



Hon A Albanese MP  
Minister for Infrastructure, Transport,  
Regional Development and Local  
Government  
Parliament House  
CANBERRA ACT 2600

3 March 2009

Dear Minister

I refer to your invitation for comments on the Aviation Green Paper released on 2 December 2008.

Singapore Airlines welcomes the opportunity to participate in the development of the White Paper and has prepared a contribution to the process. Please find enclosed a copy of our submission.

Should you or your Department require any additional information please do not hesitate to contact me on 02 9350 0211.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Subhas Menon'.

Subhas Menon  
Regional Vice President  
South West Pacific



Singapore Airlines welcomes the Australian Government's continued commitment to consultation with industry in the development of a National Aviation Policy and provides the following comments in respect of the Green Paper. Singapore Airlines reiterates all its comments made in its 27 June 2008 submission in response to the Issues Paper 'Towards a National Aviation Policy Statement', but to avoid repetition, will not traverse the same issues in this paper.

### **International Aviation**

As the Government has acknowledged in the Green Paper, international aviation plays a key role in connecting people and countries. Aviation can foster trade, tourism, culture, understanding, business opportunities and prosperity and deliver strong consumer benefits. Like free trade and free enterprise, free skies bolster economic growth and deliver good service, greater efficiencies and prospects for business viability, which largely benefit the average consumer.

Singapore Airlines has noted comments made by the Minister for Infrastructure, Transport, Regional Development and Local Government that the entry of a new airline on the trans-Pacific route will "put downward pressure on ticket (prices) and support jobs in Australia's aviation and tourism industries."

Liberalisation of air services engenders competition and access to global trade and tourism so vital for island nations like Australia and Singapore. Just as in other industries, liberalisation and ensuing competition ensure that people have access to the best products and services. The implementation of a more liberal aviation policy is one way for Australia to achieve closer ties with other countries and ensure the benefits arising from greater economic integration, enhanced cultural ties and competition accrue to all Australians.

While it is true to say that Australia has one of the most open, competitive domestic aviation sectors in the world, the same cannot be said of Australia's approach to international aviation. Over the past decade a number of Australia's key trading partners

have moved to liberalise not only their domestic regimes, but also their bilateral arrangements. The United States, New Zealand, and Singaporean Governments have for years adopted bilateral 'open skies' policies, while more recently European Union, South American, APEC and ASEAN countries have pursued liberalisation on a multilateral and/or regional basis. Australia has been slow to recognise this trend and consequently remains relatively restrictive in its approach, continuing to uphold the sectarian argument that liberalisation in this country "needs to be balanced with what is in the nation's interest."

While the Government's intention to continue to pursue a policy of securing capacity ahead of demand is worthwhile and we are appreciative that the Government recognises the importance of airlines being "able to make commercial decisions on whether a service is viable", the policy is meaningless without the Government specifying a timeframe in which these decisions can be anticipated. The Green Paper's commentary on the trans-Pacific route is a clear example of this, for instance what constitutes "a reasonable opportunity" when V Australia's efforts to establish itself on the route will be the sole determinant of the route's future liberalisation? Additionally, the Government's failure to articulate a policy vision beyond this potentially quite immediate timeframe will hamper any planning an airline might do.

If the Government is to include as a factor to be taken into account in assessing the national interest for bilateral negotiations, the extent to which international airlines are prepared to invest in Australia, then we respectfully suggest that it also take into account the views of the Australian Competition and Consumer Commission (ACCC). The national interest test should not solely be about investment in Australia for the sake of it, but because it will deliver a better outcome and greater choices for Australian consumers.

While the Government has proposed linking the liberalisation of routes to airlines that are prepared to invest in Australia how do Australians and the Australian economy benefit if such a test or the investments do not expand choices available to the consumer? On the other hand, the ACCC's test would potentially result directly in airlines' ability to offer

the consumer choice in benefits such as routing, frequency, flight times, products, services, frequent flyer programmes, network and of course price. An investment criterion is not only potentially a deterrent for consumers as it translates to higher cost, but also for business and fails to recognise that airlines operating to Australia already do invest in Australia by employing Australians and supporting the Australian tourism and transport sectors. Liberalisation provides numerous consumer and economic benefits; the Government's plan to 'force investment' will undermine those benefits. Denying consumers the benefits of competition while forcing airlines to invest money for no obvious return in the face a challenging operating environment would serve little national interest.

Furthermore, the Government's signal in the Green Paper that it intends to use routes to leverage greater access seems to ignore the fact that a number of countries, like Singapore and New Zealand already allow Australian carriers unrestricted access to their markets and beyond. How else could Qantas have established Jetstar Asia in Singapore for example? How can "greater access" be leveraged when access is already without limitation, or very close to it?

For these reasons, the Green Paper portrays the future of international aviation policy within Australia as ambiguous and protectionist. Even after the Green Paper, airlines like Singapore Airlines, remain unclear as to whether the pace of air services liberalisation will change in response to the wishes of State Governments, airport operators, tourism bodies, exporters, businessmen and airlines, or simply continue to be arbitrary and remain a topic of 'debate'.

### **Airport Pricing**

Singapore Airlines is encouraged by the Government's commitment to achieving a fair balance between aeronautical investment and transparency in the provision of airport services. Although it is not clear from the Green Paper how the continuation of price monitoring arrangements are delivering or will continue the necessary transparency.

Singapore Airlines for example has just received notice of an increase in rent of 5.56% at one airport; this is despite the reductions in capacity at this port and a steady reduction in adjacent CBD rentals. The airport in question said it had reviewed its own rents at the airport to determine the increase, but no basis for the increase has otherwise been provided. The airport has provided no flexibility in this instance, even despite the current volatility in the aviation market. We look forward to receiving further information as to how the Government intends to exert its influence in cases like this where airlines have no recourse to challenge the decisions made by the monopolistic provider.

### **Aviation Security**

That the Government is looking at options for consistency across aviation security measures is extremely welcome. Singapore Airlines will be happy to discuss our experiences operating to 66 destinations in 35 countries with Australian Government officials reviewing the approach taken in Australia.

### **Noise Impacts**

We note the Government intends to retain the existing curfew arrangements at Australia's four curfewed airports, two of which we operate to (Sydney and Adelaide). Singapore Airlines was extremely disappointed to learn at the National Aviation Press Club Address given by the Minister on 2 December 2008 that the Government is actively considering curfews at other airports, including Brisbane. The Australian Government's refusal to consider alternative proposals that operate in other cities around the world, like London, is disappointing.

### **Final Comments**

Singapore Airlines is a member of the Board of Airline Representatives of Australia Inc. (BARA), the industry association representing the interests of international airlines

operating to and from Australia. Singapore Airlines is also a member of the Tourism and Transport Forum (TTF), the national forum advocating the public policy interests of 200 corporations and institutions in the Australian transport, property, tourism and infrastructure sectors. In addition to Singapore Airlines contribution to the process, the Airline supports the submissions made by BARA and TTF.