



ACT
Government

Australian Capital Territory Government Submission

Aviation Green Paper

November 2023

Chief Minister, Treasury and Economic Development Directorate

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Introduction

For the ACT and surrounding region, aviation plays a critical role in economic development and the opportunities for communities and businesses in the region. Securing international aviation routes into Canberra Airport is a key priority.

ACT Government Contact Point

To discuss matters raised in this submission, contact Jonathan Kobus, Executive Branch Manager, VisitCanberra, Economic Development at: Jonathan.Kobus@act.gov.au.

Summary of Key Points

- Aviation is critical to Australia's opportunities to engage internationally for trade and tourism.
- The Aviation White Paper should consider aviation policy to assist with bilateral air service agreements and the process for applications being considered.
- Commonwealth aviation policy should consider incentivising access to regional entry points for international travellers into Australia, particularly given the greater ease of facilitating international passengers through customs and security at regional airports.
- The ACT Government supports consideration of greater cabotage rights for foreign airlines, allowing them to operate on domestic routes.
- While acknowledging the Commonwealth's long-term policy of light-touch economic regulation of airports, the ACT Government asks that the White Paper seek to achieve reforms to the Sydney Airport slot management system to discourage the banking of slots which results in frequent cancellations on routes in and out of Sydney.
- Improving regional airports' access to international markets will benefit regional communities by growing trade, investment and export opportunities, improving access to labour markets, and supporting the tourism industry. It would also strengthen demand and growth opportunities for Australia's domestic aviation network.
- Improving poor environmental outcomes from the aviation sector is critical to achieving net zero and Australia's best and brightest researchers are in Canberra working on improving sustainability outcomes in the aviation sector. The ACT Government can act as a facilitator to connect airlines to research institutions to enable opportunities to collaborate on sustainable aviation fuel research.
- The ACT Government is working with Canberra Airport, the Government of New South Wales, and the Australian Government to realise the freight potential of Canberra Airport as a 24-hour curfew free international transport hub. The ACT Government also welcomes the opportunity to work with the Australian Government on ways to manage the community impacts and engage with communities to ensure the social licence to grow Canberra Airport as an aviation hub.
- The ACT recommends the White Paper anticipate the future workforce required to support growth of the industry and the investment in training pathways required to transition the industry to more sustainable models of aviation and meet future demand.
- The ACT Government welcomes any investment in making services more accessible and legally compliant with human rights obligations. A more accessible and inclusive aviation sector has positive flow-on effects for tourism across Australia.

Response to the Aviation Green Paper

1. International aviation

Aviation is critical to Australia's opportunities to engage internationally for trade and tourism. For the ACT, securing international aviation routes into Canberra Airport is a key priority. We work closely with Canberra Airport and continue to have discussions with several airlines about potential direct flights into Canberra, prioritising the ACT's key tourism and trade markets, including New Zealand and Singapore.

Canberra's first international aviation service to Singapore and New Zealand created a range of opportunities including development of a strong relationship with the city of Wellington through a sister city agreement. It also created tangible links with Singapore in trade, investment, tourism, film, and education.

It is pleasing that Fiji Airways now operates three times a week between Canberra and Nadi, with direct flights from Nadi onto Los Angeles and San Francisco. The US is a key business and economic partner for the ACT.

The Aviation White Paper should consider aviation policy to assist with bilateral air service agreements and the process for applications being considered.

While the establishment of effective bilateral air service agreements is a matter for the Australian Government to negotiate with foreign countries, the outcomes can have important implications for States and Territories. These negotiations should ensure legitimate two-way opportunities to facilitate trade, investment, and tourism.

It is evident that demand for international air travel from Australia is exceeding supply. There are a range of reasons for capacity to be slower than demand including availability of aircraft and labour. As demand has exceeded supply, prices have increased. The White Paper should ensure the benefits of access to affordable travel for consumers is central to the strategies to be adopted and that policy settings do not hinder the growth of international routes in more regional airports like Canberra to enable regional distribution of tourism and trade opportunities.

In addition to capacity issues, there are a range of other impacts on airfare prices including fuel costs, supply chain disruptions and labour costs. This is affecting the rate at which airlines are returning capacity to 2019 levels and limiting opportunities to negotiate new routes, particularly to regional airports like Canberra. Australia is a long-haul destination for most of our key international markets. This makes it a relatively expensive place to travel for leisure and business.

As bilateral air service arrangements are negotiated between the Australian Government and the government of the relevant foreign country, arrangements should provide benefits at both ends of the route. These arrangements may be leveraged to a greater benefit where there are existing free trade agreements in place that enable two-way trade and investment to occur with the support of airline access. Two-way trade conditions, combined with access, should enable governments and business to leverage opportunities across tourism, education, trade, and investment.

Australia has open skies agreements with the USA, United Kingdom, China, India, Japan, New Zealand and Singapore. For the year ending 2019 nearly 50 per cent of Australia's international

arrivals were from these seven markets. In 2019 the top five international markets for the ACT were all countries where Australia has negotiated open skies agreements. These were China, United Kingdom, USA, India and New Zealand. The opportunity is therefore open to negotiate with confidence about the potential Australia's capital city provides for direct access and commercially viable routes.

Inbound tourism, trade, business and investment opportunities were enhanced with by daily connections to Canberra on Singapore Airlines and Qatar Airways. These services opened economic opportunity from Europe, Asia and China for the Canberra region. Bilateral agreements should be structured to provide incentives for airlines to access relevant regional airports beyond the main international gateways. For example, through additional slots into major capital cities being contingent on flying into regional gateways, this would allow for increased competition and regional distribution.

The Aviation White Paper may consider how to balance the benefits of increasing connectivity through regional gateways, together with improved access to major hubs. Improving regional airports' access to international markets will benefit regional communities by growing trade, investment and export opportunities, improving access to labour markets, and supporting the tourism industry.

It would also strengthen demand and growth opportunities for Australia's domestic aviation network. As a key regional airport servicing the ACT and southern NSW, Canberra Airport is positioned to support this opportunity.

2. Airline, airports and passengers – competition, consumer protection and disability access settings

Operational challenges are still hampering growth from aircraft availability to staff shortages, critical skills like engineers and the cost of fuel. In addition, there has been very strong demand for air travel during the recovery period for the aviation sector. Strong demand and capacity building over time is also contributing to higher-than-normal airfares. If the consumer is prepared to pay prices will remain high.

The ACT Government is supportive of initiatives that will increase competition and reduce prices to consumers, bringing economic benefits to a range of sectors including tourism. Competition could be increased through greater market access for international carriers, including to domestic routes.

While acknowledging the Commonwealth's long-term policy of light-touch economic regulation of airports, the ACT Government asks that the White Paper seek to achieve reforms to the Sydney Airport slot management system to discourage the banking of slots, which results in frequent cancellations on routes in and out of Sydney.

Sydney is the major gateway for Australia and is a critical piece of airport infrastructure for Australia's economy. Slot Management at Sydney Airport is managed by the Sydney Airport Demand Management Act (1997). At most airports slots are used to manage the use of infrastructure, however the cap of 80 movements per hour at Sydney Airport restricts aviation movement beyond available infrastructure.

In addition to the movement cap, the White Paper should review the historic precedence to retain slots under the current legislation. There is evidence this prevents access of new entrants to the market or for any airline without historic precedence to obtain sufficient access for viable operations. The ACT Government welcomes the Australian Government's consideration to modernise slot management arrangements.

The ACT Government notes the [CHOICE report](#) on travel for Australians during COVID-19 and recognises that appropriate consumer protection mechanisms will bolster confidence in the industry and deliver benefits for the travel sector, including airlines.

The ACT Government welcomes any investment in making services more accessible and legally compliant with human rights obligations. A more accessible and inclusive aviation sector has positive flow-on effects for tourism across Australia.

3. Regional and remote aviation services

Airlines and airports play an essential role in supporting regional economies in proximity to where they operate. More than \$1.5 billion has been invested in the Canberra Airport precinct, including \$500 million on a new passenger terminal. The investment that has already been made in Canberra Airport makes it a critical piece of infrastructure for future development of the Canberra region.

Communities in the ACT and NSW are afforded a range of opportunities for employment in the aviation sector and the industries that rely on Canberra Airport's role as a major freight hub. The airport is a major contributing factor to increasing liveability in regional areas and supporting job creation in regional centres.

Commonwealth aviation policy should consider incentivising access to regional entry points for international travellers into Australia, particularly given the greater ease of facilitating international passengers through customs and security at regional airports. Canberra Airport already operates curfew free with no bilateral restrictions. These conditions are key points of difference to support negotiations with airlines and encourage dispersal of international passengers and freight to regional areas.

Regions like Canberra are keen to grow capacity. The Commonwealth can play a key role in supporting regional economies through aviation by ensuring negotiations on bilateral agreements provide incentives for airlines to create connections to regional airports. This provides additional benefit by relieving capacity constraints on major international gateways.

It is vital for Governments, tourism bodies and airports to work collaboratively and cooperatively on route development to ensure the sustainability of future services. Government investment should help to grow demand in a sustainable way, to assist with ensuring longevity of any new service, and not be seen as a short-term fix. Canberra recently secured services to Nadi with Fiji Airways. The service was built on a compelling business case and a commitment to building a long-term relationship.

4. Maximising aviation's contribution to net zero

Aviation emissions can be expected to grow under a business as usual scenario with growing demand for inter-city travel from a growing population. As the rest of the economy decarbonises,

hard to abate sectors, like aviation, will become a larger share of residual emissions. Strong national leadership and support will be required to help the aviation sector to decarbonise and meet the challenges and opportunities of net zero targets.

Improving poor environmental outcomes from the aviation sector is critical to achieving net zero and Australia's best and brightest researchers are in Canberra working on improving sustainability outcomes in the aviation sector. For example, CSIRO is currently conducting research into sustainable aviation fuel (SAF) opportunities for Australia. The research analysis will contribute to the development of a Roadmap for cost-effective production of SAF using appropriate feedstocks and influence Australia's approach to SAF industry development. The Australian National University's Institute for Climate, Energy & Disaster Solutions in Canberra also conducts research into renewable fuels such as bio-diesel production and solar fuels production which is also research critical to sustainable outcomes in the transport sector.

The ACT Government can act as a facilitator to connect airlines to research institutions to enable opportunities to collaborate on SAF research. In addition, Canberra Airport, a privately owned and operated global transport hub, is an excellent location to trial new technology. The airport is in close proximity to research institutions and affords easy access to the terminal and airport facilities.

Canberra Airport is committed to environmental sustainability through various initiatives such as the construction of Australia's first Five Star Green Star (and now Six Star Green Star), office buildings, water capture off office buildings and the terminal, and a worm farm at the airport to reduce waste.

In September 2023, Canberra Airport the Canberra Airport group committed to a US\$10M investment in Vast, an Australian company and technology that offers a critical solution to energy capture and storage which allows energy storage for 8-16 hours, which is much longer than present battery solutions.

Vast has developed proprietary CSP v3.0 technology, which has received significant support from the Australian Renewable Energy Agency, including approval for up to AUD \$65 million in grant funding to support the construction of VS1, a 30MW CSP plant with 288 MWh of thermal storage located in Port Augusta, South Australia.

Australian Government support for emerging aviation technologies, as well as the right policy settings and incentives, can encourage more private investment in projects that will shape the future of Australian aviation to 2050.

5. Airport development planning processes and consultation mechanisms

The ACT Government is working with Canberra Airport, the Government of New South Wales, and the Australian Government to realise the freight potential of Canberra Airport as a 24-hour curfew free international transport hub. The Airport is uniquely positioned to connect the Canberra region to expanding domestic and global markets. Continued and coordinated investment in the road networks surrounding the airport will enable efficient movement of goods, increase access to markets and enable private sector investment in supply chain and logistics infrastructure.

Cross border collaboration will be key to realising the benefit of the opportunity, with this key transport hub providing a critical economic growth connection to our diverse region and opportunities for movement of people. It is also supported by the Canberra community.

In a 2022 survey, nine out of ten of Canberrans agreed the benefits brought by increased aviation routes, making it easier and cheaper to travel to and from Canberra.

The ACT Government also welcomes the opportunity to work with the Australian Government on ways to manage the community impacts and engage with communities to ensure the social licence to grow Canberra Airport as an aviation hub.

Careful consideration should be given to noise sharing issues. Canberra is mostly protected from aircraft noise and this should continue into the future. The curfew free nature of Canberra Airport is a critical advantage to retain and will leverage maximum benefit of the facility for the surrounding region. Therefore, the benefits of major transport infrastructure should be prioritised and receive thorough consideration in residential development decision making.

6. Future industry workforce

Current Australian Bureau of Statistics labour force data shows there are more than 16,000 individuals employed as Air Transport Professionals in Australia. This includes 378 Air Transport Professionals employed in the ACT. The aviation workforce doubled in Canberra over the past five years.

The ACT recommends the White Paper anticipate the future workforce required to support growth of the industry and the investment in training pathways required to transition the industry to more sustainable models of aviation and meet future demand. This includes the VET sector and opportunities for government, the aviation industry and employer co-investment in the training and skills development of the workforce.

Conclusion

The Aviation White Paper presents an opportunity for Australia's future aviation policy to support economic development opportunities for the regions.

Canberra is the nation's capital and the seat of government. This provides a range of intrinsic benefits, including providing consistent demand for skilled workers in key and emerging sectors, such as public administration and defence. As a major population centre, Canberra provides a deep workforce to draw from and opportunities for the development of innovative, knowledge-based economic clusters that require significant numbers of businesses and people.

For the ACT, securing international aviation routes into Canberra Airport is a key priority. We work closely with Canberra Airport and continue to have discussions with several airlines about potential direct flights into Canberra, prioritising the ACT's key tourism and trade markets, including New Zealand and Singapore.

Canberra's first international aviation service to Singapore and New Zealand created a range of opportunities including development of a strong relationship with the city of Wellington through a

sister city agreement. It also created tangible links with Singapore in trade, investment, tourism, film, and education.

The Aviation White Paper should consider policy mechanisms that support greater aviation access for the regions, including through bilateral air service arrangements, regional international passenger gateways, and industry investment in the regions.

Improving regional airports' access to international markets will benefit regional communities by growing trade, investment and export opportunities, improving access to labour markets, and supporting the tourism industry.

[Submission Ends]