

DATE: June 30, 2008

Department of Infrastructure, Transport, Regional
Development and Local Government
National Aviation Policy Statement
GPO Box 594
CANBERRA ACT 2601

Dear Sir / Madam

RE: Towards a National Aviation Policy Statement

I refer to your request for comments regarding the development of a comprehensive National Aviation Policy, and provide the following input on behalf of the South Australian Freight Council Inc (SAFC) and its Members.

By way of background, SAFC is the State's peak, multi-modal freight and logistics industry group that advises both the Federal and State governments on industry related issues, and is funded by both Government and industry. SAFC represents road, rail, sea and air freight modes and operations, freight service users, and assists the industry on issues relating to freight logistics across all modes.

Attachment 1 contains a response to some of the specific issues raised within the Issues Paper released by Minister Albanese on 10 April 2008. SAFC's responses have been grouped under the headings:

- Access To Destinations Beyond the 4 Major Gateways
- Access To Domestic Markets For Foreign Airlines
- People
- Noise and Curfews
- Planning, Development and Consultation
- Transport Security

SAFC contends that:

- An increased level of international services calling into Adelaide would improve access for visitors and local residents alike, as well as improve access to overseas markets for South Australian products
- There are opportunities to enable foreign carriers servicing regional airports to carry domestic cargo, particularly cargo which is moving to another Australian international gateway so as to access the direct services available there. This system would be similar to the cabotage laws that allow foreign vessels to carry domestic sea cargo under Continuous and Single Voyage Permits
- A strategy that lends ongoing support for the further development and

enhancement of the Logistics Information and Navigation Centre (LINC) on a national basis will be welcomed by both SAFC and the industry at large

- The present Master Planning system for Australian Airports works well and should be continued in its current format
- Similarly, the Airport Consultative Committee system currently in place at Adelaide International Airport generally works and provides a useful mechanism for improved consultation with industry and the community
- A level playing field should be established in regards to rates and taxes charged on non-aviation related developments on-airport
- Any limitations imposed by the Curfew Act and Regulations should be based upon noise levels, and not aircraft type/payload configuration. Any noise based criteria should also be consistent across the nation
- There is a need to review the Adelaide Airport Curfew Act 2000 and Regulations to remove inconsistencies and to introduce much needed and overdue flexibility into the arrangements
- It should become a requirement that new off-airport developments that may be affected by airport and/or aircraft noise must incorporate noise amelioration measures within any building plans and that these costs should be borne by the developer and ultimately the purchaser of the property
- In Australia, there does not appear to be any public accountability for the costs incurred in the implementation, management and administration of the transport security regime
- There would be significant benefits available if the two existing transport security cards (the ASIC and the MSIC) were merged into a single transport security card
- Security is a common good. As the Australian community in general benefits from the enhanced security regime, the Federal Government should assume a greater responsibility for the costs associated with its implementation.

Feel free to contact the SAFC General Manager, Mr Neil Murphy, on the numbers listed below if you wish to discuss any aspect of this input.

Yours faithfully

Vincent Tremaine
Chairman

Towards a National Aviation Policy Statement**ACCESS TO DESTINATIONS BEYOND THE 4 MAJOR GATEWAYS**

SAFC contends that more effort should be applied by the Commonwealth Government towards attracting additional international services to Adelaide. As SAFC understands it, approximately half of those persons whom tick South Australia as the State of Main Stay whilst visiting Australia are forced to enter the country through other interstate gateways due to the lack of direct services. An increased level of international services calling Adelaide would improve access for visitors and local residents alike, as well as improve access to overseas markets for South Australian products. Improved access to international markets through Adelaide International Airport would increase exports by air and reduce the risk of product damage emanating from the increased handling and time to market that landbridging to interstate gateways involves.

SAFC takes this opportunity to note that the majority of air freight exports and imports entering and exiting Australia are carried in the belly hold of passenger aircraft.

SAFC suggests that the Commonwealth Government should strongly argue for direct services when volumes (passenger and freight) reach a certain threshold (that the market would deem viable). State Governments and airport operators should also continue to highlight the opportunity to airlines flying international routes to provide viable direct services where sufficient volume is available in the market. This activity should involve a coordinated joint industry and government approach.

ACCESS TO DOMESTIC MARKETS FOR FOREIGN AIRLINES

SAFC contends that there are opportunities to enable foreign carriers servicing regional airports to carry domestic cargo, particularly cargo which is moving to another Australian international gateway so as to access the direct services available there. This system would be similar to the cabotage laws that allow foreign vessels to carry domestic sea cargo under Continuous and Single Voyage Permits around the Australian coast, and would reduce the need for landbridging of international air cargo (commonly referred to as the use of 'Bitumen Boeings') thereby reducing the risk of product damage and improving time to market. This may present marginal pricing opportunities and may also result in improved capacity utilisation (and return) for airlines and apply downward pressure on freight rates.

SAFC highlights that, as pointed out within the discussion paper at page 4, similar to the situation that developed following deregulation in the 1992, an increase in service levels will likely result in:

- 'Increased responsiveness by airlines to consumer needs;
- A wider range of fares and types of services to provide enhanced travel opportunities ...[including for freight];
- Increased competition and pricing flexibility, leading to greater economic efficiency in the industry; and
- A continuation of Australia's world-renowned safety regulation.'

PEOPLE

Like all sectors of the transport and logistics industry in Australia, the aviation industry is, and will continue to, experience severe shortages of skilled personnel. The transport and logistics sector is faced with a crisis from several fronts, including:

- A rapidly expanding task (the BTRE forecast a doubling of the freight task over the 20 years to 2020);
- Rapid expansion in the aviation passenger market requiring an increase in staffing levels;
- Intense competition from other expanding sectors (such as mining and defence) for the pool of potential employees; and
- An ageing workforce that will lead to a rush of retirements as the baby-boomer generation reaches the end of its working life.

To partially address this situation, SAFC has developed the Logistics Information and Navigation Centre (LINC), a web portal linking others to information aimed at demystifying freight operations and services and presenting logistics industry careers, including aviation careers, to prospective entrants in a positive light.

This activity occurred in response to:

- A projected industry skills shortage, driven primarily by:
 - A projected doubling of the national freight task in the 20 years to 2020
 - An aging population
 - A skewed age profile – average industry age well over industry norms.
 - low unemployment
- A poor community image of industry careers (some positions seen as unsafe, uncouth, low paid, dead end, even as drug users and couriers)
- Lack of understanding of the importance of the industry to the economy, the community and to individuals
- The disparate nature of information on the industry and the difficulty for businesses (within and without the T&L industry) to find current information.

In May 2006 the South Australian Minister for Transport, Energy and Infrastructure, the Hon Pat Conlon MP, launched the Logistics Information and Navigation Centre website which received over 200,000 hits in its first year of operation.

The site contains careers briefs and pathway information, industry information for the general public and links to more complex information for industry professionals.

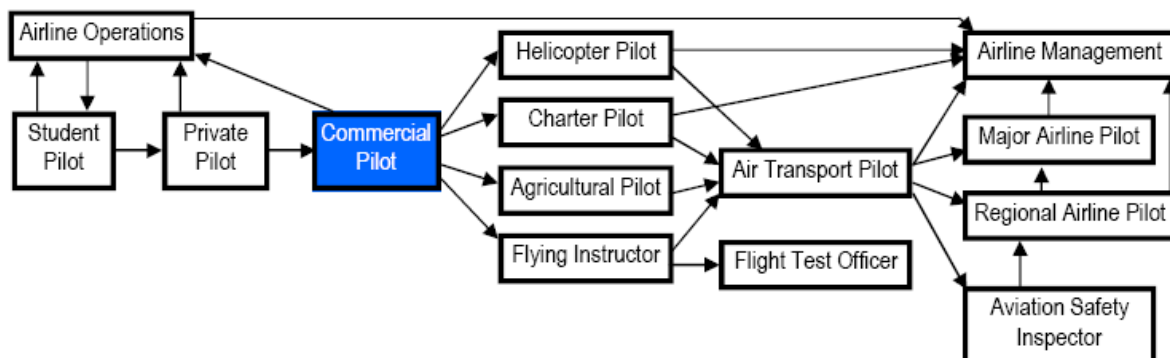
The LINC website www.the-linc.com.au was designed, researched and project managed in house by the South Australian Freight Council Inc.

LINC has two main parts – Careers Information and Industry Information. These are accessed through an interactive “ship’s wheel” control that provides further information as you “mouse over” a section of interest.

The Careers Section contains job briefs, each outlining possible career pathways; required education, aptitudes and experience; and work pay and conditions. It enables users to map out an entire career, following from job to job, and identifying the requirements to move from one to another.

Each career briefs includes detailed information on core duties, extra duties, pay, conditions, aptitudes, education (required & advantageous), experience and other requirements (required & advantageous), career paths and links to more information.

The career pathway diagrams enable a person to plan the jobs (and experience and qualifications) required to move between current employment and desired employment, say from Student Pilot to Major Airline Pilot. Each identified position has its own separate careers brief.



SAFC is currently negotiating with other States, principally through their respective Freight Councils and the Transport and Logistics Centre (TALC - based in NSW) to further enhance LINC including the ongoing development of additional resources, the integration of LINC into TILIS (owned by TALC) and

the incorporation of resources for other States. SAFC is investigating options to generate sufficient resources to employ a dedicated officer to manage and maintain LINC and liaise with individuals and schools regarding their careers information requirements.

Work has commenced on the development of sites for Queensland, Tasmania and Western Australia, whilst negotiations with Victoria and New South Wales are well advanced.

A strategy that lends ongoing support for the further development and enhancement of LINC on a national basis will be welcomed by both SAFC and the industry at large.

PLANNING, DEVELOPMENT AND CONSULTATION

SAFC participates on the Adelaide Airport Consultative Committee (AACC) and contends that:

- The AACC system as currently operating generally works and provides a useful mechanism for improved consultation with industry and the community;
- The process of Master Planning required to be undertaken by each of the privatised airports again allows ample opportunity for stakeholder input and provides a useful mechanism to guide future development on airport;
- Airports are generally located within built-up areas and therefore represent an excellent opportunity for development for a variety of purposes, including non-aviation related developments. These developments represent a crucial revenue generation activity for airport owners that can place downwards pressure on other fees and charges;
- There is a physical limit to non-aviation related development on-airport and that the current rush of activity in this area (certainly at Adelaide International Airport) is merely taking up the development slack present when the Federal Government operated the airports under the Federal Airports Corporation. In the near future it would be expected that the land available for non-aviation development will be exhausted;
- Non-aviation related development on airport should be allowed to continue so as to assist airports through leaner times and temporary setbacks in the industry, when airlines move assets towards the best yield (eg: Ansett collapse, SARS, Oil Crisis);
- Integration of airport development and planning with Local, State and Federal planning processes, including within the AusLink process (note: the main road link to Adelaide International Airport, Sir Donald Bradman Drive, forms part of the AusLink corridors for metropolitan Adelaide) should continue. It should be noted that the South Australian Government and Adelaide Airport Limited have most recently undertaken a joint Access Study to identify the current and future road network requirement over the coming 20 year period, and this activity could serve as a model for similar activity interstate.;
- A level playing field should be established in regards to rates and taxes charged on non-aviation related developments on-airport. Local Councils should be recompensed for lost revenue (arising because the non-aviation development is on-airport, instead of off-airport where normal rates and taxes would be applied) in the event that they incur one-off and ongoing costs associated with infrastructure provision and the delivery of services. However, rates and charges should not be applied when services (eg: rubbish collection) and facilities are not provided by Local Government.

NOISE AND CURFEWS

It should come as no surprise to developers or the community that where there are airports and aircraft, there is a corresponding noise emission. SAFC contends that it is inappropriate for the community and developers, whom move into areas affected by aircraft and airport noise, to agitate to have the legitimate operations of the airport curtailed. As a result of community agitation to curtail legitimate aeronautical activities Adelaide International Airport is subject to a curfew on its operations which limits activities between 11:00pm at night and 6:00am in the morning.

In March 2008, SAFC released a statement on Regulatory impediments affecting the efficient and effective operations of the freight and logistics industry. In that report, SAFC called for the review of all relevant Federal and State regulations and guidelines to assess their appropriateness, relevance and consistency. The entry in that report which discusses the curfew is reproduced on the following page.

Initiate Review of the Adelaide Airport Curfew

South Australia is failing to maximize its economic potential due to the restrictive and antiquated night curfew at Adelaide Airport.

SAFC recognises that Adelaide Airport's inner metropolitan location requires measures to protect surrounding residents from unreasonable levels of aircraft noise.

However, the Australian Government's present legislation fails to provide the necessary balance between the amenity of residents and the economic benefits accruing to the State's wider population from the tourism and commodity exporting sectors.

Furthermore, the relevant Act and Regulations contain anomalies whereby freight using certain aircraft are allowed to operate during curfew, yet passenger flights using the same aircraft are not. It should be noted that most freight travels on passenger aircraft.

The SAFC calls for an immediate review into all the relevant acts, regulations and guidelines pertaining to this situation – both individually and collectively.

...

The Australian Government should investigate amending the Adelaide Airport Curfew Act 2000, the Adelaide Airport Curfew Regulations 2000, and the Guidelines for Dispensations for Aircraft to Operate at Adelaide Airport During Curfew Hours to remove inconsistencies and to introduce much needed and overdue flexibility into the arrangements.

The current curfew at Adelaide International Airport operates from 11pm until 6am, and while the airport is open during this time, the operation of jet aircraft is severely restricted. These restrictions are becoming increasingly onerous and, in some respects, unnecessary for the following reasons:

- Noise impacts have been reduced by the implementation of the Australian Government's Adelaide Airport Noise Insulation program. By November 2007, the insulation program had been all but completed.
- Noise impacts have also been reduced by the introduction of quieter aircraft. For instance, domestic fleets are now fully compliant with the noise characteristics required of freighter aircraft currently permitted to operate in curfew, and virtually all international aircraft comply with the maximum noise levels specified in Chapter 3 of ICAO Annex 16 Volume(4).
- Airlines have lowered costs by increasing the utilisation of aircraft. This requires late night/early morning scheduling, which is currently not possible at Adelaide.
- The curfew results in airlines being reluctant to schedule in proximity to the curfew hours in case of flight delays. This effectively imposes restrictions well outside the current curfew hours of 11pm-6am; and
- While international freight and/or passenger flights may, with the permission of the Federal Minister, schedule flights in the curfew shoulder periods, the Act only allows the Minister to restrict takeoff of these aircraft to runway 23 (to seaward so as to minimize noise impacts).
- While the Act allows for arrivals and departures during the curfew shoulder period in accordance with the quota contained within the regulations, the regulatory quota presently precludes departures altogether.

The following specific measures are necessary to reduce the economic disadvantage presently imposed on South Australia while not unduly impacting on the amenity of surrounding residents:

- Amend the Adelaide Airport Curfew Act and Regulations to ensure that passenger and freight aircraft operate under the same rules.
- Amend the Adelaide Airport Curfew Act 2000 to remove the anomaly whereby international flights may arrive during curfew shoulder periods of 11pm-midnight and 5am-6am while domestic passenger flights may not;
- Amend the Adelaide Airport Curfew Act 2000 to remove the discretion of the Minister to restrict his permission for international flights to depart in the curfew shoulder periods to runway 23 (this imposes unreasonable risk to the operator that the flight will be prevented from departing if the wind direction requires use of runway 05, and a consequent unwillingness of operators to schedule flight departures during these periods);
- Amend the Adelaide Airport Curfew Regulations 2000 to include provision in the quota for international flights (and, subject to the second point above, domestic flights) to depart as well as arrive during curfew shoulder periods; and
- Amend the Guidelines for Dispensations for Aircraft to Operate at Adelaide Airport During Curfew Hours to allow any scheduled flight delayed for reasons beyond the airlines' control to arrive and/or depart in the curfew shoulder period of 11pm-midnight in order to give the airlines the confidence to schedule flights closer to curfew.

SAFC contends that any limitations imposed by the Curfew Act and Regulations should be based upon noise levels, and not aircraft type/payload configuration (as is currently the case), and that the noise criteria should apply equally across the nation. Curfews should not be applied to airports where noise levels do not exceed that associated with normal daily activities. Indeed, as the airport has generally been operational prior to the arrival of new residents that some allowance should be made for airports to increase noise levels without threat of application of a curfew.

In addition to the need to review the Adelaide Airport Curfew Act 2000 and Regulations to make them consistent, SAFC believes that it should become a requirement that new off-airport developments that may be affected by airport and/or aircraft noise must incorporate noise amelioration measures within any building plans and that these costs should be borne by the developer and ultimately the purchaser of the property. This requirement should also apply to redeveloped and extended properties.

Furthermore, developers should be required to advise potential home investors and/or tenants what the current and forecast prevailing noise contours for the area are.

SAFC contends that if these measures were put in place, the usual market doctrine of '*caveat emptor*' should then apply.

In regards to the current noise enquiry and complaint services, SAFC highlights that there are several 'serial complainants' in the system. For example, in January 2008, 1 complainant made 127 complaints alone, representing 71% of all complaints received for that month. This factor should be taken into account when assessing the level of noise complaints associated with a particular airport.

SAFC would also highlight that a large number of the noise related complaints received for Adelaide Airport relate to helicopter activities, which are not hindered in their activity by the Adelaide Airport Curfew Act and Regulations.

Finally, SAFC asserts that the issue in question relates to noise levels, and as such all airports in Australia should be treated equally so as a level playing field is established. Noise conditions that apply to Adelaide Airport should equally be applied to other airports based in urban areas, as well as to other activities where similar noise conditions are created.

TRANSPORT SECURITY

Enhanced transport security is a relatively recent phenomenon – changed forever following the September 11, 2001 terrorist attacks in New York, and other worldwide incidents.

Nobody within industry is disputing the need for tighter security controls over Australia's transport and logistics sectors.

While transport security requirements are mandated by Governments, the costs associated with the introduction of the transport security regime in Australia are met by industry (and ultimately its customers) – unlike the situation in the USA, where these costs are met by the national government (recognising that security of the nation is a legitimate role for government).

Consequently, in Australia, there does not appear to be any public accountability for the costs incurred in the implementation, management and administration of the transport security regime.

Workers, including truck drivers, who need to access a maritime security zone unescorted, require a Maritime Security Identification Card (MSIC). Similarly, in aviation, an Aviation Security Identification Card (ASIC) is required.

Nationally, up to 100,000 MSICs and over 90,000 ASICs had been issued by the end of 2007. Both require an extensive series of background checks prior to issue. A freight forwarder handling both air and sea freight requires both security clearances, including duplication of the background check.

There is generally an extended timeframe from application to achieving security clearance – a lengthy and expensive process, the costs of which are borne entirely by industry.

Key port and airport facilities have been required to increase their security arrangements, with the installation of security fencing and closed circuit TV – all at a cost to industry and their customers.

SAFC believes:

- there would be significant benefits available if the two existing cards were merged into a single transport security card;
- other benefits may exist in introducing a temporary MSIC/ASIC card for a 4-6 week period, after which time, if checks had not been completed, the temporary card would be cancelled;
- security is a common good. As the Australian community in general benefits from the enhanced security regime, the Federal Government should assume a greater responsibility for the costs associated with its implementation.