

ARCHERFIELD AIRPORT CHAMBER OF COMMERCE INC.

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

BY EXPRESS MAIL

Dear Sirs

RE: NATIONAL AVIATION POLICY – GREEN PAPER SUBMISSION

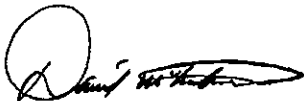
On behalf of the members of Archerfield Airport Chamber of Commerce Incorporated our committee submits the attached Green Paper submission which is available for public release.

We have not answered all questions but concentrated upon those questions which:

1. are more relevant to General Aviation and the Flight Training Industry
2. concern GAAP airports
3. are within the objects of the Chamber
4. are within our expertise and or experience or professional advice

This is the result of a workshop with our members and industry.

Yours faithfully
Archerfield Airport
Chamber of Commerce Inc.



David McGrath
Vice-President
encl.

1.3 Regional and general aviation

Q What should be the basis of government and industry policy towards air services to regional and remote communities?

Government needs to consider what level of decentralisation versus east coast concentration of population it desires for Australia. This will not happen without government direction and support. For population to remain at these locations requires that they not be appreciably disadvantaged as to lifestyle essentials compared to the east coast. Air services are a vital and highly valued link to such services including emergency and specialist medical help. Local communities know the value of their air service and totally rely upon it.

The November 2003 report of the House of representatives Standing Committee on Transport and Regional Services "Regional Aviation and Island Transport Services: Making Ends Meet" already provides extensive material on this issue.

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Government should when considering infrastructural support always consider options that can benefit and stimulate regional solutions rather than just the east coast e.g. a WAAS GPS augmentation satellite versus ground based augmentation solutions would benefit remote communities and the east coast to achieve all weather air services efficiently. Such efficiencies cannot be achieved while an Airservices user pays mentality is the only model. Subsidies for RPT operations, flying surgeon etc must be maintained within this framework. Support of the maintenance of and development of regional and community airports is clearly beyond most local councils and their existence and maintenance should be considered as part of National Defence strategy, and funded from the Defence Budget or National Infrastructure fund.

Q Are security and safety measures adopted for major capital city trunk routes appropriate for regional and remote services? If not, what alternative measures could be adopted?

The short answer is no. Part of this is due to the laws of physics. **Force = Mass x Acceleration.**

Put simply, light and smaller aircraft often associated with Regional Services simply do not have the mass nor the velocity to cause September 11 type devastation as has been demonstrated in incidents in the USA to not really be a credible or high security risk.

RPT operations of 20 plus seats from regional airports however could at least have scanning equipment or hand scanning equipment of luggage and persons. This could be provided by and funded by the Commonwealth to local councils for their air terminal.

Aircraft of less than 20 seats flying into Capital Cities could simply require the baggage and passengers to be re-scanned at that point prior to any subsequent sectors on major routes.

Regional or local community airports have fewer movements but come with enhanced local knowledge by on airport users. A "neighbourhood watch" type approach where the users and or local airport groundsman could report any suspicious activity or aircraft not locked and unattended via a "pick up phone" or other means of reporting is an alternative highly valued low cost measure.

Business aircraft owners or Charter Operators who travel to the regions usually intimately know their passengers and backgrounds, or can

require the names of such persons in advance. If Charter Operators could access a Commonwealth service to submit the names of any irregular passenger that they don't know for a background check this would assist both the Commonwealth and operators.

Charter and Business Operators should they so desire should be permitted to freely use the scanning facilities in the terminal instead of being locked out from access as is the usual scenario at these airports.

Fencing of regional airports to a standard as for capital city airports is beyond the financial capacity of local councils and of little practical use. It serves only to keep out persons without intention and animals from straying onto the airport. There has been a complete waste of taxpayer's money from the Howard Government in providing fencing to regional and secondary airports and only serves to make the public feel good and the politicians look to be doing something.

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How has micro-economic reform impacted on general aviation businesses and what strategies need to be put in place to ensure that access to airport infrastructure does not impede industry viability and growth? Do the needs of general aviation operators warrant any changes to airport regulatory and planning arrangements?

Put succinctly, privatisation has been a disaster that has severely damaged general aviation, including the flight training industry the consequential problems of which are now coming to light and impacting the airlines and travelling public.

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How can general aviation operators, particularly small businesses, establish viable business models that allow them to take advantage of current buoyant conditions in the aviation market? In particular, how do these businesses meet the increased cost of skilled labour and improve recruitment and retention of their skilled workforce?

Firstly it is a misnomer that there is a buoyant general aviation market. Compared to pre-privatisation levels Archerfield movements are at 47 percent of pre-privatisation levels and at approximately 35 percent of demonstrated movement capacity. Seven of the nine flying schools at Archerfield Airport (all previously Australian Owned Businesses) have either shut down, or been acquired by Foreign Airline Consortiums.

Foreign Airline Consortiums can afford to operate their acquired Australian training facility at a loss as it is part of their cost of business of running the foreign airline and addressing their pilot shortage.

Exponential costs from the privatisation of airports and the damaging practices of ALC's against aviation businesses, has all but terminated

private self funded flying training. The cost is too prohibitive for ordinary Australians to fund themselves.

The only viable short term business model currently keeping remaining flying training organisations (temporarily) solvent involves either/and :

- to train foreign indentured students for overseas airlines
- to train Australian students that are eligible to have their flying training* paid for by the Federal Government under "Fee Help" a graduate program similar in operations to HECS except it is a full fee loan
- train students pursuant to an agreement under an Australian Airline Scholarship program e.g. Qantas

Note that Federal Education Funding laws expressly exclude flying training. The only local course where any funding is available that involves flying is the Graduate Diploma in Flight Management from the Griffith University. By contemporaneously being enrolled in the Bachelor degree and the Diploma, funding is possible.

Flying training organisations need to be sufficiently profitable to remunerate their instructors and remain internationally competitive. Where ALC's are exploiting and price gouging this undermines even this model. Lack of security of tenure of leases on the airport and their investment in those leases and exponential or sudden rises in charges (e.g. an introduction of landing fees for touch and go landings) instantly can decimate international competitiveness and therefore a business model at present including being able to exit privatised airports and or have satellite low cost operations at other less expensive non-privatised airports is a vital component.

Q What role should all levels of government have in protecting secondary airport infrastructure and in providing for new infrastructure?

Commonwealth Government

Leased Commonwealth secondary airports are still Commonwealth Places and the Federal Government must ensure that they are operated within its head of power i.e. the Constitution.

Westfield V's BAC needs to be revisited as it did not address Head of Power issues, only the Airports Act 1996. Our memorandum of Chamber discussions with Mr David Lowy in relation to the Westfield case explains this statement.

The Robinson SC opinion attached indicates that development and planning approvals should not be given for any development that is not aviation related.

The Commonwealth must change the Manual of Standards (Part 109) to ensure that the secondary Airports are operated to at least the same level as they were prior to privatisation, that is be required to be " Certified", not the far lesser requirements of " Registered", so that they cannot escape mandatory inspections by CASA and do as they like with impunity.

The Federal Government needs to enforce the existing law and send a very clear message to ALC's that illegal construction on airports e.g. that breaches protected airspace will result in demolition orders under the Airports Act being brought in the Federal Court.

Section's 112, 112A and section 36 and of the Airports Act 1996 should be repealed so that planning and development of the secondary airports is made subject to state and local government planning and that no development and planning approvals be given for any development that is not aviation related.

Independent Audit of ALC's compliance with their lease and enforceable notices of rectification needs to occur. e.g. by an appropriately empowered an Airports Commission or similar body. Such a body needs to have persons with aviation expertise i.e. includes professional pilots and airport engineers. Secondary Airports should also be assessed by an independently prepared aviation users report card (satisfaction and issues survey).

At present, developments outside of the airports sites but within prescribed areas around airports must be referred to the ALC's. This power is a carry over from the FAC days, is presently abused and should be reclaimed from the ALC's and given to a Commonwealth Authority e.g. An Airports Commission.

As the General Aviation industry will never be able to afford the price of land for new secondary airports, the Federal Government should regard this as essential education, training and defence infrastructure and use the infrastructure fund to acquire land now that is on the outskirts of the capital cities and reserve it for future additional secondary airport sites. Such land can be leased until ready for airport development as demand and cities grow.

Commonwealth Infrastructural assistance shouldn't be an automatic handout but be subject to compliance shown at audit.

State Government

Despite pursuant to State Planning Policy, Public Safe Areas ("PSA's") being declared at the end of runways of secondary airports, the recent Woolsheds debacle on Runway 10L / 28R at Archerfield showed systemic failure to adequately monitor the PSA's and enforce State law. State Governments could assist by enacting modifications to so PSA's on title deeds (similar to easements) recorded at the titles office so that owners, local council and developers / builders are aware of restrictions. There needs to be regular monitoring / inspection and reporting of the PSA's by a state department allocated that reporting task.

Major Infrastructure works relevant to On-Airport Development should involve State Government in the approval process to ensure the proposal is compatible with local Government's Town Planning Objectives.

State Government has a role to play in ensuring that local councils cannot sell off or degrade their local airport as an anti corruption device against councils being taken control of by developers. (Note mostly applicable to ALOP airports)

The runways, taxiways and all other aviation operational areas of the airport not leased for private use should continue to be exempt from

State Land Taxes.

Local Government

Local Government development review processes that are supposed to refer PSA matters to state departments – aren't working effectively with developments slipping through. This needs an overhaul of review systems procedures and documentation and or further training of local government building and development officers.

Local Government should only approve developments that do not encroach or inhibit Airport Operations.

A close working relationship should exist with the Airport Controller or lessee so that so the facility can grow to support the local government area.

The runways, taxiways and all other aviation operational areas of the airport not leased for private use should continue to be exempt from Council Rates.

Q How can the general aviation industry provide the necessary investment to renew the ageing aircraft fleet? Is there a role for governments?

Lack of investment in new aircraft is a clear indicator that lack of profitability and depressed conditions exist. That core premise is what needs to be tackled.

Ability to invest in new aircraft will occur only where there is sufficient profit from operations to enable that profit to be applied to capital investment. Industry needs also to have business confidence to make such substantial investment decisions including guaranteed security of tenure to conduct its operations from an airport close to its market or from its centre of operations. Government has a role to restore stability and preserve industry's present investment on airports by acting against ALC's.

While average hours flown per aircraft continue to remain low, the costs per flight hour remain high and cannot support the cost of higher capital investment of the asset; even if newer aircraft exhibit some savings on revenue account e.g. improved fuel consumption. New Zealand is an example of a country with a complete turn around. Significant deregulation of its aviation industry has resulted in an exponential increase in activity and significant re-investment in newer aircraft. The Australian Government has a lot to learn from the NZ experience.

Government needs firstly to honour its pre-privatisation collateral agreements made with lessees of airport land that their leases will always be renewed so there is stability and confidence long term security and willing lenders. Secondly Government needs to ensure that the general aviation industry is not price gouged from the monopoly position granted to ALC's, and needs to introduce pricing regulatory controls over the fees and charges of ALC's particularly at GAAP airports. Establishing an independent review body or panel who can cheaply hear complaints in relation to leases and that bind the ALC's must be implemented.

Taxation breaks such as a 40% capital investment allowance stimulated aircraft purchases in the 80's. There may be a case for that measure but without industry profitability it will, of itself be ineffective.

Q Are additional measures required to ensure the continued safe operation of ageing aircraft?

There are many old aircraft (e.g. tiger moths) that are extremely airworthy. Age isn't the determinative issue. In depressed conditions maintenance is the first to suffer because of its very high cost. Newer aircraft need less maintenance. As aircraft age they need more maintenance. Ageing aircraft concerns are largely because of inadequate maintenance to older aircraft. This can occur either from inadequate access to newly manufactured parts or inadequate attention to on-condition inspection items that are not mandatory replacements, lack of specific skills of maintenance engineers or commercial cost pressure issues on operators.

Mandatory overhauls or parts replacements usually aren't a problem no matter the age e.g. engines, propellers, pressure hoses, heaters, tyres, brakes, radios, instruments.

Airframe, wiring, corrosion and model specific manufactured parts have been identified as issues needing attention in older aircraft.

The Regulator needs to assist the industry and recognise that the maintenance of older aeroplanes is not a new phenomenon; it is just that the waves of aircraft purchased from the booms of the 70's means there are now more of them today. A sort of Baby Boomer situation for Aircraft.

CASA is part of the problem by having laws and or practices whereby in effect only parts from the original manufacturer can be used. Manufactures have a financial and legal interest in creating obsolescence and ceasing to make spare parts. Using second hand parts from cannibalised aircraft versus newly manufactured after market parts however isn't preferable, but is in most instances the only lawful method of compliance.

After market parts require an STC, and a Parts Manufacturing Approval (PMA) however in the past CASA has issued few Australian STC's, however there is some very modest improvement by CASA in processing these. CASA needs to apply a reasonable certification basis applicable to the age of the aircraft and laws in place at the time of aircraft manufacture. Another major issue is that a CASA issued STC is only valid in Australia, but Australian manufacturers need access to foreign markets to obtain the sales volume needed to warrant their investment. The US Federal Aviation Administration has not given effect to the USA Australia Free Trade Agreement terms which would oblige the USA to accept an Australian STC. This is an urgent matter for the Australian Government to address.

There are many parts in GA aircraft that are in fact car parts but used in aircraft applications. Light bulbs and gear motors for instance which merely are restocked and a part number allocated by the manufacture to become aircraft parts. They should be recognised as

approved parts.

Other manufactured items commercially available of an equal or better manufacture e.g. structural sheet metal, screws etc should be approved.

In considering the ageing issues government must distinguish between aircraft involved in passenger carrying operations to the public versus private operations, flight training and freight operations.

1.4 Addressing skills needs in the aviation industry

Q What strategies should the industry adopt to attract, retain and plan for their future skills needs to remain competitive in a tight labour market, and how can these be improved?

Industry needs to identify key players/providers of services required to train future pilots. Those providers then need to identify who is best situated to provide what service. For example one provider might do the training up to and including CPL training where a complimentary provider might do the IFR training, that way minimising the cost burden for equipment and staff across the training. Recognizing that the final product is destined to a known company of employment.

Q What are the long-term training needs for the Australian aviation industry? Where will the future pressures lie? How do we ensure the industry remains internationally competitive in retaining key staff and in attracting new entrants to the workforce?

Need to ensure quality programs delivered by quality trainers in quality facilities that reflect current and future demands of the industry.

Q How should the Australian Government and industry work together to ensure the needs of the aviation industry are taken into account in its broader skills framework?

It would be ideal to have a governance structure that incorporates feedback from a range of levels both within aviation training and the aviation industry.

Government is going to have to fund flying training for Australians via the education system if Australian are to participate in skilled employment in a world economy. This will mean working closely with Industry as to what is really required of government.

Q Are proposals such as a National Industry –Run Flying School to Train Instructors worth investigating and if so how might such a school operate?

Training standards including flight instructor standards have deteriorated significant in the last ten years. If instructional standards are poor pilot standards are poor. There is currently a situation where instructor courses have been able to be run from almost any flight school whereas 20 years ago this was limited to selected flight schools with demonstrated high standards and capability. The situation requires

urgent correction as there are pilots now flying who simply cannot fly e.g. can't control an aircraft in steep turns. Our flight training industry and flight test officer members are unanimous in the view that a flight instructor standards school, facility or capability is warranted in order to lift the standards. Some agree with instructors all being trained under a National Industry run central flying school, others agree that a moderation system of Instructor Schools instead be put in place based upon National Industry standards. Quality assurance and standards are the issues here.... not necessarily a one body approach.

2.1 Airport planning and development

Land Use Planning and development approvals at major airports

Q Are the planning and development mechanisms under the Airports Act working effectively?

No they are not. Users have not seriously truly been consulted. The processes are not transparent. The outcomes are the airport is for the profit of ALCs to do as they like and aviation is ignored.

Q How can we improve consultation with State and local authorities and with the community?

Remove provisions from the Airports Act that exempt compliance with state laws. Enforce the existing law. Have all objections handled by an independent authority e.g. and airports commission

Q Could the regulatory regime better facilitate genuine long-term co-operation between airport operator companies and state and local governments on land use planning?

Remove provisions from the Airports Act that exempt compliance with state laws.

Q How can we better integrate investment on airports with the funding and construction of improved road and rail links to and from our airports?

Funding is contingent on airport operators aviation users report card.

Q What mechanisms might be used to ensure an effective ongoing dialogue between airport operators and their local communities

Allow users full access to the books of the ALC and let the community decide the infrastructure priorities they want t and the price they are prepared to pay for it.

Non aeronautical development on airport sites

Q How can the regulatory regime better ensure non-aeronautical developments do not compromise the aeronautical requirements of airlines and airports?

The ALC's are not the appropriate persons to be making those judgements as their decisions are based upon their profit and are therefore unbalanced and not in the interests of the community or users..

The purported constitutionality of Non-aeronautical developments upon Commonwealth Airports is relying solely on the Westfield Vs BAC case which is a single judge of the Federal Court decision.

Leased Commonwealth secondary airports are still Commonwealth Places and the Federal Government must ensure that they are operated within its head of power i.e. the Constitution.

Westfield V's BAC needs to be revisited as it did not address Head of Power issues, only the Airports Act. Refer to this Chamber's memorandum of discussions with Mr David Lowy in relation to the Westfield case attached.

No development and planning approvals should be given for any development that is not "aviation related" as per the attached Robinson SC Opinion otherwise the Minister may be acting beyond power.

It might only be necessary to adopt the above cautious approach and not approve any non-aeronautical related developments and let the operation of the Airports Act be tested in the High court by an ALC that want to pursue such development.

Proposed Non aeronautical developments should be assessed for possible compromise of aeronautical requirements by an Airports Commission (a body formed with appropriate powers) and that consists of pilots, aviation users of the airport under consideration and airport engineers. Any project not cleared for approval by the commission must be rejected.

Q How should the potential commercial impact for off-airport competition be taken into account in planning on-airport non-aeronautical development?

No development and planning approvals should be given for any development that is not at least "aviation related" – refer Robinson Opinion. The issue therefore is less likely to arise. Services for intending aviation travellers as opposed to the local community at large near an airport then makes the consideration of this issue insignificant as airport pricing for such services appears to be higher priced than

equivalent services off the airport.

Safeguarding" Australia's key airport infrastructure

Q How should guidance be formulated for airport operators and others about public safety zones for locations at significant risk of on-the-ground fatalities from aircraft operations?

Your answer here

Q How can the mechanisms for guiding development around airports be improved to ensure potential issues from aircraft noise are fully addressed in planning?

Your answer here

Q How can we better ensure off-airport developments subject to state and local government planning regimes, such as tall buildings, do not compromise the safe and effective use of aviation infrastructure?

Your answer here

Future Airport Needs

Q How can future airport needs best be addressed, recognising the importance of airports as an element of the national economic infrastructure?

GAAP Airports

Government needs to recognise that unlike the Primary Airports, GAAP Airports are not high capacity travelling public revenue operations but instead are educational training facilities typically landing a light aircraft with one or two occupants not several hundred occupants

and up to ten times per hour. These airports should never have been privatised as it is a failed model. Sought revenues are simply not extractable from the aviation users of these operations and make our training industries internationally uncompetitive. As the General Aviation industry will never be able to afford the price of land for new secondary airports, the Federal Government should regard this as essential education, training and defence infrastructure and use the National infrastructure fund to acquire land now that is on the outskirts of the capital cities and reserve it for future additional secondary airport sites. Such land can be leased until ready for airport development as demand and cities grow.

ALC's want to invest nil in aviation infrastructure as it doesn't give them a return comparable to industrial land development. We have even seen industrial buildings disguised as corporate jet hangars constructed to fool the regulator as to aviation investment compliance.

ALOP Airports.

The National Infrastructure fund should operate similarly to the US Federal Aviation Fund being used to redistribute funds to local community airports rewarding councils for airport stewardship with CAPEX.

The terms of Commonwealth ALOP airports should be rigorously enforced to ensure local councils don't sell them off or force closure. Both "carrot" and "stick" should be concurrently applied.

Q What are the current and future pressure points in relation to airport capacity?

As far as the GAAP airports are concerned they are no where near capacity for visual training operations – provided ALC's don't continually keep closing cross runways or parallel runways. Slower lighter aircraft are far more vulnerable in a crosswind and therefore GAAP airports must maintain an abundance of dual cross runways. There is a capacity non-capability restraint now occurring in relation to needed bad weather runways having being closed at Bankstown. The lack of airport capacity with precision approach aids e.g. ILS is already an issue and already affects Instrument flight training. ILS training is required to be conducted at the Primary airports due to no ILS's at the secondary airports. Primary airports actively penalise IFR training flights with unreasonable requirements to land and minimum landing fees set at price levels to keep them out. They also restrict IFR training timeslots. Precision approach mechanisms are already overdue required CAPEX at GAAP airports to relieve the primary airports of this traffic.

IQ Can the growing use by civil aviation of joint user or Defence owned airports be safely and effectively accommodated?

This question can be answered on two levels. Airspace procedures and Airport Use.

Our understanding is the movements at defence airports from defense traffic are extremely light by civil standards. e.g. Amberley has in the past been as low as only 80 movements per week. Provided civil aircraft operations are compatible with the type of defence aircraft there appears to be little issue from a growth in civil use. UAV's operating in the same airspace are of some concern to civil users due to not knowing their capabilities and safety risk. Defence airspace procedures may not be to the same standards as civil procedures.

however defence usually has significantly better air navigation and radar and other air management assets.

Q How can the protection of the communities around airports from undue aircraft noise best be addressed as demand for services continues to grow?

Noise from Jet Aircraft is more of an issue compared to piston airplanes. This is mostly a problem for the primary airports. Developments in metallurgy have enabled new engine technologies and will be delivering engines of significantly reduced noise – due to bypass ratios changing from 5 or 6 to 12, for example the Pratt & Whitney GTF PW810 Fanengine. Noise issues near newer airports are a fault of local councils permitting residential development near the airfield or failure to provide sufficient buffer zone. Compulsory acquisition of these properties may be required. The obvious answer is to construct airports that are protected from residential encroachment. Overseas experience for operations into airports in high density areas is to develop "steep approach profiles". This keeps the aircraft higher on final approach paths thus reducing noise effects but requires special pilot training. Sensible standard arrival routes that are predominantly over ocean or less in habited areas also should be applied.

Pricing of airport services

Q As the aviation industry grows and changes with the advent of low cost carriers and other innovative service providers, should changes be made to the regulatory framework for the pricing of airport services and monitoring of service quality?

Airports are a monopoly. New Zealand understands this and had but in place price controls

Q Is there sufficient transparency in the setting of charges for services at those airports that are not subject to price or quality of service monitoring?

No. There is no transparency and price controls are required.