



New South Wales Government

Department of Premier and Cabinet
Office of the Coordinator General

Towards a National Aviation Policy Statement
NSW Government response

Table of Contents

1. Introduction	3
2. Aviation policy and related policy processes	3
3. The Australian aviation industry	4
3.1 International services	4
3.1.1 Australia continues to expand its international air services relationships	4
3.1.2 Growing the regions and cargo	6
3.1.3 Facilitation and border control	7
3.2 Regional and general aviation	8
3.2.1 Key challenges – regional air services	8
3.2.2 Key challenges – regional and general aviation	10
3.3 Addressing skills needs in the aviation industry	11
3.3.1 Key challenges	11
4. Aviation infrastructure	13
4.1 Airport planning and development	13
4.1.1 Land use planning and development approvals at major airports	13
4.1.2 Non-aeronautical development on airport sites	16
4.1.3 “Safeguarding” Australia’s key airport infrastructure	17
4.1.4 Future airport needs	18
4.1.5 Pricing of airport services	20
5. Customer and community protection – addressing the impacts of aviation	21
5.1 Aviation emissions and climate change	21
5.1.1 Key challenges	21
5.2 Aircraft noise	22
5.2.1 Key challenges	22
5.3 Consumer protection	23
5.3.1 Key challenges	23
5.4 Disability standards	25
5.4.1 Key challenges	25
6. Aviation security	26
6.1 Efficiency and cost	26
6.2 Growth and industry development	27
6.3 Passenger experience of aviation security screening	27
6.4 Identity and background checking	27

1. Introduction

The aviation sector is an integral part of contemporary society. It connects and improves the social interaction of people in both cities, regional and remote communities, and facilitates commerce in goods and services (particularly tourism).

Aviation brings great benefits. Airports are significant wealth generators for the economy. KSA carries 46% of Australia's international passengers and handles air freight valued at over \$33 Billion per year. Over 60,000 people are directly employed in servicing airport-related activities, and KSA contributes around \$13 Billion (approximately 6%) to the NSW Gross State Product. Other airports throughout NSW similarly make significant contributions to regional wealth generation and employment. To these tangible benefits should be added the considerable social value derived from a better connected society.

Aviation activity also incurs costs to society. It has environmental and social impacts and precludes other potentially desirable outcomes from the alternative uses of society's finite resources. Airlines are significant contributors to greenhouse gas and noise pollution. The challenge is to balance the significant benefits to society from the operation of the aviation sector against adverse impacts.

The NSW Government welcomes this opportunity to contribute to the development of a comprehensive policy that will chart aviation's future in the context of wider social, environmental and economic challenges. In this submission, the NSW Government's perspectives on key aviation issues are outlined against the themes (the Australian Aviation Industry, Aviation Infrastructure, Customer and Community Protection and Aviation Security) of the National Aviation Issues paper. Emphasis is given to the need for an integrated aviation policy by the inclusion of a segment on aviation policy and related policy processes. Further detail to the NSW Government's perspectives on planning and aircraft noise matters are contained in the attached background supporting paper.

2. Aviation policy and related policy processes

The NSW Government notes that the National Aviation Policy is being developed in parallel with a number of related processes. These include the development of a National Tourism Strategy, National Transport Policy Framework, the on-going allocation of funds under Auslink, the 2008/09 Sydney Airport Master Plan, the establishment of Infrastructure Australia, and the work of Council of Australian Governments (COAG) working groups, such as the Infrastructure Working Group and the Business Regulation and Competition Working Group. The Aviation Green Paper should explicitly identify its relationship with these other related policy processes and funding programs.

NSW Government favours the development of aviation policy as part of an integrated approach to transport policy, noting that the recently published, "*National Transport*

Policy Framework – a New Beginning” (NTC 2008) advocates a shift from a modal to a “whole of supply chain” approach (p.33). This policy document was adopted by the Australian Transport Council as part of its decision to commission the development of a new national transport policy. The NTC paper has a strong emphasis on an integrated approach. For example, a medium term goal is the development of a “national framework for development of strategic terminals (intermodal, inland ports, shipping ports and airports) including land use planning and access arrangements.”

Infrastructure Australia has now been established with the first priority of preparing an infrastructure audit to help determine the nation’s infrastructure needs and investment priorities. It is understood that Infrastructure Australia will identify investment priorities, and recommend policy and regulatory reforms. Given that establishing investment priorities will be an important part of the development of an aviation white paper, the linkages between the aviation policy development process and the Infrastructure Australia process should be explicit.

Since 2004, Auslink has provided a framework for the Commonwealth Government's investment in land transport infrastructure. Long-term corridor strategies were developed by both Commonwealth and State Governments to provide a basis for determining national investment priorities. A disconnect between Auslink strategies and aviation policy could for example lead to growth in aviation travel at KSA adversely impacting upon the Auslink funded Sydney freight line thereby reducing its effectiveness in improving freight transport capacity and efficiency or vice versa.

The NSW Government appreciates that although strategic national infrastructure investment priorities will now be determined through the Infrastructure Australia process, and that Auslink does not relate to the development of air transport infrastructure, it is important to identify whether future Auslink investment priorities may be influenced by the findings contained in the aviation white paper once complete.

3. The Australian aviation industry

3.1 International services

3.1.1 Australia continues to expand its international air services relationships

The fundamental objectives of aviation policy should include:

- the promotion of a safe, competitive and sustainable aviation sector;
- support for fair and equitable access to national and international aviation markets;
- removal of unnecessary and unproductive barriers to the growth and development of aviation services;
- promotion of and support for the development of domestic aviation- based industries;

- encouragement of both technical and services innovation;
- improved labour and capital productivity;
- facilitation of the rapid movement of people and goods and maximising travel time savings, particularly for skilled managerial and professional travellers;
- support for the growth and innovation of airfreight services;
- support for the growth and development of airports and other passenger and freight infrastructure; and
- efficient and equitable allocation of access to Sydney airport and other key international gateways.

The NSW Government supports liberalisation of international reciprocal market access, and supports the Commonwealth Government's efforts to improve access through bilateral and multilateral negotiations. NSW Government also supports the development of additional bilateral agreements along the lines of the recent Open Skies agreement with the United States. The National Aviation Policy should ensure Australia's ongoing independence in air services.

The development of a comprehensive aviation policy provides an opportunity to review whether there is a net public benefit from continuing to place restrictions on the ownership of Australian-based international airlines.

The objectives of the policy should be made explicit. The Commonwealth Government should be in a position to demonstrate that its policy objectives are being achieved and that the outcomes are superior to the deregulated alternative.

A fundamental requirement for aviation policy and practice is maintaining a rigorous and accountable safety regime that applies to all carriers using Australian airspace and airports. Growth, development and innovation must occur in a way that retains public confidence that safety is the first priority. Air Services Agreements should provide for the application of transparent, rigorous and accountable safety and maintenance standards.

Consideration should be given to allowing foreign airlines to access the Australian domestic market provided that Australian airlines are granted foreign access, and that foreign carriers are subject to Australia's safety and regulatory regime. The same principle of access should be applied to granting international airlines access to domestic aviation markets.

The impact of low cost carriers and the development of secondary gateways

The recent growth of low cost carriers appears to be the driving force in the development of secondary gateways and has the potential to encourage new route development. However, rapidly rising fuel prices may particularly impact on budget airlines and could potentially reduce their market share.

There may be some scope for State Governments to attract international services to minor gateways as access to major gateways becomes more expensive and more congested. However, demand is unlikely to grow significantly until alternative destinations become more attractive to tourists and business travellers. NSW

Government supports the growth of international services from for example Gold Coast Airport, which promotes tourism in the State's Far North Coast region. Airports at Newcastle, Canberra and Coffs Harbour are also potential candidates for international airline growth.

Although some sectors of the airline industry have experienced boom times in recent years, the industry is characterised by high costs and susceptibility to market changes. To date the rise of the low cost carrier model has changed the mode of travel chosen by many Australians. This in turn has affected tourism patterns in a way that has benefited destinations with airports able to accommodate the needs of the new entrants. The low cost carrier model has proved successful in Europe but is extremely fluid at present and while competition in the marketplace should be facilitated, the Commonwealth Government needs to be mindful of the current instability posed by rising oil prices and the flow-on impacts on business and tourism. While competition is welcome, instability is not and a well-defined policy framework would assist the promotion of greater certainty for the aviation industry.

Australia's aviation policy needs to take account of the impact on long-distance air travel of major, sudden increases in fuel prices. Because of Australia's distance from its major air-travel markets, it is particularly vulnerable to these impacts. Fuel currently accounts for about a third of airline budgets. There is evidence internationally that airlines, including budget carriers, are under sustained pressure due to rapidly escalating oil prices. Several US airlines and at least two other international carriers have recently entered administration.

Notwithstanding the challenges of rising fuel costs and responses to climate change, the tourism sector will continue to be significantly affected by the growth and development of cut-price airlines and the opportunities they will bring to accessing new markets and market segments both at home and abroad.

3.1.2 Growing the regions and cargo

An aviation freight policy must address both the importance of servicing the metropolis and the opportunities for decentralising some airfreight services, particularly the export of value-added primary produce. Sydney's KSA must operate efficiently for both passenger and freight services.

A national aviation policy provides a further opportunity to strategically plan future air freight networks and infrastructure, taking into account factors such as long-term capacity constraints at KSA, significantly increased fuel costs, urban congestion, and increasing urban land values. A similar strategic approach to that adopted for the planning of sea freight through Auslink could be considered.

Regionally-based facilities could reduce some of the load on KSA freight infrastructure, and stimulate rural industries. This could facilitate the direct export of high value (low inherent bulk) agricultural and fisheries products, and positively impact on urban congestion and the capacity of KSA. There may also be an opportunity to develop a regionally-sited international air freight facility that is capable of efficient links with the major road and rail freight distribution infrastructure of south-

east Australia. One potential location is Dubbo, because of its unique position at the intersection of key road and rail routes.

In general, an open cargo policy should continue to be pursued. The aviation policy development process provides a good opportunity to review whether there is a net public benefit from continuing restrictions on cargo transport.

3.1.3 Facilitation and border control

KSA is NSW's and Australia's most popular airport for international passengers. It processed 48% of Australia's total international passengers in 2007/08. Sydney Airport Corporation forecast this volume will more than double by 2024/25. With KSA infrastructure now upgraded to accommodate Airbus A380 and Boeing 787 aircraft, this growth in traffic will mean large numbers of passengers arriving at the one time.

Processing these passengers will be a significant challenge. There is an immediate need for increasing the number of screeners at all levels of arrivals and departures. The current physical layout of the terminals is not conducive to rapid processing.

Consideration should be given to a faster pedestrian 'funnel' system similar to many U.S.A airports. The introduction of improved technology will not enhance the time to process passengers unless it is aligned to revised physical changes combined with improved screener expertise. The current emphasis on commercial interests at KSA has overshadowed the upgrading of passenger movement. There needs to be a significant focus on pre-screening and points prior to arrival and departure.

Outside the arrival halls the airport land transport infrastructure is struggling to manage the passenger task. Congestion at KSA is already a significant challenge. To date airport master plans have focused on future developments within the airport boundaries and assumed that State Government and others will ensure the land transport infrastructure is adequate to the task. Dealing with these impacts will require a collaborative approach between airport operators, Local and State Government to address pressures on taxi numbers, public transport, concurrency of peak airport movement periods with peaks on transport networks to/from and around Airports and from those businesses that service airport activity (ie. catering, car rental, fuel, cleaning, maintenance etc.).

There are significant benefits to expanding the number of direct international gateways. These include savings through the transport of passengers and freight in a more direct route from source to destination, relieving congestion on existing arrival and departure slots and from non-curfew constrained aircraft operations that better meet the requirements of international markets.

Expanding the number of direct international gateways would, however, incur significant establishment and operational costs. These include the capacity of NSW regional aerodromes to handle the aircraft sizes involved and the expense of ensuring adequate international border control standards (passengers) and biosecurity and quarantine standards (freight).

Australia's biosecurity is at a greater risk now than it has ever been because of the greater mobility of both people and goods that may carry exotic pests, diseases or weeds. Airports accepting passengers and cargo from overseas present some of the highest risks if pre-border, border and post-border quarantine procedures are not developed and implemented. Good policy should support an effective risk management framework and the maintenance of consistent standards for handling passengers, their baggage and freight in both metropolitan and regional airport infrastructure.

In 2006, NSW primary industries were worth \$8.4billion and accounted for 19.1% of Australia's total exports. Employment in primary industries accounts for one in every twenty jobs. An "open cargo" policy with direct export from secondary airports can greatly assist the export of high value low bulk rural products. Aircraft movements in these situations should not compromise biosecurity and quarantine standards.

The potential benefits and costs from the use of secondary airports for export freight transport warrants further consideration. In particular, consideration should be given to the costs of establishing secondary airports in regional locations and how the measures adopted for international border control, biosecurity and quarantine standards can be tailored to particular airport sites based on an assessment of the risks given the nature of the movements proposed.

3.2 Regional and general aviation

3.2.1 Key challenges – regional air services

Air services to regional and remote communities play a critical role in both economic and social terms.

In economic terms, they provide an important link for the movement of people, and professional skills to locations outside metropolitan areas where the population is widely distributed across a large geographical area. Although bulk movement of freight is achieved through alternative transport, air services are critical for the movement of low bulk, high value goods, and for potential future markets interstate and overseas.

Development and global competitiveness through marketing of primary industry products, and delivery of other services and products from outside the major cities depends on the ability to access professional skills. Relocation of businesses, both large and small, outside the metropolitan area for economic reasons, is dependent on two important access elements for competitiveness:

- quality telecommunications; and,
- reliable, timely and reasonably priced air services;

to sustain competitive economic industries in regional and rural areas.

Regional tourism and those regional businesses reliant upon it are also dependent on regional air services.

The widely distributed population means that many of the regional transport routes will be less commercially viable for the major urban air service providers due to differences in scale for optimal air fleet and the sub-optimal airport infrastructure use patterns. Smaller regional operators play a critical role in intrastate air services, particularly in relation to access to Sydney preferably through KSA.

Diminution or loss of regional airline services will trigger a magnified decline in the productivity of rural economies and erodes their social capital.

Regional air services require continued access to KSA for the movement of people with essential professional skills to capital cities and thence international air services. The efficient use of KSA needs to be balanced with the interest of regional airline passengers. The previous policy has afforded protection to regional aviation by guaranteeing access to peak-time slots at KSA for regional airlines. The provision of timely and reliable services, including interconnection with major urban flight routes, is essential to sustain economic development in regional and rural areas. This guarantee of access to KSA for regional airline services should be retained.

However, in retaining these slots, it should also be recognised that pricing arrangements play an essential part in effectively maintaining this access for regional services. Excessive fees and charges can significantly affect the viability of regional airline services. ACCC oversight of pricing of aeronautical services to regional airline services should continue and positive pressure applied to ensure that price increases are limited to CPI levels so that regional air services can effectively use KSA.

Controls should similarly be applied to fees imposed by CASA. Despite limited competition on many regional routes, price sensitivity and the significant comparative impact on per passenger costs needs to be factored into consideration of increases to fees on regional airline routes. Review of CASA charges and possible adjustment of the Enroute Charges Rebate scheme or other subsidies need to be considered where the economic viability of services is challenged.

The costs of maintaining air safety standards and the economic challenges on many smaller communities and regional local councils has meant that the viability of many aerodromes is challenged. The threshold for eligibility of remote aerodromes for the Remote Air Service Subsidy needs to be reviewed to widen its coverage and the terms of its application.

NSW Government supports the development of effective policy to support and develop regional and general aviation.

The fundamental objectives of aviation policy with respect to regional areas should include:

- continuing access to Sydney KSA for regional air services;
- maintenance of passenger services to smaller regional destinations;

- affordable air fares;
- reasonable airport access charges, especially for general aviation operators;
- support for regional industries (aviation and non-aviation) and regional development;
- support for the development of freight handling infrastructure; and
- maintenance and development of a vibrant general aviation sector.

3.2.2 Key challenges – regional and general aviation

NSW Government recognises that aviation markets in regional and country areas are typically characterised by ‘thinness’ that may constrain the benefits of competition. Intrastate travellers have not shared in the price reductions that have been available to many passengers on interstate routes. In fact, the cost of air travel within NSW is negatively impacting on tourism and business activity.

The regional and general aviation sectors are generally less profitable and the operation of effective markets is weaker. These problems will only be exacerbated by rapidly rising fuel prices which, while affecting all aviation sectors, will particularly impact on lower-margin operators.

There are a growing number of smaller regional communities that have regular air services in long-term decline, mainly due to spiralling cost increases imposed on regional airlines by regulatory authorities and airport operators, from fuel price rises, and the high costs associated with maintaining ageing aircraft fleets. CASA fee increases introduced in 2006 were substantial and were implemented despite warnings they would contribute to making some air services unviable. Some councils have increased their passenger levy to cover the costs of airport operations.

Micro-economic reform of the aviation industry has had some unanticipated impacts on general aviation. Some airports are increasingly turning to non-aviation revenue streams to maintain their ability to operate. Bankstown airport’s owner has indicated that one of its biggest challenges is the maintenance of general aviation, and that the bulk of the airport’s revenue is from rental on properties. At the same time, the general aviation sector appears to lack a structure that would enable it to effectively argue its case to governments.

Metropolitan and regional airport closures are creating difficulties for smaller operators. Closure of airports within the greater Sydney region is a significant issue for the general aviation industry (with Schofields and Belmont already closed, and Hoxton Park to follow in late 2008). These smaller airports provide flight training, charter and other commercial and recreational aviation services.

The network of rural and regional airport infrastructure provides the essential capacity to respond to emergencies such as floods, fires, transport accidents and medical emergencies, as well as animal and plant pest and disease outbreaks, and to undertake natural resources, geological and scientific surveys. These activities need to be considered in any proposed changes to aviation policy.

In preparing its aviation policy, the Commonwealth Government should consider who benefits and who pays for smaller regional and general aviation, including the provision and maintenance of minor airports and aircraft maintenance facilities. At present, many of the costs are borne by local government which has limited resources and should not be expected to pay for positive social and economic benefits that can only be captured by the wider community.

The Commonwealth Government should investigate this apparent market failure in the general aviation sector that is leading to under-investment in essential infrastructure and a misallocation of costs. If market failure is substantiated, there should be consideration of the consequences of that failure; and the form of government intervention to address it.

3.3 Addressing skills needs in the aviation industry

3.3.1 Key challenges

The Australian aviation industry is facing a severe workforce challenge as a result of increased demand for skilled staff and recent fast rates of growth in the Australian and international aviation sectors. This growth has not been matched by an increase in industry training and has come at a time when the workforce is ageing. This has resulted in shortages of pilots as well as shortages in related highly skilled occupations of licensed aircraft maintenance engineers and air traffic controllers. The demand for skilled staff is expected to grow along with the forecast increase in international and domestic aviation services.

Career pathways and training

A career in aviation generally begins with a cadetship or apprenticeship with an airline or the air force, general aviation or regional aviation. However, the pathways to a career in aviation are not always clear. Neither the higher education system or the vocational education and training (VET) system offer comprehensive training for pilots, although components of the requisite training is carried out in certain universities and to a small extent in VET institutions. Licensed aircraft maintenance engineers (who are also a skill shortage occupation in the industry) are currently trained through the vocational education and training system. Air Traffic Controllers are trained by Airservices Australia or the Royal Australian Air Force.

Information about career pathways and availability of aviation VET could be improved by a school and VET aviation strategy and a communication strategy targeting students and mid career people looking to retrain. Schools in Ballina, Cooma and the Shoalhaven have established partnership programs to offer aeroskills subjects at year 10 and HSC level, with the industry supplying equipment, trainers and facilities such as simulators. These subjects provide a feeder for employment in a range of aviation occupations, such as pilots, engineers, baggage handlers and traffic controllers. However, they clearly offer only a first stepping stone into aviation careers and do not offer an immediate solution to the shortage of positions which take several years to learn. Consideration could also be given to the establishment

of a virtual training school that is a cooperative between universities, TAFE, the private sector, industry and Governments.

Training costs for pilots are exceptionally high and are borne by individuals (up to \$80,000 to \$110,000). There is strong competition for relatively limited number of training places in flight training academies/schools.

While pilot shortages are cyclical in nature, it is apparent that the current shortage is global, and is being exacerbated by the emergence of new commercial airlines including low cost airlines (to meet growing consumer demand) and a fall in the output of pilots by training facilities in the United States.

The increased demand for pilots is also impacting on the supply of flying instructors and consequently training capacity. Whereas traditionally pilots who were near retirement age transitioned to flight training roles, many are now continuing to work as pilots (often in international markets), taking advantage of high salaries and improved working conditions. This trend is set to continue as long as demand continues to increase. The industry training model is also lengthy and not well positioned to respond quickly to the type of growth needed (7-10 years to achieve full commercial certifications).

Aircraft Maintenance Engineer training in New South Wales is provided through the TAFE system at Padstow, Wagga and Tamworth with onsite options for industry. Dispersal of training is an issue and consideration could be given to a strategy that would coordinate offerings and marketing of accredited training centres. To become an Aircraft Maintenance Engineer or Licensed Aircraft Maintenance Engineer individuals need to complete their training with TAFE via an apprenticeship with one of the airlines, the Royal Australian Air Force or general aviation.

Entry into this industry, which is experiencing worldwide skill shortages, is limited and could benefit from a HECS/FEE-HELP style assistance in occupations where there are identified skill shortages. Currently, the barrier to this occurring is due to HECS/FEE-HELP being tied to graduate income and the Commonwealth income tax system while TAFEs are state funded and not linked to the income tax system. Whilst it is noted that FEE HELP has been extended to diploma level VET qualifications where there is credit transfer to university courses, this review of aviation policy and national initiatives to reform education provides an ideal opportunity for a forum such as COAG to consider a system that will allow individuals to gain qualifications from organisations other than universities and then repay that debt through the income tax system, where there is an identified skill shortage.

Retention of trained staff

Traditionally, regional airlines have provided trained pilots for the domestic and international carriers as a natural progression in a pilot's career. However, as the impact of the shortage of pilots becomes greater, regional carriers have not been able to keep up with the attrition of their staff to the larger airlines. In NSW, pilot shortages are having a disproportionate impact on regional commercial air operators who are facing increasing competition from larger airlines who can offer better

working conditions, salaries and career paths for commercial pilots. Increased globalisation in the industry and the booming resources sector means that many pilots are being attracted to jobs by international carriers and resource companies, many of whom can offer lucrative opportunities.

Several companies have now developed new models of training, including cadetship-style employment, scholarships and financial support. These initiatives should be encouraged. Other strategies that the Government could consider to address availability of training include:

- Discussion with companies to expand and increase flexibility and accessibility of cadetship options;
- Possibility of companies paying more of the upfront costs associated with training in exchange for a labour bond agreement;
- Government funded/subsidised cadetships;
- Increasing the FEE-HELP cap for aviation students to \$102,000 to be consistent with other high cost degrees such as medicine and dentistry;
- Review of the access and the terms of FEE-HELP assistance;
- Use of RAAF infrastructure to provide training;
- Adding pilots to the Skilled Migration List; and
- Investment in pilot training facilities in the Sydney basin and regional NSW.

Industry engagement is critical to developing a training strategy to address skill shortages.

Industry run flying school

The suggestion for a national industry run flying school should not be limited to training flying instructors, but rather should extend to individuals seeking all kinds of licenses, including private, commercial and agricultural licences.

Government funding

Additional funding for the industry could be warranted but should be considered carefully. The industry has considerable capacity to fund training and receives a high rate of return for investment in training, as staff are likely to remain in the industry for most of their career. Flying school capacity is a cornerstone of industry capacity to train and this could be a useful focus of Government funding.

4. Aviation infrastructure

4.1 Airport planning and development

4.1.1 Land use planning and development approvals at major airports

While State and Territory Planning legislation, policies and procedures apply to the localities and communities in which major airports operate and interact, only

Commonwealth planning processes apply within these major airports on Commonwealth land. The current land use planning and development approval mechanisms at major airports are not working effectively with regard to either aviation-related development or non-aviation development.

Areas of particular concern to the NSW Government include:

- inconsistency with State and local land use strategies and policies (such as to concentrate business, services to the population and housing in centres, and encourage greater use of public transport, walking and cycling);
- insufficient priority given to integration of land use with land transport planning;
- a perception that little or no attention is given to issues raised in the consultation process;
- conditions requested to be contained in approvals for consistency with the State regime and to enable impacts to be appropriately addressed, especially contributing to off-site infrastructure not being included in the approval and if so, not implemented by the airport operator or enforced by the Commonwealth. This position is highlighted in the Sydney Airport Corporation 2003/04 Master Plan in which it states, "Adequate external transport infrastructure within the city and the region will be provided by the relevant authorities to ensure that passengers, freight, staff and visitors can access the airport".

In the Port Botany / Mascot sub region these land use and transport planning conflicts have become acute. Sydney Airport Corporation envisage significant growth in the number of passenger movements in the coming decade. The current KSA Masterplan published in 2003/04 forecast a more than doubling of passenger numbers by 2023/24 to 68.3 million per annum. Further, the recent growth in freight passing through Sydney Airport is predicted to continue, requiring significant ground storage and freight processing facility enhancements.

The nearby Port Botany Container Terminal is also forecast to double throughput to 3.2 million containers (Twenty foot Equivalent Units) per annum in the period 2016-25. Significant enhancement of the Port Botany freight line is proposed to achieve a mode shift from road to rail in transporting the containers to the Enfield intermodal terminal.

The forecast growth in passenger numbers as well as freight movements at both the Port Botany and KSA will have a significant impact on the sub regional road and freight rail networks. Traffic modelling consultants to the NSW Government had previously estimated that the forecast 2023/24 passenger volumes will increase peak hour volumes (in the order of 9-10,000 vehicles) in the AM peak, and create significant congestion impacts on Southern Cross Drive, M5 East, O'Riordan St and other local roads, including intersections.

These are very significant numbers of vehicles within an already heavily congested part of the road network. This growth will cause significant congestion of suburban roads which are already operating close to full capacity.

The 2006 Council of Australian Government's review of urban congestion, trends, impacts and solutions identified Sydney as suffering the greatest avoidable cost to the economy through road traffic congestion. The projected avoidable cost of congestion for Sydney was forecast to grow from \$3.5 Billion in 2005 to \$7.8 Billion by 2020 without appropriate investment in infrastructure solutions.

These significant increases in passenger and freight movements through to the city and to Western Sydney employment zones cannot be accommodated without the construction of a linkage between the Airport and Port Botany precinct with the M4.

Further, the potential for the M5 to handle an increase in freight traffic to the South East is also extremely limited. The duplication of the M5 East, should it proceed, and expansion of the M5 (widening) will be significant to the development of employment and commercial activity in the Sydney region arising from these increases in freight and passenger numbers.

This growth in activity at both the Port Botany and KSA precinct will also exacerbate land transport congestion to the city and North East. The NSW Government's target of achieving a 40% or higher modal split for freight on rail along the dedicated freight lines (to reduce road transport congestion) to intermodal terminals in west and south west Sydney will increase rail movement traffic along the Botany Freight Line. These additional rail movements will conflict with road transport at the General Holmes Drive level crossing. Removal of this land transport conflict will require the grade separation of the freight rail line at General Holmes Drive. Existing freight movements already cause significant traffic congestion along General Holmes Drive. Any increase in the number of freight movements must be urgently addressed.

The need to encourage a mode shift from single and low occupancy vehicles to public transport for passenger trips is an important strategy to reduce congestion costs. Both infrastructure and technology solutions are being used to improve the average bus speed on these corridors. Technology options include the Sydney-wide implementation of the Public Transport Information and Priority System which uses satellite technology to identify late running buses and give them traffic light priority. Current priority works at the KSA precinct include new bus queue jumps, "B" signals, bus lane expansions, and signage and line-marking. Other infrastructure solutions include upgrading the three strategic bus corridors and increased utilisation of the airport rail line possibly through commercial arrangements between the airport and rail line operators.

There is also a need for formal mechanism to improve co-ordination between potentially competing transport planning uses. Both KSA and Port Botany are key economic drivers for the State and National economies. Planning approval for Aviation growth at KSA is a Commonwealth responsibility while planning approval for growth at Port Botany outside the airport precinct is a State responsibility. There is a possibility for conflict for example in radar instrumentation that would limit the growth potential at either port. Consideration should be given to formal mechanism to ensure that planning for growth in aviation transport at KSA does not constrain future growth of sea transport at Port Botany and vice versa.

4.1.2 Non-aeronautical development on airport sites

The deficiencies arising from a disconnection between development proposals and integrated land use and transport planning are of particular concern in relation to non-aviation commercial developments on some airport sites. These developments generate maximum gain for the airport lessee while undermining strategic planning and regulatory regimes applying to the region in which the airport is situated.

The proposed non-aviation related commercial developments at Bankstown Airport for example will significantly affect traffic levels of service on local roads such as the intersection of Milperra Road and Henry Lawson Drive. The Bankstown Airport 2004/05 Master Plan indicates that property developments and property management (including aviation related tenancies) account for more than 80% of Bankstown Airport's total revenue.

Whilst these non-aviation developments provide a valuable revenue stream to ensure the commercial viability of the airport enabling investment in the provision and maintenance of infrastructure and services at affordable levels for the general aviation sector, they cause significant land transport congestion costs to the region. Should these developments be subject to NSW Government planning regime as similar developments outside the airport precinct they would be required to offset the costs imposed on the community through contribution to the land transport infrastructure solution (ie. a grade separated road way).

Development contrary to the regional planning context is to the detriment of broad community benefits in terms of access to jobs, services, public transport and better environmental outcomes such as from improved air quality and reduced greenhouse gas emissions. This development leads to state and local government absorbing costs additional to those it would otherwise incur through the NSW Government planning system such as for provision for infrastructure, environmental costs from increased vehicle travel, and social and community welfare costs. It also means on-airport businesses are provided a windfall gain at the expense of public benefit and at a competitive advantage over businesses that comply with the State planning regime.

NSW Government has taken the lead in forums such as Local Government and Planning Ministers Council to raise this issue. It should also be noted that retaining the Commonwealth as the consent authority for non-aviation development within airport boundaries is inconsistent with the 1997 COAG Heads of Agreement on Commonwealth/State Roles and Responsibilities for the Environment and the National Charter on Integrated Land Use and Transport Planning (2003).

To address this problem, it is proposed that all airport non-aviation development (excluding defence or airport ancillary developments inside of terminal buildings) should be planned as part of the region within which it is located and be subject to relevant State and Territory Planning legislation, policies and procedures. Further, any land the Commonwealth may subsequently acquire and lease for airport use that is put to non-aviation use should also be subject to relevant State and Territory Planning legislation, policies and procedures. This approach would ensure that land

use planning and transport planning are integrated and that developments fund their share of supporting community infrastructure.

In the absence of these developments being subject to relevant State and Territory Planning legislation, policies and procedures and to in order to achieve a consistent transparent approval process, the following measures are suggested to improve integration of airport land use with surrounding regional land use and transport planning:

- Memoranda of Understandings between airport operators and State and local government provide a potentially valuable vehicle but they need to be supported by a third party oversight role – eg an independent body or through the Commonwealth taking a consistent position in resolving points of contention in which it is required to consider general community interests, not just its commercial interests as lessor or interests as regulator of aviation;
- all master plans and major planning proposals on airports should be subject to review and the advice by an independent panel which assesses the non-aviation proposals, including their impact on surrounding land uses, relevant local government planning schemes and infrastructure;
- ensure a wider range of developments are classified as major developments, and are subject to independent assessment and approval rather than self regulation by the airport operator.
- require detailed reports to be published on the submissions made on master plans and major development proposals, and require those reports on submissions to be considered as part of the proposed independent panel review mechanism;
- require operators to hold a regular (say annual normally and more regularly when a Master Plan is being prepared or reviewed) public briefing on airport development and operation, convened by the local council(s), and to prepare a community newsletter to be inserted in council rate payment notifications in relevant areas; and,
- to ensure that privately owned airports on federal land are consistently and independently regulated, the Commonwealth should provide clarification as to how it will enforce compliance to conditions of development approval placed on airport lessee companies. State and Territory Government's should advise on development consent conditions for non-aviation development. The Commonwealth should be responsible for enforcing compliance to conditions relating to aircraft noise.

4.1.3 “Safeguarding” Australia’s key airport infrastructure

It is incumbent upon the Commonwealth Government in planning for aviation developments to ensure matters such as public safety zones for locations with significant risk of on-the-ground fatalities from aircraft operations are properly

addressed in airport master planning and ongoing management. One possible approach is to require that a hazard study be conducted as part of the preparation of any airport master plan and all public safety zones are to be mapped, adopted by the Commonwealth and made publicly available by the Commonwealth as happens with Australian Noise Exposure Forecast (ANEF) and Obstacle Limitation Surface information.

This issue is particularly vexed when it is considered in the context of existing airports which are surrounded by residential use and other brownfields developments. The management of these safety imperatives in this context requires significant further study.

4.1.4 Future airport needs

The need to plan additional airport capacity for Sydney has been recognised for some time. The Sydney Airport Master Plan 2003/04 anticipates a growth in passenger numbers to 68.3m by 2023/24.

The airfield modelling for the Sydney Airport Master Plan 2003/04 indicates that, “the existing runways are adequate to support the forecast air traffic for the next 20 years”. Sydney Airport Corporation Limited assume that with the requisite level of investment in land transport infrastructure to avoid congestion, KSA will indeed be able to accommodate this predicted growth in passengers and air freight.

Other measures for consideration include possible diversion of increased Regular Passenger Transport and general aviation to the Sydney basin airfields of Bankstown, Camden and Richmond and to a lesser extent to the regional airfields of Williamtown and Albion Park. This would assist accommodating the growth in passenger numbers and defer the time frame by which the capacity constraint at KSA is reached and a Sydney second main air hub is required.

For example, subject to aircraft noise and emissions constraints, the provision of regular public transport services to that level currently approved in the 2004/05 master plan from Bankstown Airport would:

- improve access for passengers from Western Sydney;
- reduce land transport congestion and reduce air pollution around KSA;
- drive the growth of high value aviation services;
- expand skilled employment opportunities;
- improve the utilisation of the communities investment in airport infrastructure; and,
- provide regional economic benefit.

These airports are also best placed to provide services for the growth of the general aviation industry.

In the longer term, however, if aviation continues to grow, the capacity of KSA and the regional airports will be exceeded and a new international airport for Sydney will be required.

Consideration has already been given to building Sydney's second main air hub at Badgerys Creek. This is not supported by either the State or Commonwealth Governments. Further, uncertainty over the use of Badgerys Creek as Sydney's second main air hub is having a significant detrimental effect in the planning for infrastructure, housing and employment development identified in Sydney's Metropolitan Strategy for Western Sydney.

Recently there has been discussion of Williamtown Airport at Newcastle being considered as the site for Sydney's second Airport. This location has constraints recently identified in the O'Neil report on NSW Tourism that also make it unsuitable as the second main air hub for Sydney. They include:

- the need to provide space for non military expansion;
- inadequate local land transport infrastructure (particularly public transport);
- a need for significant extremely expensive very fast train connections to Sydney that are unlikely to be commercially viable at the scale envisaged; and,
- the ongoing need of Williamtown Airfield for Defence purposes which constrains runway capacity for civil aviation purposes.

This position is supported by the Minister of Defence Mr Fitzgibbon who in rejecting a scaling back of RAAF operations at Williamtown has recently been quoted in the Sydney Morning Herald as having said, "I totally reject the idea of it being at Williamtown". "It is home to Australia's front-line defence capability the FA-18 Hornets, which are constantly training there".

The proposal to position Williamtown as Sydney's second airport and associated fast rail infrastructure are not identified in the current State Infrastructure Strategy as a priority in NSW Government's submission to Infrastructure Australia. Any consideration of this option would need to be supported by associated Commonwealth infrastructure funding.

Nonetheless, Williamtown has become an important civil aviation airport. It has grown from 200,000 to 1 million passengers per annum in 5 years. There is also significant aerospace development on the site including Jetstar's national heavy maintenance base and British Aerospace Enterprise systems fast jet maintenance base. It directly employs more than 4,000 people.

The NSW Government while respecting the primacy of RAAF operations welcomes an exploration of ways to see both military and civil elements grow. Williamtown may provide opportunity for international services consistent with the Commonwealth Government's aim to increase regional dispersion for international tourists wishing to commence their vacation in NSW within the Hunter region. In this model Williamtown would provide a similar capability to that provided by Gold Coast and Cairns Airports.

The major inhibitors to this type of growth at Williamtown are the significant upgrade to the aviation related infrastructure, regional transport infrastructure and issues arising from the RAAF/Civil relationship such as:

- Fixed operating hours which restrict activities such as engine runs and flights outside these times;
- Civil aircraft movements cap which is at capacity in peak times; and,
- The ongoing need of runway closures due to military operations.

Further, consideration needs to be given to the environmental and land use consequences of expanded aviation activity likely to affect future land release areas (such as at Canberra) and existing urban areas such as Kingsford's Smith and Coolangatta airports. Larger ANEF footprints could either sterilise vast areas from development opportunities or lead to sub-optimal curfew controls being imposed on the operation of the expanded aviation activities. For airports affecting rural areas, consideration should be given to airport owners being required to acquire the highly noise or risk affected land to compensate for its reduced development potential. Similarly, airport operators could be required to introduce a noise amelioration program for highly affected land around metropolitan airports. This would also provide a strong commercial incentive to modify airport operation and hence ANEF boundaries to reduce the impact of noise on surrounding land use and for improved ongoing noise monitoring.

Whilst Badgerys Creek may not be suitable location for Sydney's second main air hub, a planning process needs to be commenced to evaluate options to accommodate the future growth in aviation in order to harness the significant benefits to the economy. Given the long lead times in airport planning and the expectation that KSA will reach capacity some time in the mid 2020's, planning for a second Sydney airport needs to commence now. Consideration should also be given to growth of civil aviation at Williamtown.

4.1.5 Pricing of airport services

On 3 September 2007 the previous Commonwealth Government announced that regional airlines and their passengers would continue to have guaranteed access to Sydney Airport following a decision by the then Government to continue its pricing and access policies for regional airlines servicing Sydney. This decision is aimed at supporting regional airlines which serve Sydney Airport as well as their passengers, who need timely connections with international flights.

In accordance with regulatory requirements, the former Government directed the Australian Competition and Consumer Commission to continue to give effect to its policy on the pricing of aeronautical services for regional airlines accessing Sydney Airport. This decision would see a continuation of the current price notification and price cap arrangements for aeronautical services provided to regional (i.e. intra-NSW) airlines at Sydney Airport for a further three years as from 1 July 2007.

Under the arrangements, Sydney Airport will not be able to increase its charges on regional airlines, even in peak periods, by more than the inflation rate.

In order to contribute to the viability of regional and general aviation in New South Wales, the Commonwealth's policy regarding regional aviation should involve a continuation of the previous Government's decision to continue Australian Competition and Consumer Commission monitoring of increases in charges to

regional airlines accessing Sydney Airport which are over and above the rate of the consumer price index.

5. Customer and community protection – addressing the impacts of aviation

5.1 Aviation emissions and climate change

5.1.1 Key challenges

The aviation industry is a major wealth generator for the economy. It plays a critical role in facilitating the efficient movement of people and goods and in supporting sustainable economic development and promoting desirable social outcomes for rural communities. It also imposes costs to society through the pollution emissions it generates. Hence the NSW Government is supportive of the use of a range of actions to minimise the impact of aviation emissions on the environment.

The Commonwealth Government and aviation industry have adopted a number of initiatives to encourage airline operators and/or terminal owners to develop and adopt measures to improve fuel efficiency of the aviation sector and therefore reduce emissions. These include: better management of aircraft on the ground before departure; predicting and managing aircraft arrival and delays; optimising flight paths to prevailing weather patterns and shortest routes; and improving air traffic control sequencing and efficient run way use.

While these measures are supported by the NSW Government consideration should be given to a reporting system for actual savings achieved by operators adopting these measures, for example through Airservices Australia, as a way to record the effectiveness of these measures.

Domestic aviation emissions account for almost half of the greenhouse gas emissions from the aviation sector in Australia. An emissions trading scheme, including domestic aviation emissions, will therefore be a useful mechanism for minimising greenhouse emissions related to the domestic aviation sector. The inclusion of international aviation emissions in any such scheme would require the cooperation and agreement of international parties.

The NSW Government also supports the exploration of clean engine technology and clean fuels as other medium term measures to minimise the impact of aviation emissions on the environment.

5.2 Aircraft noise

5.2.1 Key challenges

The NSW Government supports the retention of the existing curfew restrictions at KSA and Coolangatta airports to avoid adverse night time noise impacts on the local communities. Curfews also afford health benefits for the local community; recent European studies have linked adverse health impacts with night time noise from airports. Bankstown and Canberra Airports do not currently operate under curfews. Increased aircraft movements at Bankstown airport outside that agreed in the current master plan should trigger curfew consideration.

The ANEF system, which currently guides land use planning around airports, was developed in the early 1980s. A number of shortcomings have been identified from application of the ANEF to Sydney and Canberra Airports.

For example, AirServices current rules for the development of ANEF contours provides the airport operators with the option to develop:

- the contours based on a forecasted scenarios out to a particular year – say 10 years; or
- an "ultimate capacity" forecast based on forecast aircraft movement numbers, aircraft types, destinations, potential future runway configurations, information relating to progressive stages in the development of an airport.

This *ultimate capacity* approach used with the Canberra International Airport and Brisbane Airport has lead to controversy. As the ultimate capacity is hypothetical and is unlikely to be achieved without significant changes to the airport master plan, its contours can be seen as an ambit claim to limit development in the vicinity of the airport and the potential for airport noise management measures in the future – such as curfews. This approach results in transference of costs and constraints to land owners in the vicinity.

Privatised ownership of the major airports has led to a situation where commercial operators are involved in establishing the regulations which guide their operational activity but also effectively constrained land use in the vicinity of the airport. Currently there is the potential for airports on Federal land to adversely impact on the amenity and viability of neighbouring land and escape any financial responsibility for compensating affected land owners or acquiring such land. It is untenable that a private airport operator can prepare its own noise performance criteria which constrain land owners in the vicinity. This is inconsistent with the treatment of all other private proponents (such as mining companies or port operators).

There should be a clear separation between airport operators and the regulator that sets ANEF because these contours dictate the land uses in the vicinity of the airport – effectively a zoning prohibition. The ANEF must not be set by Airport operators. It may be prepared by them but regulated independently with all of the assumptions independently and transparently tested.

Further, the ANEF system does not meaningfully convey the potential noise affection of a site to a lay person. The NSW Government considers that more reliable and independent noise exposure forecasts are needed to better inform land use planning by state and local governments and to better inform communities around airports about the impacts of aircraft noise. The Commonwealth Government should explore alternate aircraft noise forecasting systems and report back to government and the community on these.

The NSW Government notes that some of the initiatives by the Commonwealth Government and aviation industry to improve fuel efficiency and reduce greenhouse gas emissions may also result in noise benefits.

The NSW Government considers that airports should be responsible for minimising the impacts of aircraft noise on the surrounding community and fostering a good relationship with the local community. Locally negotiated airport community approaches are one way in which this could be achieved. These could include specific measures to improve the amenity and reduce the conflict between land use and existing or additional aircraft noise through, for example, the provision of double glazing and insulation of houses. Any such approach would need to be applied on a consistent and equitable basis.

While there is merit in airport community partnership approaches, the NSW Government considers that it is imperative for legislative approaches to be retained to ensure that the noise amenity and health of the local community is protected.

Implementation of additional measures to better inform the community about aircraft noise needs to be considered. In NSW, s.149 certificates under *Environmental Planning and Assessment Act 1979* can be used to provide information on the level of aircraft noise affection of a property for persons considering purchasing or moving into an aircraft affected area. Provision of the information to affected local government areas for inclusion on the s.149 certificates by the airport operators would ensure the information is accurate and up to date. In addition, airport operators could make available a public facility where residents and other community members can experience the level of noise likely at a given location around the airport. Transparency could be further improved by ANEF and relevant parameters being held on the airport's website along with other relevant monitoring results.

5.3 Consumer protection

5.3.1 Key challenges

At the recent Ministerial Council of Consumer Affairs Ministers held on 23 May 2008, Ministers discussed the Australia and New Zealand wide relevance of findings and recommendations from a Victorian investigation of budget airline consumer issues. The Consumer Affairs Victoria inquiry followed an announcement by the Victorian Minister for Consumer Affairs, Hon. Tony Robinson MP, in February 2008. Ministers noted that complaints against airlines to consumer agencies had increased over this

financial year following a series of incidents where passengers were stranded due to flight delays and cancellations.

The top five systemic complaint issues from consumer agencies including Office of Fair Trading in New South Wales involving domestic airlines are:

- Cancellations, delays, and rescheduling;
- Fare rules, terms and conditions including transfer of tickets;
- Accuracy of electronic and print advertising, pricing etc;
- Refunds when consumers cancel bookings; and
- Customer service.

Ministers agreed that the consumer issues identified during the Victorian Inquiry had relevance to all jurisdictions given the coverage of airline carriers in Australia and New Zealand.

Ministers supported the development of best practice airline and airport customer service charters, subject to development of a regulatory impact statement, and requested that the Commonwealth consider this issue as part of its review of the national aviation policy.

In order to minimise the detriment encountered by a consumer when their aviation experience is compromised, New South Wales reaffirms support for the agreement reached at Consumer Affairs Ministerial Council to develop a best practice airline and airport consumer charters.

The provision of information by airlines about their terms and conditions of travel has also become a contentious issue. Information is available however it appears that it is not considered or understood until a dispute arises. There appears to be scope to provide the information in a range of accessible formats.

In addition passengers need to be made aware of potential restrictions and terms and conditions in a timely and accurate manner. The recent Transport Standards review indicates:

- That some passengers with a disability experience refusal to travel at the last minute due to a limit on the number of people with a disability travelling;
- That special arrangements are made at the time of boarding rather than time of booking; and
- Dissatisfaction with boarding procedures.

This is particularly an issue for some of the budget airlines which place more restrictions on passengers with a disability.

The Consumer Affairs Victoria inquiry formed a preliminary view that certain contract terms were unfair within the meaning of Part 2B of the Fair Trading Act (Vic) (Unfair Terms in Consumer Contracts). While there is no equivalent in New South Wales against which claims can be assessed, the Productivity Commission has recommended that the Commonwealth develop generic consumer law which will include provisions for unfair contract terms.

In order to provide clarity about terms and conditions and better manage the expectations and experiences of consumers, the Commonwealth should support the development of customer service charters as endorsed by the Ministers for Consumer Affairs.

5.4 Disability standards

5.4.1 Key challenges

The draft report for the Commonwealth's Five Year Review of the Disability Standards for Accessible Public Transport (Transport Standards) indicates in regard to aviation that, "... unlike most other modes of public transport covered by the Transport Standards, the general level of accessibility has declined over the last five years. This outcome is not consistent with the intent of the Transport Standards."

The recent Review highlights the issue of airline staff being inadequately trained in the use of special equipment for people with a disability. Similarly the Review highlights the issue of provision of accessible information both in-flight and at airports as consumers report inconsistencies across airlines and at airports. The Review also highlights conflict between the *Disability Discrimination Act* and *Civil Aviation Safety Authority* regulations which requires clarification at a national level to ensure consistency of customer experience across airlines. For example there is regulatory inconsistency about health and safety concerns related to the carrying of mobility devices onto aircraft and the regulations governing the carriage of animals on aircraft.

The Commonwealth's policy regarding aviation should give consideration to relevant recommendations contained within the draft Review of the Disability Standards for Accessible Public Transport report (January 2008), and any subsequent final report.

The national *Companion Card* initiative should be considered given the application of 'independent travel criteria' by some airlines and the position of some airlines to require people with a disability to travel with a carer.

There are also recommendations arising from the recent transport standards review which if implemented would improve services for people with a disability. Draft Recommendation 4 recommends that modal sub-committees be appointed by the Accessible Public Transport Jurisdictional Committee to develop Guidelines under the Transport Standards. These Guidelines may assist in better clarifying the obligations of operators regarding the carriage of people with disabilities and consequently reducing current discrimination in air travel. The Guidelines would be developed in consultation with the Accessible Public Transport National Advisory Committee.

The Review highlights a lack of data from airlines and in particular from the private sector. This causes difficulties in measuring the achievements and impact of the Transport Standards in eliminating discrimination. Draft recommendation 7 recommends that a mandatory reporting framework for Commonwealth, State and

Territory governments be developed by the Accessible Public Transport Jurisdictional Committee and that the framework be implemented by end of 2008. This framework would need to consider the role of Government in coordinating and regulating data across private sector providers.

Draft recommendation 8 is also relevant for obtaining of data. It recommends that the Australian Bureau of Statistics include a question on public transport patronage in surveys of people with a disability.

In relation to the effectiveness of current complaint and compliance mechanisms, comments to the Five Year Review by people with disabilities indicate that the current reliance on their complaints to police for compliance may be problematic for them, particularly in regard to their obtaining the necessary resources. For example, it may be difficult and expensive for them to obtain access to the necessary documentation (such as the Australian Standards referenced by the Transport Standards) and also to fund the complaint process through the Human Rights and Equal Opportunities Commission and the Federal Court. As a result some disability groups have recommended to the Five Year Review that Human Rights and Equal Opportunities Commission be given powers to initiate complaints and reviews of compliance.

Draft recommendation 6 recommends that the Human Rights and Equal Opportunities Commission be provided with powers to refer cases of breaches of the Transport Standards directly to the Federal Court.

6. Aviation security

6.1 Efficiency and cost

There has been a number of highly successful interagency enforcement operations conducted at Sydney Airport targeting public vehicles. These NSW Police Force, Ministry of Transport, Centrelink, Department of Immigration and Citizenship and the Australian Tax Office operations have lead to numerous arrests of illegal immigrants and Australian Tax Office suspensions and investigations. This has highlighted the need for a review of the Australian Security Identification Card issue/retention process with an emphasis on background checks, employer oversight, and access to specific colour coding and increased auditing of issued cards.

Concerns raised about the airport policing require, as a matter of urgency, development of an all government/industry action plan addressing all elements of regional, State and Commonwealth aviation issues. The starting point for this should be a review and evaluation of the recommendations of the Wheeler Report, the status of those recommendations and the current efficiency and effectiveness of our security presence at our airports.

These new requirements for providing security services at domestic regional airports are imposing high costs which are beyond the capacity of many of these services to

provide or recover. Security arrangements, including passenger screening and baggage checking facilities impose both infrastructure and resource establishment and then ongoing costs. Consideration of the threats, risks and associated costs need to inform decisions on the level and nature of security arrangements imposed.

In terms of equity, and the economic and social benefits for regional communities, risk based arrangements need to be adopted at regional airports, and support by the Commonwealth is appropriate for costs of providing security at regional airports.

6.2 Growth and industry development

The security infrastructure at KSA should be upgraded. During the risk assessment process for the APEC forum in 2007 a number of risk assessments identified significant security risks for KSA. The unfenced area adjacent to Botany Bay (approx 11.5 km) does not offer sufficient protection against potential land incursions. This represents a significant security risk. Many areas are not covered by CCTV which is unacceptable for an international airport. All baggage, catering, cleaning and sterile zones should have 24/7 CCTV that is complemented by random identification and personal locker/baggage checks.

6.3 Passenger experience of aviation security screening

Consistent security screening standards must be maintained at all Australian international gateways. A security 'footprint' should be introduced under the direction of International Civil Aviation Organisation and Air Services Australia across all Australian airports to enable consistency in the screening of passengers, baggage and freight.

The improvements recommended in the discussion related consumer protection (section 5.3 above) are also relevant for improving the passenger experience in relation to providing information about aviation security screening. The Review of the Transport Standards indicates a lack of awareness of staff in relation to disability issues. This will be increasingly a problem whenever security concerns are heightened and private sector agencies are contracted to deliver security services.

Consistent with the Commonwealth Disability Strategy, the Government as a purchaser of services could ensure this issue is properly considered in the purchasing of security services and regulation of providers.

6.4 Identity and background checking

The NSW Government supports the maintaining and further strengthening of the Australian Security Identification Card regime. A shorter turnaround time than that currently experienced may jeopardise the quality of the background checking process. In relation to background checks for overseas applicants there is little that can be done in terms of timeliness as the process is dependent on the efficiency of the respective governments.

The current criteria should be strengthened. This could be achieved by expanding the definition of 'aviation security relevant offence' in the *Aviation Transport Security Regulation 2005* to include offences involving firearms, ammunition or prohibited weapons as well as trespass. Offences under the *Customs (Prohibited Imports) Act 1956* should all be included within the meaning of 'aviation security related offences' as they clearly indicate a person's risk to aviation security.

Further, in the *AusCheck Regulation 2007* - the definition of 'security assessment' should include assessments from other LEA such as ACS, Australian Federal Police as well as State police forces to enable the examination of the intelligence holdings as part of the assessment process. The fact that a non-Australian citizen can prove that they are not an unlawful citizen or hold an appropriate work visa may still present vulnerabilities where the overseas background of a person holding a work visa cannot be thoroughly examined.

At present background checking is performed by AusCheck and access control by Sydney Airports Corporation. There is often also a middle step with another Australian Security Identification Card issuing body vetting staff. The separation of background checking and access control provides the whole process with a level of transparency and independence.

Background checking of managers etc may also reveal information and/or criminal networks not previously identified. Any enhancements to the process will have flow on effects to the maritime sector as the Australian Security Identification Card background checking process has been replicated for the issuing of MSIC.