



**NATIONAL AVIATION
POLICY STATEMENT –
SUBMISSION OF
AUSTRALIAN
HOTELS
ASSOCIATION
2008**

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SUBMISSION OF AUSTRALIAN HOTELS ASSOCIATION

1. INTRODUCTION

1.1 The Australian Hotels Association (“AHA”) is pleased to provide a submission to be considered as part of the development of Australia’s new National Aviation Policy Statement or “White Paper” on behalf of the hotel industry in Australia.

2. HOTEL INDUSTRY PROFILE

2.1 The Australian hotel industry is extremely diverse. It is made up of small country pubs, large metropolitan taverns, international standard accommodation hotels and resorts. Hotels which focus on the provision of accommodation are dominant players in the tourism industry in Australia.

2.2 Key facts about Australian hotels are as follows:

- There are 6807 hotels in Australia;¹
- Australian hotels employ 380,000 people;²
- The total industry value added by pubs, taverns and bars in Australia is \$4,394,000,000 or 0.5% of Australia’s gross domestic product.³

2.3 Key facts about Australian hotels that specialise in the provision of accommodation

¹ Australian Hotels Association 2007

² Australian Hotels Association 2007

³ Australian Bureau of Statistics – Clubs, Pubs, Taverns and Bars 2004/2005

are as follows:

- There are 1269 licensed hotels in Australia with five or more accommodation rooms;
- There are a total of 85,116 rooms for accommodation in Australian hotels;
- There are a total of 223,440 bed spaces in Australian hotels;
- In the financial year ending June, 2007, there were 21,355,900 room nights occupied in Australian hotels;
- In the financial year ending June, 2007, there were 15,592,000 guest arrivals in Australian hotels; and
- The total industry value added of Australia's accommodation businesses is \$4,165,900,000 or 0.5% of Australia's gross domestic product.⁴

2.4 These statistics show the hotel industry is a key component of Australia's service economy.

2.5 The AHA represents and protects the commercial interests of hotels throughout Australia. AHA members include small country pubs, urban hotels, four and five-star accommodation hotels, and resorts. In excess of 70% of hotels in Australia are financial members of the AHA.

2.6 An important component of the AHA's membership is the AHA Accommodation Division. Hotels that generate either the majority of or a significant amount of their income from the provision of accommodation are part of the AHA Accommodation Division.

2.7 Major companies whose hotels are members of the AHA (and by extension, the AHA Accommodation Division) include Hilton, Hyatt, Marriott, Orient-Express, Accor, Inter-Continental Hotels Group, Four Seasons, Shangri-La, Mirvac, Rydges, Starwood, Stamford, Stella, Rendezvous, Constellation, Tabcorp and Crown. Hundreds of hotels that specialise in the provision of accommodation that are not affiliated with a major international hotel company are also members of the AHA.

⁴ Australian Bureau of Statistics – Tourist Accommodation, 27 September, 2007

3. HOTELS AND TOURISM

- 3.1 Australian hotels are a vitally important part of the tourism industry. The wider tourism industry in Australia employs 482,800 people. This figure makes up 4.7% of total employment in this country.⁵
- 3.2 In the 2006/2007 financial year, the export or inbound tourism industry contributed to \$22 billion to the Australian economy.⁶
- 3.3 Australian hotels – at all levels – rely on aviation and air access for business.
- 3.4 The AHA is an active member of the Federal Government’s National Tourism and Aviation Advisory Committee.
- 3.5 The AHA’s recommendations to be considered as part of the development of Australia’s new National Aviation Policy Statement extend beyond accommodation hotels that heavily rely on international visitors for business. Hotels and/or pubs in regional communities, are, or have the capacity to become, an integral component of the visitor experience in a range of destinations.
- 3.6 It is the submission of the AHA that Australia’s new National Aviation Policy Statement must recognise the importance of transport access to maximising the economic and investment potential of attracting visitors to Australia as a whole, including towns in regional areas.

⁵ Australian Bureau of Statistics – Tourism Satellite Account, 17 April, 2008

⁶ Australian Bureau of Statistics – Tourism Satellite Account, 17 April, 2008

4. THE TOURISM SUPPLY CHAIN

4.1 In explaining the tourism supply chain, it is relevant to examine the number of visitor arrivals to and resident departures from Australia:⁷

VISITOR ARRIVALS

MAIN REASON FOR JOURNEY	2006	2007
Convention/Conference	171,000	188,000
Business	615,500	650,500
Visiting Friends/Relatives.....	1,126,000	1,179,600
Holiday.....	2,886,500	2,826,800
Employment.....	155,400	169,300
Education.....	275,700	300,700
Other/Not Stated	302,300	329,200
TOTAL	5,532,400	5,644,100

RESIDENT DEPARTURES

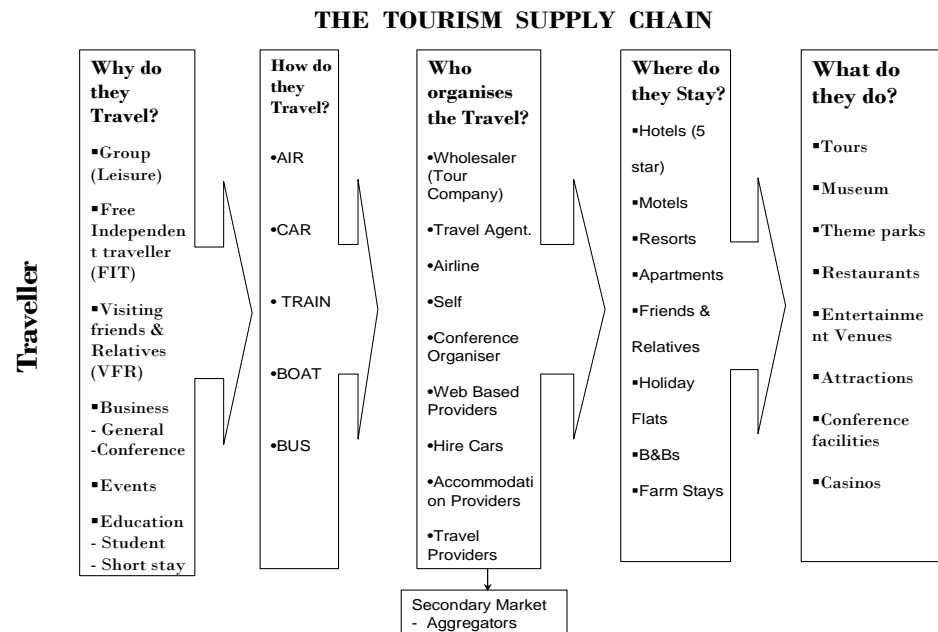
MAIN REASON FOR JOURNEY	2006	2007
Convention/Conference	189,100	200,600
Business	736,600	772,200
Visiting Friends/Relatives.....	1,244,900	1,301,400
Holiday.....	2,332,700	2,716,100
Employment.....	113,200	120,200
Education.....	56,800	57,900
Other/Not Stated	267,200	294,100
TOTAL	4,940,600	5,462,300

⁷ Australian Bureau of Statistics – Overseas Arrivals and Departures, April, 2008

4.2 These figures show that around 50% of the international visitors come to Australia for a holiday. More importantly, those visiting Australia for business, convention/conference and education purposes generally stay longer and/or spend more than holiday-makers.

4.3 Tourism is increasingly being seen as a “total experience”, rather than a set of independent services. It has the following features:

- Unlike most products and services, tourism depends on the consumer physically visiting the product;
- It includes a number of discrete, yet highly interdependent operators that need to effectively combine to deliver the consumer experience (travel agent or wholesaler-airline-airport-hotel-restaurant/pub-attractions);



- The tourism experience is subjected to a complex range of taxation

requirements and government charges. It also needs to meet challenging regulatory obligations and is dependent on the availability of publicly-funded services and infrastructure;

- A tourism destination or product is competing for discretionary spending of consumers with a range of other international or domestic destinations and alternative purchasing options, such as home improvements, electrical goods and much more;
- The AHA is of the view that aviation access to and within Australia cannot be looked at in isolation and has to be seen in the context of a total cost/benefit model to the destination and/or the national interest.

5. STATE OF PLAY – HOTEL/TOURISM INDUSTRIES

5.1 The hotel industry – together with the wider tourism industry is currently facing significant challenges. There has been significant growth in the number of outbound travellers – Australians travelling overseas – and a reduction in leisure visitors to Australia. This has been partially offset by an increase in visitors travelling for business or to further their education.

5.2 Changes in the broader economic climate have contributed to this environment. Specifically, higher fuel prices (which have resulted in increases in air fares) and higher interest rates have had a negative impact. This is most relevant for leisure travellers because the amount of money they have available for discretionary spending is less. Given the sharp increase in the value of the Australian dollar on world currency markets, it is arguably much more attractive and cost-effective for

Australians to choose overseas travel in preference to domestic travel than it has been at any other time in Australian history.

- 5.3 Growth in visitor arrivals to Australia has slowed considerably, so much so it is causing many hotel operators and the wider tourism industry great concern. In March of 2008, short-term visitor arrivals to Australia numbered 468,000 – a drop of 1.3% compared to March, 2007. As for short-term resident departures, these numbered 479,300 in March, 2008 – an increase of 9.7% compared to March, 2007.⁸
- 5.4 According to the Chief Executive Officer of Australia’s peak tourism marketing organisation, Tourism Australia, Mr Geoff Buckley: “It’s been a tough 12 months in the tourism industry and it will get worse before it gets better.”⁹
- 5.5 Accommodation hotels have benefited from a strong domestic business market. The number of rooms occupied¹⁰ and average room rates have been increasing, but in comparison to other major cities around the world, Australia’s rates are much lower. Increased demand over the medium term is required to raise return on investment in this sector to a point that would justify new investment in hotels in key capital city locations.
- 5.6 The cost of labour for Australian hotels is much higher than it is in most other parts of the world. This also has a direct impact on the bottom line for owners and operators of hotels in this country.
- 5.7 Tourism Australia has set dual goals of attracting high-yielding visitors to Australia and increasing the dispersal of international visitors to regional areas.

⁸ Australian Bureau of Statistics – Overseas Arrivals and Departures, 6 May, 2008

⁹ Adelaide Advertiser, 21 June, 2008

¹⁰ Appendix 1

5.8 Australia's location on the edge of the dynamic Asia-Pacific region has the potential to provide significant opportunities to capitalise on increasing disposal income and desire to travel among residents of countries to our north.

6. EXECUTIVE SUMMARY

6.1 The aviation and the hotel industries are key elements in the tourism supply chain. Therefore, Australia's new National Aviation Policy Statement must be linked to the Australia's National Long-Term Tourism Strategy, which will also soon be developed, and both should guide legislation, regulation and other processes to help maximise the number of visitors to Australia and travel/tourism within Australia.

6.2 The hotel industry's highest priority is the existence of a sustainable international and domestic aviation sector that maximises the opportunity for visitors to come to and travel around Australia. This will result in more visitors to this country's destinations and more customers/guests in Australian hotels.

6.3 Australia's future aviation policies must be responsive to the needs of domestic and international travellers, provide an affordable means of transport and contribute positively to Australia's appeal as a destination.

6.4 Aviation access to Australia must be based on current and future demand for all potential visitors. This includes visitors who travel for reasons of leisure, business, meetings, exhibitions and conventions, to further their education, medical treatment or to visit friends and relatives.

6.5 Australia should adopt a robust process to monitor bilateral air service agreements (ASAs) to assess if they help or hinder competitive air access to this country. The

AHA believes that a formal process should be established to enable a review of bilateral arrangements on an identified transport/tourism corridor if they are impeding visitor access to Australia. This should apply a “use it or lose it approach” that could allow designated airlines to operate on specific routes between Australia and other countries, even if that airline is neither based in Australia nor in the country at the other end of the route or routes. A final decision should be based on a demonstrable demand for that service which is not being met by approved carriers and the assessment of the total net benefit to Australia.

- 6.6 Australian hotels would derive benefits from increased seating capacity on the air route between Australia and the US. A lack of competition on this route is reducing the attraction of Australia for US visitors, due to current capacity constraints, high prices and service arrangements. This may soon be partially addressed with the introduction of high-capacity A380 aircraft on this route and the liberalisation of Australia-US open skies agreement, which was reached between the governments of the two countries in February of 2008.
- 6.7 Australia has several significant emerging inbound markets. Aviation access to these countries needs to be considered in both the National Aviation Policy Statement and Australia’s National Long-Term Tourism Strategy. These markets include China, other Asian nations and India. The AHA also supports liberalisation of aviation agreements with other markets, notably Canada, South Africa, Eastern Europe and South America.
- 6.8 Australia’s geographical position and comparatively small population limits its significance in the world aviation market. Despite this, all diplomatic channels should be used to ensure Australian airlines have an opportunity to maximise air access to a broad range of international destinations, including when neither the

airport of departure nor the airport of arrival are within Australia.

- 6.9 The submission of the AHA highlights how aviation activities in specific parts of Australia affect the hotel industry.
- 6.10 The National Aviation Policy Statement needs to adopt a holistic approach in assessing air access to destinations within Australia – major destinations along with regional destinations. Potential visitor spend, as well as the utilisation and return on existing tourism and transport infrastructure should be considered when the determination of the allocation of landing slots takes place.
- 6.11 The National Aviation Policy Statement should recommend the removal of current obligations that reduce the efficiency and effectiveness of major airports. Relocating regional air services to Bankstown Airport would increase the capacity of Sydney Airport to handle future international traffic and alleviate the need for a second international airport in Sydney.
- 6.12 To assist with improving regional access in and around Sydney, it is the submission of the AHA that Newcastle and Canberra airports could accommodate overflow passenger and cargo air traffic and that these facilities should be linked to Sydney by a Very Fast Train (VFT).
- 6.13 Transport links to and from Melbourne Airport would be enhanced with the establishment of a high-speed rail link between the city centre and the airport at Tullamarine. The AHA favours a similar option as part of the redevelopment of Perth Airport.
- 6.14 The hotel/tourism industries in Far North Queensland have been devastated by severe cuts to international air services to Cairns. Market forces, together with issues

in Asia surrounding promotional and distributional channels have contributed to this decision. Future aviation policy must minimise the chances of a similar setback occurring in Cairns – or any other major Australian destination. Aviation access must be considered in the development of the National Long-Term Tourism Strategy and needs to be supported by the establishment of robust destination plans for tourism regions going forward.

6.15 International carriers – outside existing bilateral agreements – should be allowed to land at airports that currently don't have regular, direct international flights. These airports include Hobart, Canberra, Newcastle, Avalon, Sunshine Coast, Whitsundays, Townsville and Broome. Such access should be determined on a case-by-case basis after establishing the existence of ongoing, unmet demand and an overall net benefit to the Australian economy.

6.16 The AHA advocates rationalisation of regional airport arrangements to ensure more cost-effective access to regional destinations. Management and operations of regional airports should be controlled by a single, commercially-focused entity, which would improve air access and dispersal of visitors.

6.17 Climate change and the expectation airlines (and other businesses) will have to (further) cut carbon emissions in the near future will have major commercial implications for the aviation sector, particularly long-haul destinations, such as Australia. The AHA does not support the unilateral imposition of a national levy or tax to help tackle this issue. Aviation and the broader tourism industry need to be seen as an export-exposed industry and treated accordingly within Australia's proposed emissions trading scheme.

6.18 The Federal Government has indicated that it will maintain existing airport curfews.

The AHA is fundamentally opposed to airport curfews because they reduce the efficient and effective use of airport infrastructure and are a barrier to cost-effective air access.

7. AIR ACCESS TO AUSTRALIA

- 7.1 International air access to Australia is pivotal to the future success of Australia’s hotel industry. Maintaining competitive access to and from current and emerging markets will be essential if the hotel/tourism industries are going to benefit from anticipated future growth in tourism and capture market share.
- 7.2 It is crucial for the hotel/tourism industries that government regulation and legislation at all levels – the federal level, State government level and local government level – creates an environment where there is cost-effective access to Australia for all categories of international visitors.
- 7.3 An illustration of the importance to the hotel industry of air access to Australia was best summed up by the Chief Operating Officer Australia/New Zealand/South Pacific of InterContinental Hotels Group, Mr Keith Barr, who said: “In general, our industry needs to be concerned anytime it (access) is reduced.”¹¹
- 7.4 The ageing fleet of Boeing 747 aircraft that many airlines are operating on international routes into and out of Australia are an impediment to increasing visitation. They are rapidly reaching the end of their time in service. These are high-capacity aircraft and there are no guarantees they will be replaced by aircraft that have a similar amount of passenger seats. The AHA acknowledges that since

¹¹ Australia New Zealand Pacific Hotel Investment Conference, Sydney, 19 June, 2008

October of 2007, Singapore Airlines has been operating high-capacity A380 aircraft into and out of Australia and that Qantas will begin operating A380 aircraft between Australia and the US in October of 2008.

- 7.5 Adding to Australia's aviation challenges is the fact our geographical position in the Asia-Pacific region is "at the end of the line" for most long-haul international airline carriers.
- 7.6 Access to foreign countries by the world's airlines is granted under the terms of more than 3500 ASAs between governments. Bilateral framework regulates access to markets through the following method – everything is prohibited unless it is agreed to by the two nations that are parties to the ASAs.
- 7.7 ASAs set out entitlements available in total to carriers of each country, including prescribed routes that may be operated, traffic rights attached to those routes, maximum amount of capacity, frequency of passenger and freight services that may be offered, pricing and code-sharing rights. Code-sharing is the use of a flight designator code of one air carrier on a service performed by a second carrier.
- 7.8 Australia has over 65 ASAs and some of these were agreed to decades ago. Given the revolution the world aviation industry is currently experiencing – particularly the rapid increase in popularity of low-cost carriers (LCCs) – many ASAs are out of date and no longer relevant to Australia's needs in 2008 and beyond.
- 7.9 The AHA believes that a review should be undertaken of all Australia's current ASAs as part of the development of Australia's National Aviation Policy Statement and in conjunction with the development of our National Long-Term Tourism Strategy. Appropriate adjustments should be pursued where it is found that existing ASAs are restricting international access to Australia.

- 7.10 The AHA acknowledges that international airlines operate in a highly-regulated environment. The strategic national importance of air access for, in global terms, distant locations like Australia means that it is inappropriate to allow foreign control of its international carrier and to unilaterally open its skies to all comers. However, globalisation and the growth of China and India, plus the changing structure of international aviation means that it is essential the aviation industry is responsive to the changing needs of domestic and international travellers. It must be ensured that the maintenance of current arrangements does not impede the emergence of affordable transport options that contribute positively to Australia's appeal as a tourism destination.
- 7.11 Any changes to airline access (regulatory arrangements) should not unintentionally or unfairly jeopardise the viability of airlines that already operate international flights to Australia.
- 7.12 Aviation arrangements should support lucrative business events tourism. This sector can be particularly affected by restrictions on aviation access to Australia because travel for business events, such as conventions and conferences, usually requires large numbers of seats on fixed dates at a competitive price.

8. PACIFIC ROUTE

- 8.1 Aviation liberalisation has been more advanced when the nations that are directly involved have larger, more developed economies. An example of this is the agreement that was reached by Australia and the US on 15 February, 2008, which gave Australian and US airlines unlimited access to each other's markets.

8.2 Among other things, the new Australia-US open skies agreement:

- Allowed for an unlimited number of flights operated by Australian or US airlines between any city in either country and beyond to other nations;
- Removed a restriction that new airlines could only operate four flights per week between Australia and the US (the “Pacific Route”);
- Allowed charter flights between Australia and the US; and
- Allowed cargo only services to operate from the other country to a third country without the need to pass through that airline’s home country.¹²

8.3 The announcement of the Australia-US open skies agreement was universally welcomed by key players in the Australian aviation industry:

- Qantas Chief Executive Officer Mr Geoff Dixon said: “It will assist the further development of Australia’s aviation industry, as well as help increase trade and tourism with a major economic partner.”¹³
- Virgin Blue Chief Executive Officer Mr Brett Godfrey said: “It should start the unshackling of a lot of the bilateral agreements throughout the world.”¹⁴
- Centre for Asia Pacific Aviation Executive Chairman Mr Peter Harbison said: “The good news for Australia will be that it will open up routes like Chicago, Houston, Dallas, Seattle and Las Vegas.”¹⁵

8.4 The AHA applauds the Federal Government and the minister responsible, Hon

¹² Hon Anthony Albanese MP – Media Release, 15 February, 2008

¹³ The Australian, 16 February, 2008

¹⁴ The Australian, 16 February, 2008

¹⁵ The Age, 16 February, 2008

Anthony Albanese MP, for brokering the deal for an Australia-US open skies agreement.

8.5 However, the Australia-US open skies agreement still prevents airlines that are not Australian or American from offering direct flights on the route, which has enjoyed little diversity. This is reflected by the breakdown of US arrivals to Australia by airline.¹⁶

8.6 The US is one of Australia's largest sources of inbound tourism. The parlous state of many US airlines means it is unlikely that existing ASA entitlements will be fully utilised or supported by proactive marketing of Australia as an attractive destination.

8.7 Among the carriers that have expressed an interest in operating flights on the Pacific Route is Singapore Airlines. Singapore Airlines Chief Executive Officer Mr Chew Choon Seng said: "It is Australia that has been quite protectionist about rights beyond Australia. There should be equality of opportunities."¹⁷

8.8 Given the growth potential of this high-yielding market for visitation to Australia, it important to explore all options to increase capacity on the Pacific Route. Any liberalisation must ensure there is a "level playing field" in terms of promotional spend by airlines and ensure appropriate offsets for Australian airlines on other comparable routes.

9. EMERGING MARKETS/RESTRICTIONS ON FOREIGN AIRLINES

9.1 Australia's new National Aviation Policy Statement must ensure there is adequate air

¹⁶ Appendix 2

¹⁷ The Australian, 15 December, 2007

access to Australia from our emerging markets. These are where the strongest growth in visitation levels is anticipated in the next 50 years. Increased investment in new hotels will require the achievement of anticipated increases in occupancy levels and room rates. These need to be underpinned by confidence that international travellers from emerging markets can easily fly into Australia from their home countries and that fares for such flights are competitively priced.

9.2 In 2008, Australia’s emerging markets are China, other Asian nations and India. It should be top priority to examine all ASAs with Australia’s emerging markets to ensure they are not acting as a barrier to more visitors from these markets travelling to Australia by air.

9.3 The AHA also supports liberalisation of aviation arrangements with the following key markets:

- Canada;
- South Africa;
- Eastern Europe; and
- South America.

9.4 Australia’s geographical position “at the end of the line” for aviation activities is a disadvantage for Australian airlines in comparison to airlines that are based in countries that are considered to be aviation “hubs” (including many major airports in Asia and the Middle East). Airlines based in hub countries have a strategic advantage to other many other countries. Australian-based airlines can effectively only operate in two directions – into or out of Australia – because we are at the end

of the line as far as global aviation is concerned. On reaching a hub, Australian-based airlines face significant restrictions on flying to a third nation. As an example, Qantas (an Australian airline) can operate 72 services per week between Australia (end of line) and Hong Kong (hub). Cathay Pacific (a Hong Kong airline) can also operate 72 services per week between Australia and Hong Kong. However, beyond Hong Kong, Qantas is restricted to a maximum of seven flights per week to Britain, while Cathay Pacific can operate 28 services per week between Hong Kong and Britain.¹⁸

- 9.5 Australia's new National Aviation Policy Statement must recognise the disadvantage Australia faces because it is at the end of the line for aviation activities and ensure that the Federal Government uses all areas of diplomacy to negotiate improved access for Australian airlines beyond hub destinations.

10. ISSUES IN SPECIFIC PARTS OF AUSTRALIA

10.1 SYDNEY

- 10.1.1 The review into tourism in New South Wales by Mr John O'Neill AO recommended to the New South Wales Government that it adopt a "proactive aviation policy" and "this would include the creation and ongoing execution of a tourism-friendly aviation plan for the State".¹⁹

- 10.1.2 Sydney Airport is Australia's busiest airport. On an annual basis, it has 32,000,000 passenger movements and more than 10,000,000 of these are international

¹⁸ Appendix 3

¹⁹ Review into Tourism in New South Wales – Mr John O'Neill AO, April, 2008

passengers.²⁰ For many of Australia's international visitors, Sydney Airport is also their first stop in Australia.

10.1.3 Sydney Airport has three main passenger terminals – one for international air services and two for domestic and regional air services – and five freight terminals.

10.1.4 There are currently 553 international flights arriving at Sydney Airport each week.²¹ The Sydney-Melbourne domestic route is currently the fourth-busiest aviation corridor in the world.²²

10.1.5 Despite the high volume of international, domestic and regional flights at peak times and other regulatory and logistical problems, Sydney Airport still has the capacity to accommodate more flight arrivals.

10.1.6 Given the importance of the international inbound tourism market – particularly those travelling for business reasons – to the hotel sector, international and domestic flights should have priority at Sydney Airport. Further, aviation movements at Sydney Airport must ensure that international and domestic flights run as close to schedule as possible.

10.1.7 In determining the allocation of landing slots at Sydney Airport, the aim should be to maximise the utilisation and return on existing infrastructure. Sydney Airport is required to provide 25% of available slots for regional carriers, yet these flights account for 5% of passenger movements.

10.1.8 Regional flights into and out of Sydney Airport remain a limited source of

²⁰ Sydney Airport

²¹ Sydney Airport

²² Official Airline Guide, 21 September, 2007

business for major accommodation hotels in Sydney. Among other things, this is because that by and large, high-capacity aircraft don't operate on these routes.

10.1.9 Therefore, it is the submission of the AHA that Australia's new National Aviation Policy Statement should outline a plan for the relocation of all arrivals and departures of regional air services from Sydney Airport to Bankstown Airport, in Sydney's south-west. Bankstown should effectively become the major airport for regional airlines that service Sydney.

10.1.10 Appropriate facilities for passengers and aircraft at Bankstown Airport would need to be established as part of this plan.

10.1.11 Passengers travelling to and from Bankstown Airport must also be catered for. By road, the trip to the centre of the city of Sydney is already reasonably quick via the M5 Motorway. A rail link to this airport may also be necessary.

10.1.12 Shifting regional flights to Bankstown would enable more international and domestic flights to land at Sydney Airport. While this capacity may not be utilised in the short-term, anticipated growth in the travel sector means it will be vital in the medium-to-longer term.

10.1.13 Reducing the number of regional flights that land at Sydney Airport would also avoid the unfortunate scenario where small regional aircraft delay domestic or international flights. It would also mean a second international airport for Sydney at Badgerys Creek or any other location would not be required.

10.1.14 If there is a need to accommodate overflow passenger and cargo air traffic, then existing airports at Newcastle and Canberra could fulfil this role. This would require complementary transport infrastructure.

10.1.15 Specifically, the establishment of a VFT between Newcastle and Sydney/Canberra and Sydney would improve transport access. It would also reduce congestion, reduce fuel consumption by cars and carbon emissions from cars in the Sydney-Canberra and Sydney-Hunter road corridors. Another potential spin-off is such an initiative could open up new areas of affordable residential land – because intermediate VFT stops would stimulate residential development in their vicinity.

10.1.16 VFTs linking Sydney with these areas would enable fast, efficient and environmentally-friendly movement of people through these transport arteries.

10.1.17 Aircraft movements at Sydney Airport are subject to a curfew. The curfew operates between the hours of 11pm and 6am. The AHA is opposed to all airport curfews because they hinder growth in flight numbers.

10.1.18 Leading accommodation hotels located in close proximity to Sydney Airport which pick up guests from the airport in a bus are charged hefty fees for doing this – and they are charged the fee each time they pick up guests. These charges are ultimately passed on to guests. This seems a frivolous and unnecessary revenue-raising measure that does nothing to enhance Sydney – and indeed Australia – as a tourism destination. An appropriate measure must be introduced to stamp out this charge immediately.

10.2 MELBOURNE

10.2.1 In 2006/2007, Melbourne Airport (Tullamarine) handled 22,500,000 passengers, including 4,530,000 international passengers. There are currently 217 international flights arriving at Melbourne Airport each week.²³

10.2.2 Melbourne is facing similar challenges to other major Australian cities in the area of international air access in that people travelling to the Victorian capital from the US regularly experience difficulty in obtaining seats on flights and at reasonable prices. Such a hindrance directly impacts the number of guests who stay in Melbourne's major accommodation hotels and the ability to attract conferences due to difficulties in booking seats on airlines, particularly business-class seats.

10.2.3 Improving air access to Melbourne becomes even more vital in 2009 when the new Melbourne Convention Centre is scheduled to open. The centre features a 5000-seat plenary hall and two new hotels in close proximity – Hilton South Wharf and a third hotel at Crown Melbourne. This hotel, which is expected to open in 2010, will have 658 rooms, making it the biggest in Australia. These facilities will become a focal point for business events in the Asia Pacific region. Therefore, it is of paramount importance that air access to Melbourne continues to improve so that these facilities are viable. Greater air access will directly impact on the viability of new hotels – along with existing hotels – in Melbourne.

10.2.4 The tourism and hotel industries in Melbourne – and Victoria as a whole – would also benefit from more direct international flights into Melbourne Airport, instead of flights making their first Australian stop in Sydney and then travelling

²³ Melbourne Airport

south.

10.2.5 Transport links to and from Melbourne Airport remain an issue. Despite improvements to Melbourne's suburban freeway system in recent years – notably the introduction of CityLink tollways, which, in particular, have seen cuts in travelling times between Tullamarine and the city, and Tullamarine and Melbourne's south-eastern suburbs – the location of the airport approximately 25km from the central business district continues to provide headaches for people travelling to and from the airport.

10.2.6 Such issues include expensive taxi fares (usually in excess of \$50) and traffic hold-ups on the freeway that links the airport to the city. These challenges are a disincentive for people who are considering flying into Melbourne to visit this destination, particularly for leisure.

10.2.7 Therefore, transport links to and from Melbourne Airport would be enhanced by the establishment of a high-speed rail link between the airport and the city centre.

10.2.8 This would be an efficient, coordinated and affordable method of transporting visitors who land at Tullamarine to Melbourne's city centre. Numerous leisure travellers would take advantage of such a transport link, while those travelling for business purposes would also be tempted to consider utilising it (because it would be far cheaper than travelling by taxi).

10.2.9 A similar rail link already operates between the international and domestic terminals at Sydney Airport and Sydney's city centre, and the international and domestic terminals at Brisbane Airport and Brisbane's city centre.

10.2.10 Greater international air access to Melbourne could be facilitated through Avalon

Airport, which is located between Melbourne and Geelong. With appropriate re-development of the terminal and other infrastructure at Avalon, this facility could become Melbourne's true secondary airport.

10.2.11 Given its proximity to Geelong and the Great Ocean Road, Avalon Airport could provide a far more valuable tourism gateway to these regions if it was serviced by regular international flights.

10.2.12 Regulatory approval processes for Avalon Airport – which are less than responsive – must be reviewed if regular, direct international flights to this airport are to become a reality.

10.3 BRISBANE

10.3.1 A total of 12 million passengers use Brisbane Airport on an annual basis. There are currently 162 international flights arriving at Brisbane Airport each week.²⁴

10.3.2 The hotel industry is strongly opposed to any proposal that would see any form of curfew that would restrict aviation movements at Brisbane Airport. It has been estimated that the introduction of this imposition would immediately result in the number of international flights arriving at Brisbane Airport each week being cut by 18. This would have a direct negative impact on hotel occupancies in Brisbane. This is why our industry is against any curfew being imposed on flights at Brisbane Airport.

10.3.3 Corporate or business-related travel to Brisbane from both international and domestic destinations has been growing and Australia's new National Aviation

²⁴ Brisbane Airport

Policy Statement must ensure the aviation sector provides for continued growth in the number of people travelling for this purpose into and out of Brisbane Airport.

10.4 PERTH

10.4.1 Along with Sydney, Melbourne and Brisbane, Perth is Australia's other major international aviation gateway. In 2005/2006, more than 7,100,000 passengers travelled through Perth Airport. There are currently 95 international flights arriving at Perth Airport each week.²⁵

10.4.2 Perth's major hotels would benefit from an increase in the number of international flights that service the Western Australian capital.

10.4.3 Given Perth's geographical location on the western coast of Australia, thousands of kilometres from any other major city in Australia and the world, the hotel industry backs more direct international flights to the city. Some international flights into Perth stop in other Australian States and Territories before arriving in the city. This adds travelling time and therefore frustration levels for passengers who are travelling to Perth.

10.4.4 More direct international flights into Perth would also mean passengers who become hotel guests would spend more time in Western Australia and the local economy, as well as the national economy, would be better off. More direct international flights into Perth also means it would be a more attractive destination for visitors from overseas countries.

²⁵ Perth Airport

10.4.5 A \$1,000,000,000 redevelopment of Perth Airport has been announced, a redevelopment that is long overdue given growth in passenger numbers through the airport, due largely to the resources boom in Western Australia.

10.4.6 At this point in time, the complete redevelopment – which will see new regional, domestic and international terminals located on the same side of the airport where the existing international terminal is currently located – is not expected to be completed before 2014. Given the strength of the economy in Western Australia, which has fuelled demand for corporate travel, and a rapidly increasing population, passenger numbers passing through Perth Airport will continue to skyrocket. With this being the case, redevelopment of the terminals must be fast-tracked.

10.4.7 The new terminal redevelopment at Perth Airport must incorporate plans for a rail link to the centre of the city.

10.5 CAIRNS

10.5.1 The hotel and tourism industries in the Cairns region are reeling from an announcement on 5 June, 2008 that from December of 2008, the Qantas Group will make major changes to its international services into and out of Cairns Airport. These changes will affect the Japanese inbound market to the Cairns region. Qantas carries the majority of Japanese arrivals to Australia.²⁶

10.5.2 From December of 2008, the following international flights will cease operation:

²⁶ Appendix 4

- Qantas – Tokyo to Cairns, 14 weekly flights (2405 seats per week lost);
and
- Jetstar – Nagoya to Osaka to Cairns, eight weekly flights (2273 seats per week lost).

10.5.3 Tourism Tropical North Queensland (TTNQ) estimated these changes will result in up to 100,000 less Japanese visitors to the region who spend \$125,000,000 annually. TTNQ Chief Executive Officer, Mr Rob Giason said: “This is an incredible blow to hundreds of businesses and thousands of jobs that are dependent on our success in securing Japanese visitors.”²⁷

10.5.4 Other reactions to this decision included:

- Queensland Premier, Hon Anna Bligh MP said: “This is a real kick in the guts for the tourism industry.”²⁸
- Queensland Hotels Association (QHA) Accommodation Division Manager, Ms Judy Hill said: “The clear message from hotels in Far North Queensland is that once these changes take effect, the consequences for the accommodation industry in the region are dire. The industry is now facing up to the reality that one or more hotels will soon no longer be profitable – and that means closures.”²⁹
- The front page of the Cairns Post newspaper carried the headline “GUTTED”.³⁰

10.5.5 From December of 2008, the Qantas Group will operate a daily Cairns-Tokyo Jetstar service, which equates to an inbound gain of 2121 seats per week.

10.5.6 While the decision to introduce this service is commendable and it is preferable to having no service from the Qantas Group at all between Far North Queensland and Japan, there is a strong possibility that it will struggle to be

²⁷ Tourism Tropical North Queensland Member Alert – 5 June, 2008

²⁸ Cairns Post, 6 June, 2008

²⁹ QHA Media Release, 6 June, 2008

³⁰ Appendix 5

successful. This is because since the introduction of Jetstar international flights from Japan to Australia, the Japanese market has had great difficulty adapting to the Jetstar model. As a LCC, Jetstar has preferred direct distribution techniques with travellers, as opposed to using third parties, such as travel agents, and potential Japanese visitors to Australia have failed to embrace this.

10.5.7 This situation should act as a guide to future aviation access to Japan – by any airline that chooses to fly from Japan to Australia – and indeed, future aviation access to Australia’s emerging markets. As part of Australia’s new National Aviation Policy Statement, government tourism marketing agencies, such as Tourism Australia, should be charged with assisting airlines with additional marketing and distribution support that is tailored for specific overseas markets. This will help maximise visitation to the Cairns region – and other Australian cities and regions – from overseas.

10.5.8 Despite differences in the service provided by LCCs, along with their promotional and distribution channels, the hotel industry is of the view there are opportunities for more flights operated by LCCs to Australia’s northern-most international airports, namely Cairns and Darwin, given their close proximity to Asia.

10.5.9 The Cairns region is an example of the need for aviation access to be considered as part of the development of Australia’s National Long-Term Tourism Strategy. Comprehensive destination plans for tourism regions must be part of this. According to the National Tourism Investment Strategy Research Report (2006): “Tourism development strategies and destination development strategies are critical for developing the tourism industry.”³¹

³¹ National Tourism Investment Strategy – Research Report, July, 2006

10.6 GOLD COAST

10.6.1 The Qantas Group announcement about flights on 5 June, 2008 stated that from 1 October, 2008, Jetstar will operate a daily Osaka-Gold Coast-Sydney service, while from December of 2008, Jetstar will operate five times a week a Tokyo-Gold Coast service. The AHA welcomes this increase in international air access to the Gold Coast.

10.6.2 There are currently 21 international flights arriving at the Gold Coast Airport each week.³²

10.6.3 The Gold Coast is suffering as a destination for international visitors from Asia because of visa requirements. Ease of passenger transit over Asian hubs to Australia – particularly where LCCs are operating – is paramount. At present, for a Chinese passenger to fly Air Asia X to the Gold Coast, they need to pay for a visa for Malaysia, as well as obtain an Australian visa. In this instance, the visa for Malaysia is an unnecessary cost and policies must be put in place to eradicate the need for it.

10.6.4 The Gold Coast Airport is subject to a curfew, which prohibits passenger aircraft from taking off or landing at the airport between the hours of 11pm and 6am. The AHA is fundamentally opposed to airport curfews because they inhibit air access.

³² Gold Coast Airport

10.7 ADELAIDE/SOUTH AUSTRALIA

10.7.1 By population, Adelaide is Australia's fifth-largest city (its population is just over 1,000,000), yet it has just 28 international flights arriving at its airport each week.³³ The low number of international flight arrivals in Adelaide by comparison to other major Australian cities means its tourism and hotel industries are far smaller than those in other major Australian cities with a similar population, such as Perth.

10.7.2 Of this situation, South Australian Tourism Commission Chief Executive, Mr Andrew McEvoy said: "South Australia has the most underserved airport (Adelaide) of any capital city in Australia."³⁴

10.7.3 For the hotel industry in Adelaide, international air access is about to become more critical than ever before, due to an expectation that a number of new hotels will soon open in the South Australian capital.

10.7.4 Adelaide is facing arguably its largest increase in hotel room supply (in excess of 1200 rooms) at any time in its history. As a result, there is a real risk that Adelaide will face a glut of hotel accommodation in the next five years.³⁵

10.7.5 Australia's new National Aviation Policy Statement should reflect the need for additional international flights to Adelaide Airport.

10.7.6 Like the major airports in Sydney and on the Gold Coast, Adelaide is subject to a curfew. The curfew forbids passenger aircraft from landing at Adelaide Airport between the hours of 11pm and 6am. The AHA is fundamentally opposed to

³³ Hon Mike Rann MP – Media Release, 10 January, 2008

³⁴ Adelaide Advertiser, 24 October, 2007

³⁵ AHA|SA Response to SA Tourism Plan, 9 May, 2008

airport curfews because they inhibit air access.

10.7.7 If the curfew at Adelaide Airport was abolished or, at the very least, relaxed, then it is almost certain that more international flights would service this destination.

10.7.8 Air freight services into and out of Adelaide Airport are also negatively impacted by the curfew. In its report “South Australia’s Freight Transport Systems – Regulating Freight”, the South Australian Freight Council states: “South Australia’s economic development is being constrained due to a restrictive and antiquated night curfew at South Australia’s main airport terminal. All the relevant federal regulations and guidelines need to be reviewed as a matter of urgency – individually and collectively.”³⁶

10.7.9 While Adelaide is the focal point for visitation to South Australia, there are significant regional destinations in the State that would benefit from direct interstate flights, including Kangaroo Island and Port Lincoln. The possibility of direct interstate flights to Roxby Downs, which is in the far north of South Australia, being introduced is also a distinct possibility, due to the high demand for mining sector corporate travel to this region. Australia’s new National Aviation Policy Statement should ensure that market forces dictate whether or not direct interstate flights commence to Kangaroo Island, Port Lincoln and Roxby Downs.

³⁶ South Australia’s Freight Transport Systems – Regulating Freight – South Australian Freight Council, March, 2008

10.8 DARWIN/NORTHERN TERRITORY

10.8.1 There are currently 45 international flights arriving at Darwin Airport each week.³⁷

10.8.2 Darwin's close proximity to Asia – it is located approximately halfway between Sydney and Singapore – presents it with significant opportunities for growth in the number of international air services to and from the city. And with no restrictions on times when flights can land and take off, Darwin Airport is virtually open for business 24 hours a day, seven days week. A number of international and domestic flights currently take off and land at Darwin Airport in the early hours of the morning.

10.8.3 LCCs already service Darwin, but this destination could easily accommodate additional flights from LCCs that already fly there, as well as extra flights from other LCCs (or other full-service airlines) that do not currently service Darwin.

10.8.4 The major issue surrounding likely growth in the number of passenger flights landing at Darwin Airport is infrastructure. Facilities at the airport are in need of an urgent upgrade to bring the facility into line with other Australian airports where international passenger services land and take off. Australia's new National Aviation Policy Statement should stipulate that all Australian international airports have terminal facilities that are of a high standard. This ensures maximum comfort for passengers who are either arriving or departing and a minimum amount of their time is spent passing through Immigration, Customs and Quarantine. Visitors who have a positive first impression on arrival in Australia are much more likely to spend more money here.

³⁷ Darwin Airport

10.8.5 As for other major airports in the Northern Territory, Alice Springs and Uluru are important destinations for international and domestic visitors, the latter in particular given its historical significance and iconic status as a tourist attraction. It is vital that air access to these destinations is continually evaluated to ensure the number of visitors to both destinations does not suffer because of poor air access.

10.9 CANBERRA

10.9.1 Canberra International Airport currently has no regular international flight arrivals or departures, but it caters for an extensive range of domestic and regional flights. Given Canberra is Australia's national capital and the significant numbers of government and federal public sector employees who rely on them for air travel, these flights are of vital importance to the national economy.

10.9.2 As previously outlined, the AHA believes Canberra Airport is in a prime position to receive overflow passenger and cargo air traffic from Sydney Airport. To promote greater access to both Canberra and Sydney, the AHA advocates the establishment of a VFT between these two major cities.

10.9.3 Given the importance of government business conducted in Canberra and the city's status as a growing leisure tourist destination, Canberra International Airport must never be subject to curfew restrictions.

10.9.4 The AHA notes a strategy has already commenced that if it continues in its current form, houses would be built in areas that are under flight paths for aircraft approaching or departing Canberra International Airport. This is a recipe

for trouble for the airport, residents and the hotel/tourism industries.

10.9.5 Aircraft noise could see an airport curfew introduced to Canberra and this would almost certainly lead to a drop in the number of domestic flights into and out of Canberra and ruin the chances of Canberra attracting direct international flights. Therefore, a curfew at Canberra International Airport would directly result in a severe downturn for the hotel/tourism industries in the Australian Capital Territory.

10.10 HOBART/TASMANIA

10.10.1 In the 2006/2007 financial year, there were 1,620,000 passenger movements at Hobart International Airport.³⁸

10.10.2 Domestic carriers and Singapore Airlines international charter flights service Hobart International Airport.

10.10.3 If regular international flights are to operate into and out of Hobart International Airport, terminal facilities and runways must be equipped to handle aircraft that fly on these routes. This must be recognised in Australia's new National Aviation Policy Statement.

10.10.4 Air access is also a significant driver of business for the hotel/tourism industries in northern Tasmania. Lifting the number of services to Launceston Airport would almost certainly increase visitation to this region.

³⁸ Hobart International Airport

10.11 SUNSHINE COAST

10.11.1 The Sunshine Coast Airport has 880,000 passenger movements per annum.³⁹

Weekly services to and from Sydney and Melbourne make up a large proportion of this figure.

10.11.2 Passenger movements at this airport are forecast to grow to between 1,600,000 and 2,300,000 by the year 2020. The Sunshine Coast could also see the commencement of international flights to and from the airport between now and 2020.⁴⁰

10.11.3 The popularity of the Sunshine Coast as a destination for leisure travellers has been increasing, as has demand among businesses for corporate travel to and from this region.

10.11.4 The AHA supports expansion of domestic services to the Sunshine Coast and the introduction of international flights to the region.

11. DIRECT INTERNATIONAL FLIGHTS TO MORE MAJOR AIRPORTS

11.1 At present, there are eight airports in Australia that have regular international flights that arrive and depart – Sydney, Melbourne, Brisbane, Perth, Cairns, Gold Coast, Adelaide and Darwin.

11.2 The hotel industry in Australia is of the view that this number could be greatly expanded, which would promote growth in visitation numbers and improve dispersal of international visitors across the nation.

³⁹ Sunshine Coast Airport Master Plan – September 2007

⁴⁰ Sunshine Coast Airport Master Plan – September 2007

- 11.3 The AHA is in favour of expanding Australia's international airport network by allowing international carriers, outside existing bilateral agreements, to land at airports that currently don't have regular, direct international flights. These airports include Hobart, Canberra, Newcastle, Avalon, Sunshine Coast, Whitsundays, Townsville and Broome.
- 11.4 International access would be determined on a case-by-case basis once the existence of ongoing unmet demand and overall net benefit to the Australian economy is established.
- 11.5 If regular direct international flights were to service these additional locations, inbound travel to Australia would almost certainly increase. This would provide an enormous injection into the national economy, with the hotel/tourism industries among those in the business sector that would directly benefit.
- 11.6 The new policy statement must also recognise there may be a need to upgrade airport infrastructure along with Immigration, Customs and Quarantine facilities at these locations to accommodate regular, direct international flights. It must also acknowledge the need for aviation and tourism agencies at all levels – both public and private – to work together to bring about more direct international air access to additional destinations within Australia.
- 11.7 Ways of minimising the relatively high operational costs imposed by landing at such airports must be reduced. It is more expensive for airlines to operate to airports that aren't major capital city airports because of a range of compulsory charges and lower passenger volumes.
- 11.8 It should be noted that there are 50 international airlines with rights to fly to Townsville Airport, but none are currently exercising those rights.

12. REGIONAL AIRPORTS

- 12.1 The vast majority of other airports in Australia – airports that are located in regional areas of Australia and, generally, are only serviced by regional airlines – are owned by local government authorities or local councils.
- 12.2 Local government ownership based on parochial self-interest will not deliver an integrated network of airports that effectively and efficiently services regional Australia.
- 12.3 In order to increase yield and dispersal of overseas visitors, there needs to be a review of the ownership and operations of regional airports to ensure they promote efficient, sustainable access to regional destinations.
- 12.4 This review should assess the potential to rationalise existing regional airports to enable more cost-effective access by examining:
- The current and future commercial viability of individual regional airports;
 - Existing ownership and management arrangements;
 - Appropriate locations for regional airports; and
 - The feasibility and benefits of consolidating the management and operations of regional airports under a single, commercially-focused entity.
- 12.5 Consideration should be given to the establishment a federal statutory corporation to take over the responsibility of running all regional airports in Australia. This body would be charged with reducing operational costs, minimising duplication of services and promoting increased flights to key locations. The privatisation of this entity should be a long-term option.
- 12.6 The new statutory corporation would be in a far stronger position to drive efficiencies at regional airports and most importantly, provide coordinated strategies to ensure access to regional Australia by air is maximised.
- 12.7 Given the majority of hotels that are members of the AHA are located in regional

areas, improving air access to regional areas would almost certainly directly result in more customers visiting these businesses.

- 12.8 Improved regional dispersion would result if there is greater cohesion between government, aviation and tourism agencies. This extends to aviation policies across these agencies.
- 12.9 Further, Australia's new National Aviation Policy Statement should recognise that regional airlines are experiencing extreme difficulty in employing pilots to fly on their routes. This is because of labour/skills shortages in this area. Government support for regional airlines to assist with finding a solution to this problem would be welcomed.

13. EMISSIONS/CLIMATE CHANGE

- 13.1 Climate Change and concerns with carbon emissions are on the verge of revolutionising the global aviation industry.
- 13.2 Although aviation accounts for only 2% of carbon dioxide emissions on a global basis, this percentage is set to rise as passenger and flight numbers increase.
- 13.3 It means the aviation sector is going to come under increased scrutiny to reduce its environmental footprint.
- 13.4 Some flights are now being operated at reduced speeds in order to cut emissions. Several other measures similar to this could soon become commonplace in the aviation sector.
- 13.5 An increasing number of businesses are now choosing to conduct meetings by video link or teleconference to reduce their carbon output. A practical example of this is a chief executive of a European-based company who would usually visit his or her Asia Pacific office in Sydney on four occasions each year. If they haven't already done so, he or she is now deciding to travel to Australia only twice annually and utilise video-conferencing facilities in preference to making the other two visits. In the case of this chief executive, the amount of time he or she stays at a hotel in Sydney is halved due to the executive's desire to cut the carbon footprint of his or

her business to demonstrate its commitment to addressing climate change. As the number of organisations that adopt similar policies increases, the hotel industry in Australia will inevitably suffer.

- 13.6 Australia's status as a long-haul destination makes it especially vulnerable to the impact climate change has on aviation.
- 13.7 Australia's new National Aviation Policy Statement should make considerable allowance for the impact of climate change on our aviation industry and, by extension, industries that will also be affected, such as major accommodation hotels in Australia.
- 13.8 Further, climate change could force additional hikes in world oil prices. This in turn would almost certainly lead to increases in the cost of fuel for aircraft. At the very least, higher aircraft fuel prices translate to higher air fares, as well as route changes and, as a consequence, air access issues.
- 13.9 As a long-haul destination for the world's airlines, Australia is particularly vulnerable to any moves to limit carbon emissions from aircraft. As the issue of climate change takes on greater importance, the commercial ramifications for aviation are significant.
- 13.10 The hotel industry is opposed to the introduction of any national levy or tax as a means of tackling climate change. When addressing this issue, it is vital that the consequences for the aviation industry (and by extension, the hotel/tourism industries) are acknowledged within Australia's emissions trading scheme, which is currently being developed.

14. AIRPORT CURFEWS

- 14.1 The AHA notes that in the issues paper released as a guide to submissions for Australia's new National Aviation Policy Statement the Australian Government will not consider any relaxation of curfew restrictions at Australian airports.
- 14.2 Of Australia's major airports, curfews that restrict passenger aircraft from taking off

and landing between the hours of 11pm and 6am are in place at Sydney Airport, Gold Coast Airport and Adelaide Airport.

14.3 The possibility of curfews being introduced to Brisbane Airport and Canberra International Airport has been raised in recent times. If they were to be introduced at these airports, the affect on air traffic and associated industries, including the hotel/tourism industries, would be dramatic. It would almost certainly mean visitor numbers and, therefore, hotel occupancies would drop as a direct result.

14.4 Curfews are already causing scheduling difficulties at Sydney Airport and preventing Gold Coast and Adelaide airports from increasing their numbers of inbound international flights.

14.5 For air services that carry freight, curfews are also restrictive because they hinder growth.

14.6 In Adelaide, the detrimental impact resulting from this restriction on international air access is particularly difficult to fathom given funding has been devoted to residents under flight paths around this airport that has assisted them to install permanent sound-proofing measures in their houses. Adelaide Airport has gone as far as pledging to return a portion of likely additional funds generated by removing the curfew to the local area. “We’re prepared to forego some of the revenue and return it to the community,” said Adelaide Airport’s Managing Director, Mr Phil Baker.⁴¹

14.7 So, as previously outlined, the AHA is fundamentally opposed to airport curfews, including the introduction of new curfews. It is the submission of the AHA that all existing curfews in place at Australian airports be scrapped. At the very least, they

⁴¹ Adelaide Advertiser, 2 November, 2007

should be relaxed to enable flights to take off and land in shoulder periods (periods on the fringe of curfew hours).

15. AIRPORT SECURITY

- 15.1 Security procedures at Australian airports must ensure the safety of air passengers is not compromised in any way.
- 15.2 However, the process of air passengers passing through Immigration, Customs and Quarantine needs to be constantly scrutinised.
- 15.3 Too often, inbound passengers experience delays in being cleared for arrival by staff from Immigration, Customs and Quarantine. If delays occur because of reasons other than national security/air safety/community safety, then there are serious problems with the system as it stands.
- 15.4 For inbound visitors to begin their stay in Australia in a positive frame of mind, being cleared by Immigration, Customs and Quarantine staff at our major airports in a polite, professional, timely and efficient manner is essential.

16. AIRLINE SAFETY

- 16.1 The safety record of aviation movements within Australia is among the best in the world.
- 16.2 The hotel industry is strongly opposed to anything that compromises this in any way.

16.3 It would take only one major catastrophe involving a large passenger jet in Australia to slash the confidence of the travelling public and flight ticket bookings would nose-dive. Less people travelling means less people staying in or going to hotels for entertainment purposes and that means the hotel industry would suffer.

17. TRANSPORT TO/FROM AIRPORTS

17.1 Transport to and from our major airports should be continually enhanced to ensure visitors to Australia and travellers on international, domestic or regional flights can enjoy a comfortable, timely and inexpensive trip from airports to their chosen accommodation. After all, a tourist who is contented is likely to spend more money in Australia during their visit.

17.2 As previously stated, the AHA supports the establishment of a VFT linking Newcastle Airport to Sydney and Canberra Airport to Sydney.

17.3 Also as previously stated, the AHA favours the introduction of a high-speed rail link between Melbourne Airport (Tullamarine) and Melbourne's city centre.

17.4 Also as previously stated, the redevelopment of the terminals at Perth Airport must include a rail link between the airport and Perth's city centre.

17.5 If Melbourne and Perth were to introduce high-speed rail links between their airports and their respective central business districts, Australia's four largest international airports would have high-speed rail links to their city centres (Sydney and Brisbane already have rail links between their airports and city centres in place).

18. AIRPORT PLANNING AND DEVELOPMENT

18.1 It is important that planning regulations for commercial arrangements at airports are consistent with relevant State/Territory legislation. For example, there are several examples where loopholes in federal legislation have allowed service stations located on airport land to sell alcohol when it would not be allowed under State/Territory laws.

19. CONCLUSION

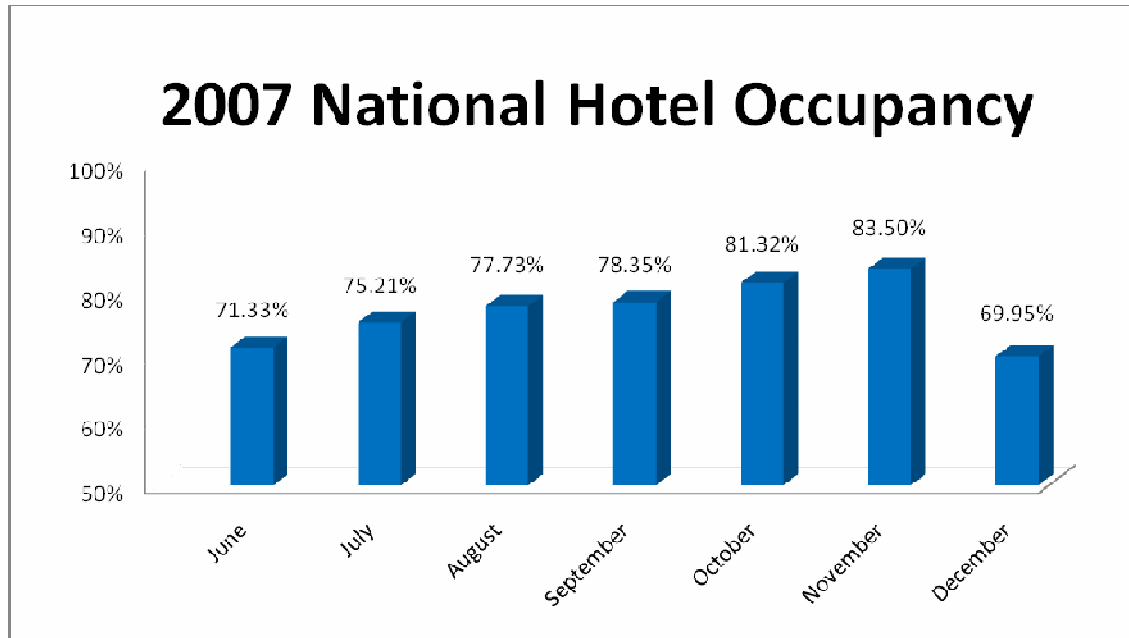
19.1 Air access to Australia is a crucial driver of business for the hotel industry in this country. Anything that reduces air access directly results in a loss of business for the hotel industry.

19.2 There needs to be a closer working relationship between the aviation sector and other related industries, such as the hotel/tourism industries.

19.3 The AHA welcomes the Federal Government's decision to develop a new National Aviation Policy Statement for Australia and is happy to provide the government with further input in framing policy in this area during the development process for the statement.

Date: 3 July, 2008

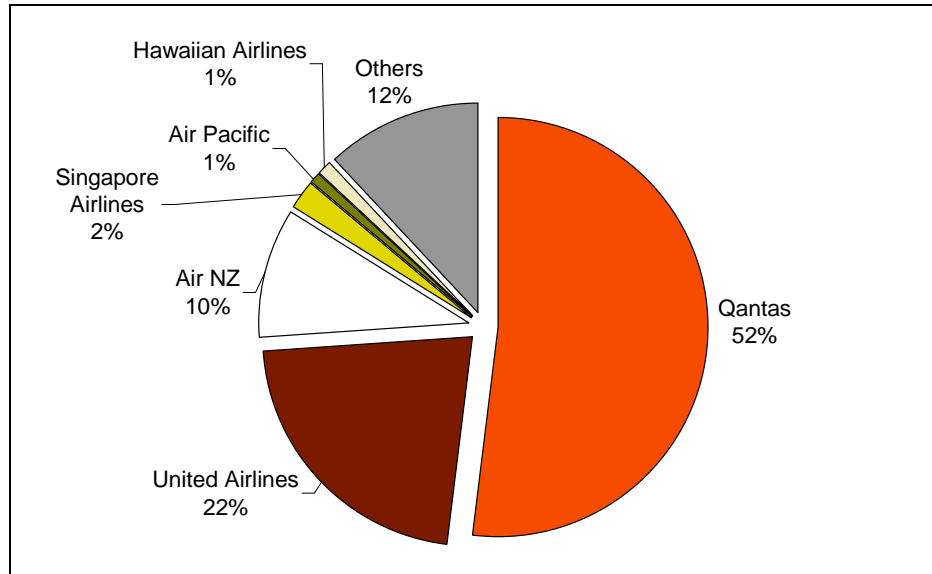
APPENDIX 1



Source: Australian Hotels Association Accommodation Statistics

APPENDIX 2

US ARRIVALS TO AUSTRALIA BY AIRLINE – 2006



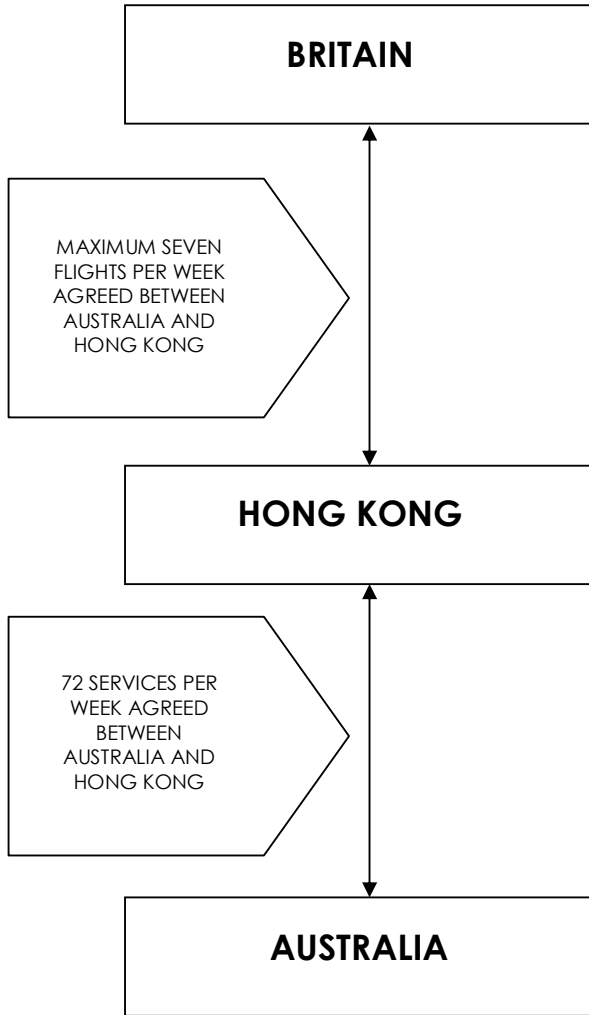
Source: Tourism Australia –

Presentation to National Tourism and Aviation Advisory Committee,

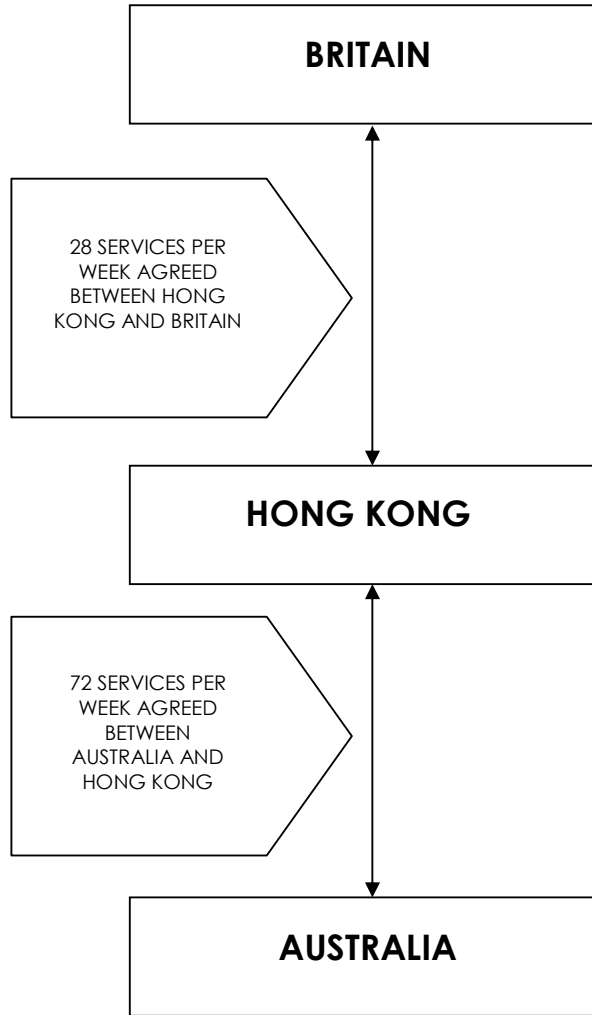
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APPENDIX 3

QANTAS

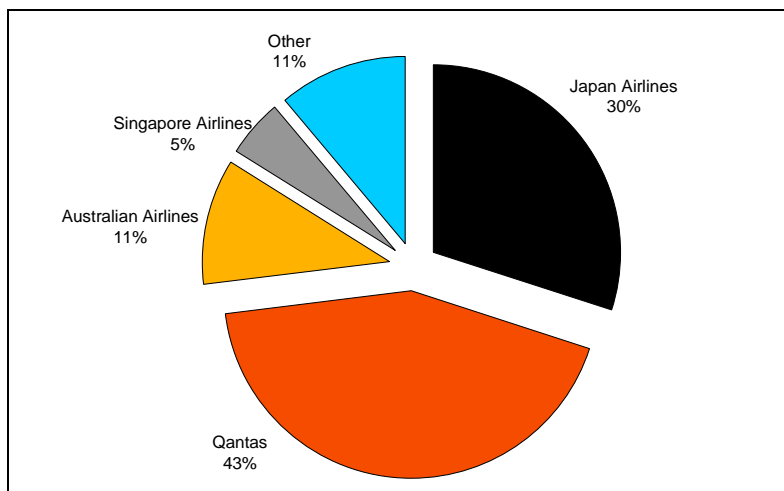


CATHAY PACIFIC



APPENDIX 4

JAPAN ARRIVALS TO AUSTRALIA BY AIRLINE – 2006



Source: Tourism Australia –

Presentation to National Tourism and Aviation Advisory Committee,

27 April, 2007

The Cairns Post

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GUTTED

**'This is going to
be as bad as the
pilots' strike'**

■ **Tourism
industry
devastated**

■ **Hundreds
of jobs
threatened**

■ **Premier's
rescue
package**

REPORTS PAGES 2, 3