



**Newcastle™
Airport**

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The Hon. Anthony Albanese MP
Department of Infrastructure, Transport,
Regional Development and Local Government
GPO Box 594
CANBERRA NSW 2601

Dear Sir,

RE: National Aviation Policy Green Paper

Thank you for the opportunity to provide feedback on the National Aviation Policy Green Paper.

Newcastle Airport Limited (NTL) is pleased to provide our response to this paper, as a step towards the delivery of a much needed National Aviation Policy.

NTL is fast emerging as a critical player in aviation growth domestically and potentially internationally.

NTL has thoroughly considered its position and how it could contribute to the introduction of the policy including the impact it would have on us. I hope the following feedback will assist in finalisation of the White Paper.

Please do not hesitate to contact me should you wish to discuss any of the enclosed matters in greater detail.

Yours faithfully



Paul Hughes
CEO

Towards a National Aviation Policy Statement

Newcastle Airport Limited response to Green Paper



I. Introduction

The release of the National Aviation Policy Green Paper in December 2008 clearly identified the key areas and priorities for the Government as it continues to develop Australia's first ever comprehensive aviation industry strategic plan. Newcastle Airport is pleased to have the opportunity to contribute to the process by way of feedback and dialogue on the issues covered.

Newcastle Airport (NTL) is fast emerging as a critical player in aviation growth domestically and potentially internationally.

NTL is uniquely positioned in terms of its proximity to a large catchment population (over 1 million), diverse tourism product but more fundamentally as a tenant of the Department of Defence within RAAF Base Williamtown.

The positioning of NTL and the continuing public discussions regarding the constraints of Sydney (Kingsford Smith) Airport raises increasing levels of debate as to the future role of NTL.

The issues surrounding the coexistence of NTL with RAAF Williamtown as a Fighter base are not well understood resulting too often in comments that do not consider:

- > The strategic importance of RAAF Williamtown as a Defence Base
- > The economic contribution of RAAF Williamtown and related aerospace industry
- > The operating limitations placed on NTL by its Head Lease and Operating Agreements which form the framework within which NTL is restricted to operate by the RAAF and Department of Defence.

A review of these limitations should be founded in a clear positioning policy statement that accounts for Defence considerations as well as the increasing importance of airports, albeit scarce as they are, as drivers of economic growth, through Low Cost Carriers in particular. The net regional economic benefit generated by NTL is assessed as \$433 million annually, supporting 3,128 jobs, of which the tourism sector derives a benefit of \$150 million or 894 jobs annually.

A second key theme remains, being the need for improved transport infrastructure to and from the airport, but this can be best dealt with once the strategic importance of NTL is better understood in the National Aviation context.

A copy of the NTL Master Plan, endorsed by the Department of Defence in May 2007 can be found at www.newcastleairport.com.au

Since the Master Plan endorsement NTL has completed a \$9 million aircraft parking apron effectively doubling its ability to handle domestic jet aircraft but equally importantly creating a capability of handling future international point to point aircraft such as B787 or A330.

The delivery of expanded Terminal facilities and additional car parking has commenced in early 2009.

Feedback on the matters covered under the chapter headings in the green paper are addressed, broadly in the context of NTL, in Attachment A.

I am more than happy to provide additional detail or commentary should it be required.

Our key submission point is to clearly agree the future role of NTL in regard to its ability to grow in servicing the Aviation Industry, driving economic prosperity without fettering the functionality and pre eminent importance of RAAF Base Williamtown.

A realistic review of growth restrictions can only be made in that policy context.

2. Executive summary

Aviation Policy – Green Paper response

- > Regional Airports can play an increasing role providing international air services, on a point to point basis, reducing the impact on capital city airports.
- > Lack of Federal Funding for Customs, Immigration, Quarantine and Security functions are major impediments to growth.
- > Land transport infrastructure is an essential ingredient to optimising airport utilisation.
- > The ability for regional airports to attract low cost carriers, domestic and international, is a significant competitive advantage driving economic growth, particularly tourism.
- > Deregulation of the aviation market is essential to growth.
- > Roles of all levels of government in airport planning and development require urgent review and streamlining, including the planning role of the Department of Defence in civil/military airfields.
- > Newcastle Airport has the capacity to grow to approximately 4 million passengers per annum including limited international services. This growth can be achieved within the current RAAF operational constraints, however, an increased degree of flexibility is desirable, including:
 - > Increasing arrivals from six to eight per hour (to align with maximum aircraft parking capacity)
 - > Increasing standard operating hours from 6am-10pm to 6am-11pm to align with Australian curfew standards
 - > Inclusions of a set number of Code E (international) flights at say two per day.
 - > Consider 'back of clock operations' to promote:
 - > Aerospace engineering activity
 - > International flights
 - > Freightwith appropriate noise mitigation procedures in place.
 - > Benefits being:
 - > Economic and tourism growth
 - > Efficient use of airport and airfield infrastructure
 - > Certainty for all stakeholders
 - > Decreasing pressure on Sydney Airport
 - > Improved social connectivity
- > Non aviation commercial development and continuation of the 'dual till' approach to airport pricing is essential for airport investment.
- > The cost of regulatory reform, on regional airports, is difficult to justify.
- > Aviation security should be based on a risk based approach that delivers cost effective solutions that do not put at risk aviation services to rural, regional and remote communities. Federal Funding for security (or lack of it) currently prejudices some communities.

1. Aviation safety

Comment

- > The relationship between CASA, ASA and RAAF needs to be clearly defined in order to avoid uncertainty in areas such as air space management and safety standards.
- > The matter of defence operated airfields conforming to civil safety standards needs to be addressed.
- > NTL supports the objective of a joint national ATM platform that would enable civil and military ATM systems to be more closely integrated. This objective also gains support from TTF in their response highlighting Newcastle and Darwin as airports that can benefit from the harmonisation of ATM services.
- > NTL looks forward to seeing the joint Ministerial submission prepared by the CEO of Air Services and the Chief of Air Force which will outline what a joint national ATM platform will deliver.

2. Aviation security

Comment

- > A consistent approach needs to be adopted for aviation security with the jet versus non jet powered aircraft issue being an example.
- > Security should be a risk based, cost benefit approach otherwise it will become a significant disincentive for regional air travel and potentially put smaller airlines out of business.
- > There needs to be a balance between real risk and perceived risk at regional airports.
- > Regional airports are not resourced to cope with the increasing level of regulatory reform including the levels of consultation departments are demanding.
- > Major airports, such as NTL, are not considered for any government support but are not of such size that additional costs can be absorbed, as is the case with capital city airports.
- > The cost of reforms, on regional aviation, is not commensurate with the perceived benefits.
- > NTL airport met all of the new domestic security requirements mandated for 01 December 2008 ahead of time. NTL airport is also moving towards a “swing gate” design for future terminal expansion improving the capability of handling increased domestic passenger volumes as well as attracting point to point international aircraft from time to time. The funding of CIQ infrastructure remains a significant impediment.
- > Restrictions for NTL airport growth, not necessarily based on real rather than perceived issues, clearly inhibit future growth and require a review at the national level particularly given NTL airports potential to increasingly service a significant population catchment. The cost of regulatory requirements and compliance if unaddressed will further inhibit growth opportunities. Regional airports should feature in local government planning.

Attachment A

3. International aviation

Comment

- > New Zealand should be treated as domestic through common border or reduced CIQ requirements. This would better place New Zealand and Australia as an attractive international tourism destination through improved air accessibility similar to that achieved in the EU. Regional Airports could play an increasing role in access to/from New Zealand with significant tourism benefits. The submission of TTF and recent media comment by Jetstar indicate a ground swell of support for the common border approach.
- > Lack of funding of border agencies and CIQ infrastructure inhibits growth for regions, including cargo.
- > Key limitations for regional growth include cost of infrastructure required for international and major regional airport infrastructure such as border agencies and security for freight. This is exacerbated by lack of funding and/or inequitable financial support for development of such infrastructure. Inadequate transport infrastructure also severely limits the capability of regional growth. NTL is uniquely placed to play a more significant role given its proximity to Sydney.
- > New international airlines should be encouraged particularly where point to point services are sustainable outside of capital city markets, particularly focusing on the emerging markets of India and China. This will no doubt result in significant tourism flow on but once again would be reliant on appropriate transport infrastructure connections to capital cities.

4. Domestic and regional aviation

Comment

- > NTL airport supports a deregulated aviation market as the best model for the delivery of air services. A continued move into privatised airports allowing market driven response to growth is supported.
- > Clarity is required around the matter of Government responsibilities when our operation is at a military aerodrome.
- > Commonwealth and state regulators must avoid doubling up on matters that could cause disincentives to smaller airport and airlines.

5. General aviation

Comment

- > No comments

6. Industry skills and productivity

Comment

- > The main concern for NAL is the shortage of air traffic controllers, both civil through Air Services Australia and also military via the RAAF. Some alignment of skills needs to be considered to allow a degree of flexibility, such as civilian controllers manning RAAF towers during times of non military operations.
- > Beyond the often discussed skills shortages for pilots and engineers, consideration should also be given to industry development for airport management skills based training and also ATC. ATQF should also include aviation to strengthen the skills development mandate.

Attachment A

7. Consumer protection

Comment

- > No comment

8. Airport investment – planning for responsible growth

Comment

- > Non-aeronautical development is essential to de-risk the volatility of aviation revenues, the current impacts of the Global Financial Crisis being the most recent example.
- > There needs to be clarity and clear definitions in what is considered a 'major airport' or 'major regional airport' and which airports are subject to the airports act. The Green Paper response by the Australian Airports Association also raises this matter which could have significant impact on its members moving forward. This is critical to fully understand the impact of the Airport Planning Advisory Panels and if they will have any remit to assess master plans such as that of NTL which is only submitted to and approved by Dept of Defence.
- > NTL recognises and appreciates the provision of services such as ATC, Fire and rescue afforded by the RAAF for civil movements and understands that moving forward there is a need for possible cost recovery for the provision of service levels over and above those required for military movements. Currently NTL is unable to contest or supplement these additional RAAF services. Moving forward there needs to be a mechanism in place that can allow NTL to approach 3rd parties to provide services for civilian operations. Failure to do so could result in an increase in charges to airlines and ultimately reduce the competitiveness of NTL as an aviation business.
- > There is a disconnect between federal focused airport planning controls and community impact, exacerbated by airport v non airport commercial development considerations which should be resolved at the local level. Importantly, responsibility for transport infrastructure to airports needs to be clarified. This cannot be dealt with at a local level and is continually handed between state and federal governments responsibility with little attempt to correlate infrastructure development with airport growth. Planning controls should include SEPPs / LEPs that clearly have common federal airport standards. With regard to air services regulation, safety and security once again these should be based on risk based approaches using relevant data rather than perception.
- > NTL has the ability to accommodate 3-4million passengers per annum under existing constraints. RAAF have concerns as to the impact of continued growth, however, evidence shows that increasing passenger numbers are not “directly” correlated to number of flights, as the size of aircraft increase. There are RAAF concerns regarding the introduction of Code E international point to point services, even though they are considered in the Defence approved Master Plan, of which RAAF was a key contributor. Examples such as the Gold Coast show that international traffic could be on the same type of aircraft as Domestic routes or Code E aircraft as infrequent as one arrival daily. A realistic review of constraints will allow NTL to grow significantly with little/no impact on Defence activities, achieve a more effective utilisation of critical (and scarce airfield assets) and provide a significant economic contribution, particularly in terms of tourism. Constraint changes should consider:
 - > Increasing arrivals from six to eight per hour (to align with aircraft parking capacity).
 - > Increasing standard operating hours from 6am-10pm to 6am-11pm to align with Australian curfew standards. RAAF flies to at least 11pm during daylight saving.
 - > Inclusions of a set number of Code E (international) flights, at say two per day.

Attachment A

- > Consider 'back of clock operations' to promote:
 - > Aerospace engineering activity.
 - > International flights.
 - > Freight with appropriate noise mitigation procedures in place.
- > The key concern of RAAF appears to be aircraft noise impacts. Commercial aircraft are becoming quieter and more efficient (contrary to Defence fighter aircraft).

> As is documented, Newcastle Airport, in accordance with our approved Master Plan is embarking on a series of developments that will position us favourably to be able to accommodate any additional frequency that cannot be facilitated in Sydney or elsewhere in NSW. Ground transport links to and from Newcastle Airport remain a potential inhibitor for long term growth.

> In terms of pricing, market forces should be a key driver of pricing at airports given their inherent differences but the principal of a dual till approach should continue to be supported. One of the unique features that need to be considered is the cost of transport to various airports and how that impacts on the overall travel cost, particularly in less developed or remote areas where the cost of transport can be a more significant cost than that of direct air travel itself.

9. Aviation emissions and climate change

Comment

- > The real impact of aviation emissions on climate change need to be understood and made public. The perception of aviation being a major emitter of greenhouse gases needs to be addressed with statistics.
- > NTL fully supports the view that airport and apron design can assist airlines to reduce their emissions however for smaller airports this could incur additional costs which would increase their cost of operation.
- > Newcastle Airport has adopted a policy framework to attend to the impacts of Greenhouse Gas Emissions including:
 - > Getting our own house in order i.e. reducing our carbon footprint
 - > Working with industry on emissions reductions strategies.
- > The Australian Airports Association model provides a consistent framework for all airports nationally to work towards

10. Noise impacts

Comment
> Whilst curfews are in place for good reason it is felt there needs to be clear guidelines and consistency amongst airports in terms of hours of operation, and curfew dispensation criteria. This would benefit airlines and airports when planning schedules.
> Local government planning must take into consideration the future development of aviation when considering the location of noise sensitive developments
> When considering flight path management techniques, the economic implications must also be considered. NTL is working with Defence/RAAF on a framework to manage flight paths and noise impact perceptions.
> NTL has a range of noise mitigation procedures that can assist in minimising perceived noise impacts. <ul style="list-style-type: none">> Airlines and airports must work cooperatively to mitigate noise impacts whenever possible> RAAF need to be engaged with civilian airport operators when future military acquisitions (JSF) could have an overall impact on noise and future development.