National Aviation Policy
Green Paper: Flight Path to the Future

Sydney Airport Corporation Limited

Submission to the Department of Infrastructure, Transport, Regional Development and Local Government

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This is a revised submission that presents corrected data on page 6.

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Sydney Airport's Response to the National Aviation Policy Green Paper: Flight Path to the Future

1) Introduction

Sydney Airport is Australia's major gateway to the world. It is arguably the single most vital piece of transport infrastructure in the country today, facilitating the exchange of freight and passengers, and all the associated benefits that flow from aviation travel. In an increasingly globalised economy, Sydney Airport is central to Australia's competitiveness.

The 907 hectare site contains Australia's busiest airport servicing 43 airlines, connecting to 51 international, 23 domestic and 28 regional destinations. Its very location, only eight kilometres from the Sydney CBD, provides unique advantages to Sydney and NSW which underscores the need to retain it as Sydney's international airport. The benefit of its location, and ease of access to the majority of Sydney residents, will become increasingly important as fuel costs rise and more emphasis is placed on commitments to reduce carbon emissions.

In 2008 Sydney Airport saw 32.9 million passengers pass through its terminals. Sydney Airport is a vital link to the rest of the world with 45% of all Australia's international traffic arriving in Sydney. Sydney Airport's contribution to the economy cannot be understated. The economic impact is equivalent to 2% of the Australian economy and 6% of the NSW economy, and 206,133 jobs rely either directly or indirectly on Sydney Airport.[1]

a) Private ownership has delivered a better Sydney Airport

As indicated in Sydney Airport's submission on the Aviation Issues paper, Sydney Airport has been managed efficiently and successfully in the years since private ownership. Since 2002, Sydney Airport has managed to keep aeronautical fees and charges reasonable, whilst meeting or exceeding customer expectations and continually investing in the infrastructure to ensure facilities stay amongst the best in the world. Sydney Airport, under private ownership, has delivered benefits to airline customers, passengers and the Australian economy and operates an efficient and world's best practice airport.

With private ownership, there were some initial concerns that fees and charges would dramatically increase. Recent surveys and studies have proven those concerns to be unfounded. The Productivity Commission[2] has said charges at Australian airports are, for the most part, mid-range by international standards. These competitive charges are set to continue with Sydney Airport's recent successful negotiation of commercial pricing agreements with airlines which extend to 2012.

The Productivity Commission also reported that short and long-stay parking charges at Sydney Airport are around one-third less than in the Sydney CBD.

Sydney Airport's high levels of service and competitive fees and charges could not continue if money was not continually invested in the asset. TTF has noted that since private ownership of Australia's airports was introduced, "billions of dollars are being invested in airports…these long planned, long-term investments will translate into more capacity, efficiency gains, and enhanced benefits for the entire community as well as airport business over the long term."[3]

[1] "The Economic Impact of Growth at Sydney Airport", Sydney Airport Corporation Limited, 2008
[2] Review of Price Regulation of Airport Services, Australian Productivity Commission, 2007
[3] Assessing the Impact of Airport Privatisation, Tourism and Transport Forum, 2006

Since privatisation, Sydney Airport has invested $850 million into its infrastructure. It has invested millions in upgrading terminals, enhancing roads, building new car parking spaces, upgrading and widening taxiways and strengthening runways.

Sydney Airport, since the change of ownership, has been a success for customers and more broadly for the Australian economy. Sydney Airport is proud of its achievements and is keen to build upon its successes in the decades ahead.

2) International Aviation

a) Market Liberalisation

Sydney Airport supports the stance that the Government has taken to liberalisation of the international aviation market.

In recent years, Sydney Airport has welcomed new or increased international services from Emirates, Etihad, Cathay Pacific, Singapore Airlines, Thai Airways International, Viva Macau, Air China, Philippine Airways, China Airlines, Aerolineas Argentinas, Lan Chile, Air Pacific, as well as Jetstar International, Qantas, and the Virgin Group. V Australia is scheduled to commence services in February to the United States, and Delta has announced the commencement of USA services mid-year.

Open skies benefits Australia through allowing competition on international air routes, reducing airfares, stimulating tourism and opening further opportunities for Australians to travel. This is beneficial for Australians and for Australia. The full benefits of market liberalisation are able to be achieved where Governments do not seek to intervene in airlines' market decisions such as frequencies and the airports to which they can operate.

In addition to continuing to pursue market liberalisation, Sydney Airport also considers it important that the Government seeks to ensure that adequate capacity is available on routes well in advance of those routes becoming capacity constrained. This will give airlines a solid platform for what are typically long term fleet purchase decisions and provide for stable market growth by avoiding periods of high load factors and high equilibrium fares.

b) International aircraft movements during curfew shoulder period

Under section 12 of the *Sydney Airport Curfew Act 1995* (the Act), international passenger aircraft may land at Sydney Airport between 5am and 6am (known as the curfew shoulder period). To minimise the impact in residential areas, the Act requires such aircraft to use Runway 34L, thus ensuring the aircraft approaches the runway over water. The Act also requires that the number of such landings is not to exceed 35 per week or 7 on any one day. However, the regulations made under the Act specify that the number of such landings is not to exceed 24 per week or 5 on any one day.

Apart from highlighting the different cap employed in the Act and the Regulations, Sydney Airport is aware that this restriction can be problematic for some international airlines using Sydney Airport, particularly those airlines operating long haul flights to Sydney which, due to Australia's location in the world, need to arrive during the morning peak. As many of the international airlines using Sydney Airport already use, and will increasingly be using, new generation quieter aircraft, and as such landings must occur over water in any event, the environmental impact of such landings today is less than it was when the Act and Regulations originally came into force. This trend will continue over time. As such, it would be reasonable for the Government to review the issue and to consider bringing the regulated cap into line with the cap contained in the Act.

3) Economic Regulation and Regional Aviation

The Current Regulatory Regime for Airport Pricing

The Light Handed Regime

Sydney Airport notes that the airport pricing regime outlined in the Government's Green Paper is essentially an endorsement of the regime in place until 2013, involving commercial negotiation between airports and airlines, supported by monitoring of airport prices, costs and revenues and recourse to the national access regime. Sydney Airport has demonstrated that this light handed framework has been successful in promoting the formulation of commercial agreements with airlines, providing for stability of aeronautical charges, facilitating high levels of investment in airport infrastructure and sustained quality of service. The framework has been highly successful and has been instrumental in promoting flexibility and responsiveness in the timely provision of essential airport-related infrastructure.

Sydney Airport has innovative and sophisticated commercial agreements in place with all of its passenger airline customers. This provides a sound basis for ongoing operation and development of the airport. These agreements were achieved without the need for recourse to third party arbitration. Indeed, this outcome could not have been achieved with the same level of success with an arbitral framework. Accordingly, Sydney Airport endorsed the view in the Green Paper that compulsory third party arbitration arrangements are not required.

The successful completion of comprehensive commercial arrangements was underpinned by regulatory certainty, following confirmation in 2007 that the light handed regime was to remain in place for another six years. Continued regulatory certainty is essential to Sydney Airport's ability to plan and invest and raise the capital necessary to continue to develop the airport to meet demand and customer expectations.

Part IIIA

The Green Paper notes that the Government is currently considering amendments to the access regime under Part IIIA of the Trade Practices Act, but provides little in the way of detail about proposed amendments. This legislation has the potential to significantly affect investment certainty for major airports, and indeed, infrastructure providers generally. Sydney Airport considers it important that Part IIIA appropriately balances the interests of infrastructure providers and users.

In this regard, the decision by the Federal Court in October 2006 in relation to Virgin Blue's application for declaration of domestic airside facilities at Sydney Airport has significantly reduced the hurdle to having infrastructure declared under the national access regime. The Federal Court determined that, in order for infrastructure to be declared for access purposes, it was not necessary for there to be any impediment to access. A facility would meet one of the key criteria for declaration merely if it was a necessary input to the user's business. The Productivity Commission concluded that this presented a much lower test for declaration than intended by the legislation and risked deterring investment in a broad range of infrastructure industries. The Commission recommended that the Government amend Part IIIA to ensure that the hurdle for declaration remained sufficiently high to preserve the intended status of the regime as a mechanism of last resort.

Sydney Airport has previously provided substantive input to the Treasury regarding possible amendments to the access regime, and considers it vital that the Government consult widely on its proposed approach to the regime.

Regional Services at Sydney Airport

Pricing controls

Sydney Airport remains the only Australian airport at which slot availability and prices for regional users are subject to regulatory control.

Price controls have not been subject to review for a decade. They continue to operate to hold prices for regional users at artificially low levels, cause cross subsidies from other airport users and act as a disincentive for investment in regional facilities. The extent of the pricing distortion is evidenced by the fact that the cost of operating a regional aircraft through Sydney Airport is now lower than at Bankstown Airport. For example, a Saab 340 aircraft carrying 24 passengers (at a load factor of 70%) would incur landing and terminal charges at Bankstown Airport that were 12% higher than at Sydney Airport.

With the pricing constraint applied at Sydney Airport, regional carriers are effectively disincentivised to consider other Sydney markets. In this regard, if a regional carrier were to form a commercial view that there was demand for services through Bankstown Airport, the enforced price differential would act as a disincentive for them to operate there compared with Sydney.

Regional Pricing: Sydney Airport and Bankstown Airport

Saab 340 (turnaround)	Terminal Charge	Runway Charge	Total Cost
MTOW (kg)		13,155	
Seating Capacity	34		
Pax on Board (70% load)	24		
Bankstown	$4.40/pax	$13.60/tonne/land	
	$211	$179	$390
Sydney	$4.95/pax	$55 min/land & dep	
	$238	$110	$348
% Difference	-11%	63%	12%

* charges include GST and exclude security and aircraft parking charges

Government intervention distorts the necessary price signals required for the efficient use of infrastructure and interferes with what should be regarded as normal commercial arrangements between airlines and an airport.

The existing set of price regulations expire in June 2010, and Sydney Airport considers that the price arrangements applying to regional users should be the subject of a formal review by the Government prior to their expiry. Sydney Airport recommends that such a review be conducted by an independent body such as the Productivity Commission and that it be undertaken within a framework of clearly stated Government policy goals in relation to regional aviation in NSW.

Ensuring efficient access by regional airlines

Sydney Airport recognises the importance of regional aviation to country areas and, in particular, to people living in remote parts of NSW. Sydney Airport therefore supports continued access by regional airlines to Sydney and the Preliminary Draft Master Plan 2009 (PDMP) has been prepared on the assumption that guaranteed access to Sydney Airport for regional passenger services will continue to apply during the 20 year planning period.

Due to a number of ad-hoc government policy decisions taken over many years, flights to and from areas of regional NSW are now granted a significant number of all Sydney Airport's aircraft movements, especially during peak periods between 7-11am and 5-7pm. For example, between 7-8am 28% of all movements and between 6-7pm, 37% of all movements are regional NSW slots. This is called the "regional ring-fence." In recent years, a number of major road transport linkages connecting Sydney to nearby regional centres (such as the Hume Highway and F3) have also been significantly upgraded thus reducing travel times.

Sydney Airport is and will remain a major contributor to the Australian economy. For example, it has been calculated that every 747 that arrives at Sydney Airport contributes $1.8 million to the economy and every A380 contributes $2.2 million. It is therefore in Australia's national economic interest to encourage more international flights to Australia. As explained above in section 3(b) of this submission, Australia's location in the world means that many international flights to Sydney need to arrive during the morning peak period. The regional ring fence – which, as explained above, results in 28% of all movements in just one hour of that morning peak (7-8am) being allocated to regional airlines – acts as a disincentive to attracting additional international flights.

Sydney Airport believes that, in the context of the national aviation policy, there are opportunities to better manage regional flights to Sydney and to achieve a more balanced mechanism to manage the increasing demand for access to Sydney Airport by all airlines, especially during peak periods, in a manner that will better serve the national economic interest.

In summary, Sydney Airport acknowledges the Government's policy intent to preserve peak period slots for regional airline passenger services, and notes that the regional ring fence is not anticipated to be an impediment to capacity utilisation under the current PDMP. However, this does not mean that these slots cannot be more efficiently utilised by regional users. Sydney Airport would appreciate an opportunity to work with Government and regional users to work towards arrangements that allow for better utilisation of regional slots at Sydney Airport.

4) Airport Infrastructure

a) Future Airport Needs: A Second Sydney Airport?

Sydney Airport's response to the Issues Paper saw "limited merit in a second airport when Sydney (Kingsford-Smith) Airport is significantly advantaged by its current location, is clearly able to sustainably meet projected growth for the forward planning period, and is undergoing continued re-investment. "

The Green Paper states that following completion of Sydney Airport's Master Plan, the Government proposes to initiate processes to identify additional aviation capacity for the Sydney region, consistent with the Government's policy of support for a second airport for Sydney. The Green Paper also states that the Badgerys Creek site is no longer an option but offers no reasons why this is the case.

While Sydney Airport will participate in and provide whatever information and assistance it can to the foreshadowed processes, it is the case that the Australian Government has been examining this issue since 1946.

In 1946 there was a study into sites for an international airport. In 1964 the NSW Government found that services at Sydney Airport would be at maximum capacity by 1980 and recommended that an airport be constructed at Towra Point. In 1971 a Commonwealth Committee found a second airport to be necessary and in 1973 the Whitlam Government announced its decision to construct an airport at Galston. In 1977 a study predicted that the existing airport could cope until 2000. In 1983 the Hawke Government initiated a program to identify a site for a second airport and in 1986 announced that Badgerys Creek was to be the site. In 1991 a report found that Badgerys Creek Airport would not be needed until 2014. In 1994 the Keating Government announced that construction of Badgerys Creek would be accelerated. Also in 1994 a Taskforce established by the Minister for Transport and Communications reported that Sydney Airport's capacity would be reached between 2003 and 2010. On 5 December 1994 (a month after the new parallel north-south runway opened at Sydney Airport), Mr Peter Morris MP tabled a report in the Australian Parliament addressing the adequacy of existing and planned aviation infrastructure in the lead up to the 2000 Olympics. He asked the question: "Can Sydney (Kingsford Smith) Airport cope with the 2000 games?" and answered by saying: "The conclusion of the Standing Committee on Transport, Communications and Infrastructure is that it cannot."[4] In 2002 the Howard Government announced that it would review the Sydney's airport needs in 2005.

In 2008 Sydney Airport released its Preliminary Draft Master Plan 2009 (PDMP) outlining how airport facilities including terminals, hangars, aprons, freight facilities and other infrastructure will be upgraded over the next twenty years to meet forecast passenger numbers of 78.9 million in 2029. The master plan will outline how the staged implementation and delivery of this new aviation-related infrastructure will proceed over the next 20 years, thus ensuring the needs of civil aviation users at Sydney Airport will be met throughout the planning period.

As has been demonstrated many times in this debate over the years since 1946, it is unwise to make decisions based on the assumption that Sydney Airport will soon exhaust its capacity to meet

[4] Mr Peter Morris MP, Hansard (Australian Parliament), 5 December 1994 on tabling the report of the House of Representatives Standing Committee on Transport, Communications and Infrastructure titled *Inquiry into the Sydney 2000 Olympics-the adequacy of existing and planned aviation services and infrastructure*. Mr Morris chaired the Committee and was a former Minister for Transport in the Australian Government.

Sydney's aviation needs. Technological advances on the ground and in the air are characteristic features of the global aviation industry. Such advances can and do result in capacity enhancement. It should not be assumed that there will be no further innovations into the future that will further enhance capacity. Already the advent of new aircraft has seen the average number of passengers per aircraft movement increase from 97 in 2000 to 127 in 2007. This trend will continue with Sydney Airport's PDMP predicting that the average passengers per flight will increase to around 192 by 2029. By way of comparison, in late 2008, the average aircraft movement at London Heathrow was 193 seats, at Amsterdam 140 seats while at Frankfurt 161 seats. The PDMP forecasts, as legislatively required, run to 2029. The forecasts do not represent, and should not be interpreted as representing, the airport's maximum operational capacity.

In 2008 Infrastructure Australia completed its preliminary audit of the nation's infrastructure and listed 94 infrastructure proposals for prioritisation. These 94 priority projects had a total cost in excess of $200 billion. Despite being raised in at least one submission, a second airport for Sydney, and the associated ground transport infrastructure it would require, do not form part of the priority list.

Infrastructure Australia also recommended that future infrastructure investment be directed towards the following themes:

1. A national broadband system;
2. Creation of a true national energy market;
3. Improving ports and associated land transport links to more efficiently cope with imports and exports;
4. A national rail freight network;
5. Adaptable and secure water supplies;
6. Expanding public transport services within cities and making better use of existing transport infrastructure; and
7. Improving services to Indigenous communities.

It is noted that a second airport for Sydney does not form part of these priority themes.

Any new airport site in or near the Sydney basin would have considerable drawbacks.

The first issue is location. Most of the sites suggested to date have been far from the Sydney CBD, some more than 100 kilometres away. Many – such as at Towra Point and Wattamolla in the Royal National Park – would have resulted in the destruction of high conservation value land. Other problems include the costs associated with land acquisition, building a new airport and the necessary fast transport links, estimated to cost a substantial sum running into the billions of dollars; the difficulty of establishing those fast transport links along corridors hampered by the geographical spread of Sydney, even apart from the time and additional costs involved in travelling to a more distant airport; and of course the environmental costs, with increased carbon emissions caused by the longer distance needed to be travelled between the CBD and any new airport.

To assist the process, the Australian Government should therefore make it clear whether it proposes to examine sites within or outside the Sydney basin as well as provide a clear definition of the boundaries of the Sydney basin. Sydney Airport suggests that the Sydney basin should be defined as that area bounded by the Tasman Sea to the east, the Blue Mountains National Park to the west, the Hawkesbury River to the north and the Sydney drinking water catchment lands and other conservation reserves to the Wingecarribee River in the south.

The Australian Government should also make a clear statement as to the reasons why, after two substantive and comprehensive Environmental Impact Statements, Badgerys Creek is no longer regarded as an option. Having a clear and transparent understanding of the factors involved in site selection and exclusion will assist all stakeholders in understanding and contributing meaningfully to the foreshadowed process.

Finally, the cost to industry of building a second Sydney airport would be substantially higher than the costs associated with the orderly development of the existing Sydney Airport as outlined in the Preliminary Draft Master Plan. There would also be substantial inefficiencies associated with split operations for domestic and international air services, the potential for competitive disadvantages for those airlines operating from the second airport (which would necessarily be remote from the Sydney CBD). As a result, the likely requirement for substantial subsidies to be made available over many years would be a significant impost on the community.

In Sydney Airport's view, therefore, the substantial cost, running into the multiple billions of dollars, needed to build a second Sydney airport, with associated fast transport infrastructure, cannot be justified in light of other identified infrastructure priorities, the infrastructure already in place at Sydney Airport and its demonstrated ability to sustainably meet the projected growth in demand.

The most efficient use of the nation's scarce infrastructure dollars, at least for the next 20 years, would therefore be to encourage further private sector investment in aviation infrastructure at the existing airport site and ensure that it is efficiently utilised by providing the necessary public sector investment in upgraded road and rail links to ensure a high level of service for the travelling public and air freight service providers.

b) Strengthening Arrangements for Community Consultation

Major airports are essentially multimodal transport hubs, the core function of which is to provide access to public transport. The demand on transport infrastructure – whether it be rail, bus or roads to and from an airport – is therefore actually generated by the broader public, not by the airport lessee company itself. It follows that an airport's function and basis of transport demand is not the same as it is for other private commercial developments (such as shopping centres).

Sydney Airport is keen to work with the NSW and local governments as part of improved arrangements for planning and development, but supports the Australian Government Minister retaining final decision-making authority for land use planning and development.

While some of the proposals outlined in the Green Paper for additional consultative measures can be supported, care needs to be taken to avoid unintended consequences. For example, Sydney Airport believes it important to ensure that an alternative model is not created that would result in local and state governments effectively becoming regulatory supervisors of Australia's major airports. Regulatory confusion has the potential to paralyse the process, create on-airport investment uncertainty and increased costs. It would undermine investment confidence and stifle economic development, both of which are contrary to the Government's stated aim of giving the aviation industry the certainty and incentive it needs to plan and invest for the long term.

In seeking to work with the states, the virtue of having the nationally consistent approach to development at major airports that exists now should not be undervalued. On the contrary, it should be prized. Reverting to some sort of state by state system would be a deleterious step and

clearly against the national interest. It would hinder innovation and the easy transference of skills and labour. Historically, lessons from the electricity, gas and water industries suggest that state based regulatory regimes are second best and have led to serious distortions in the efficient allocation of resources. It is no accident that one of the Council of Australian Government's significant achievements is to accomplish more national regulation of these industries and of the skills needed to operate them. Given these experiences, it would be peculiar for the aviation sector to adopt a regressive state-based regulatory approach.

Current Commonwealth legislation requires, and Sydney Airport is committed to, genuine consultation with all key stakeholders. During the review of Sydney Airport's existing Master Plan, an extensive consultation process was undertaken with stakeholders, including all levels of government, aviation and airport-related stakeholders, business and community groups, as well as the broader public.

The Green Paper proposes a number of ways to strengthen the existing arrangements for community consultation. The main proposal is to empower the Minister to require airport lessees to establish community consultation groups for each major airport to foster effective community engagement in airport planning and operational issues. It is envisaged that these groups would have an independent Chair; include airport and government representatives, as well as representatives from local communities and users; be funded by airport lease holders; have scope to address ongoing and current planning and development issues and other key areas of airport activity that impact significantly on the community (eg aircraft noise); and monitor community complaints relating to the airport and their handling.[5]

Sydney Airport notes that the revised terms of reference for the Sydney Airport Community Forum (SACF) establish that it is to act as a forum for:

- providing advice to the Minister for Infrastructure, Transport, Regional Development and Local Government, Sydney Airport and aviation authorities on the abatement of aircraft noise and related environmental issues at Sydney Airport (in particular it is the main body for consultation on the Long Term Operating Plan for the Airport); and

- providing advice to aviation authorities to facilitate improved consultation and information flows to the community about the Airport's operations. [6]

As the role and membership of the community consultation groups proposed in the Green Paper are almost identical to the existing terms of reference for and membership of SACF, Sydney Airport does not see a need to establish an additional community consultation group for Sydney Airport. Sydney Airport remains committed to continuing as a member of SACF. Indeed, as outlined in the submission to the Issues Paper, Sydney Airport believes that SACF has been an important link to Sydney Airport's stakeholders that has enabled dialogue between the airport and the community immediately surrounding the airport.[7]

It is also important to keep in mind that Sydney Airport is a major strategic asset for Sydney, NSW and Australia. It is therefore important that stakeholder consultation be not restricted to just those communities with particular concerns largely related to the operation of the airport. Getting the balance right is a challenge for Sydney Airport, all tiers of government and the broader community.

[5] see Green Paper, p 167.
[6] downloaded from http://www.sacf.infrastructure.gov.au/ on 19 January 2009.
[7] SACL submission to *Towards a National Aviation Policy Statement: Issues Paper*, p 13.

Sydney Airport would also contend that such bodies, if intended to provide advice to the Minister (as SACF primarily is), should be funded by the Australian Government rather than, as proposed, by airport lease holders. This would also help to reduce any perception that such a body, having been funded by an airport lease holder, would have a conflict of interest and be unable to provide objective advice. Alternatively, should the Government ultimately decide that such community consultation groups should be funded by airport lease holders, Sydney Airport would contend that airport lease holders, rather than the Government, should be responsible for appointing members to such groups.

Finally, to be genuine and effective, consultation must be a two way process and any new consultative arrangements need to reflect this. Sydney Airport's experience is that the NSW government (and, in some cases, local governments) have, on numerous occasions, failed to appropriately consult Sydney Airport or, if consultation has occurred, have failed to give due regard to the airport's comments and legitimate concerns when finalising a number of key strategies. In particular, the *2005 Metropolitan Strategy* and its various supporting subregional planning strategies (which directly impact on the airport and its customers) and the approval of the Cooks Cove redevelopment immediately beyond the western end of the east-west runway are cases in point.

c) Protection of Airspace

The protection of the immediate airspace around major airports is essential in ensuring a safe operating environment and to provide for future growth. For this reason, it is necessary to restrict some types of development and land uses in the vicinity of major airports.

Since Sydney Airport is only able to control on-airport development activities, the primary focus of airspace protection in surrounding off-airport areas and developments is under the control of the NSW Government and several local government authorities. Managing airspace protection must therefore be carried out cooperatively. As the Green Paper points out, however, "[t]o date, there has been limited coordination to ensure airports are protected from development in surrounding areas that is incompatible with aviation operations and growth."[8]

Sydney Airport has, as required, published drawings showing the Obstacle Limitation Surfaces (OLS) and Procedures for Air Navigation Services – Air Operations (PANS-OPS) surfaces. 'Prescribed airspace' is defined the airspace above any part of either an OLS or PANS-OPS surface. Controlled activities include buildings or other structures that intrude into the prescribed airspace. While controlled activities require the approval of the Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG), applications for approval must first be submitted to the airport-lessee company (ALC). The ALC is then required to give written notice of the application to CASA, AsA and the relevant council and to invite submissions. The ALC then submits the application to the DITRDLG accompanied by its own opinion and any submissions received. Given the nature and purpose of the prescribed airspace, Sydney Airport's opinion has and will continue to be that such applications should be opposed (the view being that a proposal that will result in the OLS and/or PANS-OPS surfaces being infringed will reduce airspace protection and therefore have the potential to undermine a safe operating environment).

[8] see Green Paper p 169.

Sydney Airport believes that, to improve transparency and accountability, the approvals process outlined above should be changed. The existing process has tended to create unnecessary confusion in the NSW Government and amongst some local councils concerning decision-making roles and responsibilities. As applications to the DITRDLG for approval of controlled activities must first be submitted to Sydney Airport, which Sydney Airport must then circulate to third parties for comment, applicants (and some in the NSW Government and from councils) routinely believe that Sydney Airport is the consent authority. Given its aviation safety based opinion on controlled activities outlined above, Sydney Airport is therefore often viewed as inappropriately blocking developments in areas around the airport or, more broadly, as impeding the achievement of important metropolitan strategic planning outcomes.

For example, the NSW Government has, through its Metropolitan Strategy and subregional strategies, set residential targets for local government areas in the vicinity of Sydney Airport totalling nearly 100,000 additional dwellings by 2031.[9] All councils are currently revising their local environmental plans (LEPs) to conform with these subregional strategies and to ensure their areas include sufficient zoned land to achieve their particular dwelling target. The higher terrain in some of these areas – including parts of Marrickville and Rockdale City – is such that the prescribed airspace constrains development more than it would in other low lying areas. These two councils have indicated that the prescribed airspace around Sydney Airport is therefore making it more difficult to achieve the NSW Government's dwelling targets (4,150 and 7,000 respectively), a difficulty that is compounded by the development restrictions that also apply as a result of the impact of *Australian Standard AS2021-2000 "Acoustics – Aircraft Noise Intrusion – Building Siting and Construction* and the ANEF[10]. Sydney Airport has some sympathy for the position these councils find themselves in because it appears that, in setting these targets, the NSW Government has failed to have sufficient regard to the impact of prescribed airspace on development potential. This not only places councils in a difficult position (in that it is intended that Ministerial directions will be made *requiring* councils to meet the targets through their LEPs), Sydney Airport is concerned that it will be increasingly lobbied to alter its aviation safety based position in relation to controlled activities. There is also a concern that Sydney Airport would be lobbied to concur with changes to council LEPs to allow increased residential densities, thus exposing more households to aircraft noise.

The above issue was, in general terms, raised in Sydney Airport's submission to the Issues Paper, where it was indicated that when decisions are made to rezone land, there is often little regard given to the operations of the airport.[11] Sydney Airport therefore agrees with the observation made in the Green Paper that "[t]he regulations and planning policies that … influence off-airport planning decisions, such as airspace protection and managing noise impacts, are piecemeal and disconnected, leading to uncertainty in planning, both at airports and for off-airport development."[12]

It should also be noted that infringements of the prescribed airspace – both existing and future - reduce the flexibility for Airservices Australian to implement important climate change and aircraft noise management strategies such as fuel saving measures, flexible flight tracks, aircraft sequencing and continuous descent approaches.

[9] Local government areas affect either wholly or partly by the OLS and/or PANS-OPS surfaces include the City of Sydney, City of Botany Bay, Randwick City, Leichhardt, Marrickville, Canterbury, Ashfield, Rockdale City, Kogarah and Hurstville.
[10] see below, p 21
[11] see Issues Paper submission, p 21.
[12] see Green Paper page 169,

For these reasons, Sydney Airport is supportive of the proposal in the Green Paper to develop national airspace protection legislation (subject to there being consultation with ALCs and other key stakeholders during its development). This provides an opportunity to clarify roles and responsibilities and consider the other issues highlighted above. As part of this process, Sydney Airport proposes that, to improve transparency and accountability, the approvals process for controlled activities be adjusted to better reflect the actual decision-making roles and responsibilities of the parties involved. Applications for the approval of controlled activities should be made directly to the DITRDLG (perhaps via the Airport Building Controller). Applications would then be sent by the DITRDLG for comment to the ALC, CASA, AsA, relevant council(s) and others as required. The DITRDLG would then make its decision following consideration of any comments received. The DITRDLG should also provide more strategic advice on issues concerning airspace protection around major airports so that the NSW Government and councils are able to have regard to such advice when preparing residential growth targets and new LEPs.

As part of the reform process an audit should be undertaken by DITRDLG to identify and assess the risks associated with any structures that currently intrude into the prescribed airspace.

With respect to the Public Safety Zone (PSZ) issue, Sydney Airport notes that it has the potential to create similar confusion in the NSW Government and amongst some local councils as far as decision-making roles and responsibilities are concerned. Sydney Airport therefore reiterates the comments it made in its Issues Paper submission[13] and welcomes the proposal in the Green Paper to develop a clear policy on the definition of PSZs around major airports. There should, of course, be wide consultation with ALCs, the community and other key stakeholders while preparing such a policy.

d) On-Airport Development

Sydney Airport notes that the Australian Government's preferred position with respect to improving the arrangements for planning and development on airports is to empower the Minister to establish expert 'Airport Planning Advisory Panels' for each of the major airports to assess, at the Minister's request, airport Master Plans and Major Development Plans.

Sydney Airport notes and expresses its support for the comments in the Green Paper submission made by the Australian Airports Association (AAA) on this issue. In particular, there is a need to ensure that should such Panels be established, they be genuinely expert and independent. From Sydney Airport's perspective, and as stated elsewhere in this submission, Sydney Airport is a major strategic asset for Sydney, NSW and Australia. It is therefore important that the sources of external advice are not restricted to just those communities with particular concerns that largely relate to the operation of the airport. For instance, there would be a concern (as the AAA has pointed out), if the membership of such panels were to be narrowly drawn from sections of the community or local government that had expressed opposition to the proposal in the first place. Such a panel would, by definition, not be able to provide the Minister with objective advice. It is stressed that in saying this, Sydney Airport is *not* implying that the views of communities affected by the operation of the airport should either be disregarded or downplayed in the master plan and major development plan processes: far from it. Sydney Airport actively supports and encourages such involvement as it clearly demonstrated while preparing its updated Master Plan 2009. SACF, as presently constituted, will continue to provide a forum for such local communities to be well represented, a forum which Sydney Airport will continue to actively support and participate in. Sydney Airport's point is that, as the advice emanating from a Panel such as that suggested in the Green Paper would clearly be highly

[13] see Issues Paper submission, p 10.

persuasive in terms of the Minister making a final decision on a master plan or major development plan, and given the significance of such decisions to the wider national interest, ALCs and the future of aviation in Australia, such expert advice must be, and be seen to be, independent and objective.

Sydney Airport also notes the proposal to review the triggers for the major development plan (MDP) process to ensure that those developments of most interest to the community are subjected to proper consultation processes. While Sydney Airport supports a review of the triggers being undertaken, there is a concern that the expressed basis for such a review is extremely broad. There is a risk that, as *any* on-airport development is potentially of interest to at least one part of the community, uncertainty will be created, thus creating substantial additional costs and time burdens on airports. A key issue for major airports is to have certainty with respect to the MDP triggers. For such important projects, it is considered unreasonable that there be such ambiguity concerning what may be deemed "of most interest to the community". Sydney Airport believes the monetary MDP trigger, as currently defined, should also be adjusted on an annual basis to reflect the building price index.

Similarly, with respect to the proposed call-in power for the Minister, apart from applying to "sensitive development proposals that would not otherwise have been subject to consultation", the Green Paper provides no hint as to how the call-in process may operate in practice, what type of projects it might affect or how such projects will be treated. To reduce uncertainty, there needs to be a clear definition of what constitutes "a sensitive development proposal". As with the MDP triggers, the vagueness of this approach has the potential to create considerable investment uncertainty and therefore increased costs.

Excessive impediments to major airport development have the potential to stifle investment. This is contrary to the planning approvals regimes established by the states which, in many instances, were implemented following decisions of the Council of Australian Governments. The aim across Australia has been to streamline the approvals processes, with a view to thus creating better investment opportunities and, as a result, minimising unnecessary cost overheads.

Sydney Airport therefore believes that, to avoid potentially significant unintended consequences that would stifle important future investment in major airport and other aviation-related infrastructure, any review of MDP triggers and the introduction of a Ministerial call-in power should be undertaken in close consultation with airport lessee companies.

e) Funding Transport and Community Infrastructure

Sydney Airport is deeply concerned at the suggestion that leased federal airports may have to contribute additional sums to surrounding transport and community infrastructure.

Infrastructure Australia has considered the responsibility for infrastructure provision and has described the responsibilities for the various types of transport infrastructure in Australia as follows:[14]

[14] Infrastructure Australia, *A Report to the Council of Australian Governments*, December 2008 pages 12, 13.

Level of Government	Economic infrastructure
Commonwealth	Railways (shared) Roads (national, local) (shared)
State	Railways (shared) Roads (urban, rural, local) (shared) Public transport
Local	Roads (local) (shared)

The private sector, and the community more broadly, have a reasonable expectation that governments will provide the infrastructure that they are responsible for – including road and rail – as and when it becomes necessary. This expectation arises from the reasonable belief that the taxes paid by the private sector and the community to governments are used by governments to provide the services for which they are in fact responsible.

It is apparent from a number of submissions received during the recent exhibition of the Sydney Airport PDMP, that there are some who believe that the operation of Sydney Airport (and presumably other major airports) drains economic resources from the economy and that, as a result, Sydney Airport should be required to provide an offset by making direct monetary or other infrastructure contributions to governments.

Such a belief is misplaced.

First, the operations of Sydney Airport results in a direct economic contribution of $8 billion in NSW Gross State Product. With flow-on impacts taken into account, the airport's economic contribution increases to $16.5 billion. Sydney Airport is also responsible for around $7.4 billion being contributed directly to household incomes every year – that's more than $142 million being injected into family budgets each and every week because of Sydney Airport and the aviation and related services it facilitates.

This substantial economic contribution translates into well paid jobs for Sydneysiders. Sydney Airport provides or generates more than 75,000 jobs directly and about 131,000 jobs indirectly, making a total of around 206,000 jobs. Given the current global economic climate, maintaining (and expanding) this employment base is crucially important to the national economy.

In terms of the suggestion that Sydney Airport should be required to make a monetary offset to the cost of providing off-airport transport and related infrastructure, it is noted that, this year alone, it is estimated that these 206,000 jobs will deliver approximately $286 million in payroll tax revenue to the NSW Government, or more than $1.2 billion over the next four years. Over the 20 year planning period for its new Master Plan, the total contribution to NSW Government payroll tax revenue will in fact be several billion dollars. This, of course, represents a significant airport-related contribution to the NSW budget.

Further, as land at Sydney Airport is owned by the Australian Government, Sydney Airport pays land tax to it. In 2007, more than $3 million was paid. Since 2002, land tax payments have totalled $16.4 million.

Finally, in lieu of rates, Sydney Airport also makes annual contributions to local councils bordering the airport. Last year, a total of nearly $1.9 million was paid to Botany Bay, Rockdale and Marrickville Councils. Since 2002, payments have totalled nearly $9 million.

As well as paying taxes and payments in lieu of rates, Sydney Airport also owns and maintains various public roadways including Qantas Drive and Airport Drive which form important components of southern Sydney's arterial road network and are used by large numbers of non-airport vehicles. According to the latest RTA data, an average of more than 53,000 vehicles use Qantas Drive and Airport Drive per day, including 2,580 during the peak morning hour. The NSW Government makes no contribution towards the maintenance of these roads.

Over the last 16 years transport around Sydney and to Port Botany, Sydney Airport and the surrounding areas has been significantly improved by a number of important transport projects undertaken by the NSW Government. These transport projects include the M4 Western Motorway (1992), the Sydney Harbour Tunnel (1992), the M5 South West Motorway (1992), the M2 (1997), the Eastern Distributor (1999), the Airport Rail Link (2000), the M5 East (2001), Cross City Tunnel (2005), Westlink M7 (2005), and the Lane Cove Tunnel (2007).

These ten major pieces of transport infrastructure were all undertaken by the NSW Government in line with its established constitutional responsibilities.

The three projects of most direct importance to the airport are the Eastern Distributor (1999), the Airport Rail Link (2000), and the M5 East (2001). It is noteworthy that all these projects were undertaken prior to the privatisation of Sydney Airport. At the time Sydney Airport was owned and operated by the Australian Government – which saw no need to make financial contributions towards these pieces of surrounding transport infrastructure. The Australian Government has ceased being the operator of Sydney Airport. The fact it now sees merit in suggesting that major airports should be contributing to such infrastructure is of concern, and Sydney Airport notes that the Green Paper offers no reasons or evidence for contemplating such a significant policy change.

In any event, it needs to be noted that requiring airports to make such payments would simply result in higher costs being passed onto passengers in the form of new or higher charges. This would have negative impacts on consumers and provide an additional disincentive for tourists to visit Australia. Additionally, an airport lessee company would also need to acquire additional funds as part of its capital borrowing program. This would, in turn, actually reduce the amount of capital available to invest in essential airport and aviation related infrastructure, thus stifling future airport development and undermining one of the core reasons why the Australian Government decided to privatise major airports in the first place.

It is noted that the Australian Government already extracts significant revenues from passengers ahead of its own costs for services provided by the Australian Customs Service and AirServices Australia. The Australian Financial Review has reported that the Australian Customs Service "raised $420 million from its charges on airline passengers, twice the cost of the agency's passenger service"[15] while AirServices Australia's dividend payment has increased more than tenfold in the last decade, "raising concerns that the industry fees have been used to boost commonwealth revenue rather than invest in services."[16] It is also the case that revenue gained from the Passenger Movement Charge is not hypothecated and that, while once seen as being directly related to the funding of border processing services, over time the linkage to such services has diminished to the point where in 2000, the Australian National Audit Office stated that the charge was no longer linked to cost recovery of these functions. In other words, it is used to supplement general government revenues.

[15] "Labor's $2bn fees grab to boost budget," Australian Financial Review, 7 February 2009.
[16] "Air agency goes into debt for dividend", Australian Financial Review, 8 February 2009.

Far from seeking to create and impose new costs on consumers of aviation services, the Australian Government should be reforming its own fees and charges and so assist in lowering the cost base that the aviation industry faces. Such an approach would benefit consumers and assist, rather than hamper, Australia's tourism industry at a time when the need to protect existing and create new jobs is such a critically important national issue.

5) Sustainability

a) Noise Impacts

Sydney Airport reiterates the comments made in its submission to the Issues Paper concerning noise management strategies.[17]

Should the Government proceed with the Green Paper proposal to investigate more appropriate roles for airlines, airport operators, governments, planning agencies and the community in aircraft noise management and mitigation[18], it will be important to acknowledge existing roles and responsibilities and to recognise that no single stakeholder can in isolation effectively manage the impacts of aircraft noise, let alone mitigate or eliminate those impacts where possible. For example, the plans, actions and strategies for managing, reducing or eliminating the impacts of aircraft noise in areas around Sydney Airport fall into two broad categories:

- those undertaken directly by Sydney Airport as the airport lessee company for Sydney Airport. These cover issues that are directly within Sydney Airport's control or for which it is primarily responsible;

- those undertaken by other stakeholders, including by government or the aviation industry more broadly. These cover issues that are not directly within Sydney Airport's control or for which it is not primarily responsible.

While the International Civil Aviation Organisation, governments, airports, airlines, aircraft and jet engine manufacturers and regulators all have differing responsibilities in this area, they collectively play a crucial role in effectively managing and reducing aircraft noise impacts. Effective coordination of effort is therefore required if continued progress in aircraft noise reduction is to continue to be achieved.

b) Australian Noise Exposure Forecasts: Endorsement Process

Sydney Airport wishes to raise a specific issue concerning the preparation and endorsement of an Australian Noise Exposure Forecast (ANEF) to highlight the need for change.

By way of background, section 71(2)(d) of the *Airports Act 1996* (the Act) requires a draft or final master plan to specify "an Australian Noise Exposure Forecast … for the areas surrounding the airport." The Act requires the ANEF to be approved in a manner approved by the Minister. Airservices Australia (AsA) described a new "manner of approval" in a letter to Sydney Airport dated 2 May 2008. The letter highlighted an important change to AsA's previous ANEF endorsement process. Clause 1(e) of the new manner of endorsement" requires that, in deciding whether to endorse an ANEF, AsA must be satisfied that Sydney Airport "… has demonstrated it has paid due regard to all issues raised by State and Local Government authorities in relation to the ANEF." Clause 2(f) requires Sydney Airport to provide "evidence that the relevant State and Local Government authorities have sighted the proposed ANEF contour chart and have had the opportunity to comment." In other words, Sydney Airport needs to consult various stakeholders *before* it submits a draft ANEF to AsA for endorsement.

[17] see Issues Paper submission, pp 16 and 17.
[18] see Green Paper p 196.

A further change was made in May 2008 concerning exactly which ANEF to include in the draft master plan. Until May 2008, the ANEF included in a Preliminary Draft Master Plan (PDMP) for public exhibition did not have to be endorsed by AsA. However, after May 2008, the requirement was changed so that the ANEF included in the PDMP for public exhibition did have to be endorsed by AsA. This requirement was explained in a letter to Sydney Airport from the DITRDLG dated 15 May 2008. The letter stated that "[a]s the Minister has approved the manner of endorsement of an ANEF under the Act, airport-lessee companies are, in future, expected to have AsA endorse relevant ANEFs before inclusion in a draft master plan for public consultation as outlined in section 71 of the Act".

Sydney Airport's experience is that the combined effect of these two requirements has resulted in unintended consequences.

First, the changes resulted in Sydney Airport consulting with the NSW Government and 15 affected councils on a draft ANEF for 2029 *before* the PDMP had been finalised let alone released for public comment: that is, those being consulted were unable to see or understand the context of the draft ANEF. The only information councils could glean from the draft ANEF itself were the location of the various contours and the daily aircraft movements by runway and aircraft type. Even the draft ANEF itself said that it had to be read in conjunction with the master plan. Nevertheless, and despite some of those who were consulted indicating that they could not provide meaningful comment until they had seen the PDMP, Sydney Airport complied with the AsA and DITRDLG requirements and the ANEF was endorsed in time for it to be included in the publicly exhibited PDMP.

Second, it became clear during the PDMP public exhibition period that many of the comments being made in submissions were raising issues that, in one way or another, could affect the ANEF and the location of the various contours, These included issues such as changing the PDMP to reduce capacity so that LTOP noise sharing targets could be met, the location of flight paths, the predicted fleet mix in the year 2029, the veracity of the passenger and aircraft movements forecasts, the way in which data was inputted to the Integrated Noise Model (INM) and the version of the INM itself that was used. Section 79(2) requires SACL to summarise these comments and to demonstrate that it has given them due regard when preparing the Draft Master Plan for submission to the Minister. The section does not differentiate between comments that may affect the ANEF and comments that may not affect the ANEF. The issue therefore is that, after having given due regard to the comments that have the potential to affect the endorsed ANEF, Sydney Airport decides to accept one or more of those comments, it must prepare a revised draft ANEF. This process, according to the AsA requirement, then triggers a need for a further round of consultations with the NSW Government and relevant local government authorities. This is exactly what happened in the case of Sydney Airport's PDMP: due regard was given to a comment received during the public exhibition period and, as a result, a minor change has been made that now requires the preparation of a revised draft ANEF.

This complicated process has the potential to be highly confusing for those being consulted. In fact, this will be the *third time* the NSW Government and affected councils have been consulted about a Sydney Airport ANEF, either in isolation or as part of a PDMP, in just the last five months. It also has the potential to become a circular process in that, when Sydney Airport submits a revised draft ANEF to AsA, Sydney Airport is required to demonstrate that it has due regard to any issues raised during the consultation. How is Sydney Airport to respond to a comment made during the most recent draft ANEF consultation process, if responding to that comment would result in the content of the DMP being changed?

Sydney Airport suggests that the best way to resolve this issue is for the DITRDLG to rescind the requirement that the PDMP exhibited for public comment must contain an ANEF that has already been the subject of consultation with the NSW Government and relevant local government authorities. To the extent that AsA is required to endorse a draft ANEF prior to its inclusion in a PDMP for public exhibition, such endorsement should be limited to matters of technical accuracy. This revised process would eliminate the potential for duplicated consultation because a draft ANEF certified for technical accuracy will be exhibited alongside a PDMP for public comment. Consultation on the draft ANEF would occur at the same time as consultation on the PDMP was occurring which, to Sydney Airport, seems to be a more sensible arrangement.

There should also be clarification as to the precise time that an endorsed ANEF becomes operational in terms of its relationship with NSW planning law. It would seem (at the moment) that this occurs immediately following AsA's endorsement of the ANEF (ie, before the PDMP is released). However, because of the potential for confusion arising from the abovementioned PDMP/ANEF process, Sydney Airport believes that the ANEF should be operational when the DMP of which it part is approved by the Minister.

c) Australian Noise Exposure Forecast: An Effective Noise Descriptor?

Sydney Airport is committed to providing the community and other stakeholders with accurate and meaningful information on aircraft noise impacts in a form that can be easily understood. As the Green Paper points out, the ANEF/ANEI system is not of itself sufficient to give a clear practical understanding of the impact of aircraft noise at a particular location.[19] Sydney Airport therefore acknowledges that additional noise descriptors are needed to ensure the community is provided with meaningful and understandable information. Sydney Airport therefore provided the following additional noise descriptors in its PDMP:

- predicted average daily jet flight path movements at the end of planning period. These allow members of the public to assess where aircraft fly, how many overflights there are forecast to be at the end of the planning period (including the average daily movements and forecast daily range), the percentage of overall movements at Sydney Airport that these overflights represent and the percentage of days when there will be no aircraft movements.

- predicted average daily jet aircraft respite periods at the end of the planning period based on the number of whole clock hours when there are no aircraft movements on the particular flight paths, and reporting these as a percentage of the sum of all the clock hours in the period in question. The figure used showed respite during three discrete periods, morning (6am to 7am), daytime (7am to 8pm) and evening (8pm to the start of the curfew at 11pm).

- projected number of aircraft noise events louder than 70 dB(A) at the end of the planning period and, for comparison, the equivalent contours in 2007.

Each of these Sydney Airport-related noise descriptors are regularly published by AsA thus allowing members of the public to compare present day outcomes with those forecast in the master plan.

[19] see Green Paper p 192.

As explained elsewhere in this submission, all NSW councils, including those in the vicinity of Sydney Airport, are in the process of preparing new LEPs. For this reason, the location of the 20, 25 and 30 ANEF contours is important because it enables councils to accurately draw zone boundaries and to know what uses should and should not be permissible within those zones.

As Sydney Airport's three neighbouring councils – Botany Bay, Rockdale and Marrickville – also have clauses in their existing LEPs that require them to consider aircraft noise when making decisions on development applications affecting land within certain ANEF contours, it is essential for the making of many day-to-day decisions concerning development applications. This is because consideration needs to be given as to whether or not a condition requiring the installation of noise insulation should be included in a development consent or, indeed, whether a particular development should be refused outright.

The concern is that the ANEF that councils in the vicinity of Sydney Airport must use is dated 2029. That is, decisions being made today concerning whether or not to approve a particular development or to include land in a particular zone are being informed by an ANEF for 20 years hence. This raises two issues concerning the relevance and validity of that ANEF.

First, the A380 is already being used by three airlines regularly using Sydney Airport. That number will grow over time. However, the Integrated Noise Model (INM) which is used to model aircraft noise at an airport currently does not contain noise data for the A380. Sydney Airport, in consultation with AsA, therefore used the noisier B747-400 to represent this aircraft when preparing its ANEF 2029 (although we note that at least one other airport has used a mix of aircraft to represent the A380). However, AsA has itself already released a report showing that the A380 is between 2.3 and 6.7 decibels *quieter* than the B747-400 when departing Sydney Airport.

Second, the impact of other quieter aircraft such as the B787 and A350 has similarly not been taken into account when preparing the ANEF 2029. Once again, this because the INM also does not yet contain the relevant noise data. While, unlike the A380, these aircraft are not yet flying, they will be in the not-too-distant future and many airlines regularly using Sydney Airport have placed large orders with aircraft manufacturers.[20] Boeing claims that the noise footprint of the B787 will be 60% smaller than that of today's similarly sized aircraft. Airbus claims the A350 will also be a quieter aircraft as a result of its advanced wing design. In the case of the B787, Sydney Airport used the noisier B777 as a proxy to represent this aircraft when preparing its ANEF 2029. The A350 was excluded altogether.

It follows that as a result of these issues, at the time of its endorsement and publication, the ANEF 2029 overestimates Sydney Airport's noise footprint and therefore, the ANEF contours are further away from the airport than they should be. As a result, more land is affected by development constraints than should be the case. The community and councils are understandably frustrated at being provided with, and required to act on, information that is known to overstate forecast noise impacts because a flawed and misleading methodology is required to be employed.

To illustrate this, and to indicate the likely benefits that these new quieter aircraft will bring in terms of their reduced noise footprint in areas around Sydney Airport, SACL prepared an Australian Noise Exposure Concept (ANEC) using, where available, the aircraft manufacturers' recommendations for

[20] For example, the B787 has been selected as the cornerstone of the Qantas Group's domestic and international fleet renewal program. Under the new fleet plan, Qantas will acquire up to 115 B787 aircraft. Emirates and Etihad Airways have also placed firm orders for 70 and 25 A350s respectively.

noise footprints. While included in the new master plan for information purposes, ANECs are not able to be used to inform today's planning and development decisions.

SACL acknowledges that this issue is complex and therefore difficult to resolve. But it remains a fact that there is no public benefit in relying on information that that is known to be inaccurate and is perversely and deliberately designed to exaggerate the anticipated noise impact. Some reasonable allowance should be made for the advent of quieter modern aircraft that will be flying in 2029.

For reasons stated in the Green Paper, it remains important that aircraft noise forecasts (and other noise descriptors) continue to be published in airport master plans. The issue arises when today's planning and development decisions have to be made on the basis of 20 year forecasts that are known to exaggerate the noise impact in certain areas. Sydney Airport notes that the Government is proposing "[t]o work through the Council of Australian Governments and other appropriate forums to ensure a national land-use planning regime is put in place near airports and under flight paths to avoid noise-sensitive developments being located in these areas and to protect communities from excessive levels of aircraft noise."[21] Sydney Airport suggests that this process should be used to examine the manner in which ANEFs (or other noise descriptors) can be more honestly, accurately and truthfully used to inform planning and development decisions in the future.

d) Other Measures for Reducing Noise Impacts

Sydney Airport is actively supporting the introduction of the new generation of quieter, cleaner and more fuel efficient aircraft, including the A380, B787 and A350. As these aircraft are much quieter than the ones they will replace, the increasing use of these quieter aircraft by many airlines regularly using Sydney Airport will steadily result in reduced aircraft noise impacts in areas around Sydney Airport. To facilitate the introduction of the quieter A380, Sydney Airport has already invested $128 million to upgrade airfield and terminal infrastructure.

Sydney Airport is also demonstrating its support for implementation of noise sharing under the Sydney Airport Long term Operating Plan by ensuring the Airport's east-west runway remains available throughout the planning period. Some $90 million is being invested to build an enlarged runway safety area at the western end of the east-west runway. Runway safety areas are a mandatory safety requirement set by the Civil Aviation Safety Authority and are in line with international aviation standards. The construction of this runway safety area – which is expected to be completed by mid-June 2010 – will ensure the runway remains available for noise sharing purposes throughout the planning period of the new Master Plan.

To further reduce aircraft noise impacts, Sydney Airport would support any action undertaken by the Australian Government to progressively phase out, and ultimately prohibit, the few numbers of older noisier jet aircraft that still use Sydney Airport. One of the noisiest aircraft using Sydney Airport is the 737-200 used by OzJet to fulfil its contract with the Administration of Norfolk Island, a territory of Australia. It is of course open to the Australian Government to consider and have due regard to noise impacts when it or its agents enter into commercial agreements for the provision of charter air services.

[21] see Green Paper p 196.

e) Aviation Emissions and Climate Change

Sydney Airport reiterates the comments made in its submission to the Issues Paper concerning aviation and climate change.[22]

Aviation's challenge is to retain the many positive economic and social benefits that aviation provides, while reducing or eliminating its negative environmental impacts. The signing in April 2008 of the Global Aviation Industry Commitment to Action on Climate Change by aviation industry leaders – including Sydney Airport – is an important demonstration of aviation's worldwide commitment to introducing technological, operational and efficiency advances that will reduce aviation's contribution to climate change.

Sydney Airport is committed to working with all relevant organisations across the aviation industry to target carbon-neutral growth as a step towards a carbon-free future for aviation. As noted in its Preliminary Draft Master Plan 2009, Sydney Airport has implemented a range of environmental initiatives aimed at improving the Airport's environmental performance and reducing the Airport's carbon footprint. Sydney Airport will continue to work with major airlines to implement the following four key strategies outlined in the Global Aviation Industry Commitment:

- encourage the development and implementation of new technologies, including cleaner fuels
- further optimise the fuel efficiency of fleets and the way aircraft are flown and manage ground operations
- improve air routes, air traffic management and airport infrastructure
- implement positive economic instruments to achieve greenhouse gas reductions wherever they are cost-effective.

Sydney Airport's carbon footprint for 2007 was 96,601 tonnes of CO2 equivalent. More than 90,000 tonnes can be attributed to the use of electricity, the majority of which is associated with air-conditioning in passenger terminals. As outlined in the Preliminary Draft Master Plan 2009, Sydney Airport will pursue a range of initiatives to reduce the Airport's direct carbon emissions and future carbon exposure. Indeed, Sydney Airport has already substantially improved the efficiencies of current operations and has achieved many of the milestones identified in the Energy Savings and Water Savings Action Plans. Sydney Airport will continue to develop further initiatives as part of this strategy and is currently investigating the potential for the use of alternative energy such as solar energy and co-generation on airport developments.

SACL supports the greenhouse emissions reporting framework established under the *National Greenhouse and Energy Reporting Act 2007*. This is an appropriate way to attribute emissions to each particular aviation stakeholder and to ensure that such emissions are reported transparently. It would, for example, paint a misleading and inaccurate picture if all aviation-related emissions were attributed to a particular airport.

[22] see Issues paper submission, pp 15 and 16.

6) Aviation Security

Sydney Airport actively supports the need to ensure that Australia's aviation security framework is effective, risk-based and responsive to changes in the current threat environment. Sydney Airport is committed to implementing security infrastructure, systems and procedures to achieve this.

Sydney Airport's investment in its security infrastructure has been significant and this investment must continue to be supported and enhanced by risk-based security systems and processes to maximise efficiency and ensure that Sydney Airport continues to operate in accordance with world's better practice. Sydney Airport has supported Government trials that successfully introduced the operating concept of passenger express lanes at quarantine, immigration and security screening for premium and frequent fliers that have significantly improved facilitation while ensuring that security outcomes are maintained.

a) Terminal Security

Any Government-mandated solutions to the concept of improving 'front of house' security must recognise the local risk context and not just the vulnerability. Introducing new mandates will likely be both costly and would take a significant time to implement. Government considerations regarding enhanced operational activity focussed on suspicious behaviour in 'front of house' is appropriate, however, the skills required for behaviour pattern recognition are most appropriately applied by law enforcement agencies such as the Australian Federal Police (AFP).

The AFP's role at major airports has proven to be operationally vital in enhancing the deterrence, detection and prevention of acts of unlawful interference. The AFP's presence at Sydney should be coordinated by a single operational body to avoid the confusion that exists with overlapping jurisdictions with State Police Services. The AFP and NSW Police still operate as separate commands and there remains room for improvement to a more holistic approach. Examples of this command separation have been evidenced where the Police jurisdictions have debated, without conclusion, their respective roles and responsibilities in response to events such as emergency and some crime management activities. Airport traffic management is also an area of overlapping responsibility. The continuation of the partnership approach with the aviation industry is critical to aligning policing with aviation operations and business outcomes.

In order to improve harmonised international security measures there should be stronger ties with aviation security agencies (both regulatory and industry participants) in the United States, Canada and the European Union. This will ensure security systems and learning outcomes are globally more consistent as well as inform better practise legislation, balanced against the local risk context. The Government's intention to act on ICAO recommendations to implement a Prohibited Items regime that is consistent with internationally-agreed standards, especially the removal of low risk items, is a strategy that is consistent with improved security outcomes and enhanced facilitation.

Australia should strengthen its cooperation with other regulators within the Asia-Pacific to ensure the region is adequately represented in negotiations on the application of harmonised security measures rather than the proliferation of measures applied after the LAGS incidents at Heathrow. Airports need timely security information from Government concerning the latest threats to aviation (including terrorism). The established hierarchy for the identification of risk and response to threats has the potential for delay, does not provide the correct balance and is not compatible with a security management system approach which empowers industry participants to proactively manage their own security risks.

b) Network Pricing

The location specific pricing currently in place for security screening should be maintained and the attempts by some industry players to shift their costs onto their competitors should be rejected.

Network pricing of inputs such as land or labour are not considered appropriate and, on the same basis, neither should network funding of security services. Fundamentally, network pricing is not consistent with the commercial operation of airports by independent industry participants in a competitive environment.

The cost of providing security services at regional airports needs to be managed by ensuring that security measures are in proportion to the risks faced at those ports. Government concerns regarding financial impacts should be met by direct government funding support rather than cross subsidies from other airports. Cross subsidies through network pricing remove the incentive for individual airports to efficiently manage their operations so as to minimise security costs, impose additional costs on travelers, and make Australia a less attractive destination internationally.

The opening of non-capital city and intra-regional routes to more aircraft and greater numbers of airports must be based on a commercial decision including the costs of providing appropriate security measures. It is inequitable to consider that security costs incurred by one set of passengers should be paid by others in the aviation network.

While pricing should be transparent and reflect the real costs incurred in providing the security service at each airport, there may be opportunities for improving performance across the industry by fostering national consistency. One option to secure this outcome would be to have a single screening authority undertake screening operations at smaller airports while leaving unchanged the arrangements presently in place at the major airports.

This would mean that it would be possible for a government agency to provide security screening at smaller airports as a community service obligation, while leaving the major airports free to efficiently and cost-effectively provide the appropriate security services.