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Aviation White Paper Branch
Domestic Aviation & Reform Division
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QANTAS GROUP SUBMISSION TO THE AVIATION WHITE PAPER TERMS OF REFERENCE

The Qantas Group welcomes the opportunity to comment on the Terms of Reference for the Aviation White Paper and looks forward to participating in a process that will chart the course for aviation through to 2050 and articulate the long-term policy direction for the sector.

The Government's focus on aviation policy comes at a critical time for an industry that is still recovering from the impact of the COVID-19 pandemic. For the Qantas Group, it represented the most challenging crisis in our 100-plus year history.

Aviation plays an integral role in the Australian economy, connecting international, domestic, regional and remote communities and supply chains, providing a key source of employment¹ and tourism. Prior to the COVID-19 pandemic, aviation contributed \$20 billion to the Australian economy, or 1 per cent of GDP.²

As we look to the future, ensuring that these benefits can be fully restored and grown, while simultaneously neutralising the aviation sector's impact on the climate, is both a challenge and significant priority for the sector.

Australia is one of the most liberalised aviation markets in the world and Australian airlines operate in a highly competitive environment. This competition compels the sector to invest and innovate to reduce costs and deliver better service and products to consumers. Ensuring regulatory settings are fit for purpose and have regard to the varying business models that operate in, and the commercial pressures that apply to, the Australian market is a critical consideration in any review of the sector. In particular, the vast scale of the Australian continent and the critical dependency of regional communities on access to aviation services distinguishes the Australian industry in significant respects from international models of regulation.

It is also important that with a 30 year planning horizon, the Aviation White Paper does not place undue weight on the significant but temporary restart issues that occurred as the industry emerged

¹ Department of Infrastructure, Transport, Regional Development and Communications, The Future of Australia's Aviation Sector - Flying to Recovery Issues Paper 2020.

² Department of Infrastructure, Transport, Regional Development and Communications, The Future of Australia's Aviation Sector – Flying to Recovery, Issues Paper 2020.



from COVID hibernation, particularly given the high levels of operational performance the industry had beforehand and is now returning to.

The Qantas Group's comments in relation to the Terms of Reference and some suggested considerations for the Green Paper are set out in Appendix A. However, two matters warrant specific mention.

Airport regulation

No credible review of the policy framework of the Australian aviation sector can occur without specific consideration of the regulatory regime governing airports. The Department would know that the 2009 Aviation White Paper dedicated an entire chapter to airport regulation.

Having regard to the economic significance of the price and terms of access to monopoly airport infrastructure for the efficiency, viability and future growth of the sector, the Qantas Group believes that airport regulatory reform should be a discrete Term of Reference, with detailed consideration given to the policy options that may assist the efficient and timely resolution of commercial disputes in this part of the sector.

Australian airports face very little (and typically, no) competition in the provision of their services, particularly in the domestic aviation sector which accounts for more than 80 per cent of the total market.³ As effectively unregulated monopoly infrastructure assets, many Australian airports have a track record of using their market power, with the current regulatory regime providing no constraint on monopoly behaviour or providing any incentive to lower costs or improve quality. Cross ownership between major airports continues to increase, making this dynamic harder for airlines to navigate.

Dedicated aeronautical pricing principles that were drafted to enable efficient negotiation and appropriate pricing have never been formally enshrined and are therefore unenforceable and typically ignored. The recent case study of the Qantas Group's protracted dispute with Perth Airport exemplifies the need for cost effective and timely dispute resolution options. Failure to address this will continue to hamper growth opportunities in existing markets, constrain the establishment of new routes and fail to realise economic opportunities (including creating more aviation jobs) for the broader economy.

Sustainability

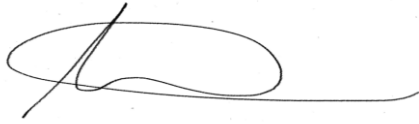
Aviation has been at the forefront of the global business response to climate change, becoming the first industry to voluntarily commit to emission reduction targets as far out as 2050. However, aviation is widely recognised as one of the hardest to abate sectors. While zero emission technology like electric aircraft or green hydrogen are still a long way off, especially for longer flights, biogenic sustainable aviation fuel (SAF) is already in use. It represents the most significant tool airlines have to reduce their impact on the environment while still providing a critical service to the travelling public.

Building a domestic SAF industry represents a significant opportunity for jobs and economic growth for regional Australia and the economy and would help bridge a significant gap in Australia's energy independence and resilience. As overseas examples show, achieving these objectives will require partnership between government and industry and relies on the implementation of supportive policy settings and sector-wide incentives.

³ Productivity Commission. 2019. Economic Regulation of Airports – Productivity Commission Inquiry Report No.92. At: <https://www.pc.gov.au/inquiries/completed/airports-2019/report/airports-2019.pdf>

The Qantas Group recognises the considerable time and effort the Department is investing in this White Paper process, and we look forward to engaging further. In the meantime, should the Department wish to discuss any of the issues raised in this submission, please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line that tapers to the right.

Andrew McGinnes
Group Executive, Corporate Affairs



APPENDIX A

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
<p>1. <i>Aviation's role in economic development, trade and the visitor economy – general, domestic, regional and international aviation</i></p>	<ul style="list-style-type: none"> • The continued contribution of aviation to Australia's economic growth and development requires policy settings that balance both the economic and social benefits that a vibrant aviation industry can provide, and the characteristics of Australia's aviation sector that distinguish it from other economies and jurisdictions. • Australia is one of the most liberal aviation regimes in the world. It is important that the Government continues to be vigilant to ensure that this approach does not compromise the national interest inherent in the development and maintenance of a strong Australian aviation sector – which are the reasons given by other jurisdictions for their lack of liberalisation. • The Department is encouraged to consider: <ul style="list-style-type: none"> ○ The implications of rising costs across the aviation sector, including through government-imposed charges such as the passenger movement charge, and opportunities to minimise their impact. ○ The way to best enable the efficient operation of airport infrastructure, including forward-looking and fit-for-purpose infrastructure investment. ○ Policy measures to ensure the skills needed by the industry are available, through the domestic skills system and migration. ○ Opportunities presented by the development of a domestic sustainable aviation fuel industry. ○ Options to streamline the travel experience for passengers, including renewing efforts to establish a trial to enable Tasman travellers to enter and depart Australia from domestic terminals. ○ The importance of a level playing field in a liberalised environment, including ensuring substantive compliance with ASA designation requirements.
<p>2. <i>How to maximise the aviation sector's contribution to achieving net zero carbon emissions</i></p>	<ul style="list-style-type: none"> • The transition to a sustainable future is critical for the aviation sector and the Qantas Group welcomes the Government's interest in exploring how to maximise the sector's contribution to achieving net zero carbon emissions, not only through the Aviation White Paper, but also through the Jet Zero Council.



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<p><i>including through sustainable aviation fuel and emerging technologies</i></p>	<ul style="list-style-type: none"> • The aviation industry has been at the forefront of the global corporate response to climate change and was the first industry to voluntarily commit to emission reduction targets. • In 2019, the Qantas Group was one of the first airlines to commit to net zero emissions by 2050 and, in collaboration with Airbus, has committed US\$200 million over the next 10 years to develop a domestic sustainable aviation fuel industry and increase sustainable aviation fuel use by 10 per cent in 2030.¹ • However, as overseas examples show, business cannot make the transition alone. Tangible outcomes will depend on a supportive policy framework and a sustained strategic partnership between industry and Government. Australia is lagging most of its peers in this respect and needs to move quickly. • Globally, there is a significant amount of work which explores how the aviation sector will reach net zero emissions by 2050. It is widely recognised that the aviation sector has limited options for reducing its emissions to the extent required to reach this target, with the four key levers being: <ul style="list-style-type: none"> ○ technology-based efficiency gains from improvements in engine and aircraft technology, including through fleet modernisation, and the future potential development of hydrogen and electric powered planes; ○ operational efficiencies through the optimisation of flight paths, air traffic management, and operations; ○ deployment of Sustainable Aviation Fuels (SAF); and ○ economic or market-based measures (i.e. carbon offsetting). <p><i>Sustainable Aviation Fuel</i></p> <ul style="list-style-type: none"> • SAF will be the single biggest facilitator of the Australian aviation sector reaching net zero by 2050, with aviation biofuels typically delivering an 80 per cent reduction of greenhouse gas emissions on a lifecycle basis compared with kerosene-based jet fuel, and critically, can be used in aircraft engines now. • The expedited development of an Australian SAF industry requires a comprehensive policy framework that mitigates three primary challenges: <ul style="list-style-type: none"> ○ securing sufficient quantities of appropriate feedstocks (currently sent offshore) that can be integrated from a supply chain perspective with a biorefinery;

¹ <https://www.qantasnewsroom.com.au/media-releases/qantas-and-airbus-joint-investment-to-kickstart-australian-biofuels-industry/>

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<ul style="list-style-type: none"> ○ challenging economics of production, which currently result in SAF costs being a multiple of conventional jet fuel in markets that do not have measures to bridge the cost gap; and ○ the lack of a supportive policy framework that encourages both cross-sector development and investment in production, and stimulates demand. ● With other countries moving quickly, and Australia at risk of losing an opportunity to be a leader in SAF in the Asia Pacific region, we welcome the Minister’s commitment that the Government will not wait until the completion of the White Paper process to take action in this area. ● Consideration should be given to: <ul style="list-style-type: none"> ○ Stimulating demand and increasing production capability through the introduction of: <ul style="list-style-type: none"> ▪ a domestic SAF production target; ▪ a Low Carbon Fuel Standard which rewards producers of low carbon-intensive fuel production, in particular SAF; and ▪ a SAF blending mandate for Australian producers, with blending levels increasing progressively over time, similar to those imposed in the EU (including mandating Government [including RAAF and Defence]² to adopt SAF and renewable diesel targets for liquid fuel security). ○ Amending the <i>Fuel Security Act 2021 (Cth)</i> to take a more integrated approach to ensuring fuel security, technology transition and decarbonisation, through measures including: <ul style="list-style-type: none"> ▪ repurposing some/most of the \$200 million currently directed to the onshore diesel storage program to support instead increasing renewable diesel and SAF production capacity; ▪ funnelling some/most of the ~\$302 million currently directed to infrastructure upgrades at refineries specifically to support instead existing refineries building capacity to co-process biocrude and support new synthetic SAF technologies; ▪ reallocating the \$50.7 million currently directed to the design and implementation of a fuel security framework, to instead be directed to the design and implementation of the Jet Zero Council from 2023 to 2028; and ▪ providing existing refiners and importers the option and incentive to produce biofuels and/or synthetic fuels locally in lieu of their current minimum stockholding obligations.

² As part of the European Union’s ‘Fit for 55’ package, the Commission has set a binding SAF target on fuel suppliers and airlines of 2% in 2025 and 5% in 2030 (<https://www.easa.europa.eu/en/light/topics/fit-55-and-refueleu-aviation>).

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<ul style="list-style-type: none"> ○ Transitioning the existing Fuel Tax Credits scheme to recognise SAF and renewable diesel as the new strategic liquid fuels of Australia, including a redirection of existing subsidies that support conventional fossil fuels towards instead the uptake of renewable liquid fuels (including SAF), with the long-term view to phase-out credits for non-renewable fuels. ○ Allocating project-specific renewable liquid fuels funding to increase domestic liquid fuel production from the National Reconstruction Fund, Powering the Regions Fund, Critical Technologies Fund, Advanced Manufacturing and Agriculture, Fisheries, Food and Fibre Fund. ○ Increasing ARENA’s Bioenergy Roadmap funding to further support Australia’s bioenergy sector through co-funding additional research, development and deployment of advanced SAFs and renewable fuels. <ul style="list-style-type: none"> ● While biogenic SAF must be the immediate focus, Australia’s abundance of solar and wind power means Power to Liquid (PtL) technology may provide future optionality. Over time, an export-scale PtL SAF industry could have similar export revenue to the current LNG export industry, while supporting a greater number of jobs and elevating Australia’s role in fighting climate change by leading the energy transition. <p><i>Improvements in Aircraft and Engine Technology</i></p> <ul style="list-style-type: none"> ● Airlines are already investing heavily in mitigating emissions by replacing current fleets with significantly more fuel-efficient aircraft, which can also be powered by SAF, including in the absence of SAF supply, a blend of conventional jet fuel and SAF. Recent Qantas Group commitments for new aircraft reflect fuel efficiency improvements of up to 28 per cent.³ The Department should consider further economic and other incentives that accelerate the replacement of less fuel-efficient aircraft with latest technology. ● In the longer term, changes to aircraft configurations and propulsion systems may become viable, including: <ul style="list-style-type: none"> ○ hybrid-electric aircraft, which utilise both combustion and electric propulsion systems; ○ all-electric aircraft, which replace combustion engines with electric motors; ○ hydrogen-powered aircraft, which utilise hydrogen as a propulsion fuel for combustion in conventional engines rather than jet fuel, and in fuel cells for electrical power. ● While the technical development of these new aircraft concepts could be achieved in the next few decades, there are economic and commercial constraints that may delay or prevent their implementation at scale. Even in the event that that zero-emission aircraft are widely adopted by the industry, their impact on reducing overall sector emissions will still be limited, given the emissions profile of the

³ <https://www.qantasnewsroom.com.au/media-releases/qantas-group-announces-major-aircraft-order-to-shape-its-future/>

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<p>routes and flights on which they will be deployed. A4ANZ's <i>Roadmap for Sustainable Flying – Net Zero by 2050</i> estimates that total emissions reductions from zero emission aircraft will be around 4 per cent by 2050.</p> <p><i>Efficiencies through the optimisation of flight paths, air traffic management, and operations</i></p> <ul style="list-style-type: none"> • The Qantas Group continues to pursue continuous procedural and operational improvements to reduce emissions, including implementing the latest innovations and improvements in flight planning and air traffic management, and working collaboratively with relevant government agencies to optimise the flow of air traffic and ensure that Australia's airspace remains safe, secure, and efficient. • As set out in response to Terms of Reference 3, 4 and 8, there are a number of external factors that can introduce inefficiencies (and thereby increase emissions) compared with ideal flight paths and conditions, including capacity constraints, adverse weather conditions, and noise abatement procedures. • The Department should consider improvements in flight path and air traffic management frameworks and resourcing that facilitate more fuel-efficient (and less emissions intensive) flying, and in particular eliminate unproductive and/or unnecessary flight times. This is a significant issue currently and could remain so if systemic changes aren't made to meet future growth. <p><i>Carbon Offsets and Carbon Capture</i></p> <ul style="list-style-type: none"> • The global demand for carbon offsets will grow as a result of the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). • As a hard-to-abate sector, high-quality offsets and carbon credits will remain essential to offsetting emissions from domestic and international flying and for airlines to meet their climate obligations in the near-term – especially where SAF is not yet locally available. • In the near-to-medium term, accessing high-quality offsets and credits will also be key to enabling airlines to meet their climate obligations under the proposed Safeguard Mechanism.⁴ • In the longer-term and as we reach 2050, offsets still will be required to bridge the gap remaining after all the other measures to reduce emissions have been implemented at scale. • Currently the Government provides incentives to encourage the development of Australian carbon offset projects through the Emissions Reduction Fund. As demand grows and the industry becomes self-sufficient, consideration should be given to re-focusing this funding from reactive carbon offset programs to proactive carbon reduction schemes and technologies, such as SAF.

⁴ The Qantas Group has made submission to the review of the Safeguard Mechanism that makes suggestions about minor changes to the mechanism to recognise the difficulty in decarbonising aviation, including through the treatment of EITs, international offset credits and standardised emissions intensity calculation methodologies.

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<ul style="list-style-type: none"> • It is important to remember that existing offsetting solutions have a finite supply. Given aviation’s ongoing requirement, consideration should be given to the policy environment that might incentivise the uptake and scaling of direct air capture domestically, such as those under the <i>Inflation Reduction Act</i> in the United States. <p><i>Waste</i></p> <ul style="list-style-type: none"> • As part of its commitment to net zero, the Qantas Group is committed to reducing waste, and has announced it will generate zero single-use plastics by 2027 and zero general waste to landfill by 2030.⁵ The Department could consider actions that would enhance the ability of the aviation sector to significantly reduce its waste and repurpose the outputs, including: <ul style="list-style-type: none"> ○ reviewing the current standards and requirements for biowaste arising from international inbound flights with enhanced opportunity to reduce the blanket requirement to divert this waste to landfill in favour of recycling and re-use; ○ investment in research and development for the use of municipal waste streams for conversion to bioenergy, including as a source of SAF; ○ harmonisation of State and Territory based Container Deposit Schemes; and ○ standardising the approach to compostable packaging disposal in organics waste treatment streams.
<p>3. <i>Changing aviation technologies and ways to position our policies, regulations and systems to encourage uptake and manufacturing of new, more efficient, transport technologies</i></p>	<ul style="list-style-type: none"> • This Term of Reference is very broad and would benefit from clarification regarding its intended scope. • To the extent that it refers to the desirability of introducing new fleet technology to exploit significantly more fuel-efficient aircraft, the Department should consider further economic and other incentives, including investment allowances and improved accelerated depreciation concessions, that accelerate the replacement of less fuel-efficient aircraft with latest technology. • Irrespective of the intended scope, it is important to recognise the relative impact on total sector emissions of emerging technologies to ensure that the right balance is struck with policy prioritisation, when compared to technology like SAF, which presents significant immediate opportunities. • New technologies such as unmanned⁶ aerial systems and electric vertical take-off and landing aircraft open up opportunities for the sector but represent challenges in terms of airspace design, infrastructure planning and safety. A nationally harmonised airspace operational concept that accounts for new airspace users will ultimately be required to ensure the continued safe, efficient, fair and sustainable use of airspace into the future. • Faster and more seamless border clearance of passengers and cargo is a key focus for the industry. Initiatives like IATA’s One ID use biometric digital identity technology to enable contactless travel, streamlining border processing, provisional clearance of passengers

⁵ Qantas Group Climate Action Plan, 31 March 2022.

⁶ Note that the Qantas Group has no intentions to introduce single pilot operations.

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<p>and bags and seamless transfers of bags to domestic flights. Increased uptake of biometric processing would facilitate the co-location of domestic and international airports and common departure lounges. The Department should consider how emerging biometric technology could be used to improve the customer experience, minimise the need for expensive infrastructure at land constrained airports and improve security outcomes.</p> <ul style="list-style-type: none"> • The move away from ground based navigational aids towards space-based augmentation systems (SBAS), Automatic Dependent Surveillance – Broadcast (ADS-B) and expanded use of Required Navigation Performance (RNP) procedures has the potential to increase efficiency, reduce costs, lower emissions and improve safety outcomes. The Department should consider how to encourage the uptake of space-based technologies to achieve these important objectives. • Consideration should also be given to newer aircraft communication technologies, and guidance provided so that new aircraft orders can take advantage of improved communication technology over outdated high frequency systems.
<p>4. <i>Aircraft development planning processes and consultation mechanisms that consider the impact and changing nature of aircraft noise and related expectations on the role of noise sharing and noise mitigation</i></p>	<ul style="list-style-type: none"> • As currently drafted, this Term of Reference risks conflating multiple complex issues. Airport planning and consultation mechanisms are important to optimise for a range of reasons beyond noise concerns. • Appropriate and transparent consultation on airport development is essential for airport users (especially airlines) as it relates to significant investment in infrastructure and long-term planning. We suggest separating these two issues, which both require attention. • The Qantas Group acknowledges community concerns about aircraft noise. We note the Government’s recent announcement of the Brisbane Airport Community Airspace Advisory Board to better manage these issues and welcome the opportunity to provide specialist input to these forums. • It is important that the implications of noise mitigation initiatives for efficiency and emissions reduction are properly understood. Too often noise concerns and mitigations result in inefficient flight paths and operating procedures that result in higher fuel burn, working directly against the sustainability objectives of the industry and the broader community. • The role of newer aircraft in reducing noise must also be considered.⁷ As set out above, the Department should consider how to incentivise industry to continue to invest in quieter and cleaner aircraft, including the possibility of a noise dividend, which could be accessed through increased movements when airlines operate with quieter aircraft, without increasing the ‘noise load’ for the community. • Australia has seen marked improvements to safety and efficiency whilst delivering requisite environmental benefits since the introduction of Required Navigation Performance (RNP) approach and departure procedures. In many cases this has also resulted in

⁷ <https://www.qantasnewsroom.com.au/media-releases/qantas-group-announces-major-aircraft-order-to-shape-its-future/>

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<p>improved noise outcomes for the community due to the ability to design flight paths that overfly less populated areas. However, there continue to be untapped benefits of RNP arrivals, particularly at sensitive locations.</p> <ul style="list-style-type: none"> • In Brisbane, QantasLink Dash 8 aircraft are not able to participate in the full availability of RNP procedures available, and Sydney remains without RNP procedures. Utilising RNP, particularly for aircraft arriving in Sydney on runways 34L and 34R, would result in a significant reduction in community impact by allowing operators to avoid populous areas and flow onto safer and more efficient flight paths. The Department should consider the wider use of RNP procedures in Brisbane and the introduction of RNP arrivals to Sydney to improve community noise outcomes, operational safety and efficiency. • While a review of the Sydney Basin will be completed when the second parallel runway is constructed, the flight path design process for Western Sydney Airport has been compromised by the requirement not to encroach on flight paths for Kingsford Smith Airport. This is a missed opportunity. Operations in the Sydney Basin are already hampered by overly complex and inefficient airspace structure and flight paths. A comprehensive review of the Sydney Basin flight paths would deliver significant operational benefits, improve fuel efficiency and reduce related emissions. • The Qantas Group does not suggest any significant change to the underlying curfew principles. However, some minor amendments to deal with overnight freight movements and practical measures to deal with extraordinary weather and infrastructure events are warranted. • The current restrictions on aircraft permitted to conduct critical overnight express freighter operations are clearly antiquated. At present, the only aircraft permitted to operate these services is the British Aerospace 146, which ceased production in 1993 and is now experiencing engineering and reliability challenges. Rather than referring to specific aircraft, Section 13 of the <i>Sydney Airport Curfew Act 1995</i> should be amended to include noise criteria which could be amended from time to time as technology and noise compliance standards evolve to ensure operating aircraft feature a narrower Australian Noise Exposure Forecast footprint, reduced emissions intensity per tonne of freight and enable increased productivity per aircraft movement. • Consideration should also be given to the transitional arrangements for moving freight operations to Western Sydney Airport. The <i>Sydney Airport Curfew Act 1995</i> provides that once Western Sydney Airport is able to be used for night aircraft movements, the exceptions to curfew relating to freight, propeller and small jet aircraft will cease to apply at Sydney Airport. Further clarity is required.
<p>5. <i>How to support and regenerate Australia's general aviation sector</i></p>	<ul style="list-style-type: none"> • As the largest investor in aviation skills training in Australia, the Qantas Group is conscious of its intersection with the general aviation sector, including as an employer and trainer. • The Qantas Group Pilot Academy opened in 2020 and the Engineering Academy was announced in March 2023. Both these facilities are designed to provide a pipeline of domestic aviation talent in the long-term, both for the Qantas Group and the broader Australian aviation industry, including general aviation.

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
<p>6. <i>Future industry workforce skills and training requirements</i></p>	<ul style="list-style-type: none"> • Australia faces the second highest labour supply shortage in the OECD.⁸ • The aviation workforce requires specific skills and training, necessitating significant forward-planning and investment. • Departures from the industry driven by the COVID-19 pandemic and the subsequent pace of the recovery have placed pressure on the aviation ecosystem globally and locally. Boeing’s 2022 Pilot and Technician Outlook projects that 602,000 new pilots, 610,000 new maintenance technicians, and 899,000 new cabin crew members will be needed to fly and maintain the global commercial aviation fleet over the next 20 years.⁹ • These pressures are not confined to traditional aviation roles. The COVID-19 pandemic accelerated digitalisation and big data and the migration to online services. Meeting the fast-growing demand for digital and cyber security roles within the domestic aviation industry will depend on attracting and retaining enough skilled and experienced IT professionals to pass on knowledge and grow capability. • After an extremely challenging period, the Qantas Group is now moving from recovery to growth, announcing a major recruitment drive and further investment in Australian jobs, skills and training to support the aviation industry’s growth. Over the next decade, we expect to create over 8,500 new highly skilled jobs driven by investments in new aircraft and increased flying to meet long-term demand. • That investment in domestic skills includes: <ul style="list-style-type: none"> ○ the establishment of the Qantas Group Engineering Academy, with capacity to train up 300 engineers a year for the Qantas Group and the broader aviation industry, including defence and general aviation; ○ the Qantas Group Pilot Academy in Toowoomba, with capacity to train up to 250 pilots each year; and ○ recommencement of the Qantas Graduate Program with Tech, Digital, Data Science and Engineering streams, Aboriginal and Torres Strait Islander Career Tracker Interns and School-Based Trainees pathway. • To assist with providing the base for a pipeline, the Department is encouraged to consider expanding funding for training or training allowances for employers to train and upskill the industry. • Investment by industry needs to be coupled with appropriate settings for skilled migration to ensure Australia remains a first-choice place for migrants to study, work and build their future. While the Qantas Group welcomed the Government’s announcement to increase the annual migration cap for the 2022-23 financial year and the Government’s roadmap to boost Australia’s tech workforce to achieve 1.2 million tech-related jobs by 2030, the existing skilled visa program does not allow sufficient flexibility to be attractive for quality overseas talent. The current labour agreement process is also unnecessarily time-consuming and complicated. The Government’s Migration Review should consider creating more flexibility for businesses to access skilled visa pathways by allowing businesses who

⁸ <https://www.qantasnewsroom.com.au/media-releases/qantas-group-announces-major-jobs-training-and-growth-plans/>

⁹ <https://www.boeing.com/resources/boeingdotcom/market/assets/downloads/2022-Pilot-Technician-Outlook.pdf>

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<p>have demonstrated skills shortages to attract talent from overseas by removing the distinction between a short and medium-term skills list and the regional and age caveats attached to some occupations, particularly when trainers are sought.</p> <ul style="list-style-type: none"> • Promoting opportunities for women in aviation will take a concerted effort from industry and government. The Qantas Group’s Nancy Bird Walton initiative commits the Group to reaching a 40 per cent intake of female cadet pilots by 2028 (currently at 18 per cent) and a 42 per cent representation of women in senior leadership by 2024 (currently at 39 per cent). • The Qantas Group welcomes the continuation of the Women in Aviation Industry Initiative until 2026. The Department should consider a number of potential areas for investment through that program, including: <ul style="list-style-type: none"> ○ scholarships for female students to support certification through pilot training programs; ○ scholarships for female students to support studies and formal qualifications in aviation related disciplines; and ○ developing a coordinated approach to aviation engineering apprentice programs, with support for female students leaving high school to complete an apprenticeship, including scholarships and additional support with applications, training, development, mentoring and coaching.
<p>7. <i>Appropriate consumer protections and access to services</i></p>	<ul style="list-style-type: none"> • This Term of Reference combines two quite distinct issues – consumer protections and accessible transport for those with disabilities. To enable proper consideration of both, we recommend that they be addressed separately. <p><i>Consumer Protection</i></p> <ul style="list-style-type: none"> • When assessing the appropriateness of Australia’s consumer protection regime, we ask that the Department consider: <ul style="list-style-type: none"> ○ the comprehensive consumer guarantees framework that already exists in Australia’s <i>Competition and Consumer Act 2010</i>; ○ the considerable support already offered to passengers by airlines for events within their control (e.g. hotels, meals, transport); ○ the structural incentives on airlines to minimise cancellation and delays; ○ distinguishing the temporary restart issues as airlines came out of COVID hibernation from the (by world standards) high levels of operational performance the industry had beforehand and is now returning to; ○ the cost, network and service consequences of adopting a model where consumers are compensated for delays and cancellations across the different operating models, including: <ul style="list-style-type: none"> ▪ the inflationary impact on fares for what will effectively be mandatory travel insurance for all passengers; ▪ the significant implications for low cost carriers and the low fare model;

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	<ul style="list-style-type: none"> ▪ the potential chilling effect on marginal routes, particularly the impact on services to Australia’s uniquely vast and scattered regional network, where recovery options are more limited; and ○ the findings of the European Commission’s 2020 study into EC261, which included questioning the spiralling costs of the program, the corrosive role of claim agencies and whether it was achieving its original objective or incentivising improved resilience and performance across the aviation ecosystem.¹⁰ <p><i>Access to Services</i></p> <ul style="list-style-type: none"> • The Qantas Group recognises the importance of ensuring the access, safety and comfort of customers who require specific assistance and is committed to improving the experience of customers with accessibility needs. When assessing the appropriateness of access to services, the Department should consider: <ul style="list-style-type: none"> ○ existing forums for engagement with customers and stakeholder groups representing people with disabilities to better understand their experiences and concerns; ○ end-to-end processes relating to wheelchair assistance and the carriage of personal mobility aids across all ports to understand the vulnerabilities in the current system, strengthen any points of failure and identify opportunities to enhance the customer experience; ○ the cost, network and service consequences of any recommended changes and the implications for low cost carriers and the low fare model, as well as marginal operations; ○ the role of airports in ensuring a more seamless and consistent experience for customers, including through infrastructure and services; and ○ developing a uniform national approach to the accreditation and carriage of service dogs, replicating the Queensland legislation for all States and Territories in Australia focused on creating a safe customer experience for all of our passengers, including passengers with disability.
<p>8. <i>Maintaining fit-for-purpose aviation safety, air navigation and aviation security systems and service delivery agencies</i></p>	<ul style="list-style-type: none"> • This Term of Reference combines a range of issues spanning multiple Departments and portfolios, many of which have been the subject of recent reviews and each requiring its own focus when making recommendations for the future. The Qantas Group encourages the Department to deal with these issues separately, to enable appropriate consideration of each. <p><i>Aviation Safety</i></p> <ul style="list-style-type: none"> • The safety and security of our customers and people is the Qantas Group’s first priority.

¹⁰ See study at https://ec.europa.eu/transport/themes/passengers/news/2020-01-13-air-passenger-rights-study_en

TERM OF REFERENCE	COMMENTS AND CONSIDERATIONS FOR GREEN PAPER
	<ul style="list-style-type: none"> • Underpinning this priority is continued investment in capability to deliver safe and efficient operations and a focus on creating healthy, safe and secure workplaces by preventing injuries, illness, accidents and incidents through effective safety management systems and risk controls, quality processes, a strong safety culture and robust governance processes to ensure performance and risks are monitored. • The industry needs to continue collaborating on safety issues of common interest. CASA’s current approach to the consultation, transition and implementation of the Flight Operations parts of the <i>Civil Aviation Safety Regulations</i> represents a significant improvement over the previous industry consultation methods. The framework of having senior industry representatives reporting via an independent chair to the Director of Aviation Safety, with dedicated Technical Working Groups has facilitated the current progress. • Advancements in technology, including the growth in space technology, will require extensive consultation between government and industry. This should seek to avoid the creation of inconsistent consultation processes across differing agencies that do not leverage existing arrangements. <p><i>Air Navigation</i></p> <ul style="list-style-type: none"> • See comments in relation to Terms of Reference 3 and 4. • Effective air traffic control systems and airspace management are critical for safe and efficient operations. • To ensure global consistency the Qantas Group continues to support the ICAO basis for airspace classification and considers that CASA and Airservices Australia should minimise any modification to global standards and procedures to subjectively account for Australian conditions. • The past decade has seen the introduction of high capacity RPT aircraft operating to aerodromes without air traffic control services. As operations increase post-COVID, high capacity RPT aircraft are operating to high trafficked regions including Ballina, Mildura and areas of the Pilbara, where the current airspace classifications are inadequate. The Department should consider the opportunity to improve safety outcomes through remodelling the designation of airspace where surveillance exists through Automatic Dependent Surveillance – Broadcast (ADS-B) and/or Secondary Surveillance Radar (SSR). • In the early-2000’s Airservices Australia commenced the ATLAS project that sought to introduce ADS-B to improve the air traffic management surveillance capability, while reducing cost through the retirement of traditional SSR. While ADS-B was adopted for instrument flight rule aircraft, limited take-up by aircraft operating under the visual flight rules meant the SSRs could not be retired. ADS-B is a cost effective and globally-accepted standard for providing high fidelity surveillance for air traffic control. ADS-B is also the future platform for Remotely Piloted Aircraft Systems to be integrated into the air traffic management environment. The Department should consider ways to transition to an airspace model that is dependent upon ADS-B to enable the retirement of costly and technologically-inferior SSR.

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	<ul style="list-style-type: none"> • Airservices Australia’s OneSky program has now been on foot for almost a decade. To ensure that the benefits of OneSky are realised at the earliest opportunity, the Department should monitor the program to ensure it remains on budget and schedule and delivers the benefits that have been promised to industry. • Pre-COVID, Airservices Australia commenced a project that sought to build capability of digital control towers for either a primary service or for contingency purposes. Digital control towers would centralise air traffic control tower services, with a single facility providing services for multiple locations around the country, reducing the cost of deploying staff to these locations, multi-skilling controllers to work at different airports, and leveraging the benefits that digital services provide, including on screen labelling of aircraft, improved low visibility operations and full integration with the OneSky system to improve the orderly flow of traffic. The Department should urge the reinvigoration of this program, including the necessary updates to the Civil Aviation Safety Regulations. • As Sydney Airport becomes increasingly capacity constrained, on time performance (OTP) and cancellation rates continue to trend negatively, with estimates that the broader domestic market is losing circa two per cent of OTP annually. With peak slot periods now exhausted for multiple hours of the day (7-10am and 5-6pm), recovery following operational disruptions is restricted. Section 6 of the <i>Sydney Airport Demand Management Act 1997</i> stipulates 80 aircraft movements across any regulated hour, reset every 15 minutes. In normal operations, this spreads the intensity of scheduled movements across the hour. However, when significant adverse weather events or infrastructure failures occur, the 15-minute movement cap acts as a material handbrake on the airport and airport operators to recover. This compounds delays and drives higher cancellation rates in Sydney and across the regional and domestic network. Climate change and the increasing incidence of extreme weather is exacerbating this dynamic. • The Group suggests that the Department considers a mechanism to suspend the '15-minute rule' for a period of no longer than 120 minutes following significant adverse weather events or infrastructure failures at Sydney Airport where operational throughput has been reduced to enable airport users to recover from operational stoppages or slowdowns and prevent cumulative delays in Sydney and across the national network, unlocking a faster return to schedule and reducing the reliance on curfew dispensations. • The Qantas Group participated in a recent CASA review of Part 172 legislation – Air Traffic Service Providers and supports key elements of this review, including clarifying accountable manager and key personnel requirements and the numbers of suitably trained and qualified personnel. It is hoped that the changes envisaged will begin to address the high number of services variations that have been implemented by Airservices Australia in the past year, which have been escalating more acutely in Sydney recently, with significant operational implications. • Future challenges in Australian aviation require the Air Navigation Service Provider to be focused on safety, efficiency and sustainability. The Qantas Group supports additional oversight to ensure Airservices Australia’s operations continue to achieve the highest safety standards and, meet its own and support the industry’s efficiency targets, and successfully transition to new technologies.

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	<p><i>Aviation Security</i></p> <ul style="list-style-type: none"> • The Qantas Group works closely with the Australian Government and overseas agencies, regulators, law enforcement and its global partners across the industry to proactively monitor and manage threats and risks. Qantas made a substantive submission to the Hartland Review about proposals for improving Australia’s aviation security settings in a way that is proportionate, agile and responsive to changing threats and risks across our network. • The Regional Airports Screening Infrastructure program is due to end on 30 June 2023. In circumstances where many regional airports do not have sufficient demand to cover their running costs, its cessation will lead to a significant increase in charges (and airfares) and will also lead to significant market distortion if the definition of a screened air service continues to include the arbitrary 40 seat threshold, with carriers operating larger aircraft paying significantly more. • The optimal security outcome is that all RPT operations be screened when operating from a Tier 2 airport in circumstances where the security equipment is already available. Such a change would not require any further investment at Designated, Tier 1, Tier 2 or Tier 3 airports, but would increase the coverage of passengers, baggage and cargo subject to screening and examination, reduce the risk of prohibited items and weapons arriving into the airside of a Tier 1 or Designated airport, make screening points more efficient via economies of scale and remove the risk of mixing screened and unscreened passengers departing on the apron of departing aircraft, and eliminate the need for confusing differential screening methods and boarding gates for passengers. • CASA has heavily invested in implementing and managing a performance-based Safety Management System approach, rather than a more prescriptive compliance-based method of regulation. This change is welcomed and the Department should consider whether it would also be appropriate for aviation security. • As became clear to the Department and airlines during the course of the AAFRP, DASCS and RASC programs, the scope of costs that airports pass on in security screening charges vary significantly. The Department should consider the introduction of a standard definition of a ‘mandated security charge’ and greater transparency. • The Department should consider options to work towards ‘one-stop security’ arrangements with equivalency of security measures at the point of origin on either a country, airport or aircraft operator basis.
<p>9. <i>The role of airlines and airports in supporting regional economies</i></p>	<ul style="list-style-type: none"> • Australia’s geography means aviation plays a critical role in servicing the needs of regional and remote communities, providing connectivity and access to key services as well as tourism.

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	<ul style="list-style-type: none"> • Qantas is Australia’s largest regional airline, connecting more than 50 communities with capital cities. Before the COVID-19 pandemic, that commitment contributed over \$5 billion and 5,000 jobs to the regional economy and we spent \$430 million procuring goods and services from over 1,200 businesses in regional Australia.¹¹ • The Qantas Group’s commitment to regional Australia includes year-round discounts for residents in 16 regional and remote towns to make air travel more accessible, capped fares for flood affected communities and a Regional Grants program¹² providing financial, flight and marketing support to charities, organisations, causes, projects and individuals over a five-year period. • However, regional aviation services face profound challenges. The cost of regional operations on a per seat kilometre basis, is~50 per cent higher than mainline domestic operations and ~125 per cent higher than international operations. A number of the Qantas Group’s regional services provide marginal returns, reflecting the market dynamics associated with small populations and highly directional travel, as well as high input costs, including from airport charges. The Department should consider very carefully the impact of any proposal in its review on the cost, network and service consequences for regional Australia, and in particular, proposals emerging from Term of Reference 7. • Enabling and preserving connectivity with regional communities is not enough: access must also be provided at the right times. Sydney Airport’s regional access regime provides access during morning and afternoon peak periods, allowing consumers to travel for critical appointments in Sydney or regional cities and fly home the same day and facilitates efficient connections between regional flights to or from Sydney and flights between Sydney and the rest of Australia. This ultimately supports regional tourism destinations as well as outbound connections for business and leisure travel by Australians from regional NSW. In its submission to the Review of the <i>Sydney Airport Demand Management Act</i>,¹³ the Qantas Group identified a number of opportunities to improve airline services to regional communities in NSW while more effectively using the airport’s capacity. Qantas commends those opportunities to the Department. • Building a domestic SAF industry represents a significant opportunity for jobs and economic growth for regional Australia and the economy. Frontier Economics found that a local SAF industry could create more than 7,400 jobs by 2030 and contribute \$2.8 billion in GDP per year by 2030. A domestic SAF industry would also generate export market opportunities into Asia and the Pacific, further accelerating the job growth potential of this industry, particularly in regional communities.
10. Other significant issues	<ul style="list-style-type: none"> • The 2009 Aviation White Paper dedicated an entire chapter to the economic regulation of airports, such is its significance in any comprehensive aviation policy framework. Its omission as a stand-alone Term of Reference is a significant oversight. • The economic regulation of airports underpins relationships between airports and their major customers, and impacts the whole aviation ecosystem, including each of the issues identified in the Terms of Reference. Ultimately, the impact of ineffective or inefficient

¹¹ <https://www.qantasnewsroom.com.au/media-releases/qantas-contributes-more-than-5-billion-to-regional-australia/>

¹² <https://www.qantasnewsroom.com.au/media-releases/applications-open-for-qantas-10-million-regional-grants-program/>

¹³ See <https://www.infrastructure.gov.au/sites/default/files/documents/32-qantas-group-submission.pdf>

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	<p>regulation of monopolies such as airports distorts competitive and economic efficiency, compromises opportunities and adversely impacts the end consumer, the traveling public. These issues are becoming even more pronounced as cross ownership of Australia’s airports becomes increasingly concentrated.</p> <ul style="list-style-type: none"> • The economic regulation of Australian airports is one of the most ‘light-handed’ in the world and, as the Australian Competition and Consumer Commission (ACCC) concluded in its June 2022 Airport Monitoring Report, it is simply not working. • The aviation industry needs a regulatory framework that is fit-for-purpose, addresses bargaining power imbalances, allows for efficient dispute resolution and better protects Australian consumers from the impact of monopoly market power, in a way that Part IIIA of the Competition and Consumer Act 2010 or recourse to litigation do not. • In an effort to address the core challenges they face in reaching agreements, in 2022 airlines proposed a voluntary mutually binding Aviation Industry Code of Conduct to Australian airports. Disappointingly, this was rejected. • To enable an effective yet continued light-handed regulatory regime, the Department should consider sensible measures for reform, including: <ul style="list-style-type: none"> ○ developing a tailored dispute resolution mechanism to allow for the timely, efficient, and cost-effective resolution of intractable disputes (compared to multi-year court proceedings), including recourse to independent expert determination; ○ expanding the scope of Parts 7 and 8 of the Airports Regulations to cover each of the leased federal airports that service RPT flights to improve transparency through enhanced ACCC monitoring; ○ amending the Airports Regulations to embed the Aeronautical Pricing Principles; and ○ prescribing a Voluntary Aviation Industry Code of Conduct.