



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts

Airport Environment Regulation Risk Policy

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Document Control

Refer to the following table for the approver and latest version of this document.

Version	Release date	Approver	Reason for update
1.0	October 2026	Assistant Secretary, Airport Environment	Initial release of document.

Table of contents

Purpose	4
Introduction	4
Risk-based approach to regulation	5
Legislative obligations	5
Risk management framework	6
Risk appetite and tolerance	6
Risk assessment and management process	7
Analysing and evaluating risk	7
Evaluation and continuous improvement	10

List of figures and tables

Figure 1. Risk ranking table	8
Table 1: Control effectiveness	9

Purpose

The Department of Infrastructure, Transport, Regional Development, Communication Sport and Arts (the department) advises Government on the policy and regulatory framework for Australian airports and the aviation industry under the *Airports Act 1996* (the Act), the Airports (Environment Protection) Regulations 2026 (the 2026 Regulations) and the Airports (Environment Protection) Regulations 1997 (the old Regulations).¹ The old Regulations and the 2026 Regulations are collectively referred to throughout this document as ‘the Regulations’.

Part of our regulatory responsibilities focus specifically on the protection of the environment at 20 leased federal airports across Australia. Our regulatory obligations under the Act and the Regulations are delivered by a network of authorised Airport Environment Officers (AEOs).

This document has been developed to support AEOs and inform Airport Lessee Companies (ALCs) and other stakeholders who contribute to, and influence the environmental management of leased federal airports, on our approach to environmental risk management and risk assessment.

The information contained within this document does not reduce, extend or modify legislative obligations or powers contained in the legislation. This is an administrative document that assists but does not control regulatory, compliance and enforcement relation decisions. Each decision will consider all matters relevant to the circumstances.

In the event of any inconsistency between this document and the legislation under which the department exercises a statutory function, power or discretion, the legislation will prevail.

This document reflects the department’s risk policy and should be read in conjunction with the Airport Environment Regulatory Practice Statement and the Airport Environment Officer Operations Manual.

Introduction

Risk is defined as “the effect of uncertainty on objectives.”² Risk can be either present, potential, or perceived. Risk is expressed as a function of the likelihood of an event occurring and the probable consequences that will arise if it eventuates.

As a regulator, AEOs consider a ‘regulatory risk’ to be something that interferes with or impacts upon our ability to deliver regulatory policy objectives or achieve regulatory outcomes.³ For our environmental regulatory responsibilities at leased federal airports, our regulatory policy objectives and outcomes centre around the need for environmental protection and management of Commonwealth and surrounding land.

Our primary regulatory outcome is to:

ensure the protection of the environment⁴ at leased federal airports in accordance with the objects of the Regulations and national guidelines and frameworks.

¹ It is noted the Airport (Environment Protection) Regulations 1997 (the old Regulations) were repealed on 1 April 2026 by the Airports (Environment Protection) (Repeal and Consequential Amendments) Regulations 2026, and were replaced by the 2026 Regulations. However, the 2026 Regulations continue the operation of the old Regulations until the period ending immediately before 1 April 2027.

² [ISO 31000:2018 Risk Management – Guidelines](#) 3.1 accessed 5 Aug. 26

³ Navigating Regulatory Language: An A to Z Guide (Pink, 2021, p. 240).

⁴ Noting that the ‘environment’ is considered broadly, as defined within the leases to ‘include, without limitation, the water, groundwater, soil, subsoils, air, biota and habitat and sites of heritage value or of significance to Aboriginal or Torres Strait Islander people on, above or below the airport site and the structures.

AEOs manage risk using compliance and enforcement measures that are proportionate to the risk with the aim of achieving sound environmental outcomes. Risk is embedded in our day-to day business and activities and our ability to manage risk is underpinned by a generic process that can be applied at any level – risk identification, analysis, evaluation and acceptance - collectively known as, the risk assessment process.

Risk-based approach to regulation

We apply a risk-based approach to the regulation of the airport environment at leased federal airports. This enables our network of AEOs, as technical experts, to make the necessary professional judgements regarding compliance with the Regulations.

A risk-based approach focuses on identifying and assessing risk based objectives and agreed criteria. This approach allows AEOs to prioritise their activity and effort to manage high-risk and high-consequence environmental matters. It allows AEOs to formally consider and respond to the environmental risks posed at leased federal airports and tailor individual resourcing and regulatory activities accordingly. Our approach acknowledges that ALCs, through their obligations under the Act, the 2026 Regulations and Head Lease Agreements, are responsible and accountable for the risks their activities pose to the environment on Commonwealth and surrounding land.

Legislative obligations

The management of environmental risks and the associated regulatory role of AEOs must give regard to the requirements of the Act and the 2026 Regulations, as well as government policies and the obligations on all government officials to act in accordance with the [Public Governance Performance and Accountability Act 2013 \(PGPA Act\)](#), the [Public Governance and Accountability Rule 2014 \(PGPA Rule\)](#) and the department's Accountable Authority Instructions (AAIs).

Section 16 of the PGPA Act requires the Accountable Authority (the Secretary) to establish and maintain appropriate systems of risk oversight, management, and internal controls for the department, which includes for the environmental regulation at leased federal airports. The [Commonwealth Risk Management Policy](#), supports Section 16 of the PGPA Act and guides the establishment of the department's systems of risk management, particularly the department's Risk Management Policy and Framework (the Framework). The Secretary has established the department's Audit and Risk Committee in accordance with requirements set out in the PGPA Act and PGPA Rule. The Audit and Risk Committee reviews and provides advice on the appropriateness of the departments:

- Risk Management Policy and Framework 2023 and the necessary internal controls for the effective identification and management of risks
- approach to managing key risks
- process for developing and implementing the entity's fraud control
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials.

AEOs must also comply with the [Commonwealth Risk Management Policy](#), which sets out the principles and mandatory requirements for managing risk when undertaking the activities of government and supports Section 16 of the PGPA Act.

Risk management framework

AEOs must manage risk in accordance with the department's (internal) Risk Management Policy and Framework (the Framework). The Framework identifies 'regulation' as one of the 10 enterprise risks managed by the department. The department's target state is that we regulate in accordance with our legislation, in an effective, transparent and fair manner to provide safe and efficient outcomes for the Australian public.

The Framework provides guidance on managing and engaging with risk and applies to all activities, officials, and contractors. The Framework informs AEO decision making, governance arrangements, and prioritisation of activities, resource allocation, and business planning.

AEOs apply a proportionate and risk-based approach to the regulation of the airport environment at leased federal airports. In doing so, AEOs focus on identifying and assessing risk, based on objectives and agreed criteria which allow for the prioritisation of activity and effort to high-risk and high-consequence environmental matters.

This approach aims to create a sound working relationship between the AEO and regulated entities to instil trust and confidence, and ensure all stakeholders understand their regulatory roles and responsibilities.

AEOs have processes to help them undertake their regulatory role which ensure a consistent and transparent approach to environmental regulation at leased federal airports. This includes guidance material and processes for the management and assessment of environmental risk. This information can be found in the **Airport Environment Officer Operations Manual**.

The Framework of [National Environment Protection Measures](#) (NEPM) made under the *National Environment Protection Council Act 1994*, provides AEOs guidance for assessing and managing specific environmental matters and their associated risks.

Risk appetite and tolerance

In the context of environmental regulation of leased federal airports, risks centre around activities that generate or have the potential to generate pollution or excessive noise. At a functional level our regulatory risks include:

- specific existing or ongoing risks to the airport environment – for example land and water pollution, biota and heritage management practices; and
- emerging or transitional risks – for example those posed by building development activities or newly identified contaminants of concern.

AEOs must ensure their assessment and response to regulatory risk considers the department's:

- **Risk Appetite:** The amount of risk the department is willing to accept or retain to achieve our purposes and objective. It is a series of statements, aligned to categories of risk, describing our attitude toward engaging with and managing risk, and
- **Risk Tolerance:** The level of risk taking that is acceptable to manage a category or particular type of risk, is referred to as risk tolerance, and it defines the outer limits of our risk appetite.

The department's **risk appetite statement** below describes our attitude toward risk taking. Risk appetite and tolerance statements by risk category can be found in the Framework.

We recognise that it is not possible, or necessarily desirable to eliminate all of the risks inherent in our work. Accepting some degree of risk in our business practices promotes efficiency and innovation. The department is willing to accept higher levels of risk when the potential benefits outweigh the negative consequences of risks. In doing so, we must be able to demonstrate that we have made informed, evidence and risk-based decisions.

We have a **moderate appetite for regulatory risks**, and a **low tolerance for systemic non-compliance with regulation**⁵. We have a **low appetite and low tolerance for activities that are likely to (or will) cause permanent or long term serious environmental harm** (e.g. to a threatened species or ecological community).

We also have a **low appetite and low tolerance for activities that cause (or are likely to cause) a life threatening, long-term, or high-level harm to human health and well-being**.

Risk assessment and management process

In line with the department's risk management process set out in the Framework⁶, AEOs work closely with regulated entities to minimise environmental harm and to manage environmental risk by ensuring regulated entities are aware of, and are compliant with, the Regulations and relevant environmental standards. How we respond to risks requires us to **understand, analyse and evaluate** risks.

Following this approach helps to ensure our regulatory measures remain within the department's risk management mechanisms and to ensure regulatory measures remain within the department's risk appetite and risk tolerance. Further, it ensures the department remains informed of matters of high environmental risk and reflects the department's broader approach which seeks to appropriately weight the compliance responsibilities and shared risk of the department, ALCs, AEOs and other stakeholders. Managing risk effectively can lead to improved performance, encourage innovation and ultimately supports the achievement of our regulatory outcomes.

Analysing and evaluating risk

AEOs do not consider all risks as equal, with some demanding greater attention than others. Risk analysis allows the development of a greater understanding of a risk. Risk evaluation determines which risks are acceptable and which need further action.

The department's risk management matrix⁷ provides the foundation for AEOs' analysis of risks. AEOs analyse risk using a qualitative rating of the likelihood of the event occurring and the scale of the possible consequences to determine the overall level of risk (Figure 1).

In addition to analysing the risk, AEOs assess the effectiveness of controls (Table 1). AEOs consider if controls in place are appropriate and operating effectively to manage the risk and maintain it at an acceptable level. AEOs may also consider the effectiveness of a control hypothetically, looking at proposed management measures (risk treatments) to determine if such action changes the overall risk level.

This approach enables the AEO to understand how serious the risk is or where it lies within a group of risks to determine which risks need to be treated and which risks can be accepted.

Controls are critical to managing risks, and the Commonwealth Risk Management Policy requires that control effectiveness is regularly monitored and periodically reviewed. The department's Framework sets out ratings for control effectiveness (Table 2), and this can be a useful guide to assessing how effective controls are, appropriate levels of documentation of controls, and steps that could provide further assurance.

⁵ Corporate Plan 2025-26 (Department of Infrastructure, Transport Regional Development Communications, Sport and the Arts (DITRCSA) p. 39).

⁶ Risk Management Policy and Framework (DITRCSA, 2023, p.14).

⁷ Risk Management Policy and Framework (DITRCSA, 2023, p 42)

ENVIRONMENTAL AND COMPLIANCE RISKS	MEASURE	LIKELIHOOD				
		Rare >5% Could happen but probably never will.	Unlikely 5-29% Not likely to happen in normal circumstances	Possible 30-59% May happen at some time	Likely 60-79% Expected to happen at some time	Almost certain >80% Expected to happen regularly under normal circumstances
Serious, high impact and irreversible environmental harm / life threatening or long-term harm to health and wellbeing. Extreme and systemic non-compliance. Criminal investigations and action.	EXTREME	Medium	High	High	Severe	Severe
Serious environment harm / potential to harm to health and wellbeing. Continuing non-compliance resulting in enforceable undertakings, revocation of licenses/fines and/or referred for criminal/civil/external audit/investigation.	MAJOR	Medium	Medium	High	High	Severe
Moderate (material) environmental harm / does harm or has the potential to harm or have a significant impact to health and wellbeing or the environment over an extended period of time. Non-compliance resulting in enforceable undertakings and/or warning notices. Formal plan required to address non-compliance.	MODERATE	Low	Medium	Medium	High	High
Minor environmental harm, environmental nuisance / low potential for health and wellbeing impacts Small number of infringement notices no fines. Addressed through increased education, advice and voluntary compliance.	MINOR	Low	Low	Medium	Medium	High
No or minimal environmental impact, or no health and wellbeing impacts. Quality regulatory frameworks in place and updated in a timely manner. Insignificant non-compliant. No enforcement action required.	INSIGNIFICANT	Low	Low	Low	Medium	Medium

Figure 1. Risk ranking table

Table 1: Control effectiveness

Control Effectiveness Rating	Control Characteristics
5 (strong)	The strength of controls and the standard reporting processes leave no doubt that, even in exceptional circumstances, issues will be noticed and managed with minimal impact on the department or other stakeholders.
4 (very effective)	The risk is robustly controlled. Controls are well designed, address the root causes and management are confident they are very effective and reliable. A high level of assurance of the effectiveness of the control is available; they are regularly monitored and reviewed. • Risk management systems, processes and procedures are formally documented, current and well understood by staff. • Ownership for all controls is very clearly defined and accepted. • Management ensures compliance with relevant risk management policy and procedures. • Management formally and proactively monitors the risk and risk triggers or indicators. Effectiveness of controls are formally reviewed and monitored by Owners on a regular basis.
3 (mostly effective)	The risk is adequately controlled. Most controls are designed correctly, are in place and operating effectively. Some work is required to improve operating effectiveness or reduce management doubts about operational effectiveness and reliability. • Key risk management systems, processes and procedures are formally documented and understood by management and staff. • Management identifies, understands and monitors the risk; however, risk monitoring is less structured. Risk response management action plans exist, and management ensures that controls are operating as defined, although the formality of the process varies.
2 (gaps exist)	Although some controls are operating, control gaps currently exist. • Current controls operate but do not address all sources or potential consequences. • Some informal documentation of specific risk management systems, processes and procedures exist. • Staff are not fully aware of, or understand, the controls or their purpose. • Management identifies and understands the risks, but risk monitoring and assurance is informal. Risk management action plans are informal.
1 (weak)	Limited or no credible control. Management has little confidence that an appropriate degree of control is being achieved due to poor control design or operational effectiveness. • No controls exist to manage the risk or else are largely ineffective. • Control effectiveness assurance is ad hoc or absent. No clear ownership for managing the risk.

Reproduced from the departments' Risk Management Policy and Framework 2023

Evaluation and continuous improvement

The Airport Environment Regulation Risk Policy sits within a hierarchy of governmental and departmental policies and obligations that shape how the department regulates in response to environmental risks at leased federal airports.

This Risk Policy will be amended as necessary to ensure alignment with any changes to these policies and obligations, including amendments to the principles and requirements contained in the Commonwealth Risk Management Policy.