

**South Australian Government  
Response**

**to**

**The Department of Infrastructure,  
Transport, Regional Development  
and Local Government**

**on**

***Towards a National Aviation Policy  
Statement – Issues Paper April 2008***

**June 2008**



**Government  
of South Australia**

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## **1 Introduction**

- 1.1 The Minister for Infrastructure, Transport, Regional Development and Local Government, Hon Anthony Albanese MP, has invited interested parties to consider and make comment on a wide range of questions about all aspects of the aviation industry raised in an issues Paper released on 10 April 2008.
- 1.2 He has stated that it is the Australian Government's intention to consider responses received through this process and release a policy Green Paper in September 2008. Following further community consultation, the Government is then to release a comprehensive national aviation policy statement White Paper in the middle of 2009.
- 1.3 The one hundred and four questions raised in the Issues Paper over five areas of aviation range from questions about broad policy principles to minutia of detail about operational policy implementation.
- 1.4 The South Australian Government believes that its input at this stage should focus on the policy principles, particularly those that it seeks to influence and wishes to see included in a National Aviation Policy. The issues of operational detail are best left to the levels of government and industry responsible for their implementation and administration.
- 1.5 When the Australian Government, at the Green Paper stage, can produce more detailed discussion about and substantiation of its proposed policies, then the South Australian Government will be in a better position to comment.
- 1.6 This response therefore does not seek to address every question raised in the Issues Paper. It provides preliminary comments on the South Australian Government's principal areas of interest, grouped according to the sections of the Issues Paper.

## **2 The Australian aviation industry**

### ***International services***

- 2.1 The South Australian Government's primary concern is how the Australian Government can be more proactive in its efforts to support the development of secondary gateways and achieve wider dispersal of the benefits of international air access to regional Australia.
- 2.2 The Australian Government has stated that it wishes to encourage international airlines to fly to Australian destinations outside the four major gateways of Sydney, Melbourne, Brisbane and Perth. It has continued to offer unrestricted access to the secondary gateways (the Regional Benefits Package) as a means of doing so.

- 2.3 The South Australian Government strongly supports this objective but the Regional Benefits Package, while well intended, has proven to be ineffective. It requires parallel proactive policies and practices to support it when in most cases capacity at the big four gateways is increased ahead of demand.
- 2.4 This is evidenced by the fact that the percentage of international passenger movements through gateways other than the big four has decreased over the last ten years from 8% in 1997 to 7% in 2007.
- 2.5 The National Aviation Policy Statement provides an opportunity for the Australian Government to re-examine its policies and practices that are likely to impact on secondary gateways to ensure that they complement each other rather than working against each other as they do presently. This involves disadvantageous policies relating to the costs of airspace management and the Adelaide Noise Levy (see paragraphs 3.20-3.23) as well as the negotiation of bilateral air services agreements.
- 2.6 With regard to the latter, clearly a strong policy statement is required to the effect that it is the Government's objective to assist the development of the secondary gateways.
- 2.7 This is not only to achieve the aim of dispersing international aviation benefits more widely. It is also consistent with measures to reduce airspace and infrastructure congestion at the major gateways.
- 2.8 It should be made clear to foreign governments that when their airlines approach the limits of their capacity entitlements at the big four gateways they will be expected to examine use of their existing entitlements at the secondary gateways before being granted additional major gateway capacity.
- 2.9 Such a policy could be given practical effect by not counting major gateway capacity against the entitlement in the agreement when it is operated in conjunction with a secondary gateway; and/or requiring airlines seeking additional major gateway capacity to demonstrate why they could not first introduce services to a secondary gateway.
- 2.10 The South Australian Government suggests that progress in regional dispersal needs to be measured against set targets. A suitable target might be to raise the percentage contribution of secondary gateways from the current 7% of international passenger movements to 10% over two years.

### **Domestic services**

- 2.11 The South Australian Government supports the Australian Government's domestic deregulation policies and its policy to allow foreign owned domestic airlines to operate in Australia.
- 2.12 It supports the policy that foreign owned airlines operating domestic services in Australia must form Australian based subsidiaries to do so, and be subject to the same input and regulatory costs as are Australian owned airlines, in order to maintain competitive neutrality.

### **Regional and general aviation**

- 2.13 Australia's Transport Ministers have agreed that a transport policy objective of the National Transport Plan should be *to promote social inclusion by connecting remote and disadvantaged communities and increasing accessibility to the transport network for all Australians*.
- 2.14 To deliver this objective the National Aviation Plan will need to include policies that recognise that many air services to and within remote areas are not sustainable on a commercial basis. Further, all levels of government must recognise that even less remote regional councils and communities often cannot sustain the infrastructure required to support the air services they need.
- 2.15 The Australian Government has gone part way towards implementing policies that address these issues: the Remote Aerodrome Safety Program and Remote Air Services Subsidy Scheme, to which the South Australian Government contributes, assist in the provision of very remote airstrips and air services. The Australian Government's subsidisation of enroute navigation charges to regional airlines and the South Australian Government's funding of community aerodrome inspections provide further assistance.
- 2.16 These issues are being considered by the Australian Transport Council, informed by the Commonwealth, states and territories transport officials' Aviation Working Group. The Council has agreed to support regional and remote air services in Australia and tasked the Aviation Working Group to report on measures to support these services.
- 2.17 The South Australian Government believes that the Remote Aerodrome Safety Program provides a model of cooperation across governments on which further service and infrastructure funding measures could be based, that all other existing assistance programs should continue and that ways to reduce the costs on the sector of security and safety regulatory reform must be investigated.

### ***Addressing skills needs in the aviation industry***

2.18 The South Australian Government acknowledges the need to address the skills shortages in the aviation industry, including pilots, aircraft maintenance engineers and air traffic controllers that are driven by worldwide airline growth, particularly in Asia and the Middle East.

2.19 In technical areas, training responsibilities are borne by both governments and industry. The South Australian Government supports the extension of FEE-HELP loans to vocational education and is currently assessing through appropriate agencies how to coordinate its activities with industry to best effect.

## **3 Aviation infrastructure**

### ***Airport planning and development***

#### ***Land use planning***

3.1 The South Australian Government regards the planning and development mechanisms under the *Airports Act 1996* as being generally acceptable. They could be improved in relation to section 91 (contents of Major Development Plans [MDPs]) in that there is currently no requirement for airport lessees to provide detailed plans of proposals. Lack of this information precludes adequate assessment of proposals or meaningful comment on them. The provision of site and building plans and other essential information should be a requirement of the MDP process.

3.2 The South Australian Government is satisfied with the level of consultation it has with Adelaide Airport Ltd (AAL) both at officials and ministerial levels. The South Australian Government and AAL have demonstrated a willingness to recognise each other's views on land use planning on- and off-airport, which is demonstrated by the significant amendments made to the Adelaide and Parafield Master Plans as a result of the Government's input to them, and the recognition of the airports as Specialised Activity Precincts in the State's Planning Strategy for Metropolitan Adelaide.

3.3 With regard to the competitive impact of on-airport commercial developments on established businesses off-airport, those impacts must be analysed, identified by the airport operators and included in their Master Plans, Minor Variations and Major Development Plans so that state and local government authorities, and the businesses themselves, can comment on them. The federal Minister should then take account of their comments in considering approval of the developments.

3.4 With regard to the relationship between AAL and the local communities, our observation is that it has improved markedly over the last few years. This is evidenced by the regular attendance of

community representatives at quarterly Adelaide and Parafield Airports Consultative Committee meetings and genuine attempts by AAL to acknowledge and mitigate the impacts of its developments on surrounding areas.

- 3.5 Integration of airport development with the funding and construction of off-airport road access could be improved where the transport network surrounding the airport has been declared part of the AusLink Network. In this instance the Australian Government has the opportunity directly to control road investment funding to accommodate airport traffic growth.
- 3.6 In other circumstances, all on-airport development approvals should be conditional on adherence to state/territory developer contribution policies. This should include both investment (i.e., infrastructure upgrades) and operation (e.g., public transport) funding needs.
- 3.7 Necessary improvements to the transport system should be identified on a holistic basis and linked to the preparation of Master Plans and Major Development Plans. Better planning outcomes could be achieved if Master Plans were reviewed prior to the formalisation of AusLink bilateral agreements.
- 3.8 With regard to the need to ensure that non-aeronautical developments do not compromise the aeronautical function of the airports, the *Airports Act 1996* lacks a simple statement in its Section 3 Objects to the effect that the primary purpose of the leased sites is to serve the needs of aircraft operators. While parts of the Act refer to the lessees' obligation to use the sites as airports and that the Minister is required to take account of the extent to which Master Plans meet present and future requirements of civil aviation users, etc, there is no unequivocal statement to the effect that those needs transcend all others on the sites.
- 3.9 The South Australian Government is satisfied that the Adelaide and Parafield Airports Master Plans protect sufficient space for present and future aeronautical uses, and that Minor Variations to the Master Plans have not compromised them either. Given the pace of non-aeronautical development of the airports, however, it needs to be clear that the Australian Government will not tolerate incremental degradation of their aeronautical capacity as a result of competing development compromises.
- 3.10 This principle must also be imbedded in state and local government planning regulations controlling off-airport developments. Local authorities must recognise the importance of the application of federal *Airports (Protection of Airspace) Regulations 1997* (which are supported in SA by the *Development Act and Regulations 1993*) in controlling building heights that may not only jeopardise the safety of

flight operations, but also their efficiency and the long term viability of the airport affected.

- 3.11 Similarly state and local governments have an obligation to ensure that development surrounding airports is compatible with aircraft noise. The South Australian Government's planning authority has prepared planning policy guidance for local governments through its Better Development Plan program. The Planning Strategy for Metropolitan Adelaide already recognises the importance of the airports' aviation functions and the current review and update of the Strategy may provide an opportunity to examine future development strategies to ensure that airport noise is appropriately considered.

***Airport planning and development***  
***Future airport needs***

- 3.12 Parafield Airport is currently constrained by airspace limitations resulting from the proximity of Adelaide and Edinburgh Airports and increasing residential encroachment. At some point a strategic review of all federally leased metropolitan general aviation airports, including Parafield, may be necessary to settle questions about the continued suitability of the sites as airports, and to examine options for their relocation.

- 3.13 The South Australian Government does not regard Edinburgh Airbase as an alternative for expansion of civil uses. The sensitivity of its military operations and their expansion expected when unmanned aerial vehicles and future fixed wing replacements for the existing AP3C Orion fleet are introduced, make it unsuitable. Additionally, the cost of constructing necessary civil terminal facilities, the expansion of rescue and fire fighting services and the transport infrastructure investment required suggest that this would not be a commercially viable option.

***Airport planning and development***  
***Pricing of airport services***

- 3.14 The regulatory framework prejudices low cost carrier growth by allowing airport operators to charge a single uniform terminal fee based on a level of service suited to the legacy carriers.

- 3.15 This, where it occurs, precludes a low cost carrier from selecting a lower level of terminal services, being charged accordingly and passing on the cost benefits of its operating regime to its passengers. The benefits that low cost carriers can bring through the development of new passenger markets cannot be achieved unless the airport is willing and/or able to differentiate its services and charges.

- 3.16 These confidential commercial arrangements between airports and airlines are open to lack in transparency. They appear to have been

entrenched in response to the business models of the legacy carriers on which they were based, which can be the carriers that are in the strongest position to exert price and service pressure on the airports. It is possible that this may lead to price and market competition being reduced to the detriment of low cost carrier expansion.

- 3.17 The regulatory framework should have the capacity to prevent such arrangements where they are deemed to be contrary to the public interest.

***Air traffic management***

- 3.18 Air traffic management is a matter for the Australian Government service provider and regulator.

- 3.19 In policy terms, the South Australian Government supports efforts to align Australia's airspace management, classification and regulation with international best practice. It also supports the Australian Government's recognition that this will require it to put funding mechanisms in place to assist with the transition.

- 3.20 The South Australian Government does not support the inequity in air traffic management fees based on the recovery of costs on a location specific basis since 1997. This has resulted in unit charges heavily disadvantageous to low volume airports like Adelaide in relation to the higher-volume east coast gateways. Adelaide's Airservices Australia charges are approximately three times higher than those of Sydney and Melbourne. This cost disparity is exacerbated at Adelaide Airport because it is now the only airport in Australia at which the Noise Levy is collected.

- 3.21 The disparity of charges is most significant when new operators or international operators are considering new flights to Adelaide and do not have the opportunity to trade off Adelaide's higher charges against the far lower charges they are paying interstate. The charges have proved to be a critical barrier in the consideration of new Adelaide flights by low cost carriers.

- 3.22 The South Australian Government recognises that network charges involve cross subsidies that may be economically inefficient and that they are opposed by the big operators with flights concentrated on the larger airports. However, the approval of Airservices Australia's introduction of network charging for basic rescue and fire fighting services, and the "basin" cross-subsidies of terminal navigation charges at metropolitan general aviation airports serve as models for a return to network charging for all air traffic management services.

- 3.23 Given that the present charging policy works directly contrary to Australian Government policies to spread the benefits of air access more broadly throughout Australia (see paragraph 2.5), the South

Australian Government believes that either network charging or a more direct and transparent funding mechanism to address the disparity should be introduced.

#### **4 Aviation safety**

##### ***Safety regulation and regulatory reform***

- 4.1 It is very important that the responsibility and accountability for air safety regulation is clearly understood not only by operators but by the travelling public as well. For this reason the South Australian Government has always been careful not to comment publicly on air safety matters but to refer them in all instances to the appropriate Australian Government authority.
- 4.2 This is reflected in the South Australian Government's approach to its intrastate route licensing legislation, which is applied purely on economic grounds with no consideration of air safety matters among its selection criteria. The *Air Transport (Route Licensing-Passenger Services) Act 2002* simply requires a licensee to hold and maintain appropriate CASA certification for the term of its licence.
- 4.3 The South Australian Government will, on occasion, make its views known to CASA and the Australian Government Minister for Transport, particularly when the issues concern flight operations within the State. For instance, it argued for the carriage of life vests on regional over-water flights following the Whyalla Airlines accident in 2000, and it expressed strong concern in 2002 when CASA was considering changes to the regulations to create a new Air Transport Operations – Small Aeroplanes category. The latter had very significant cost implications for small aircraft and airport operators and, while its intent was of course to raise safety standards, the regulatory and net safety impacts were inadequately assessed.
- 4.4 By and large the South Australian Government has supported the regulatory reform process and its outcome-based regulatory approach.
- 4.5 The South Australian Government remains concerned about the under-resourcing of CASA's routine certification processes and their cost, particularly as applied to regional operators. This is raised in section 2.17 above.

#### **5 Customer and community protection**

##### ***Aviation emissions and climate change***

- 5.1 The South Australian Government supports a comprehensive emissions trading scheme (ETS) that includes domestic aviation.

- 5.2 The South Australian Government believes that international aviation should be excluded from the ETS at this stage. A watching brief should be maintained on the policy treatment of emissions from international aviation in other jurisdictions, to ensure that carriers based in Australia are not competitively disadvantaged. Consideration could be given to establishing an international sectoral agreement on aviation emissions if such policies emerge.
- 5.3 To avoid any negative repercussions of the ETS on international arrivals, the South Australian Government believes that consideration should be given to allowing international visitors to claim back the carbon cost of any domestic flights that they undertake within Australia. This could be similar to the way the GST is currently claimed back by international visitors.
- 5.4 The South Australian Government supports initiatives and regulations to make carbon offset schemes as robust, transparent and accountable as possible, and backs the Commonwealth Government's commitment to a national carbon offsets standard. The South Australian Government recommends that the voluntary offset market be required to meet the same regulatory compliance standards as the compliance market.
- 5.5 Further measures to address greenhouse gas emissions from aviation should be based on strong complementarity principles. In the case of aviation, this is likely to be when price signals provided by the ETS are insufficient to overcome market failures (such as research and development failures, common use infrastructure issues and information failures) that prevent the take up of otherwise cost effective abatement measures. Thus the South Australian Government supports:
- current measures aimed at improving aircraft fuel efficiency, such as new air traffic management techniques;
  - investigation into the establishment of fuel efficiency standards for aircraft;
  - mitigating the impact of higher fuel costs on "public good" air services, such as the Royal Flying Doctor Service and regional and remote services;
  - the application to airports of appropriate building standards (such as green star ratings), that are used generally for commercial buildings. The South Australian Government requires all new government office buildings to achieve a 5 star Green Star rating and has adopted the energy efficiency requirements in the Building Code of Australia for all classes of buildings; and,
  - consideration of the use of airport facilities and vacant airport land for generating renewable electricity (solar and wind) and, possibly, carbon offsets (planting trees) where such uses are not in conflict with the aeronautical function of the airports.

- 5.6 Current estimates of aviation emissions only include carbon dioxide and little consideration is given to the high altitude nature of a significant proportion of aviation emissions. Further research into the generation and impact of high altitude aviation emissions, including of nitrous oxide and water vapour (particularly contrails), is necessary, particularly to better inform government policy makers and private sector decision makers.

### ***Aircraft noise***

- 5.7 The South Australian Government notes that the Australian Government will not consider any relaxation of existing curfew restrictions.
- 5.8 The South Australian Government believes that it is essential to supplement the ANEF system with other measures to ensure that residents in noise affected areas have a better appreciation of the airport's impacts, and to ensure that development surrounding airports is compatible with their activities.
- 5.9 Planning SA, the South Australian Government's planning authority, has developed policy guidance for local governments through its Better Development Plan program to ensure that their development plans include appropriate measures. The policy module requires a core noise affected area to be depicted on a map published in the development plan within which residential development should not occur, and a secondary noise affected area in which building may occur provided appropriate noise attenuation measures are incorporated.
- 5.10 This guidance does not prescribe how the noise affected areas should be defined, but supplementary advice is provided about use of measures other than ANEF contours, particularly at general aviation and regional airports. Such measures include use of single event noise contours, circuit areas and flight paths, etc.

### ***Disability Standards***

- 5.11 The South Australian Government is participating in the review of the *Disability Standards for Accessible Public Transport 2002* that is in progress. Its comments on the draft report of the 5 year Review raise a number of shortcomings. Their correction would result in an improvement in the accessibility of public transport, including air transport.
- 5.12 The most fundamental shortcoming is that while the Standards were intended to clarify people's rights and responsibilities without their having to resort to complaint and litigation, neither the Commonwealth Attorney General's Office nor the Human Rights and

Equal Opportunity Commission is able to confirm what constitutes compliance with the Standards. The need for recourse to the legal system to define compliance is a significant concern that needs to be resolved.

- 5.13 One means to resolve it would be to modify the *Disability Discrimination Act* to recognise a concept of “Certified Compliance Plans” that could be developed in conjunction with state governments, industry and representatives of the disability sector. Such Plans could be developed around the existing Standards to reflect local and mode-specific issues and legislative responsibilities in conjunction with state and territory Equal Opportunity legislation.
- 5.14 There are a number of Standards specific to aviation that need clarification, particularly as they apply to small aircraft operated on regional flights. For instance, it is not clear whether operators of small aircraft as defined in the Standards must provide direct assistance to seat passengers in wheelchairs and it is not clear if the Standards apply at all to charter flights.
- 5.15 If all physical accessibility requirements of the Standards do not apply to small aircraft as the Disability Standards for Accessible Public Transport Guidelines 2004 suggest, and the Standards are amended to clarify this, small aircraft would still not be exempted from the requirement to carry disability aids when the passenger with a disability is assisted by a carer to board the aircraft, or when the passenger is able to do so unassisted. The carriage of disability aids is nevertheless not always possible on small aircraft and such circumstances might be best addressed through a “Certified Compliance Plan” as suggested.
- 5.16 Because of this lack of clarity or because some operators believe the Standards are inappropriate or in conflict with safety regulations, airlines are increasingly publishing access limitations in their conditions of travel. The appropriateness or otherwise of individual airlines deciding the extent to which they will provide direct assistance to passengers with disabilities as required by the Standards needs to be addressed.
- 5.17 This will require, in particular, the proper identification of any conflicts between the Standards and safety regulations and correction of the Standards to resolve them.
- 5.18 The South Australian Government suggests also that the Standards will come under increasing pressure to conform to directions being taken overseas. Issues such as
- the Canadian High Court’s upholding of the Canadian Transportation Agency’s decision to allow Canadians with disabilities to travel by air without having to pay for a second seat

to accommodate their disabilities or to provide for a carer (currently the Standards require all passengers to pay a fare); and

- Regulation (EC) No 1107/2006 of the European Parliament and Council allocating responsibility to airport authorities for the provision of services to disabled people at airports rather than the airlines as is the practice in Australia;

need to be assessed as part of the review of the Standards in progress.

### ***Compensation arrangements in the event of an accident***

5.19 The *Civil Aviation (Carriers' Liability) Act 1959* is applied in South Australia by the *Civil Aviation (Carriers' Liability) Act 1962 (SA)*. The South Australian Government has no comment to make on the adequacy of the measures applied.

## **6 Aviation security**

6.1 This section includes a large number of questions about airport passenger facilitation, security systems technology and Australian Government security accreditation eligibility and background checking. The South Australian Government does not intend to comment on these matters of detail.

6.2 At its 25 September 2005 meeting, the Council of Australian Governments (COAG) strongly supported the findings of the Wheeler Report on Aviation Security and Policing at Australian Airports. The South Australian Government remains committed to working with the Australian Government and other State and Territory Governments to improve aviation security.

6.3 South Australia Police (SAPOL) provides an emergency response to all SA airports and would be the primary response at regional airports. The Australian Federal Police (AFP) would be most likely to assume the primary role at Adelaide Airport unless the incident escalated out of its control. Regular *Securing Our Regional Skies* exercises involve State and federal response capabilities.

6.4 The South Australian Government believes that the level of security and the measures to provide it at Australian airports should be based on the proper and comprehensive assessment of risk.

6.5 The assessment of risk is the responsibility of the appropriate Australian Government agencies.

6.6 This assessment should consider the risks to national health of importing pandemic influenza or other diseases and the management of passengers presenting a risk/threat of behaviour likely to be a result of a mental health disorder.

- 6.7 In their assessment of risk, these agencies will consult with state and territory government police forces, health and other appropriate agencies, with industry and with a range of local interests.
- 6.8 The South Australian Government is satisfied with this risk assessment process.
- 6.9 The South Australian Government, however, remains concerned about the disparity between security levels at regional airports and the major airports to which they are connected.
- 6.10 Should a reassessment of this situation determine that passenger and luggage screening at regional airports should be implemented, then the funding issues will need to be resolved.
- 6.11 Such measures at regional airports would be potentially extremely costly, both in capital and recurrent terms. None of the terminals at South Australian regional airports are large enough to accommodate passenger and luggage screening and all would require extensive modification or rebuilding.
- 6.12 Further, the marginal returns already realised on a number of South Australian regional routes and the inadequacy of airport revenues to meet existing major maintenance and development costs, suggest that neither the airlines nor the airport operators are equipped to meet the cost of either the infrastructure or staff required to implement and operate the measures. Alternative sources of funding would have to be identified.
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