



31 March 2023

Aviation White Paper Branch
Domestic Aviation & Reform Division
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
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SUBMISSION TO THE FEDERAL DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT, COMMUNICATIONS AND THE ARTS ON AVIATION WHITE PAPER TERMS OF REFERENCE

Infrastructure Partnerships Australia is pleased to provide this submission in response to the Terms of Reference for the Aviation White Paper.

Infrastructure Partnerships Australia is an independent think tank and executive member network, providing research focused on excellence in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest.

This is an opportune moment to examine the nation's forward reform agenda and put the right policy and economic levers in place to promote efficiency, competitiveness, safety and sustainability of the aviation sector over the coming decades. Infrastructure Partnerships Australia welcomes the proposed Terms of Reference in their present form. The purpose of this submission is to propose some additional key areas the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) may wish to consider for inclusion in the Aviation Green Paper, which will inform the Aviation White Paper.

Development and land-use planning significantly impacts our airport efficiency and productivity – but the impacts of aircraft noise are only part of the story

Infrastructure Partnerships Australia welcomes the inclusion of “airport 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” in the Terms of Reference.

While the impact of aircraft noise on adjacent land corridors is one important aspect of future development, it is not the only aspect that merits consideration. The productivity and efficiency of our major airports is strongly linked to efficient long-term land-use planning of airports and the surrounding infrastructure.

Therefore, it may be worthwhile for the Aviation White Paper to also undertake an evaluation of the broader land-use planning considerations that enable efficient, productive airports, in addition to sensibly mitigating noise impacts. If the policy and regulatory frameworks needed for the next three decades are not carefully examined now, the impact of doing things poorly today will be felt by the economy for a long time to come. When examining airport development planning processes a wide range of considerations could be taken into account, including optimal existing and future land uses, noise and environmental impacts, and the role of restrictions on



operational activities. This must be considered through the lenses of both community impact and economic outcome.

It is crucial that any potential restrictions placed on airports are appropriately balanced against the needs of the community. Careful land-use planning is best placed to achieve desired outcomes and social licence for airport assets, instead of further restrictions. In addition, local, state and Federal regulatory and policy settings are often overlapping and inconsistent, with the Aviation White Paper presenting a timely opportunity to evaluate these settings.

The economic and social impacts of the sector are felt beyond the airport terminal – and a foundational understanding of how airports connect to populations is vital

An additional important issue that could be considered in the development of the White Paper, is the importance of the landside infrastructure that connects our airports to the broader economy, and whether these connections are performing optimally.

The economic and social impacts of the aviation sector do not start and stop at the airport gate. A foundational consideration for setting the right policy and economic levers for efficient outcomes is not only *how* airports connect to populations – both in the movement of people and the movement of goods – but *how well* they do it.

The landside infrastructure that connects our airports to the broader economy should be designed to optimise public and private transport as well as high-value, time-sensitive freight. It is no use having a world class airport that is throttled by second class connections.

Australia should develop a long-term view of the importance and performance of airfreight and supply chains to lift productivity, increase efficiency and expand export opportunities

Airfreight is used to move high-value, time-sensitive and perishable items that need to be delivered to markets quickly. A diverse range of products are exported, from meat, fresh fruit, medical products, high value technology products to precious stones and metals. These goods are delivered to multiple destinations, with export countries primarily in Asia.

For this reason, the Aviation White Paper presents an opportune moment to develop Australia's long-term view of the importance and performance of airfreight and supply chains that support our regional and urban export industries – specifically, in lifting productivity, increasing productivity, and expanding export opportunities. In considering this, the Aviation White Paper can draw on the existing work of the 2019 *National Freight and Supply Chain Strategy*, and the three subsequent annual reports produced to date, which evaluate Australia's performance against agreed national urban freight planning principles.¹

Since 2019, Infrastructure Partnerships Australia has prepared regular international airfreight analysis, monitoring Australia's airfreight flows and key trends, challenges and opportunities for the supply chain. The [2021 International Airfreight Indicator](#) confirmed the critical role that aviation plays in facilitating Australia's international trade, with airfreight accounting for 20 per cent of Australia's trade by value, compared to just one per cent of trade by weight.

¹ See page 42 of the *National Freight and Supply Chain Strategy Annual Report 2021-22* for further details.



Infrastructure Partnerships Australia intends to release a 2023 Indicator later this year and is happy to provide a copy to DITRDCA and provide a separate briefing on its findings in due course.

Caps, curfews and other restrictions often inhibit efficiency with limited practical benefit, and should be avoided where possible

Acknowledging the continuing DITRDCA work in relation to the *Review of Sydney Airport Demand Management Scheme*, Infrastructure Partnerships Australia submits that the Aviation White Paper is also another timely mechanism to consider how the tiers of government can work together to address the suitability of the caps and curfew regime across the country's airports.

What was said in Infrastructure Australia's 2016 *Australian Infrastructure Plan* seven years ago still rings true today:²

"Caps, curfews and other restrictions on how our infrastructure is operated and used should be avoided where possible. Giving Australia's infrastructure the capacity to freely meet its economic and social purposes will open new opportunities for growth and development. Existing regulatory constraints should be regularly reviewed to ensure they remain relevant and new assets – including new ports and airports – should be planned to ensure curfews and other restrictions are avoided."

In the case of Sydney Airport, for example, in the time since its demand management framework was put in place, technologies in aviation and airport management have advanced considerably, demand has grown substantially, and the expectations of passengers and other airport users have evolved. The current demand management regime artificially limits the capacity of the asset, which in turn limits the economic benefits and productivity improvements it can bring to the community and the economy.

Caps and curfews are suboptimal. But where they do exist, they should be structured around a desired policy outcome. Where technology changes and innovation occurs, this approach provides the flexibility to extract greater value from our infrastructure without the need to reopen the regulatory structure. In the absence of an outcomes-based regulatory regime, we should regularly review caps and curfews to ensure they are efficiently meeting their policy objective.

The strategic importance of the upcoming project pipeline has central role in the Aviation White Paper, including the proposed third runway at Melbourne Airport

While implicit in the Terms of Reference, the upcoming project pipeline will undoubtedly play a central role in the Aviation White Paper in order to deliver an effective, comprehensive review. Therefore, an additional area that could be considered in the White Paper is the strategic importance of proposed projects in the pipeline, such as the third runway for Melbourne Airport.

As stated in Melbourne Airport's 2022 Master Plan, the existing runway system was reaching practical capacity in 2019, with scheduled demand consistently exceeding average runway capacity during busy weekday morning and afternoon peaks, leading to delays through planned ground delays, airborne holding, and flight consolidation/cancellations. This is expected to resume as the post-pandemic recovery continues.³

² Infrastructure Australia, 2016, *Australian Infrastructure Plan*, page 20.

³ Melbourne Airport, 2022, *Master Plan*, page 142.



Infrastructure Partnerships Australia would be happy to provide further assistance to DITRDCA in relation to this Review. If you require additional detail or information, please do not hesitate to contact Mollie Matich, Director, Policy and Research, on (02) 9152 6000 or mollie.matich@infrastructure.org.au.

Yours Sincerely,



ADRIAN DWYER
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