSW attempted to increase landing/head tax fees to pay for necessary runway and infrastructure upgrades, the main airline operator serving that destination threatened to withdraw services.

A consistent approach to airport charging including the possibility of government subsidies where the taxation burden is shared by the community as a whole may address this imbalance.

Also some councils have noted difficulties associated with security upgrades at regional airports. This is particularly the case where operations are shifting to jet services which require additional security equipment such as X ray machines. While the Government has provided a degree of assistance for the purchase of this equipment, there remains in many cases the not in-significant cost of renovations required in terminal buildings to accommodate these new security arrangements. The Associations believe that aviation security is a Federal Government responsibility and as such all costs associated with these measures should be born by them.

9. Skills Shortage – Pilots

The current critical shortage of pilots has the potential to severely affect the viability of rural and regional air services. Already many regional centres have experienced the loss or suspension of services or a reduction in frequency, as operators, particularly smaller regional airlines, struggle to fill vacant pilot positions. A national aviation policy must address this important issue through initiatives aimed at providing more training facilities and greater financial help for would-be pilots.

10. Conclusion

Modern and efficient air services between country areas and the state capital are essential for the social and economic sustainability of regional areas that increasingly rely on air travel for access to the wide range of services no longer available outside Sydney. This includes travel related to essential business, education, health and medical purposes. In turn regional airlines are able to provide city-based business and leisure based travellers with efficient access to regional areas. Appropriate investment in the provision of these services, including pilot training initiatives, is therefore justified on state and national interest grounds.

The provision of airports and associated aviation services also provides a significant development impetus to regional areas and helps to further encourage development and business investment in that region.

Likewise, urban councils are directly affected by policies regulating access to the larger city airports, especially relating to development on airport land and aircraft noise issues. A national aviation framework must include appropriate strategic policies addressing the long term airport needs for the Sydney region and especially including the impact on affected local communities.

Thank you for the opportunity to contribute to the Federal Government's deliberations on this issue of such importance to our members