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The Hon. Anthony Albanese MP  
Department of Infrastructure, Transport,  
Regional Development and Local Government  
GPO Box 594  
CANBERRA NSW 2601

Dear sir

**RE: Towards a National Aviation Policy Statement**

Thank you for the opportunity to provide feedback on the Aviation Policy Statement issues paper.

Newcastle Airport Limited (NTL) is pleased to provide input into the Aviation issues paper as a step towards the delivery of a much needed National Aviation Policy.

NTL is fast emerging as a critical player in aviation growth domestically and potentially internationally.

NTL has thoroughly considered its position and how it could contribute to the introduction of the policy including the impact it would have on us. I hope the following feedback will assist in finalisation of the Green Paper.

Please do not hesitate to contact me should you wish to discuss any of the enclosed matters in greater detail.

Yours faithfully

**Paul Hughes**  
CEO

# Towards a National Aviation Policy Statement

Newcastle Airport Limited Submission



## I. Introduction

The Government is to be congratulated on its timely initiative in preparing an Aviation issues paper as a step towards its commitment to the delivery of a much needed National Aviation Policy.

Newcastle Airport (NTL) is fast emerging as a critical player in aviation growth domestically and potentially internationally.

NTL is uniquely positioned in terms of its proximity to a large catchment population (over 1 million), diverse tourism product but more fundamentally as a tenant of the Department of Defence within RAAF Base Williamstown.

The positioning of NTL and the continuing public discussions regarding the constraints of Sydney (Kingsford Smith) Airport raises increasing levels of debate as to the future role of NTL.

The issues surrounding the coexistence of NTL with RAAF Williamstown as a Fighter base are not well understood resulting too often in comments that do not consider:

- > The strategic importance of RAAF Williamstown as a Defence Base
- > The economic contribution of RAAF Williamstown and related aerospace industry
- > The operating limitations placed on NTL by its Head Lease and Operating Agreements which form the framework within which NTL is restricted to operate by the RAAF and Department of Defence.

A review of these limitations placed should be founded in a clear positioning policy statement that accounts for Defence considerations as well as the increasing importance of airports, albeit scarce as they are, as drivers of economic growth, through Low Cost Carriers in particular. The net regional economic benefit generated by NTL is assessed as \$433 million annually, supporting 3,128 jobs, of which the tourism sector derives a benefit of \$150 million or 894 jobs annually.

A second key theme remains, being the need for improved transport infrastructure to and from the airport, but this can be best dealt with once the strategic importance of NTL is better understood in the National Aviation context.

A copy of the NTL Master Plan, endorsed by the Department of Defence in May 2007 can be found at [www.newcastleairport.com.au](http://www.newcastleairport.com.au)

Since the Master Plan endorsement NTL has completed a \$9 million aircraft parking apron effectively doubling its ability to handle domestic jet aircraft but equally importantly creating a capability of handling future international point to point aircraft such as B787 or A330.

The delivery of expanded Terminal facilities and additional car parking has commenced.

The issues raised in the April 2008 discussion paper are addressed, broadly in the context of NTL, in Attachment A.

I am more than happy to provide additional detail or commentary should it be required.

Our key submission point remains for Aviation Policy to clearly agree the future role of NTL in regard to its ability to grow in servicing the Aviation Industry, driving economic prosperity without fettering the functionality and pre eminent importance of RAAF Base Williamtown.

A realistic review of growth restrictions can only be made in that policy context.

## II. Executive Summary

### Aviation Policy – issues response

- > Regional Airports can play an increasing role providing international air services, on a point to point basis, reducing the impact on capital city airports.
- > Lack of Federal Funding for Customs, Immigration, Quarantine and Security functions are major impediments to growth.
- > Land transport infrastructure is an essential ingredient to optimising airport utilisation.
- > The ability for regional airports to attract low cost carriers, domestic and international, is a significant competitive advantage driving economic growth, particularly tourism.
- > Deregulation of the aviation market is essential to growth.
- > Roles of all levels of government in airport planning and development require urgent review and streamlining, including the planning role of the Department of Defence in civil/military airfields.
- > Newcastle Airport has the capacity to grow to approximately 4 million passengers per annum including limited international services. This growth can be achieved within the current RAAF operational constraints, however, an increased degree of flexibility is desirable, including:
  - > Increasing arrivals from 6 to 8 per hour (to align with aircraft parking capacity)
  - > Increasing standard operating hours from 6am-10pm to 6am-11pm to align with Australian curfew standards
  - > Inclusions of a set number of Code E (international) flights at say two per day.
  - > Consider “back of clock operations” to promote:
    - > Aerospace engineering activity
    - > International flights
    - > Freightwith appropriate noise mitigation procedures in place.
  - > Benefits being:
    - > Economic and tourism growth
    - > Efficient use of airport and airfield infrastructure
    - > Certainty for all stakeholders
    - > Decreasing pressure on Sydney Airport
    - > Improved social connectivity
- > Non aviation commercial development and continuation of the “dual till” approach to airport pricing is essential for airport investment.
- > The cost of regulatory reform, on regional airports, is difficult to justify.
- > Aviation security should be based on a risk based approach that delivers cost effective solutions that do not put at risk aviation services to rural, regional and remote communities. Federal Funding for security (or lack of it) currently prejudices some communities.

## 1. The Australian Aviation Industry

### 1.1 International Services

Issue	Comment
1.1.1 International Air Services Relationships	> New Zealand should be treated as domestic through reduced CIQ requirements. This would better place New Zealand and Australia as an attractive international tourism destination through improved air accessibility similar to that achieved in the EU. Regional Airports could play an increasing role in access to/from New Zealand with significant tourism benefits.
1.1.2 Growing the regions and cargo	> Lack of funding of border agencies and CIQ infrastructure inhibits growth for regions, including cargo > Key limitations for regional growth include cost of infrastructure required for international and major regional airport infrastructure such as border agencies and security for freight. This is exacerbated by lack of funding and/or inequitable financial support for development of such infrastructure. Inadequate transport infrastructure also severely limits the capability of regional growth. NTL is uniquely placed to play a more significant role given its proximity to Sydney.
1.1.3 Access to Australian markets	> New international airlines should be encouraged particularly where point to point services are sustainable outside of capital city markets, particularly focusing on the emerging markets of India and China. This will no doubt result in significant tourism flow ons but once again would be reliant on appropriate transport infrastructure connections to capital cities.
1.1.4 Facilitation and border control	> NTL airport is meeting all of the new domestic security requirements mandated for 01 December 2008 ahead of time. NTL airport is also moving towards a “swing gate” design for future terminal expansion improving the capability of handling increased domestic passenger volumes as well as attracting point to point international aircraft from time to time. The funding of CIQ infrastructure remains a significant impediment.

### 1.2 Domestic services

1.2.1 Deregulation	> NTL airport supports a deregulated aviation market as the best model for the delivery of air services. A continued move into privatised airports allowing market driven response to growth is supported.
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### 1.3 Regional and general aviation

1.3.1 Regional air services	> Government needs to incentivise capital investment in regional airlines > Security should be a risk based approach otherwise will become a significant disincentive for regional air travel and potentially put smaller airlines out of business. This leads to the consideration also of the Government needing to incentivise capital investment through appropriate fiscal policy as well as an ongoing need for government to invest in airport infrastructure for secondary airports as well as new infrastructure that facilitates better airport access. This will encourage potential regional growth and decentralisation from capital cities.
<b>1.4 Addressing skills needs in the aviation industry</b>	> Beyond the often discussed skills shortages for pilots and engineers, consideration should also be given to industry development for airport management skills based training and also ATC. ATQF should also include aviation to strengthen the skills development mandate.

## 2. Aviation Infrastructure

### 2.1 Airport planning and development

Issue	Comment
2.1.1 Land use Planning & Development Approvals	<ul style="list-style-type: none"> <li>&gt; NTL airport is impacted by federal state and local government acts, as well as specific Defence requirements through a Head Lease and Operating Agreement in terms of its coexistence with RAAF Base Williamtown. This results in a range of duplicated and convoluted procedures in seeking planning and development approval. There is a clear need to clarify development controls at both the local government and federal levels.</li> </ul>
2.1.2 Non-aeronautical development	<ul style="list-style-type: none"> <li>&gt; Non-aeronautical development is essential to de-risk the volatility of aviation revenues, the current impacts of oil prices being the most recent example.</li> </ul>
2.1.3 Safeguarding Australia's key infrastructure	<ul style="list-style-type: none"> <li>&gt; There is a disconnect between federal focused airport planning controls and community impact, exacerbated by airport v non airport commercial development considerations which should be resolved at the local level. Importantly, responsibility for transport infrastructure to airports needs to be clarified. This can not be dealt with at a local level and is continually handed between state and federal governments responsibility with little attempt to correlate infrastructure development with airport growth. Planning controls should include SEPP's/LEP's that clearly have common federal airport standards. With regard to air services regulation, safety and security once again these should be based on risk based approaches using relevant data rather than perception.</li> <li>&gt; NTL has the ability to accommodate 3-4million passengers per annum under existing constraints. RAAF have concerns as to the impact of continued growth, however, evidence shows that increasing passenger numbers are not "directly" correlated to number of flights, as the size of aircraft increase. There are RAAF concerns regarding the introduction of Code E international point to point services, even though they are considered in the Defence approved Master Plan, of which RAAF was a key contributor. Examples such as the Gold Coast show that international traffic could be on the same type of aircraft as Domestic routes or Code E aircraft as infrequent as one arrival daily. A realistic review of constraints will allow NTL to grow significantly with little/no impact on Defence activities, achieve a more effective utilisation of critical (and scarce airfield assets) and provide a significant economic contribution, particularly in terms of tourism. Constraint changes should consider:             <ul style="list-style-type: none"> <li>&gt; Increasing arrivals from 6 to 8 per hour (to align with aircraft parking capacity)</li> <li>&gt; Increasing standard operating hours from 6am-10pm to 6am-11pm to align with Australian curfew standards. RAAF flies to at least 11pm during daylight saving.</li> <li>&gt; Inclusions of a set number of Code E (international) flights at say two per day.</li> <li>&gt; Consider "back of clock operations" to promote                 <ul style="list-style-type: none"> <li>&gt; Aerospace engineering activity</li> <li>&gt; International flights</li> <li>&gt; Freight</li> </ul>                     with appropriate noise mitigation procedures in place.                 </li> <li>&gt; The key concern of RAAF appears to be aircraft noise impacts. Commercial aircraft are becoming quieter and more efficient (contrary to Defence fighter aircraft).</li> </ul> </li> <li>&gt; NTL has a range of noise mitigation procedures that can assist in minimising perceived noise impacts.</li> <li>&gt; These issues are currently under discussion with Defence and RAAF Headquarters.</li> </ul>

Issue	Comment
2.1.4 Future airport needs	> Restrictions for NTL airport growth, not necessarily based on real rather than perceived issues, clearly inhibit future growth and require a review at the national level particularly given NTL airports potential to increasingly service a significant population catchment. The cost of regulatory requirements and compliance if unaddressed will further inhibit growth opportunities. Regional airports should feature in local government planning.
2.1.5 Pricing	> In terms of pricing, market forces should be a key driver of pricing at airports given their inherent differences but the principal of a dual till approach should continue to be supported. One of the unique features that needs to be considered is the cost of transport to various airports and how that impacts on the overall travel cost, particularly in less developed or remote areas where the cost of transport, including parking, can be a more significant cost than that of direct air travel itself.
<b>2.2 Air traffic management</b>	> ATC & ARFF are currently provided by RAAF Williamtown. This is under review. However there is an urgent need for discussions with RAAF, ASA & CASA an airspace management, which may impact growth opportunities at NTL.

### 3. Aviation Safety

Issue	Comment
<b>3.1 Safety regulation and regulatory reform</b>	<ul style="list-style-type: none"> <li>&gt; Regional airports are not resourced to cope with the increasing level of regulatory reform including the levels of consultation departments are demanding.</li> <li>&gt; The cost of reforms, on regional aviation, is not commensurate with the perceived benefits.</li> <li>&gt; Major airports, such as NTL, are not considered for any government support but are not of such size that additional costs can be absorbed, as is the case with capital city airports.</li> </ul>

### 4. Customer & Community Protection

Issue	Comment
<b>4.1 Aviation emissions and climate change</b>	<ul style="list-style-type: none"> <li>&gt; Newcastle Airport has adopted a policy framework to attend to the impacts of Greenhouse Gas Emissions including:               <ul style="list-style-type: none"> <li>&gt; Getting our own house in order ie reducing our carbon footprint</li> <li>&gt; Working with industry on emissions reductions strategies.</li> </ul> </li> <li>&gt; Better understanding of impact &amp; community education.</li> </ul>
<b>4.2 Aircraft noise</b>	<p>Key considerations are:</p> <ul style="list-style-type: none"> <li>&gt; Protect corridors</li> <li>&gt; Local government planning</li> <li>&gt; Economic benefits v flight path management techniques. As noted above NTL is working with Defence/RAAF to manage flight paths and noise impact perceptions.</li> </ul>

## 5. Aviation Security

Issue	Comment
Efficiency and costs Cost	Key considerations are: <ul style="list-style-type: none"> <li>&gt; Risk based approach</li> <li>&gt; Common sense approach</li> <li>&gt; Government support for regional airports</li> <li>&gt; Encourage competition by not discriminating between small jet and turboprop aircraft</li> <li>&gt; Centrally funded security approach</li> <li>&gt; Government justified risk approach – overall cost to individual communities (inhibits regional growth)</li> </ul>
Growth & Industry Development	Key issues are: <ul style="list-style-type: none"> <li>&gt; Costs impacted by government policy</li> <li>&gt; Government need to manage cost more efficiently (and stimulate growth and competition)</li> <li>&gt; The cost of responding to bureaucratic requirements is unjustifiable and anti-competitive</li> </ul>
Technology	Key issues are: <ul style="list-style-type: none"> <li>&gt; Improves efficiency and effectiveness and funding sources</li> <li>&gt; Risk based application</li> <li>&gt; Passenger profiling</li> <li>&gt; Intelligence based operations</li> </ul>
Identity and background checking - ASIC's	<ul style="list-style-type: none"> <li>&gt; What is the current rate of ASIC rejections v approvals</li> <li>&gt; Does the cost justify the perceived risk reduction</li> </ul>