

MELBOURNE AIRPORT

Friday, 10 March 2023

Aviation White Paper Branch
Domestic Aviation and Reform Division
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
Canberra ACT 2601

By email: aviationwhitepaper@infrastructure.gov.au

Aviation White Paper – Terms of Reference

Dear Aviation White Paper Branch

Thank you for the opportunity to make a submission on the Terms of Reference (**ToR**) for the Federal Government's Aviation White Paper (**the White Paper**) and for your engagement on the process to date. This submission is provided on behalf of Australia Pacific Airports (Melbourne) Pty Ltd (**APAM** or **we**), which is owned by Australia Pacific Airports Corporation Limited (**APAC**). We have removed names and contact details contained in this letter and request these remain confidential.

APAM welcomes the Aviation White Paper, which presents itself during a period of significant change as we compete for more aviation growth opportunities and deliver a pipeline of major infrastructure projects that will enable more capacity and enhance the passenger experience.

APAM supports the scope of the ToR that have been identified by the Commonwealth Government and acknowledge the White Paper's intent to enable a forward-looking 2050 horizon for the aviation sector.

We have reviewed the ToR and recognise there are four categories that the ToR seeks to promote - efficiency, safety, sustainability and competitiveness in the Australian aviation sector. Accordingly, APAM has coordinated this submission around these four categories and included some additional areas for the government to consider and inform the Green Paper process.

APAM would welcome the opportunity to discuss this response further with you and we look forward to contributing more in the lead up to and during the Green Paper process. Please do not hesitate to contact the APAM's Head of Government and Policy, Edward Martin, if you have any questions.

Yours sincerely

Jai McDermott
Chief of Ground Transport, Public Affairs & Sustainability

Annexure A – Terms of Reference

Efficiency

- **aviation’s role in economic development, trade and the visitor economy – general, domestic, regional and international aviation**

APAM is a critical piece of economic and social infrastructure that delivers significant economic returns to Melbourne, Victoria and Australia.

APAM supports this item and recognises as a 24/7 airport operation we have an ongoing role in facilitating economic growth and employment opportunities, connectivity and trade in partnership with airlines, industry groups and governments.

Constraints on capacity and aircraft movements impacts the broader national aviation network and ultimately restricts capacity, disrupts the efficiency of an airport that leads to delays for passengers and freight, increases fuel costs for airlines, increases emissions and produces less competition (particularly in peak periods).

APAM would recommend this item considers how local, state and federal tourism, trade and economic development agencies can be better coordinated so as to enable a more strategic approach to aviation policy settings across economic development, trade and visitor economy portfolios.

More alignment on policy settings would help provide more certainty to industry and enable a 2050 vision that supports a sustainable and growing aviation sector, while preserving competition between states to deliver strong outcomes for the community.

Improved coordination between government agencies would also help to align campaigns and public policy approaches from each jurisdiction and provide a clear pathway of what aviation in Australia can become in 2050.

Finally, APAM recommends the Green Paper also considers the efficacy of the Bilateral Service Agreements (**BSA**) process to ensure the forward negotiation frameworks are future focused as opposed to a just-in-time policy approach.

The current framework produces an environment for stakeholders to tactically amend or alter the BSA to enable an expansion of international services every couple of years instead of incentivising stakeholders to take a more coordinated and forward-looking approach attracting international airlines.

- **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**

APAM supports this item and recommends promoting two further principles as part of the Green Paper process.

The first principle would ensure that roles and responsibilities relating to aircraft noise are clearly defined for all parties engaged in facilitating airspace structure, flight path design and flight

operations. These roles and responsibilities should include consultation, engagement and community support mechanisms and objectives.

Airports are typically actively engaged with their local communities and bear the highest recognition and reputational risks of community impact. They should be empowered to design, implement and lead community engagement programs that reflect and are tailored to social expectations.

The second principle would promote a more strategic policy framework around development planning, given the breadth of propositions pursued by major airports. The current framework has ostensibly not been reformed in more than 25 years and no longer reflects its original objectives.

Practical and economic challenges for today's airports render this situation no longer fit for purpose. To maintain existing levels of complexity and regulatory burden would increasingly deter functional growth at Melbourne Airport.

The current \$25m monetary threshold for production of a Major Development Plan is impractically low, does not reflect supply chain disruptions, the increased costs of materials and the tight labour market. Furthermore, the monetary threshold has no regard for the fact that an airport development project may have no or minimal impact on the community.

Modernising and streamlining planning requirements for development projects that have minimal community or stakeholder impact should be prioritised. This effort should also consider defining thresholds for impact, as the current framework's use of 'significant' is subjective and ambiguous – inviting inconsistent evaluations which risk failure to meet community expectations.

Safety

- **maintaining fit-for-purpose aviation safety, air navigation and aviation security systems and service delivery agencies**

APAM supports this item and recommends the Green Paper focuses on the need for more strategic partnerships in the approach between service delivery agencies and airports, particularly with regards to treating and mitigating ongoing security risks through compliance and enforcement.

We continue to adapt to changes in legislative and regulatory requirements, and facilitate the necessary activities of various government agencies such as Australian Border Force, Australian Federal Police and Department of Agriculture and Water Resources (e.g. Quarantine).

However, legislative and regulatory requirements relating to security screening of passengers, bags, and border control processes have continued to change and for the most part become more stringent over the past 10 years.

As standard operations and procedures continue to change in response to the evolving security risk environment, the need to collaborate and partner ahead of implementing stringent regulatory requirements is fundamental.

Particularly as airports have mature commercial agreements with airlines that require ongoing capital investment programs to be delivered in a timely manner – airports seek to impose as minimal disruption as possible to the passenger experience, which requires significant planning and collaboration with government service delivery agencies.

With respect to aviation safety and air navigation agencies, the Green Paper should also promote a policy framework that enables safety regulations to keep pace and or stay ahead of global trends and also ensure there is a balance between driving compliance checklists vs delivering practical stakeholder outcomes.

Sustainability

- **how to maximise the aviation sector's contribution to achieving net zero carbon emissions including through sustainable aviation fuel and emerging technologies**
- **changing aviation technologies and ways to position our policies, regulations and systems to encourage uptake and manufacturing of new, more efficient, transport technologies**

We support this item and would welcome the introduction of a domestic Sustainable Aviation Fuel (SAF) supply chain with a view to achieving 10% supply by 2030. APAM would encourage the Green Paper to consider an overall aspiration for SAF given the existing commitments from airlines as well as the government's establishment of a Jet Zero Council.

The Green Paper should also balance the benefits of SAF against the practical costs and risks for the aviation sector. For example, reducing Scope 3 emissions will be a more complex task and requires an industry-wide approach, but APAM is committed to working with our partners to meet this challenge.

The bigger challenge relates to catalysing the Australian supply chain for SAF and incentivising its adoption given airports are just one piece of the puzzle and exploring the right policy mechanisms to encourage supply and industry investment should feature in the Green Paper.

Adopting SAF also presents some design and operational constraints when compared to other emerging technologies such as Hydrogen or Electric fueled aircraft and this should be assessed as part of the Green Paper and Jet Zero Council.

- **future industry workforce skills and training requirements**

We support this item and would welcome the Green Paper promoting the critically in demand aviation roles remaining a priority on the National Skills List and for the new Jobs and Skills Australia agency.

APAM is embarking on one of our largest every capital investment programs during the next five years. Therefore, attracting and retaining skills across the airport precinct will be critical to servicing the pipeline of infrastructure projects such as a third runway, an airport rail station and building an expanded elevated roads network.

APAM's procurement processes ensure the selection of contractors and consultants to deliver capital projects is based on selecting the right supplier with the right skills and experience to undertake the works at the right price to obtain best value. However, aviation jobs must be prioritised amongst federal agencies that have carriage of skills, training and migration policy given the essential service we provide to passengers and freight at the local, national and international level.

Competitiveness

- **how to support and regenerate Australia's general aviation sector**

We support this item in the ToR.

- **appropriate consumer protections and access to services**

We welcome this item and recognise the significant investment APAM makes to provide airside and landside facilities for passengers. We also have standard operating procedures to manage the flow of passenger movements across the precinct to enable a seamless transition between landside and airside.

To avoid any duplication, APAM recommends the Green Paper acknowledges the role of the Australian Competition and Consumer Commission (ACCC) in the existing monitoring of major airports, which provides transparency and accountability with respect to the evaluation of the quality of the aspects of airport services and facilities. The current indicators are currently being reviewed by the ACCC and in consultation with airports, in order to modernise them and ensure their efficacy.

Additionally, the Green Paper should consider promoting more transparency and accountability across the entire aviation sector to support the competitiveness in the sector. For example, a permanent and fully funded Airline Monitoring Report produced by the ACCC would complement the existing Airport Monitoring Report.

This item should also recognise the practical challenges of a 24/7 airport operating environment and that there is a broad network of third parties and commercial partners who influence the passenger experience.

APAM strongly recommends matters relating to the economic regulation of airports will continue to rest within the purview of the Productivity Commission's statutory 5-year review of monitored airports and considers that the White Paper is clearly not the appropriate mechanism.

- **the role of airlines and airports in supporting regional economies**

APAM welcomes this item and as Victoria's major gateway for international and domestic passengers we recognise our role as a source market for connecting tourism, airfreight and trade into the regions, particularly in the lead up to and during major global events such as the 2026 Commonwealth Games.

Regional flights provide an essential access service for regional communities. In this regard, the Green Paper should also consider that any major domestic and international gateway needs to balance the access for regional air services against the significant economic impact that flights operated by larger aircraft can potentially deliver to the broader economy, particularly as 85% of airfreight through APAM is carried in the belly of passenger aircraft.

In Melbourne, Essendon Fields Airport plays an important role to provide access for regional air services.

- **other significant issues raised during the consultation process**

APAM would support the Green Paper promoting more dialogue around medium-term reform, particularly a wholesale assessment of the efficacy of the *Airports Act 1996* and associated regulations to enabling a 2050 vision of aviation in Australia.

For example, the drafting of the Head Lease and the *Airports Act 1996* is more than 25 years old and does not reflect the practical challenges that have emerged since the pandemic.

The COVID-19 pandemic created significant demand for e-commerce facilities that are strategically located to efficient major road networks, have proximity to CBD hubs and international gateways, and seek respected landholders such as APAM.