



Australian Government

Flight Path to the Future

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# National Aviation Policy **White Paper**

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December 2009







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## Minister's Foreword

The world today is more interconnected than ever before. Modern telecommunications, particularly the Internet, have revolutionised the way we do business, as well as the way we communicate and socialise.

Before the Internet, social networking sites and e-business, the revolutionary force in connecting people was aviation. In the generation following the Second World War, we moved from a society where distance was overcome by trains and ships to one connected by the speed, efficiency and convenience of air transport. Despite our increasing reliance on electronic communications today, when we need to connect physically with business associates or with friends and family in distant places, we will continue, perhaps more than ever, to rely on air services.

More than any other country, Australia relies on aviation to overcome the tyranny of distance. Our vast island continent separates Australians from each other and from the rest of the world and access to air services helps to bridge that divide.

When I released the Australian Government's Aviation Green Paper in December last year, the world aviation industry was just beginning to experience the effects of what has become perhaps the deepest and most protracted economic crisis in the history of the global industry.

This crisis has been the result of what President Obama has called 'The Great Recession'. Of the world's advanced economies, Australia has fared better than most. But aviation, by its very nature, does not stop at national borders.

The aviation industry has been affected more than most other sectors, dependent as it is on the movement of people and goods. Revenue for airlines has fallen substantially and traffic at many airports has declined over the past year for the first time in a decade.

Some 40 airlines have collapsed or gone into bankruptcy over the last two years while most, if not all, of the world's major airlines have recorded losses or sharp falls in profits. The only bright spot has been the performance of some low-cost airlines which have benefited from a shift to cheaper travel.

Australia's aviation sector has been more resilient than most, reflecting the relatively strong performance of the Australian economy and an underlying strength in our domestic industry. Certainly revenues are down as airlines cut prices to fill seats, but the number of domestic and international passengers passing through Australian airports has increased to 122 million in 2008–09.

That Australia's economy has continued to grow is no coincidence. The Rudd Government's Economic Stimulus Plan has helped keep the Australian economy growing, with jobs still being created and people continuing to fly for business and leisure.

It now seems we are beginning to see the first "green shoots" of recovery in the aviation industry. For the month of September 2009 compared with September 2008, passengers travelling into and out of Australia grew by 11.3 per cent. This is the highest month-on-month increase for some time.

There are also signs of growth in the domestic market, with passengers carried on Australian domestic routes in September 2009 increasing by 2.3 per cent compared with September 2008.

The worst of the world recession may be over, but the industry will remain subject to economic cycles and volatile oil prices. Terrorism remains an ever present threat and climate change is emerging as the big issue of the 21st century. Unless we take active measures now, skills shortages will re-emerge as a serious problem as the industry returns to growth.

This White Paper charts the way forward as we tackle the many issues that will confront the aviation industry in coming years.

Maintaining and improving safety and security is the first priority for the Australian Government. Major safety or security incidents seriously undermine confidence in flying, and as we saw with September 11, 2001, the economic impact on the industry can be devastating.

Regulatory agencies need to work effectively with industry to maintain Australia's excellent safety record and there needs to be investment in state-of-the-art air space management technology, including satellite technologies, to cope with ever growing air traffic. We also need to ensure that we have an aviation security regime in place that continues to protect us from the ongoing threat of terrorism.

At the same time, it is important that the cost of regulation does not place an unnecessary burden on the industry, and in particular on the regional and general aviation sectors. The Government is acting to keep regulatory charges at reasonable levels and is also taking steps to ensure that these sectors have continued access to airports.

While parts of the regional and general aviation sectors have struggled to adapt to a deregulated environment, our major domestic and international airlines have prospered. Increased competition, more services and cheaper fares have had huge flow-on benefits for the broader economy, and in particular for Australia's tourism industry. The Government will build on the environment that has brought these benefits, acting to encourage improvements in some targeted areas where service levels have declined.

As airports expand to meet increasing demand and our major cities grow, the issue of planning is assuming increasing importance. It is vital for continued investment in our major airports and for the welfare of surrounding communities that airport development plans be properly integrated with land planning around airports. It is also essential that airport planning processes be more transparent and consultative. The White Paper details the changes the Government will establish to improve planning on and around our major airports.

The Government's aim is to give industry the certainty and incentive to plan and invest for the long term, to maintain and improve our excellent aviation safety record, and to give clear commitments to travellers and airport users, and the communities affected by aviation activity.

This White Paper provides a comprehensive and balanced framework, bringing together all aspects of aviation policy into a single, coherent and forward looking statement — a flight path to the future to continue aviation's crucial role in connecting Australians to each other and to the rest of the world.



**The Hon Anthony Albanese MP**

Leader of the House  
Minister for Infrastructure, Transport,  
Regional Development and Local Government

December 2009

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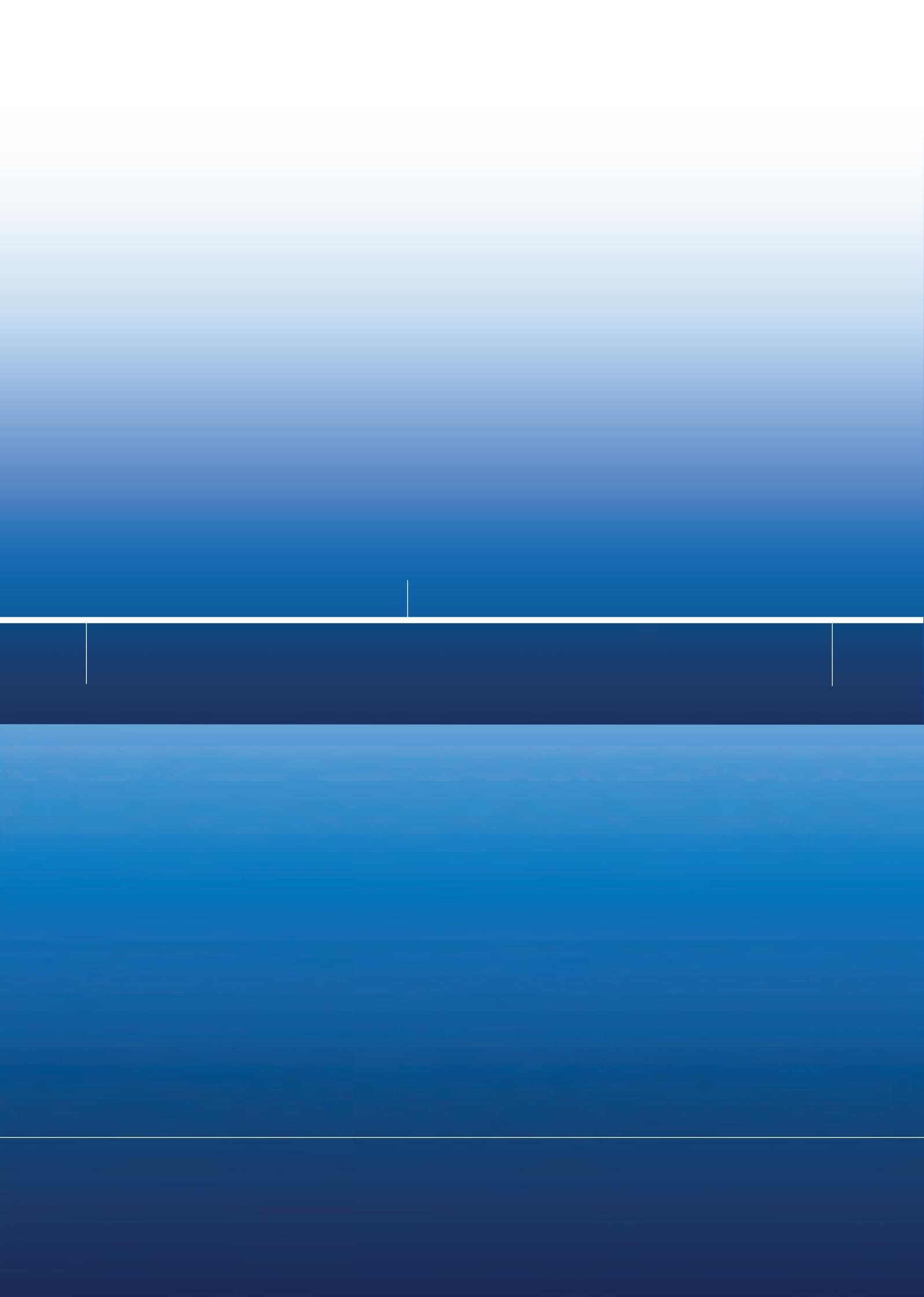
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## Introductory vision and objectives



## Introductory vision and objectives

Aviation is an industry of national strategic importance to Australia. Perhaps more than any other country, Australia depends on air transport to link our people with each other and the rest of the world. More than this, aviation is a critical enabling industry for the broader economy. A safe, secure and efficient aviation industry underpins a range of business, trade and tourism activities that contribute significantly to our economic prosperity.

The Aviation White Paper sets out for the first time the Australian Government's long-term policy objectives for the aviation industry. Looking forward to 2030 and beyond, the Government's goal is a vibrant aviation industry that, through its major contribution to economic activity and our quality of life, builds a stronger, fairer Australia.

This White Paper details firstly, the important role aviation performs in supporting broader economic, trade and social outcomes; secondly, the regulatory framework the Australian Government maintains to keep the industry safe and secure; thirdly the importance of continued investment and protection of aviation infrastructure and reforms to planning arrangements at Australia's major airports; and finally, the importance of minimising aviation's negative impacts on the environment and communities.

The presentation of these priorities reflects the Government's desire to present the industry's role in context, before describing the important initiatives the Australian Government has put in place to improve safety, regulatory and planning oversight for the industry. The maintenance of a safe, secure industry remains the overriding priority of the Government for aviation in Australia. The industry must share this priority to underpin its future sustainable growth.

In framing Australia's future aviation policy framework, the Government has identified a number of key goals for the industry over the coming years.

### AUSTRALIA'S AVIATION GOALS

#### **Safety and security underpin industry growth and remain the highest priorities for the Australian aviation industry and the Australian Government**

- Australians should have a well-founded confidence in the safety of aviation and a strong culture of safety needs to be maintained across government and industry supported by a sound safety governance framework.
- Enhanced aviation safety should be delivered by an effective, efficient and responsive air traffic management system.
- Modern air traffic management technologies and service provision should be used to assist in the reduction of greenhouse gas emissions from aviation operations.
- An effective, focussed and proportionate aviation security system should be in place to mitigate the risk to Australia's air travellers and the general public from terrorism and criminal interference.

#### **Aviation is a key driver of broader economic prosperity**

- Australia should have an open and competitive international aviation market that benefits tourism, trade and consumers, allows Australian and overseas airlines to expand, and maintains a vibrant Australian-based aviation industry.
- Australia should maintain an open interstate domestic aviation market that maximises benefits to the Australian economy within the general framework of national competition policy.
- Aviation businesses should be able to innovate and develop new and improved products and services for the market.
- Employment in the aviation industry should grow with more Australians training for and taking up jobs in the industry.

- > Australians in regional and remote communities should have reasonable access to air services to major cities and other key centres.
- > A safe, efficient and innovative general aviation sector should be maintained to continue to provide essential air transport services and remain a key part of Australia's broader aviation industry.
- > Australia should continue to grow as a leading provider of aviation training.
- > A well-trained workforce, developed through partnerships between government and industry, should meet the continuing needs of Australia's aviation sector.
- > There should be protection and fairness for aviation consumers and the broader community without imposing unnecessary cost or impeding innovation in the aviation industry.

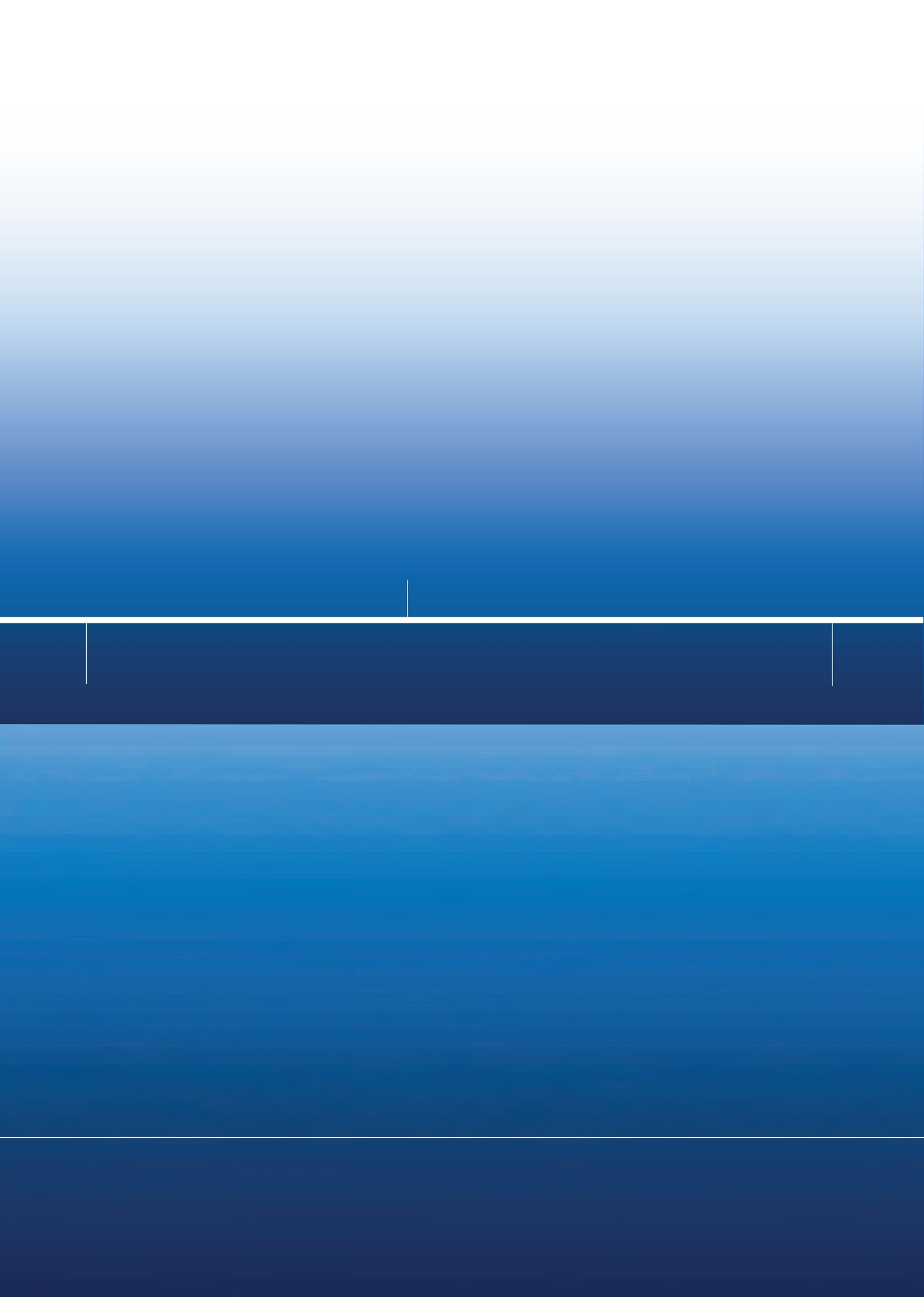
#### **A coordinated approach to airport planning and investment is required**

- > Planning at Australia's airports should facilitate effective integration and coordination with off-airport planning and continued investment in Australia's airport infrastructure and land transport links.
- > Incentives to invest in Australia's airport infrastructure need to be balanced with fair pricing and transparency.
- > A network of regional and local aerodromes should be maintained to support access to air services for remote and regional communities.
- > The future aviation needs of the Sydney region need to be met through the provision of additional aviation capacity, effectively integrated with future land transport and other infrastructure developments and state land use planning.

#### **A responsible approach is required to managing the environmental impacts of aviation**

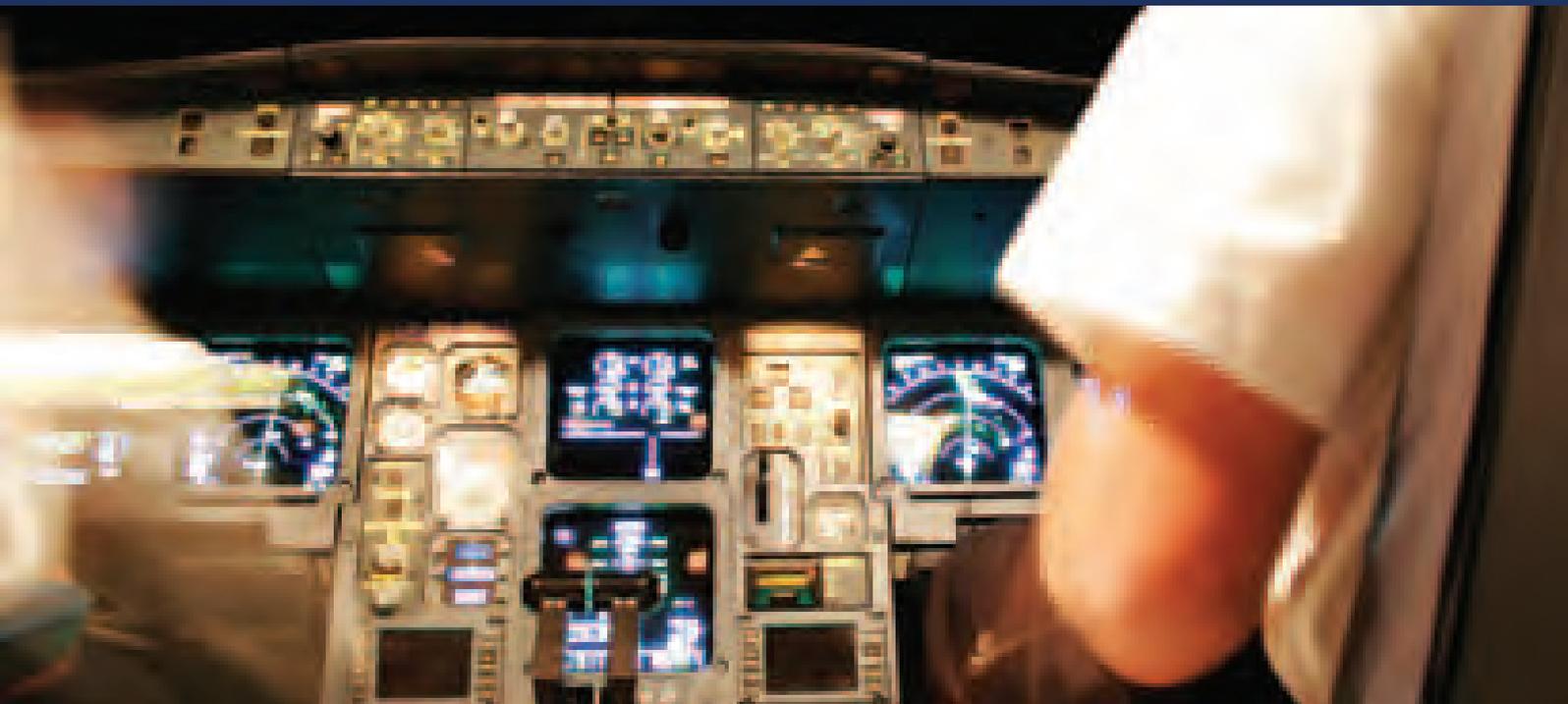
- > The Australian aviation industry needs to play an effective role in the reduction of aviation's contribution to climate change.
- > Recognition of the economic importance of airports needs to be balanced with better management of the impact of aircraft noise in the vicinity of airports and near flight paths.

These objectives will form the basis of the Australian Government's policy directions and the administration of regulation of aviation in Australia.





## Executive summary



## Executive summary

### Overview

The release of the Aviation White Paper marks the first time an Australian Government has brought together all aspects of aviation policy into a single, forward-looking statement. The decision to develop the White Paper was taken soon after the election of the Rudd Government. It recognised the need to move away from an ad hoc approach to policy and planning for the aviation industry to a more coherent, strategic approach.

The first priority of the Australian Government for aviation is the safety and security of the travelling public. The Government has already enacted important reforms to the governance of Australia's aviation safety regulation and investigation agencies as it developed the Green Paper. The White Paper builds on these reforms and recognises that high levels of safety and security must continue to underpin the industry's future growth.

The Aviation White Paper is an important element of the Australian Government's broader strategic plan to build a stronger, fairer Australia and to prepare for the challenges of the future.

The decision to develop the White Paper pre-dated the global financial crisis which engulfed the world during the latter half of 2008. It was taken at a time of strong industry growth where major challenges were appearing in the areas of infrastructure capacity, skills shortages and rising fuel prices. Few anticipated the extent or rapidity with which these concerns would be overtaken by those generated by the financial crisis. Or the extent to which the crisis would spread beyond the financial sector to other industries, none more so than the aviation industry. Crafting the Government's direction in such a rapidly changing financial environment has presented challenges, but it has also highlighted the importance of providing long-term planning, investment and regulatory certainty for the industry.

The impact of recent economic turbulence on the aviation industry has been severe, but history shows the aviation industry will regroup and return to growth as the broader economy recovers. Not only will a rebound occur, but the industry will continue to innovate and expand. The focus of the White Paper, as a long-term policy and planning document, is very much on the future and on the challenges facing both industry and governments in continuing to grow this vital sector.

There will be pressures to maintain high safety and security standards as the industry continues to contain costs and there will be pressures on airports to invest to meet growing demand. At the same time there will be pressures to reduce the impact of aviation activity on communities and the environment. The ability to sustain services to locations with declining populations in regional Australia will be testing for both industry and governments. Another challenge is recruiting and training enough pilots, engineers and air traffic controllers to meet future needs.

The Government's objectives remain:

- > to give industry the certainty and incentive to plan and invest for the long term;
- > to maintain and improve Australia's excellent safety record;
- > to give proper consideration to the interests of travellers and users of airports; and
- > to better manage the impact of aviation activity on communities and the environment.

This White Paper outlines the policy settings and the long-term approach the Government has taken to achieve these objectives.

### International aviation

Over 23 million people travelled on air services to and from Australia in 2008–09, almost half of these tourists visiting from overseas. Continued growth of international air services is vital to support further growth in international business, trade and tourism. The Government will continue to take a liberal approach to the negotiation of international air services rights while protecting the national interest and promoting expanded commercial opportunities for Australia's

international airlines. Travellers and Australia's tourism and trade sectors will continue to benefit from the opening up of Australia's international markets to more competition. The services of Qantas, Jetstar, Pacific Blue Australia and, most recently, V Australia, provide Australia with a strong competitive presence in international aviation markets and the Government supports consolidation and expansion of this presence.

Traffic rights that other countries have to offer will remain an important consideration in Australia's air services negotiations, as will the objective of maintaining a strong and vibrant Australian-based aviation industry. The Government is seeking to move to a new generation of liberalised air services agreements with like-minded partners. These include agreements that go further than the traditional exchange of traffic rights to include open capacity, beyond and intermediate rights, safety, security, environment, competition and investment provisions.

Currently there are secondary foreign ownership limits that apply to Qantas, but not to other Australian international airlines. The Government will amend the *Qantas Sale Act 1992* to remove these limits so that the same investment regime will apply to all airlines. This will increase Qantas's ability to compete for capital and to have more flexible equity arrangements consistent with other Australian international airlines. However, the Government will ensure that Qantas continues to be majority-owned by Australians and that its major operational base remains in Australia.

The Government will also move to encourage international airlines to increase services to Australia's secondary international gateways. Australia's regions have further potential to grow their inbound tourism markets. By providing airlines who serve regional airports with greater access to the major gateway destinations of Sydney, Melbourne, Brisbane and Perth, the Government will provide further incentives to airlines to better service destinations such as Cairns, Darwin and Broome.

## Domestic and regional aviation

Australia's domestic interstate aviation market has been deregulated for nearly twenty years. Competition and the ability of the industry to respond to market demand has seen airlines offer lower prices, more flights and a wider variety of services than was the case before deregulation. The result has been increasing numbers of Australians travelling by air to do business, to educate themselves or simply to enjoy themselves. Domestic air travel has more than trebled over the past twenty years, with over 50 million passenger movements in 2008–09 through more than 180 domestic airports.

There remains overwhelming support for a fully deregulated interstate aviation market and the Government will retain this regime, including open investment in Australia's domestic airlines. The highly competitive domestic market has proved effective in stimulating growth and allowing industry the flexibility and responsiveness to manage the recent economic downturn.

The situation is less clear in regional Australia. There is a contrast between the solid growth rates to destinations such as Cairns, Sunshine Coast or Newcastle, often with a high tourist component, and static or falling demand on services to remote destinations such as Bourke. A trend towards larger aircraft has seen a decrease in both the number of regional airports served and the number of airlines and flights serving them. Declining regional populations and competition from other modes of transport have had an adverse impact on many in the regional aviation industry.

The Government considers that assistance for regional and remote air services and airports can be improved and better targeted at those routes that are unable to sustain commercial operations. Accordingly, the Government will:

- > re-focus the assistance provided by the Payment Scheme for Airservices Enroute Charges onto the more remote routes;
- > consolidate assistance provided by the Remote Air Services Subsidy (RASS) Scheme, the Remote Aerodrome Inspection (RAI) Program, the Remote Aerodrome Safety Program (RASPS) and the Remote Aviation Infrastructure Fund (RAIF) into one overarching program; and
- > work with state and local governments, as well as with local communities, to explore opportunities to improve services to remote communities through the RASS Scheme.

The Government will also ensure regional airlines' continued access to capital city airports, particularly Sydney where capacity is constrained, by retaining regional airlines' existing access slots and their current pricing arrangements.

## General aviation

The general aviation sector comprises a diverse range of operations. Although small in scale compared with domestic mainline operations, general aviation is a vital component of Australia's aviation system, contributing \$279.3 million in gross domestic product and employing almost 3,000 people in 2008–09. It includes recreational and private flying, aerial agriculture and mining work, fire-fighting, flight training, charter and low-capacity passenger-carrying operations, amongst others. General aviation is often the training ground for future airline pilots and employees in other skilled occupations, thereby making an important contribution to the skills requirements of the wider aviation industry.

It has been challenging for the general aviation industry to transition to more commercial charging arrangements, which have occurred since the 1980s. One positive outcome is that these changes have led to the sector becoming more efficient and professional. However the industry needs certainty about access to secondary airports in Australia's capital cities where there have been examples of valuable airport capacity transferred to non-aviation uses in the years immediately following privatisation. The Government confirms its commitment to the continued operation and growth of secondary capital city leased federal airports, vital to general aviation. The Government will ensure airport master plans maintain a strong focus on aviation development at secondary airports and will not allow non-aeronautical uses to compromise the future growth of aviation activity.

The Government will also address the direct burden of rising regulatory charges on the sector by capping overall direct regulatory service fees at current real levels for at least five years. The Civil Aviation Safety Authority (CASA) has placed a high priority on supporting safety and increased professionalism in the sector through its proposed establishment of a sport and recreational policy and strategic framework and a Sport Aviation Office.

Australia has a small but very important aircraft and component manufacturing industry. CASA has been working to establish mutual recognition arrangements with key trading partners including the USA and Europe to lower the regulatory burden for Australia's aircraft and parts exporters. The Government also supports these companies through targeted export assistance programs.

## Industry skills and productivity

The aviation industry requires a well-trained and highly skilled work force. The industry supports nearly 50,000 jobs directly and nearly half a million jobs indirectly through the tourism industry. It is an industry heavily dependent on technical occupations such as pilots, air traffic controllers, IT professionals and aircraft maintenance engineers. The development of a sufficient number of skilled people to meet aviation's needs is essential for the continued growth of the industry. Training arrangements are often complex with aviation workforce skills development taking place at a number of levels – by industry, through higher education, and through vocational education and training.

The Government is strongly committed to building the skills base of Australia's industries and workforce. One of the Rudd Government's first priorities was the establishment of Skills Australia to provide expert and independent advice to the Government on Australia's current, emerging and future workforce skills and workforce development needs.

The Government has also expanded the role of Industry Skills Councils which provide an interface between governments and industry regarding skills needs and workforce development. The role of the Skills Councils now includes the oversight of important improvements in training outcomes for the aviation sector through initiatives such as the development of the Aviation Training Package.

The Government has a broader reform agenda for vocational education and training (VET) and aviation is well placed to take advantage of this agenda. Access to financial assistance for students through VET FEE-HELP has been expanded and several providers of pilot training are now able to offer this assistance to students. The Government is working with the industry to identify further opportunities for eligible providers to offer VET FEE-HELP assistance.

Beyond government initiatives, the industry has become more active and innovative in training and recruiting and is continuing to improve its workforce planning, recruitment and retention strategies. Sustained focus on recruitment, retention and training in the industry is vital for its future growth.

### Consumer protection

As with other goods and services, air travel standards are subject to the *Trade Practices Act 1974* and state and territory fair trading laws. This will continue under the umbrella of broader reforms the Government is enacting to improve oversight for all consumers. The Council of Australian Governments (COAG) has agreed to implement a new national consumer law for Australia. This marks a generational change in Australia's consumer laws and will form a key element in the delivery of a seamless national economy. The new Australian Consumer Law will introduce a single regime of national consumer protection for Australian consumers, giving them greater confidence in the goods and services they buy wherever they are. It will give Australia's consumer law regulators new and improved powers to enforce consumer laws in a nationally consistent way and provide business with a single national law with which to comply.

The Government believes it is important to provide consumers with appropriate protections, without affecting the ability of airlines to set service levels in a competitive market. Airline deregulation has increased the variety of airline fares and services, especially over the past five years with the growth of low-cost carriers. With this expansion, however, has come a degree of uncertainty and dissatisfaction as consumers and airlines have developed differing expectations of levels of service available for discount fare types. In recognition of this, the Government is looking to airlines to develop corporate charters outlining how they will deal with complaints, and to establish an airline industry ombudsman to better manage complaints not resolved by airlines in the first instance.

The Australian Government has already made improvements to provide better compensation payments to air crash victims and their families, while also cutting red tape for industry through the implementation of the 1999 Montreal Convention. Building on this, the Government will now continue to improve carriers' liability arrangements, as well as strengthen the mandatory insurance arrangements for damage caused by aircraft to third parties on the ground.

The Government will continue to work with industry and disability advocacy organisations to identify and implement means through which access to air services for people with disabilities can be improved. A dedicated government, industry and consumer working group has been established to consider a range of issues affecting disability access to aviation services, such as airport terminal facilities, cabin safety matters, and travelling with mobility aids. The Government will encourage airlines and airports to develop and publish Disability Access Facilitation Plans, through which they communicate information on the services available to passengers with disability, and how those services are best accessed.

## Safety and security

A safe and secure aviation system remains the Government's number one priority in aviation. While air travel remains a relatively safe mode of transport, the Government will not allow complacency to threaten Australia's aviation safety and security record. Continuous improvement efforts and investment by industry and government are needed to ensure that high safety standards are maintained.

Australia is responsible, largely through its civil air traffic management provider, Airservices Australia, for communication, navigation and surveillance and air navigation services over an area which covers 11 percent of the earth's surface. Each year, Airservices manages air traffic operations for more than four million flights carrying some 65 million passengers in the Australian flight information region.

One element missing from previous approaches to air traffic management is a government-led, coordinated and forward-looking air traffic policy for Australia. This White Paper sets out strategic air traffic policy directions which provide a sound basis for planning and investment decisions by aviation agencies and industry. These policy directions include a strategy for the increased use of enhanced air traffic management infrastructure, including satellite technology, to further improve safety and meet future air traffic capacity demands.

The Government is also moving towards greater harmonisation of civil and military air traffic management, with the objective of developing a joint operational concept. Such a concept promises significant improvements in safety, efficiency and capacity.

The Government has set in place new governance arrangements for the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB), as foreshadowed in the Aviation Green Paper.

Key tasks for the new CASA Board are to build cooperation between safety agencies and improve ways in which industry has input into CASA's strategies. The Government will be looking to the Board to refocus CASA on its core function of regulating safety and to expedite CASA's completion of its regulatory reform program.

The Government's decision to establish the ATSB as a Commission will provide it with a greater degree of independence and complement the creation of a CASA Board in improving inter-agency cooperation.

To provide CASA with the certainty it needs to implement its strategies, the Government has determined long-term funding principles for CASA. These include a commitment to maintain Budget funding for basic enforcement and regulatory functions. In keeping with its commitment to keep regulatory costs down, in particular for regional and general aviation, the Government will require CASA to cap its direct regulatory service fees at real present levels for at least five years.

As the industry grows, CASA's resourcing base will be secured through appropriate industry cost-recovery arrangements. The Government ensures all funds raised through the current aviation fuel levy are returned to CASA for safety regulation and this will continue to be the case.

Increased investment in air traffic management facilities and services will continue to address identified and emerging risks in Australia's airspace and meet future demand both at our major capital city and regional airports.

Airspace reform will continue, with a focus on ensuring that Australia's airspace administration moves towards closer alignment with the International Civil Aviation Organisation's (ICAO) airspace system and adoption of proven international best practice.

Real threats remain to aviation security and the Government will continue to enhance the security measures in place to reduce the risk to travellers and the general public from these threats. The White Paper contains a set of initiatives to strengthen aviation security arrangements, with reform of some existing measures in the light of experience over recent years. The security system will continue to be flexible, taking account of contemporary risks and threats, while being responsive to future changes.

Key security initiatives include reform of the Prohibited Items List to ensure a better focus on real threats and less disruption for travellers and more consistent targeting of security measures to higher-risk aircraft such as larger turbo-propeller aircraft and charter services. Background checking of aviation workers will be streamlined to minimise the regulatory impact on workers while maintaining the frequency of background checks to ensure ongoing scrutiny of industry participants. The security of air cargo will also be enhanced to meet the ongoing demands of international cargo regulatory frameworks.

## Airport infrastructure

Australia's airports are important transport and economic hubs, handling over 120 million passenger movements in 2008–09 and generating hundreds of thousands of jobs, both directly and indirectly.

Well-planned, efficiently operating, modern airports are important national and community assets. It is essential airports can continue investing and developing as demand for air travel and on-airport services grow. At the same time, the Government recognises the concerns of many about the need for more detail and transparency in airport development and the effects of increased aviation activity on communities close to airports.

The Government will strengthen planning arrangements in several ways. Airport Master Plans will be required to provide better transparency about future land use at airports, including for non-aeronautical purposes. New Planning Coordination Forums will improve planning coordination between major airports and all levels of government, including the implications of developments for local traffic and public transport. Major airports will be required to establish Community Aviation Consultation Groups to give local residents and businesses a better say in airport planning and operations. The Government has already introduced regulations to ensure that certain categories of development on airports which are likely to be incompatible with airport operations — such as schools and residential developments — are subject to thorough community consultation and assessment.

The Government will also improve regulatory oversight of leased federal airports by introducing a tiered approach to price and service quality monitoring, recognising varying degrees of market power. The existing airport pricing regime will be maintained, including price monitoring by the Australian Competition and Consumer Commission (ACCC) of aeronautical services at the five major airports. A self-administered, scaled-down monitoring arrangement will apply to Canberra, Darwin, Hobart and Gold Coast airports as well as improved quality of service reporting. Price monitoring of car parking at Australia's five major airports by the ACCC will continue.

Airports are scarce and valuable transport hubs. In most cases their existence has pre-dated the spread of residential areas and it is not in Australia's overall national interest for existing airport operations to be threatened by new residential developments on greenfield sites close to airports or under established flight paths. Best practice planning, both in terms of housing policy and aviation policy, should not place residential developments close to airports under aircraft flight paths. For this reason, the Australian Government will work with state and territory governments to ensure that development near airports and under flight paths is compatible with the future safe operation and growth of airports.

Well-planned and regulated airports, and good planning around airports, are in everyone's interests — airport operators, airlines, fare-paying passengers and local communities and businesses, as well as all levels of government.

Sydney is Australia's biggest and busiest city and Sydney's Kingsford Smith Airport is Australia's busiest airport, with over 32 million passengers in 2008–09. To ensure the future aviation needs of Sydney meet the expectations of the community and are fully integrated into long-term growth strategies, the Government, in partnership with the New South Wales Government, will work together to plan for the Sydney region's future airport infrastructure, including how it links to Sydney's growth centres and its road and rail transport systems. This is the first time that the two governments are aligning their planning and investment strategies.

Australia's smaller regional airports are an important part of the national transport infrastructure, connecting rural and remote communities with capital cities and regional centres. Through the Remote Aerodrome Safety Program the Government has focussed attention on the upgrading of airstrips in remote and isolated communities. Additional funding was provided in the 2009–10 Budget to upgrade remote airstrips requiring priority attention and the Government will improve the effectiveness of its remote aviation programs by integrating infrastructure and service delivery components through the consolidation of RASS, RASP, RAI and RAIF programs.

### The environmental impacts of aviation

Like all forms of transport, aviation has an impact on the environment and communities. Although aviation is responsible for only two per cent of global carbon dioxide emissions, that proportion is growing, and minimising the impacts needs to be a focus of industry and governments. The industry has made substantial efforts to reduce its environmental footprint. New generation aircraft are much more fuel efficient, less polluting and quieter than planes were just ten or twenty years ago. Air traffic management measures to reduce fuel and noise exposure can also help. However, these will not be enough to offset the impact of continuing growth in aviation activity, which is why the Australian Government is working to improve aviation's environmental performance.

As part of the Government's broader response to the issue of climate change, Australia has ratified the Kyoto Protocol and has proposed a Carbon Pollution Reduction Scheme which would have included domestic aviation to meet carbon dioxide reduction targets. The Government will continue to work through the International Civil Aviation Organization to establish a framework for the treatment of international aviation emissions that can reduce emissions without unfairly disadvantaging Australia's international airlines.

The Government will pursue a range of measures to manage aircraft noise. These include maintaining existing curfews and aircraft movement caps, and phasing out the operation of older, noisy aircraft. The Government has reinforced through recent airport master planning processes the ongoing importance of effective noise management strategies, including the need for a periodic review of the need for a curfew at Brisbane.

The Government will also strengthen Airservices Australia's approach to managing noise complaints and distributing noise information through the establishment of a noise information and complaints ombudsman. Through these measures, as well as better coordination of planning on and around airports and more effective community engagement, the Government will work with the aviation industry and local communities to better deal with the impacts of aircraft noise.



## Summary of Government initiatives



## Summary of Government initiatives

### INTERNATIONAL AVIATION

The Australian Government is committed to continuing the growth of Australia's international air services, providing additional opportunities for trade and tourism, while maintaining a strong Australian-based aviation sector. The Government will pursue an international air services policy which serves Australia's national interests by:

- > continuing the growth of international aviation towards 'open skies' agreements, balancing the economic, trade and tourism benefits that flow from opening up international aviation markets and the need to maintain a strong Australian-based aviation sector;
- > ensuring the capacity available to foreign and Australian airlines under our bilateral agreements remains ahead of demand so that growth is not constrained and airlines can plan for long-term expansion in the Australian market;
- > provide opportunities for regional areas such as Cairns, Darwin and Broome to attract international services by:
  - offering foreign airlines unlimited access to secondary gateway markets (markets other than Brisbane, Sydney, Melbourne and Perth); and
  - increasing these opportunities by offering additional beyond rights and improved access to major gateway markets for international flights linked to secondary gateways;
- > seeking fully open arrangements for dedicated cargo services to support Australia's vital air freight export industries;
- > providing greater opportunities for cross border airline investments through the incorporation of principal place of business criteria in bilateral agreements; and
- > retaining the basic restriction of 49 per cent on foreign investment in Australia's international airlines under the *Qantas Sale Act 1992* and *Air Navigation Act 1920* to ensure our airlines remain majority Australian owned and controlled, but
  - removing the additional restrictions on foreign ownership under the *Qantas Sale Act 1992* (i.e. 25 per cent for foreign individual shareholdings and 35 per cent for total foreign airlines shareholdings);
  - considering more flexible arrangements for ownership of Australian international airlines other than Qantas with governments with which Australia has negotiated Open Aviation Market agreements; and
  - pursuing in key international trade forums a multilateral approach to the liberalisation of international aviation.

### DOMESTIC AND REGIONAL AVIATION

The Government continues to strongly support the maintenance of a fully deregulated interstate domestic aviation market and will continue to:

- > allow up to 100 per cent foreign ownership of Australia's domestic airlines, subject to meeting Foreign Investment Review Board requirements; and
- > ensure the aviation industry is subject to the competition laws that apply to Australian industry more generally.

In recognition of the challenges facing the industry and the communities that rely on regular air services the Government will improve support for regional and remote communities dependent on air services by:

- > continuing to provide funding assistance for regional and remote air services and aerodromes, and spend this assistance more effectively by concentrating it on those routes which need it most;



- > consolidating funding for the Remote Air Services Subsidy Scheme (RASS), the Remote Aerodrome Inspection (RAI) Program, the Remote Aerodrome Safety Program (RASP) and the Remote Aviation Infrastructure Fund (RAIF) and work with state and local governments and communities to identify routes and aerodromes that might be developed as hubs for serving remote areas;
- > refining the Payment Scheme for Airservices Enroute Charges to:
  - enable more assistance to be provided to support routes in more remote parts of regional Australia that are not commercially viable without a subsidy;
  - allow new eligible operators to access the subsidy where existing services have terminated; and
  - reviewing the effectiveness of these changes prior to the termination of the Scheme in 2012.
- > maintaining ring-fencing of regional slots which guarantees regional airlines access to Sydney Airport at existing levels; and
- > continuing with the current regulatory regime which caps pricing for regional airline aeronautical charges at Sydney Airport to CPI levels.

## GENERAL AVIATION

The Government acknowledges the important role general aviation plays in supporting the broader aviation industry as a training ground for future airline pilots and engineers. The Government has recently:

- > provided an incentive for owners to upgrade aircraft through the use of accelerated depreciation rates for aircraft and broader temporary investment incentives introduced as part of the Nation Building – Economic Stimulus Plan and the Nation Building and Jobs Plan; and
- > reduced the number of twenty four hour restricted airspace areas from 81 to 15, as one of a number of major joint civil and military aviation initiatives;

The Government will support the industry's future development by:

- > confirming its commitment to the continued operation of secondary capital city airports, vital to general aviation;
- > ensuring airport master plans maintain a continued focus on aviation development at secondary airports and not allowing non-aeronautical uses to compromise future aviation activity;
- > issuing a new Australian Airspace Policy Statement, effective from 1 January 2010, confirming the safety of public transport services as the first priority in airspace administration;
- > setting out a road map for future infrastructure and technology policy directions for air traffic management to enhance air traffic safety, including a range of infrastructure, systems and technology initiatives;

- > giving effect to further flexible use airspace proposals which will build on recent initiatives by Defence to reduce the number of twenty four hour restricted areas from 81 to 15;
- > finalising the suites of CASA's regulations on licensing and flight operations by the end of 2010;
- > completing the remainder of the CASA regulatory reform program by 2011, providing additional resources to expedite drafting of new regulations;
- > continuing programs of support for essential airport infrastructure and air services in remote areas;
- > ensuring CASA places a high priority on supporting safety and increased professionalism in the sector through the establishment of a sport and recreational policy and strategic framework and a Sport Aviation Office;
- > capping any further increases in CASA regulatory service charges on the sector at Consumer Price Index levels for at least five years;
- > recognising Australia's important aircraft and component manufacturing industry by continuing with CASA's efforts to establish mutual recognition arrangements with key trading partners to lower the regulatory burden for Australia's aircraft and parts exporters; and
- > continuing Government support for exporting companies through the Export Market Development Grants scheme.

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## INDUSTRY SKILLS AND PRODUCTIVITY

The aviation industry will continue to depend on a highly-skilled workforce to support the industry's growth through the next decade and beyond. Planning and investment must take place now to ensure the industry's future skills needs are met.

The Government has:

- > established Skills Australia under the *Skilling Australia for the Future* initiative to provide expert and independent advice on matters relating to Australia's current, emerging and future workforce skills and workforce development needs;
- > expanded the role of Industry Skills Councils which link industry and training providers in the development of nationally applicable vocational education and training and, through the Transport and Logistics Industry Skills Council and Manufacturing Skills Australia, played a leading role in developing training packages for the aviation industry to improve planning and skills development for key industry occupations including pilot, flight instructors, aviation engineers and air traffic controllers;
- > made available training places in priority occupations in aviation through the Productivity Places Program;
- > expanded access to VET FEE-HELP to remove the barriers associated with the payment of up-front fees for aviation training; and
- > established through CASA a Flight Training and Testing Office to improve flying training standards and management and oversight of industry Approved Testing Officers.

The Government will:

- > streamline the application and assessment process for registered training organisations to be approved as VET FEE-HELP providers under the *Higher Education Support Act 2003*, making it faster, more cost effective and more efficient;
- > continue the development of the Aviation Training Package through the Transport and Logistics Industry Skills Council to further improve Flight Instructor Qualifications and Skill Sets;
- > improve flying training standards and management and oversight of industry Approved Testing Officers through CASA's Flight Training and Testing Office;

- > improve workforce planning in Airservices Australia and CASA through development and publication of workforce plans, updated annually to ensure they retain currency and reflect workforce trends;
- > ensure the closer alignment of national civil and military air traffic controller standards and qualifications; and
- > highlight the importance of continued industry improvements in workforce planning and training, including:
  - improved workforce planning which is now being seen in many parts of the Australian aviation industry in response to recent workforce shortages;
  - improved recruitment and retention strategies amongst Australia's aviation industry employers; and
  - improved marketing of aviation careers.

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## CONSUMER PROTECTION

Customer satisfaction is integral to the success and sustainability of the aviation industry. While the Government will continue to afford airlines considerable flexibility in the way they manage and respond to consumer expectations, the Government will maintain — and strengthen where appropriate — its role in setting minimum benchmark standards for airline behaviour.

The Australian Government will safeguard the interests of consumers within the aviation industry by focussing on reforms in three key areas.

### Australian Consumer Law

The Government has moved to improve Australia's broader consumer protection framework by:

- > introducing new laws to stop airlines from advertising misleading fares by toughening the rules on component pricing; and
- > introducing to the Parliament the Trade Practices Amendment (Australian Consumer Law) Bill 2009 providing for the national regulation of unfair contract terms as well as enhancements to the consumer enforcement, investigation and redress provisions.

The Government will:

- > harmonise and coordinate fair trading laws, introduce new and enhanced remedies, and improve protections for all consumers, including air travellers, through the finalisation with states and territories of the Australian Consumer Law; and
- > work with the airline industry to renew its efforts to resolve customer complaints without the need for recourse to the legal system by:
  - developing 'Corporate Charters' to set benchmark standards for the handling of complaints;
  - establishing a mechanism for consumers to have unresolved complaints examined by a third party, such as an industry ombudsman; and
  - reviewing the industry's progress in this regard in late 2010.

### Liability and Insurance Framework

The availability of fair compensation following an air accident is a critical protection for air travellers and their families. The Government's modernisation of the carriers' liability and insurance system will implement changes and updates that are necessary to ensure that the interests of victims and the interests of operator are appropriately balanced.

The Government will:

- › increase the cap on liability for domestic passenger travel from \$500,000 to \$725,000 per passenger;
- › increase the associated compulsory insurance for airlines from \$500,000 to \$725,000 per passenger; and
- › consult with industry on a suitable scheme to make insurance for third party (surface) liabilities compulsory.

### Passengers with disabilities

The Australian Government's focus on communication, collaboration and cooperation between Government, disability advocacy groups and the aviation industry is already yielding significant practical outcomes.

The Government's Aviation Access Working Group (AAWG) is focussed on practical, functional improvements to disability access in the aviation industry and will:

- › facilitate the development of Disability Access Facilitation Plans by airlines and airports to communicate in detail their approach to meeting the needs of travellers with disabilities; and
- › in consultation with the AAWG membership, contribute to the ICAO working group established to review guidelines relating to passengers with disabilities.

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## AVIATION SAFETY REGULATION AND INVESTIGATION

Aviation is critically important to Australia and the Government is committed to ensuring that it remains as safe as it can be. Safety remains the number one priority of the Government in aviation.

The Government has acted to ensure the future of key aviation safety agencies – CASA and the ATSB – by enhancing their governance and independence and extending their authority. The Government has already:

- › established an expert Board for CASA to guide the organisation and to recommend enhancements to CASA's approach to regulation and surveillance of airlines;
- › confirmed the ATSB's independence by establishing it as a distinct statutory authority in the Infrastructure, Transport, Regional Development and Local Government portfolio;
- › strengthened CASA's regulatory powers to inspect and regulate the operation of international carriers operating to Australia to ensure safety standards are being met;
- › strengthened provisions to protect passengers from the carriage of dangerous goods; and
- › strengthened CASA's ability to take enforcement action against operators where there is a serious and imminent risk to public safety.

### The Government's objectives for aviation safety

The Government will also ensure that our safety system as a whole works effectively and that key players, whether they are technical staff or senior management, are working together in the interests of safety.

Safety regulation will be robust and based on clear communication between government and industry. While the safety of the travelling public will be the first consideration, unnecessary or outdated impediments to industry's growth will be removed.

The Government will use the following principles in its approach to aviation safety:

- › The Government will ensure Australia's safety regulatory and investigatory agencies remain world leading and have the skills and capabilities to maintain safety and facilitate the industry's growth.

- > Regulation of safety will take account of best international practice and where possible Australian requirements will be aligned with relevant overseas practices.
- > Australian safety agencies will explore opportunities to adopt technologies that improve safety, and work with industry to implement them.

Finally, aviation safety does not stop at national boundaries and Australia will remain a key contributor on safety in international forums, particularly ICAO, and in our own region.

### Statement of actions

To maintain and improve the safety of Australia's aviation industry the Government will:

- > commit an additional \$3.8 million to allow CASA to recruit additional specialised technical staff to enhance oversight of priority areas such as helicopter activity, foreign operators flying within Australian airspace, and aircraft maintenance undertaken outside of Australia;
- > finalise the suites of CASA's regulations on licensing and flight operations by the end of 2010; and
- > complete the remainder of the CASA regulatory reform program by 2011, providing additional resources to expedite drafting of new regulations;

The Government will ensure CASA:

- > conducts an appropriate level of consultation which allows appropriate industry input but does not unduly delay the regulatory reform process;
- > directs appropriate resources to emerging areas of risk with a particular focus on the surveillance of helicopters, foreign operators, the low-cost carrier sector and the conduct of off-shore maintenance;
- > continues to build a capacity to support the adoption of safety management systems in the aviation industry;
- > continues its focus on the safety of ageing aircraft;
- > continues to enhance the framework for the safe transportation of dangerous goods by air;
- > maintains its existing offices in Townsville, Cairns and Darwin and establishes new work-bases for air safety inspectors in Gove, Kununurra, Broome and on Horn Island to enhance safety oversight of operations in northern Australia;
- > enhances oversight of the operation of unmanned aerial vehicles (UAVs);
- > improves the sport and recreational sector's capacity to self-administer by introducing a strategic framework for sports aviation, a Sports Aviation Office, and a safety forum to assist information exchange within the sector itself, and between it and the safety regulator.

The Government will ensure ATSB:

- > reviews current investigation policies and practices to ensure that the Bureau retains its reputation as a best practice safety investigation agency and its influence on the national and international safety agenda; and
- > continues to undertake an appropriately-scoped research agenda informed by analysis of its own safety data and investigation findings, and by consultation with relevant stakeholders, including CASA, Airservices Australia, educational institutions and the aviation industry.

The Government will also:

- > continue to improve the quality of the inter-agency relationships between safety agencies and with industry players to maintain a safe aviation environment;
- > develop and implement a State Safety Program in 2010 to provide a framework for safety oversight of Safety Management Systems within the aviation industry; and
- > continue Australia's engagement in the region, established by the Indonesia Transport Safety Assistance Package, the *Strongim Gavman* Program and work in the Pacific Aviation Safety Office, to improve regional aviation safety.

## AIR TRAFFIC MANAGEMENT

The Government is committed to maintaining and enhancing international best practice in air traffic management in Australian airspace.

Through clear governance arrangements and policy settings for the government's aviation agencies, and by identifying industry's role in maintaining and enhancing air traffic management safety, the Government is establishing the framework for continuing Australia's excellent air safety record.

The Government's road map for future infrastructure and technology policy directions for air traffic management, set out in Chapter 7 of this White Paper, includes a range of infrastructure, systems and technology initiatives to enhance future air traffic safety.

Australia is already moving to implement the wider application of satellite technology and performance based navigation including required navigation performance (RNP) approaches into our advanced air traffic management system within the next five years. These initiatives will provide safety, efficiency and environmental benefits including operational measures which can help reduce aviation's greenhouse gas emissions and contribution to climate change.

In 2020 Australia will have moved to a national ground and satellite-based network of air traffic management providing a level of communications, navigation and surveillance coverage unprecedented in Australia's aviation history. This will be achieved by the implementation of a number of key short, medium and long-term initiatives such as investment in surveillance infrastructure and the increasing use of performance based navigation and approach with vertical (APV) guidance procedures around Australia.

- > The Government has issued a new Australian Airspace Policy Statement (AAPS), effective from 1 January 2010, confirming the safety of public transport services as the first priority in airspace administration.
- > The new AAPS highlights three key Government airspace policy objectives – closer airspace alignment with ICAO and international best practice, enhanced regional air traffic management services and supporting the use of clear and consistent risk management processes by the Office of Airspace Regulation (OAR).
- > The Government will examine, as part of its broader consideration of CASA funding, the most effective means of ensuring the OAR is appropriately resourced to meet its future safety regulatory work program.
- > The implementation of a number of major joint civil and military aviation initiatives by Airservices and Defence including:
 
  - developing and implementing a national, harmonised civil-military ATM system, enabling economies of scale for the upgrades and refurbishment of civil and military ATM infrastructure;
  - facilitating a national approach to skills accreditation and training, including a national curriculum for air traffic controllers, and the development of a national infrastructure redundancy plan — catering for business continuity and national security requirements; and
  - giving effect to further flexible use airspace proposals which will build on recent initiatives by Defence to reduce the number of twenty four hour restricted areas from 81 to 15.
- > CASA will oversee the implementation of Approach with Vertical Guidance (APV) in Australia – a safer means of managing flight approaches.
- > Airservices will invest almost \$900 million over the next five years to upgrade and replace existing infrastructure. This investment includes critical radar and navigational aid replacements, new control towers and new aviation rescue and fire fighting stations and equipment.
- > The Government will also improve aviation rescue and fire fighting services through establishing better governance arrangements that clarify roles and responsibilities.
- > Airservices will retain aeronautical charges at current levels until 30 June 2011 in recognition of the global economic crisis and its impact on the airline industry.

- > Airservices will review aeronautical pricing options for terminal navigation services in the first quarter of 2010 with a view to establishing a framework that facilitates the enhancement of air traffic services around Australia including at major regional airports.
- > The Government will task Aviation Policy Group agencies to establish by mid-2010 clear criteria, aligned with the nature and complexity of operations at individual locations that will help determine when new, modified or alternate air traffic management services and facilities are required.
- > Defence, in consultation with other government agencies, will develop options relating to industry cost recovery at locations where Defence provides air traffic management and related services to civil aviation for the Government's consideration.
- > Airservices and CASA will update and publish workforce plans annually.

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## AVIATION SECURITY

Australia's aviation security regime has protected travellers and the general public from major incidents to date. However the system must continue to improve and evolve to meet a growing and changing airline industry and ongoing security threats. The Government's aviation security policy settings will continue to be characterised by:

- > mitigation of the key risks to the security of air travellers and the general public;
- > cooperative and effective partnerships between government and industry;
- > alignment of regulatory requirements with international practice; and
- > minimal disruption to passengers and cargo facilitation.

The Government remains committed to working in partnership with industry to provide an aviation security regime with a high level of preventive security, passenger facilitation and efficiency. Australia needs an aviation security regime reflecting current world's best practice while remaining flexible to the future challenges confronting the aviation sector. To this end, the Government is committed to:

- > a systematic approach to assessing aviation security threats, risks and vulnerabilities;
- > appropriate auditing and monitoring to identify and report security gaps and ensure continuous improvement;
- > clear indicators against which security performance is measured;
- > monitoring, collecting and analysing data on security performance to guide performance improvement;
- > driving commitment to security through the senior leadership of the aviation industry;
- > fully integrated airline and airport management systems acknowledging security as a core management responsibility; and
- > industry management systems to address compliance with security requirements.

To ensure Australia remains a world leader the Government will strengthen aviation security by:

- > requiring, from 1 July 2010, passenger and checked baggage screening for all aircraft greater than 30,000kg MTOW operating regular public transport services;
- > extending passenger and checked baggage screening for all aircraft greater than 20,000kg MTOW operating regular public transport and prescribed air services by 1 July 2014;
- > requiring ICAO Hardened Cockpit Door standards to apply to all aircraft with a MTOW greater than 10,750 kg (capacity greater than 30 passengers);
- > continuing to work with airport and airline operators to ensure implementation of more effective 'front of house' arrangements including agreed "alert" and "response" arrangements for security incidents at airport terminals;
- > introducing annual certification requirements for screening officers and screening authorities;

- > ensuring greater national consistency in security outcomes by implementing improved security training programs and a performance management framework of security screening;
- > enhancing the Aviation Security Identification Card (ASIC) regime by:
  - strengthening the cancellation provisions for ASIC issuing bodies;
  - making provision for subsequent background checks for ASIC holders where their eligibility may have changed;
  - increasing the maximum penalty for an ASIC holder failing to report that they have been convicted of an aviation security relevant offence; and
  - tightening the provisions for visitor management at security controlled airports.
- > working with industry to develop a regulated shipper scheme making appropriate use of technology-based screening for high risk cargo;
- > reinforcing the need for effective security strategies to be driven from the highest level in organisations by requiring the responsibility for implementing Transport Security Programs to be reflected appropriately in the Chair or Chief Executive Officer's responsibilities in corporate governance arrangements of the organisation; and
- > expanding Australia's international cooperation regime of visitation activity at high-risk, last ports of call airports.

The Government will seek wherever possible to minimise inconvenience to passengers without compromising security. In particular the Government will:

- > implement a prohibited items regime more in line with internationally agreed standards, taking into account specific threats to Australia by:
  - allowing the use of metal cutlery knives on aircraft and at airport facilities; and
  - removing other low-risk items such as knitting needles, crochet hooks and nail files to minimise disruption to passengers and allow security screeners to focus on items of real risk;
- > reduce passenger delay and inconvenience by amending regulations dealing with unaccompanied baggage in limited circumstances where aircraft are unexpectedly diverted; and
- > amend regulations primarily affecting oversized duty free liquid purchases to potentially allow some duty free purchases to remain on board aircraft during transitional stops on international flights and as a result avoid the need to rescreen these items.

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## AIRPORT PLANNING AND DEVELOPMENT

The Government is committed to work with the leased federal airports and with state, territory and local governments to achieve a more balanced airport planning framework, which will support more integrated planning outcomes, provide communities with more input to airport planning, and streamline the development of aviation infrastructure.

The prime role of the federal airports is to provide aviation infrastructure that serves the Australian community. The current reforms have been developed with this in mind. The planning framework should above all facilitate the development of airports as aviation infrastructure, not only by encouraging investment in aviation facilities, but by enhancing the place of airports as key transport hubs located in vibrant communities and regions.

The framework for reform outlined in this White Paper will support better-integrated planning outcomes through establishing:

- > Planning Coordination Forums for each primary capital city airport to enable airports and governments to more effectively engage on strategic planning issues;
- > an identified list of Expert Advisors, which will enhance the Minister's access to expert appraisal of identified land use planning and integration issues;

- > more detailed Master Plans, including ground transport plans and airport environment strategies;
- > a new requirement for developments with a significant community, economic or social impact to go through a Major Development Plan assessment, which will enable the Government to better assess the impact of airport development on surrounding communities;
- > formalised Community Aviation Consultation Groups to ensure that local communities have direct input on airport planning matters, with appropriate arrangements for engagement with other industry stakeholders such as airlines and Airservices Australia where necessary;
- > a requirement for all applications for building approval on federal airport sites to be published; and
- > a prohibition on incompatible developments on federal airport sites, such as residential developments and schools, unless exceptional circumstances exist.

Conditions for aviation infrastructure investment will be optimised by:

- > removing the requirement for a Major Development Plan assessment for high priority, low impact aviation facilities;
- > providing the Australian Government Minister with discretion to reduce the public comment period around Major Development Plans where the material features of the proposed development have already been addressed in Master Plan consultations; and
- > the development of national airport safeguarding measures, which will ensure that airport operations are subject to minimal unnecessary constraints from nearby construction and development.

### Safeguarding airports

Recognising the economic value and scarcity of airport sites, the Australian Government will work with jurisdictions on a national land use planning regime near airports and under flight paths, to minimise sensitive developments being located in areas affected by aircraft operations. The Government will also work with state, territory and local governments and industry stakeholders to:

- > improve and enhance land use planning arrangements and supplementary public information relating to the impacts of aircraft noise, including to
  - refine the arrangements for use of the Australian Noise Exposure Forecast (ANEF) system;
  - supplement the use of the ANEF system with tools such as measures of single event noise exposure at a location or measures of the frequency of noise exposures above a particular level (N65, N70); and
  - improve mechanisms for ensuring that prospective purchasers of properties in noise-affected areas have notice of the noise exposure and access to understandable information about the likely noise;
- > improve access to guidance material for airports and off-airport planning authorities on the potential windshear and mechanical turbulence effects of new constructions;
- > develop national guidelines for wildlife hazard management in and around airports to minimise birdstrike and other wildlife hazards;
- > develop national guidelines to address technical and navigation issues relating to wind turbine developments, with regard to the potential for electromagnetic interference as well as the potential physical obstruction for aircraft;
- > establish consultative processes to ensure that the potential effect of any new windfarm on aviation operations is considered and addressed prior to approval;
- > work with state and territory governments and authorities to strengthen arrangements to protect airspace around airports:
  - address potential risks to aviation safety arising from inappropriate developments in the vicinity of aerodromes;

- ask that all states and territories put in place statutory powers and regulations to prohibit unauthorised construction that penetrates the published OLS and PANS-Ops surfaces for all airports;
- strengthen requirements for notice of proposed developments in areas where protected airspace might be affected a proposed structure, by cranes or other equipment used during construction, plumes or other gaseous emissions;
- extend the coverage of operational airspace safeguards to all registered airports and aerodromes including incorporating requirements for notification to CASA and Airservices Australia of potentially impacting developments;
- prevent unnecessary interference to aviation technical facilities, such as radar, from new buildings in the vicinity of airports;
- prevent unnecessary lighting and other pilot distractions from off-airport sources; and
- > undertake a detailed examination of the implications of public safety zones in the vicinity of airports.

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## ECONOMIC REGULATION OF AIRPORTS

Major airports require an appropriate economic regulatory framework to prevent abuse of market power. The Government is committed to striking a balance between the needs for effective oversight, transparency for all airport users and incentives to invest.

The Government will:

- > continue the existing economic regulatory regime for leased federal airports, including the price and quality of service monitoring regime conducted by the ACCC until at least 2013, with a full review by the Productivity Commission in 2012;
- > continue with the monitoring of car parking prices and revenue at the five major airports, re-established in April 2008;
- > introduce a self-administered price and quality of service monitoring regime for second-tier airports;
- > encourage airports to pro-actively adopt web-based reporting to present a full picture of the quality of experience and charges passengers can expect at their airports; and
- > include the second tier monitoring system in the 2012 Productivity Commission review to assess the effectiveness of these arrangements.

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## OTHER AIRPORT INFRASTRUCTURE

### Regional and remote airports

Airports and aerodromes are a critical part of the transport infrastructure of regional and remote Australia, often providing the only means of reliable year round transport to other centres and cities. Without them, many Australians and local economies, already disadvantaged by distances from major markets, would be denied access to essential goods and services.

The Australian Government:

- > provides flexible funding to local governments through Financial Assistance Grants with \$1,922.7 million in untied financial assistance grants to local councils in 2009–10;
- > has committed more than \$1 billion to local community infrastructure since November 2008, some of which has been allocated by councils to airport-related projects;
- > has established the \$25 million Local Government Reform Fund to work with councils and shires to improve long-term financial sustainability and resilience by:

- assisting councils implement new asset management and planning consistent with a national framework;
  - funding the collection and analysis of robust data about councils' infrastructure assets; and
  - supporting collaboration between councils on a regional basis for service delivery and planning; and
- › will continue to provide direct assistance for upgrading remote aerodromes in partnership with states and local councils through the Remote Aerodrome Safety Program.

### Defence airports

The first priority of Defence airport facilities and services is to meet national security and Defence Force capability requirements. However, Australia's national airport infrastructure also benefits from the significant role played by Defence in the provision of runway capacity for civil airline use, and air traffic management facilities and services at a number of key locations, especially at Darwin, Townsville and Williamstown.

Defence will be completing a review of civil aviation usage of Defence airports in 2010. Taking account of this review the Government will ensure civil access to Defence airports is compatible with current and future military requirements. The Government will also consider options in 2010 in relation to industry cost recovery arrangements at Defence and joint-user airports where Defence provides air traffic management and related services to civil aviation to ensure Defence is properly resourced to meet compatible future civil aviation requirements at an appropriate level of safety.

### Fuel supplies at Australia's airports

Aviation fuel is an essential industry input that needs to be supplied reliably, with continuity and through competitive market conditions where possible. The responsibility for jet fuel supply assurance ultimately rests with industry. However the Government will support improved planning and communication among fuel suppliers by:

- › finalising a review of the National Operating Committee (NOC) which monitors and advises on potential jet fuel supply disruptions at major airports, including the future of the Independent Person role on the NOC; and
- › continuing to ensure the supply arrangements for fuel at Australia's airports remain subject to the broader competition provisions of the *Trade Practices Act 1994*.

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## FUTURE AVIATION NEEDS FOR THE SYDNEY REGION

The Australian Government will be working with the NSW Government to develop an aviation strategic plan for the Sydney region which will:

- › consider the immediate aviation infrastructure requirements for the Sydney region and the capacity of the existing aviation infrastructure and the land transport network linkages to meet forecast demand;
- › determine the medium and long-term aviation infrastructure requirements for the Sydney region and the capability of the existing aviation assets serving the region to meet the forecast market demand in passenger and freight transport and general aviation sectors of the industry. This would include consideration of:
  - current airport capacity;
  - the implications of future long-term demand forecasts for aviation services;
  - the planning of future economic infrastructure including long-term spatial and land use planning for employment for the region;
  - the location and nature of future urban growth in the Sydney region, and
  - key linkages between existing aviation infrastructure with other transport networks.

- > review existing investment strategies for the civil and Defence airport facilities in the region, including an assessment of their capacity to meet the Sydney regions future aviation requirements;
- > identify strategies and locations to meet the aviation infrastructure needs of the Sydney region, through examining:
  - current and future state land use and land transport planning strategies;
  - Sydney's future requirements for transport and economic infrastructure, including Sydney's future employment nodes ;
  - existing and required transport infrastructure to support additional aviation capacity for the region;
  - the need for other supporting infrastructure (energy, communications, gas, water etc);
  - the availability and application of off-airport protection measures to ensure existing and future airport capacity is protected from inappropriate development which may limit its effective long-term operations and growth;
  - the interaction between airports in the region, including Sydney (Kingsford Smith) Airport;
  - economic and investment and environmental opportunities and challenges associated with future land use; and
  - existing airport policy and legislative requirements.
- > identify any other matters that will need to be considered, in delivering additional aviation capacity for the Sydney region.

#### Future use of the Badgerys Creek Site

- > The Commonwealth and the State will develop a joint proposal for the future use of the Badgerys Creek site, by giving due consideration to:
  - current state land use and land transport planning strategies;
  - the demand for land at Badgerys Creek for future employment and economic development purposes (e.g. strategic manufacturing investment and business park opportunities);
  - zoning requirements;
  - existing and required transport infrastructure to support future employment generation land use;
  - the need for other supporting infrastructure (energy, communications, gas, water etc); and
  - the appropriate land release strategies which maximise long-term employment opportunities in South Western Sydney.

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## AVIATION'S ROLE IN REDUCING GLOBAL CARBON EMISSIONS

Aviation contributes two per cent of total global greenhouse gas emissions but this contribution is growing. Action needs to be taken to ensure the aviation industry's growth is sustainable and its contribution towards global climate change is minimised.

The Australian Government has demonstrated its commitment to addressing climate change, especially through Carbon Pollution Reduction Scheme (CPRS) legislation in which the domestic aviation industry will be included. The Government will pursue the CPRS legislation in 2010.

The Government will also:

- > continue to work through ICAO and other forums to ensure measures to address carbon emissions from international aviation are non-discriminatory and do not disproportionately affect Australia's international airlines;
- > press ahead with the application of improved air traffic management technology and enhanced operational procedures to optimise the efficiency of aircraft operations to and from Australia and in Australian airspace;
- > establish a regime which facilitates improvements to airport operations and infrastructure and gate-to-gate efficiencies; and
- > ensure that a robust transparent regime for monitoring, assessing and reporting aviation carbon footprints is implemented.

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## MINIMISING THE IMPACT OF AIRCRAFT NOISE

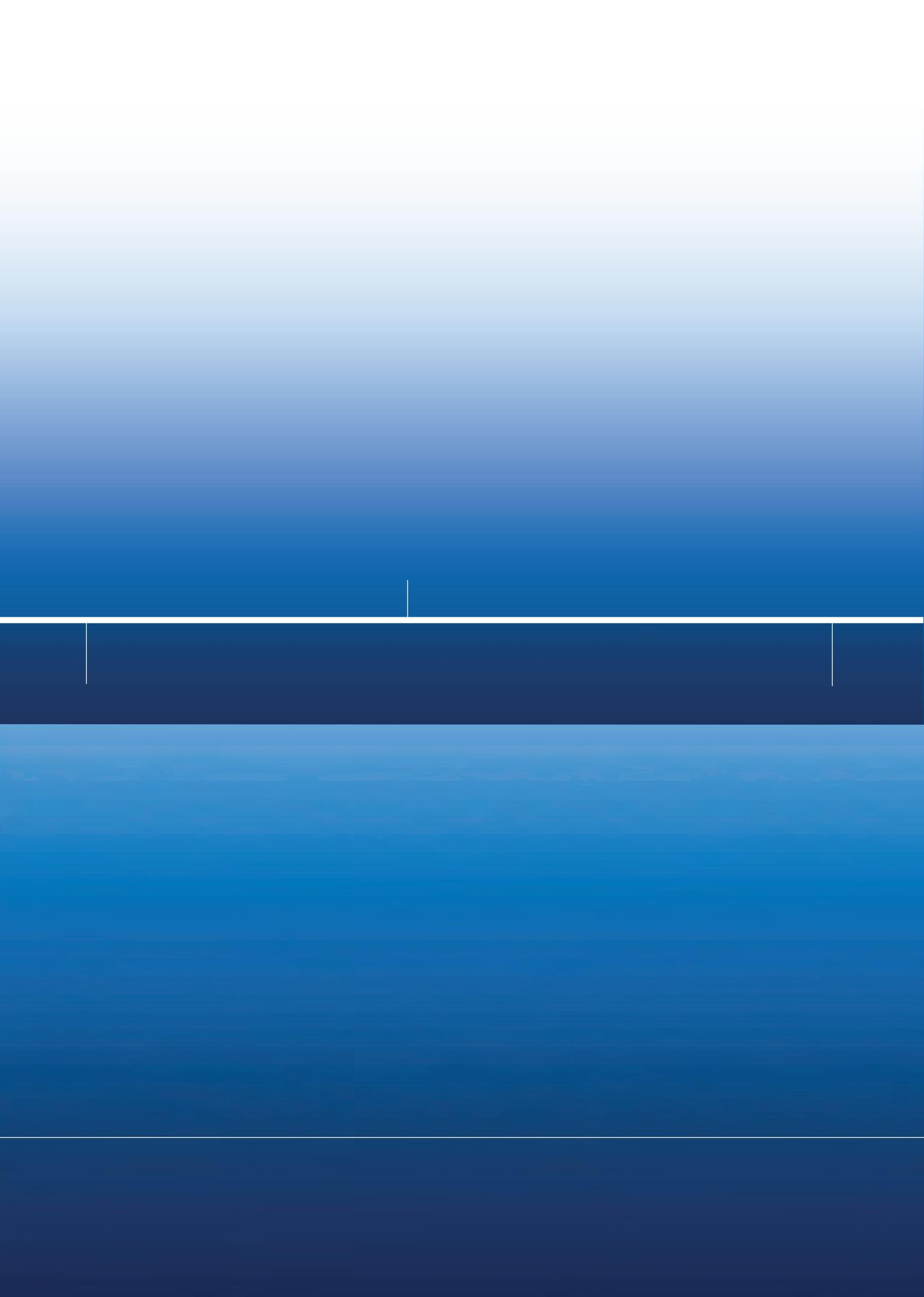
The Australian Government will continue to work with the aviation industry to ensure the impacts of aircraft noise are minimised and to find practical solutions for noise amelioration.

To help all stakeholders understand their respective roles and responsibilities in relation to the management of aircraft noise impacts on the community, the Government will:

- > ensure future airport operations and their economic viability are not constrained by incompatible development and protect existing and future communities from undue exposure to aircraft noise by working through COAG and other forums to put in place an effective national land use planning regime for land near airports and flight paths.

The Government will also:

- > regulate to restrict the operations of marginally compliant Chapter 3 aircraft, such as hush-kitted Boeing 727s, where they contribute to unacceptable levels of noise;
- > maintain the existing curfew regime at Sydney, Adelaide, Gold Coast (Coolangatta) and Essendon airports, where communities have grown in expectation of these arrangements continuing;
- > monitor the noise impact of future airport growth at Brisbane where significant new development and activity is planned over the next decade and establish a review process on any need for a future curfew;
- > establish within Airservices Australia an Aircraft Noise Ombudsman to:
  - independently review noise complaints handling procedures and make recommendations for improvements where necessary; and
  - improve Airservices' consultation arrangements and the presentation and distribution of aircraft noise-related information to the general public;
- > ensure ready access for stakeholders to easily understood information, including through the development of an interactive web based application for non-experts to access aircraft noise information using the Transparent Noise Information Package (TNIP); and
- > develop a framework in consultation with stakeholders for an industry funded noise amelioration program where future major civil airport operations and air traffic changes place residences into high-noise exposure zones.





## Introduction



## Introduction

### The purpose of the White Paper

Safe, efficient and competitive air services are essential to Australia's economy, people and communities. The Australian Government believes that a comprehensive long-term aviation policy framework is needed for the continuing development of this major industry. This White Paper sets out that framework.

The White Paper is an important element in the Government's broader strategic agenda to deliver a stronger, fairer Australia, and a nation able to prepare for future challenges. Australia's aviation industry is an important contributor to these three goals.

The aviation industry does not exist in a vacuum. It drives, and is driven by, broader economic and social development. Aviation is inextricably tied to the world economic environment and an evolving competitive and regulatory landscape.

Demand for aviation services is very sensitive to changing economic circumstances. The recent economic conditions confronting the airline industry have been unprecedented, even for an industry accustomed to boom and bust. Conditions have also impacted on related aviation providers such as airports, as well as to industries like tourism which rely heavily on air transport.

However, beyond the immediate concerns of the current economic downturn, the aviation industry is likely to face continuing challenges. The lesson of history is that change is relentless in the highly competitive and complex aviation world. There are many current forces for change, such as advancing technology, pressure to reduce environmental impacts, evolving safety and security standards, volatile fuel prices, airline consolidation and shifting aviation regulatory frameworks in areas such as cross-border investments and alliances. The pace of change is likely to increase, particularly in our region. For Australia's aviation industry, a stable, supportive policy and regulatory framework provided by the Australian Government will be an important factor in helping the industry to meet future challenges.

The Government sees the release of this White Paper as a timely complement to its broader economic recovery, nation-building and social policy agenda. It sets out a range of initiatives to support the long-term development of the aviation industry at all levels and provides a framework for the industry to build on its past successes.

The White Paper sets out the Government's commitment to a continuation of Australia's excellent aviation safety record and to strengthen aviation security systems, while providing a policy framework for the development of the aviation industry at all levels – international, domestic, regional and general aviation – including through skills and productivity improvements. It sets out initiatives to ensure better planning and integrated development on and around airports and to lessen the adverse effects of aviation activity on the environment and communities.

As part of its broader reform agenda, the Australian Government's aim is to reduce the regulatory burden on business by making government regulation as efficient and responsive as possible, consistent with its policy objectives. Better regulation is not necessarily less regulation, but regulation that delivers on the Government's priorities at the lowest possible cost. The aviation industry, by its very nature and complexity, is highly regulated. Carefully targeted oversight is necessary to ensure that the industry operates safely and securely and its activities create the least possible adverse consequences for those affected by its operations, such as communities around airports. While this necessarily imposes some costs upon the aviation industry, there are very real public benefits associated with doing so. The regulatory measures set out in the White Paper are designed to realise these public benefits at the lowest possible cost to industry and the travelling public.

The Government has ensured a thorough process of consultation in developing the White Paper. An issues paper released in April 2008 initiated discussion on the key areas for consideration in a long-term aviation policy statement. Nearly 300 public submissions informed the Green Paper, released in December 2008, which provided the Government's proposed policy settings and directions across all aspects of the industry. The Government has given consideration to a further

236 submissions commenting on the proposed approaches contained in the Green Paper and its position on those matters is set out in the White Paper.

The result of this rigorous development process is a policy and regulatory framework which the Government believes will serve the Australian aviation industry well for the next decade and beyond. A strong aviation industry will continue to benefit Australia's economy and people.

## Contribution of aviation to Australia's economy

Australia is a vast continent with geographically dispersed cities and towns. Air services are vitally important in connecting our population centres. Just as importantly, aviation services link Australia to the rest of the world. Air services, both domestically and internationally, are an essential facilitator of business activity and underpin our tourism and trade industries. In short, aviation plays a major role in ensuring the strength of the Australian economy. Beyond this, air services connect family, friends and communities within Australia and around the world, contributing to the social cohesion of our nation.

It is therefore no surprise that aviation activity within and to and from Australia has grown strongly over a very long period, despite disruptions along the way because of major world and local events. On the demand side, population and economic growth have driven expansion of air services worldwide. On the supply side, deregulation of Australia's domestic aviation market, removal of investment restrictions and liberalisation of international air services has created competitive market conditions. These have attracted a number of new entrants domestically and internationally, and encouraged airlines to become more efficient and to improve consumer service and choice. Stronger competition has led to lower air fares, opening up air travel to many people who had previously flown only rarely or not at all. Over the years there have been many on-board product innovations which have improved the quality of service to travellers. Aircraft are safer, quieter, better equipped and more fuel-efficient than ever before.

This expansion of availability and utilisation is demonstrated in the growth of passenger traffic in the last two decades. There were 50.2 million people carried by Australia's domestic airlines in the year ended 30 June 2009 and 23.3 million people carried on international air services to and from Australia in the same period.<sup>1</sup> In 1988-89 by comparison, only 16.9 million passengers flew domestically and 7.9 million internationally. Total passenger traffic has nearly trebled over that twenty year period.

Aviation contributes enormously to our economic strength as a nation, including as a major employer. The annual gross value added by the air and space industry to the Australian economy is nearly \$6.3 billion.<sup>2</sup> In August 2009, nearly 50,000 Australians were directly employed in the air and space industries, over 80 per cent of them full-time employees.<sup>3</sup>

This is only the direct contribution of aviation to the Australian economy. Air transport enables access to markets and expands links between businesses. Greater aviation connectivity can increase a country's international competitiveness and lead to improvements in productivity and economic growth.<sup>4</sup>

For example, aviation is a major contributor to Australia's tourism industry. As an island continent with no land borders, Australia relies almost exclusively on air services to bring international visitors to the country, with over 99 per cent of inbound tourists arriving in Australia by air. Domestic tourism also relies heavily on air transport.

Tourism in turn contributes to the Australian economy by being a major employer and generating export earnings. In 2006-07, tourism directly accounted for \$38.9 billion, or 3.7 per cent of GDP, with the employment of 483,000 people. The supply of goods and services to tourism by other

1 Bureau of Infrastructure, Transport and Regional Economics (BITRE), Aviation statistics 2009, <[www.bitre.gov.au](http://www.bitre.gov.au)>, BITRE, Canberra ACT.

2 ABS, Australian National Accounts: National Income, Expenditure and Product (ABS cat. no. 5206.0, June 2009, Table 33).

3 ABS, Labour Force, Australia, Detailed, Quarterly, Aug 2009 (ABS cat. no. 6291.0.55.003, Table 6).

4 *Aviation economic benefits*. Economics briefing No. 8. International Air Transport Association. January 2006.

industries (the indirect economic contribution of tourism) accounted for a further \$28.8 billion of GDP and 370,000 additional employees.<sup>5</sup>

Aviation is also a major supporter of trade, driving global economic growth and rising living standards.<sup>6</sup> Exports generate revenue directly for the Australian economy, while imports bring goods and services demanded by consumers and equipment, materials and components required by Australian industry.

Although air freight represents less than one per cent of Australia's trade by volume, it makes up over twenty per cent of trade by value. This is because air services are utilised to facilitate the flow of high-value and time-sensitive exports and imports.

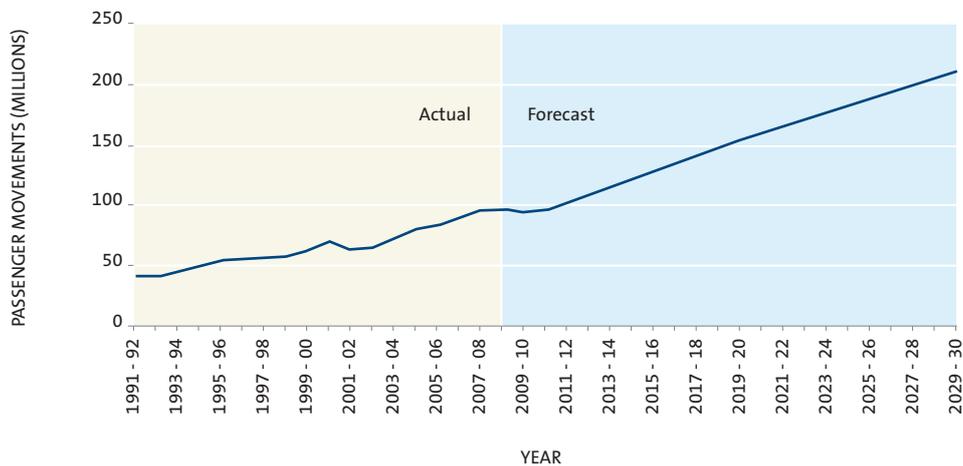
Over 680,000 tonnes of freight, worth over \$100 billion, was carried on international flights to and from Australia during 2008–09. Exported freight accounted for just over 40 per cent of the total cargo carried with a value of \$38 billion, while \$63 billion worth of air freight imports arrived in Australia in during this period.<sup>7</sup>

The importance of air services to trade goes beyond simply carrying cargo. Passenger services are important to many businesses for servicing or meeting customers, and so provide a platform to develop business and ultimately expand export markets.<sup>8</sup>

Notwithstanding current challenging market conditions, growth in the aviation industry is expected to continue. With this growth there will be an increasing flow of economic benefits to the Australian community. As illustrated in Figure 1.1, The Bureau of Infrastructure, Transport and Regional Economics (BITRE) estimates the number of air passenger movements through Australia's capital city airports will increase from 98.1 million in 2008–09 to 205.8 million in 2028–29, more than doubling the number of passengers compared with the present time.<sup>9</sup>

**Figure 1.1:** Air passenger movements through Australia's capital city airports

Source: BITRE, *Aircraft Movement Forecasts*, 2009.



The aviation industry has shown a remarkable ability to withstand major shocks over a long period of time, to recover from those set-backs and to continue developing with renewed vigour. There is every reason to expect this resilience will continue into the future as the industry overcomes the effects of the current economic downturn.

<sup>5</sup> *Tourism's contribution to the Australian economy 1997–98 to 2006–07*. Tourism Research Australia. Canberra, October 2008.

<sup>6</sup> *The economic contribution of the aviation industry in the UK*. Oxford Economic Forecasting. October 2006.

<sup>7</sup> Australian Bureau of Statistics (2009) *International Cargo Statistics*, unpublished, Canberra.

<sup>8</sup> *The economic contribution of the aviation industry in the UK*. Oxford Economic Forecasting. October 2006.

<sup>9</sup> Bureau of Infrastructure, Transport and Regional Economics (BITRE), 2009, *Aircraft Movement Forecasts*, BITRE, Canberra ACT.

## Current economic challenges facing the aviation industry

While our nation and its economy rely heavily on high quality, safe and competitive air services, the converse is also true. The aviation industry relies for its long-term viability on the strength of the Australian economy and economies around the world. This means that aviation, like all sectors of the economy, is vulnerable to economic downturns. When economies weaken, all aspects of the aviation business are affected.

For airlines, business travel declines as companies look to reduce costs. This is a serious problem for airlines because they generate much of their profitability from business travellers, who generally pay a premium to economy class travel. Travel for holidays and to visit friends and relatives is also cut back, as households become more cautious with discretionary expenditure. This would be problem enough if Australia's economy alone was affected. It becomes a major concern when the whole world is caught up in an economic recession. Because Australian aviation and our broader economy rely heavily on the flow of international travellers to this country, when economies around the world weaken, travel from the rest of the world to Australia falls, reducing the amount of money spent on air travel and in Australia.

The carriage of cargo is also affected, with demand for space for air freight linked closely to the level of business activity both within Australia and on our international trade routes. Air freight contributes significantly to the economic viability of passenger airlines, with the belly-holds of passenger aircraft typically containing significant amounts of cargo.

In turn, businesses which service airlines and their passengers are adversely affected when aviation markets decline. For example, airport operators and businesses on airports suffer falling revenues as fewer flights, passengers and freight move through airports. Beyond this, industries such as tourism which are connected directly or indirectly with the provision of aviation services are adversely affected.

The world financial crisis has meant that all of these negative events are happening to the aviation industry world-wide. The International Air Transport Association (IATA) described the lasting effects of global recession on the industry in late September 2009: "The global economic storm may be abating, but airlines have not yet found safe harbor. The crisis continues."<sup>10</sup>

In September 2009, IATA forecast combined airline losses of US\$11 billion for 2009, with revenues projected to fall by US\$80 billion. Passenger demand overall has fallen, with a particularly sharp fall in premium traffic (first and business class passengers). The situation for air cargo is even worse with utilisation at less than 50 per cent despite the removal of 227 freighters from the global fleet. The gravity of the situation is illustrated by the fact that the industry revenue is expected to decline in 2009 by 15 per cent, worse than in the period after the September 2001 attacks on the United States when revenue fell by seven per cent.

As a result of the world financial and economic crisis, there has been a shakeout in the worldwide aviation industry. Many airlines around the world have failed. Others are likely to follow.

Australia's own aviation industry has not been immune from the challenging global economic conditions. Our largest airline, Qantas, has made capacity cuts, grounded some aircraft, deferred aircraft orders and frozen capital expenditure. Job losses have also been announced as profit levels have fallen. Despite this, Qantas has remained one of the few airlines in the world to record a profit for the 2008–09 year.

In August 2009 Virgin Blue Holdings announced an after tax loss of \$160 million for the year ending 30 June 2009. Start-up costs in Australia's newest international airline, V Australia, contributed substantially to the result.<sup>11</sup>

Unfortunately some of Australia's smaller airlines have failed. Airlink, which operated services from Dubbo to a number of western New South Wales locations, ceased operations in December 2008. MacAir, a provider of regional services in Queensland, was wound up in February 2009. Sky Air

<sup>10</sup> *Deeper Losses Forecast, Falling Yields, Rising Fuel Costs*. IATA press release, 15 September 2009. [www.iata.org](http://www.iata.org)

<sup>11</sup> Virgin Blue Holdings press release, 27 August 2009

World, which operated domestic and international services, ceased flying in March 2009. In May 2009, Ozjet ceased operations from Perth to Denpasar in Indonesia and Derby in Western Australia.

Nevertheless, as previously observed, Australia's aviation industry has demonstrated its resilience, not only in this crisis but in the face of crises over many years. It has survived recent events such as the September 2001 terrorist attacks, the collapse of Ansett, the SARS virus in 2003 and record high fuel prices throughout 2007 and much of 2008. It is no surprise then that Australia's aviation industry has acted quickly to respond to the current crisis.

It has been an unfortunate necessity that some of Australia's airlines have laid off employees as part of their cost containment measures. While this is an understandable response to the difficult economic climate, the loss of jobs highlights the personal consequences of the economic downturn. The Government expects employment growth in the aviation industry will return as the broader economy recovers.

The global economic crisis has created more difficult circumstances for the industry than perhaps at any time in its history. This is why the Australian Government is acting on two fronts, to tackle the issues facing the industry now, but also to help it prepare for the challenges of the future.

The first set of responses is through the major initiatives to support the Australian economy, working in concert with governments around the world to ensure a global response to the current crisis. World economies are interdependent, so recovery efforts in one nation are unlikely to succeed without co-ordinated action by other countries. As economies recover, so will the aviation industry around the world and at home in Australia.

Secondly, the initiatives set out in this White Paper are providing a framework to sustain the long-term growth and development of the aviation industry.

### The Government's response to the financial and economic crisis

The scale of the global financial and economic crisis and its impact on the aviation industry is unprecedented in the history of modern aviation. There are now signs of recovery in the world economy, but there is no room for complacency. In its October 2009 *World Economic Outlook* the International Monetary Fund (IMF) said that after the steepest drop in global activity and trade since World War II the global economy was expanding again and financial conditions had improved markedly. The IMF predicted, however, that the pace of recovery would be slow with major ongoing risks and warned that fiscal stimulus needed to be sustained until the recovery was on a firmer footing. The IMF also upgraded its forecast for the Australian economy, confirming that it has outperformed all advanced economies during the global recession, with stronger growth and lower debt and deficits. According to the IMF, Australia will be the only advanced economy to record positive growth in 2009.<sup>12</sup>

The economic upheavals the world has experienced cannot be solved by countries acting alone or in haphazard ways. In our interconnected world, national economies depend significantly on each other for their economic health. Australia is engaged with other countries, through forums such as the Group of Twenty (G20) leading industrial nations, to ensure co-ordinated action by governments and central banks to address the world economic challenges.

A major priority for the G20 has been a concerted fiscal expansion aimed at saving or creating millions of jobs which would otherwise have been lost. While central banks have cut interest rates sharply in most countries, G20 leaders have pledged to maintain expansionary policies for as long as necessary, consistent with price stability. G20 leaders have acted to restore domestic lending and international capital flows as well as ensuring the soundness of the banking system.<sup>13</sup>

The Pittsburgh G20 Summit in September 2009 marked a critical transition from crisis to recovery. The G20 Leaders agreed to continue implementing aggressive policies to restore economic growth and create jobs, to adopt a new *Framework for Strong, Sustainable and Balanced Growth* and to

<sup>12</sup> IMF *World Economic Outlook and Global Financial Stability Report*, October 2009. [www.imf.org/external/pubind.htm](http://www.imf.org/external/pubind.htm)

<sup>13</sup> Global plan for recovery and reform: the Communique from the London Summit. Group of Twenty, 2 April 2009. <http://www.londonsummit.gov.uk/en/summit-aims/summit-communique>

reform financial regulation and supervision to avoid a return to the risky practices that led to the crisis. It was also agreed that the G20 would become the key forum for international cooperation, giving Australia an historic opportunity to play a role in tackling these crucial global issues.<sup>14</sup>

A concerted international response, combined with the Australian Government's own major stimulus measures, have been critical to Australia avoiding recession and laying the foundation for a return to solid growth. International travel and trade is closely related to levels of economic activity. As economies around the world recover, so too will the flow of travellers and freight to and from Australia, benefitting our aviation industry. This in turn will have down-stream benefits for a range of other industries, including tourism and exports.

For its part, the Australian Government acted quickly and decisively to strengthen the Australian economy in the face of falling demand, beginning with a \$10.4 billion program announced in December 2008 under the Government's economic security strategy. The Government also took a number of steps to support the banking and financial system, including increasing the issue of Commonwealth Government securities in December 2008.

In February 2009, the Australian Government announced its \$42 billion Nation Building and Economic Stimulus Plan. This contained a suite of measures designed to stimulate demand, assist business and build national and community infrastructure.

The package contained measures to more directly assist business and encourage investment during the downturn. For example, a 30 per cent extra tax deduction for business to acquire or improve existing tangible assets was made available up to 30 June 2009, with a 10 per cent deduction available for the rest of 2009.

The establishment of Infrastructure Australia has created a national and co-ordinated approach to infrastructure planning. Infrastructure Australia has conducted an audit of infrastructure bottlenecks and gaps which it is addressing in a co-ordinated way. Following on from this work, the 2009–10 Budget has continued strengthening the national economy with major new infrastructure spending announced. The Government committed an additional \$8.5 billion to nationally significant transport infrastructure projects. The funded projects were selected from lists of suitable projects recommended by Infrastructure Australia after a rigorous assessment process. This large scale investment in nation-building infrastructure will contribute to driving Australia's long-term economic prosperity, while supporting jobs in the construction phase.

## Overview of aviation initiatives through the Aviation White Paper

The White Paper sets out an aviation-specific policy and regulatory framework designed to support and facilitate the development of the aviation industry over the longer term. This framework, and a raft of specific measures within it, will complement the broader economic initiatives implemented by the Australian Government to respond to the global financial and economic crisis. This integrated strategy will assist the aviation industry through current challenges, and provide a strong foundation on which to build for future growth.

The overarching principle in the White Paper is that a strategic approach to the industry is the best basis for securing the aviation industry's future. This approach will be based on effective safety and security oversight, competitive markets, effective planning at and around Australia's airports and appropriate management of the environmental impacts of aviation.

The Government expects the result to be an aviation industry which best serves the interests of the travelling public, the industries and businesses which rely on aviation and the communities affected by the industry's activities. More broadly, it should mean that aviation will continue to play its pivotal role in the strength of Australia's economy and community.

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<sup>14</sup> *The Pittsburg Summit 2009, 24–25 September 2009.* [www.pittsburghsummit.gov](http://www.pittsburghsummit.gov). *The Treasurer, the Hon Wayne Swan MP, Media Release No. 107 of 1/10/200.*

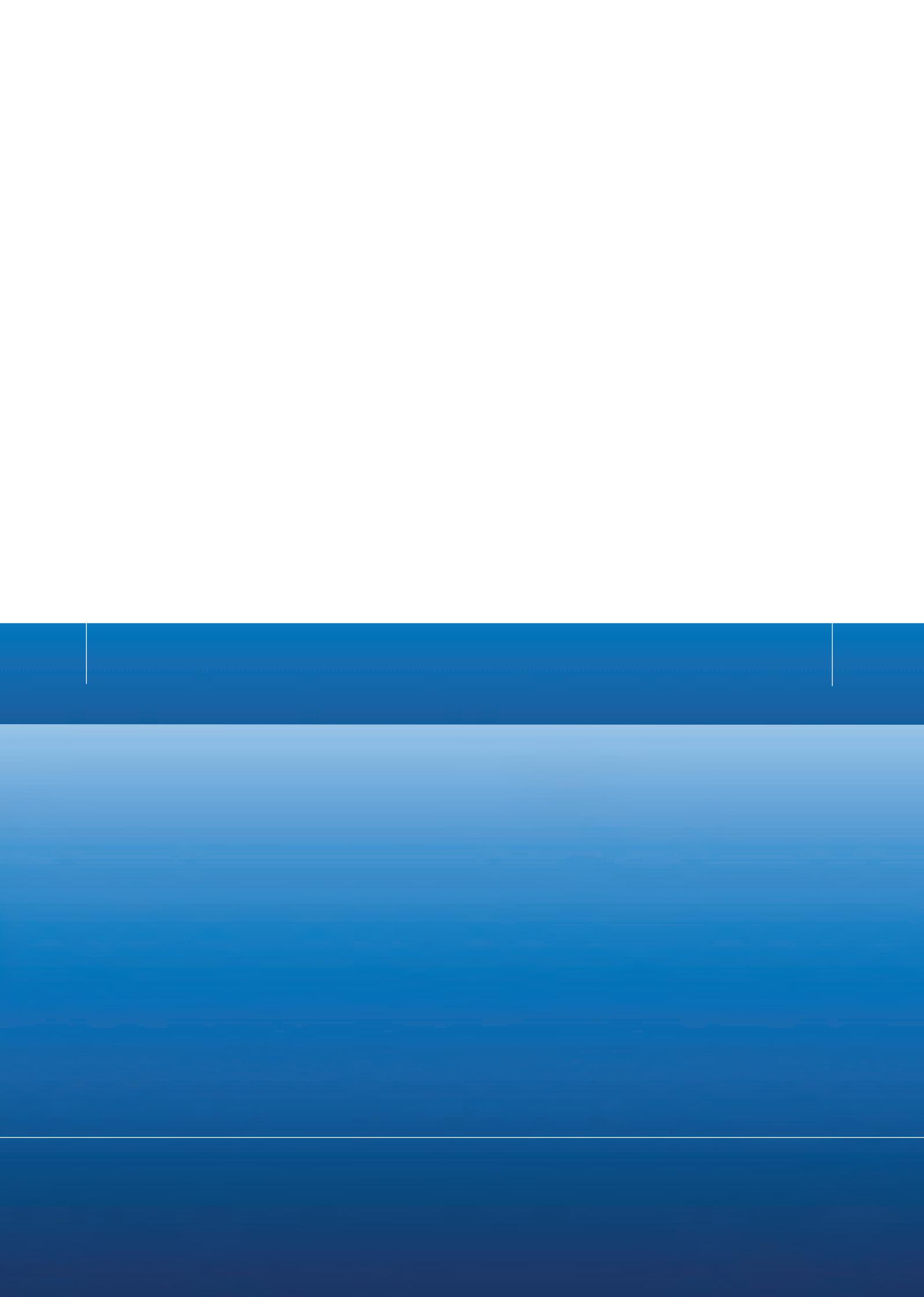
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# SECTION ONE

## AVIATION AND ECONOMIC DEVELOPMENT





# CHAPTER ONE



## International aviation



# International aviation

## POLICY GOAL

An open and competitive international aviation market that serves the national interest by benefiting tourism, trade and consumers, allows Australian and overseas airlines to expand, and maintains a vibrant Australian-based aviation industry.

## BACKGROUND

As an island continent geographically isolated from major international markets, Australia is more reliant on international aviation than any other country. International air services provide vital connections to global markets for Australian businesses and the tourism industry, generating billions of dollars for the Australian economy.

The regulatory framework governing international aviation is complex, based on a system dating back to 1944. The framework consists of a series of interlinked government-to-government bilateral treaties, determining levels of market access for countries' respective airlines, outside of which access to aviation markets is closed.

Australia has been at the forefront of aviation liberalisation since the late 1980s when the then government embarked upon a series of reforms to open up access on international routes, involving moving away from a policy based almost exclusively on protecting the interests of national airlines to negotiations based on promoting broader trade, consumer and tourism benefits.

Liberalisation of the aviation market has forced our airlines to become more efficient and flexible to meet market demands. It has also allowed new entrants into the market, increased options for consumers and reduced prices.

However, the regulatory regime governing access to international air services remains complex and dependent on individual bilateral treaties between governments. The Australian Government will need to continue to work within this bilateral framework for the foreseeable future.

## POLICY ISSUES

### Liberalisation

As an island nation, Australia depends heavily on international air services for its links to the rest of the world. Over 99 per cent of international passengers to and from Australia are carried by air. High-value air freight relies on the speed and reliability of air services. International air services are critical to our domestic economy, to the tourism industry and to our business, social and cultural connections.

The regulatory framework governing international air services is complex. While most sectors of international trade operate on the presumption that the market is open unless governments restrict that market, international aviation is different as the market is closed until governments act to open the market.

The underlying framework for the regulation of international aviation is contained in the 1944 Convention on International Civil Aviation, which is commonly referred to as the Chicago Convention. The *Air Navigation Act 1920* gives effect to the Chicago Convention in Australia.

International aviation is governed by a series of government to government bilateral treaties determining levels of market access for countries' respective airlines. Over 3,500 of these bilateral air services agreements are in place, operating for the most part outside the World Trade Organisation (WTO) and international free trade agreements frameworks.

While some tentative steps have been taken in multilateral forums, such as the WTO, the global application of free trade principles to international aviation remains a longer term goal. Liberalisation within the bilateral system is likely to remain the only way to open up aviation markets for the foreseeable future.



Bilateral air services agreements set out the number of weekly flights that airlines of the two countries can operate, cities they can serve in the other country and rights to operate via or beyond to third countries. The agreements typically also include provisions related to such matters as airline ownership and control, competition law, safety and security.

The outcomes of bilateral air services negotiations often represent a compromise outcome that balances the needs of both parties, with each side seeking to maximise the benefits for their respective countries. In such an environment it can often take several rounds of negotiations, over many years, to achieve the most favourable outcome.

A flexible policy framework is needed that can accommodate growth in international markets over the medium to long-term, with a focus on key markets, while maintaining a strong Australian-based industry.

In framing its international policy settings, the Government aims to:

- > improve opportunities for Australian carriers to access international markets;
- > increase competition and choice for Australian and foreign travellers on international routes to and from Australia; and
- > improve trade and tourism opportunities for Australian industry.

There was broad support in responses to the Green Paper for the view that Australia's international aviation policy settings needed to provide a platform for enhanced trade and tourism flows and deliver benefits for the broader Australian economy. Stakeholder comment varied, however, on the pace of liberalisation. Australia's international airlines were broadly supportive of the current policy where changes to individual bilateral agreements seek to balance the need to obtain commercially useable rights for Australian carriers with the benefits which flow from increased foreign airline access. Other stakeholders argued Australia would be better served through allowing greater access for foreign airlines.

The Government will continue to pursue liberalisation of the international aviation market, including 'open skies' style agreements, where these are assessed to be in the national interest.

In all cases the Australian Government will seek to ensure capacity available under our bilateral agreements remains ahead of demand so that airlines are free to make commercial decisions about the frequency and types of services they operate. Such an approach provides airlines with the regulatory certainty to enable them to commit to long-term growth plans in the Australian market.

As a long-haul, end-point destination Australia has few valuable traffic rights to trade in exchange for access to overseas markets and we need to maximise what negotiating leverage we do have. Access to the trans-Pacific route between Australia and the United States remains one of the few valuable rights we have available to trade.

The establishment of an open skies agreement with the United States has allowed greater competition on the route. V Australia and Delta have joined established airlines Qantas and United Airlines on the route, offering a greater range of services and lower fares.

The Australian Government has made it clear that V Australia will be given a reasonable opportunity to establish services on the trans-Pacific route. The Government will then be ready to consider trading such access in return for additional commercial opportunities for Australian airlines. The maximum national benefit possible would be sought should such a trade be contemplated.

Like many areas of international trade, international aviation is subject to a range of market distortions that advantage some airlines and disadvantage others. Continued government ownership of some international airlines, the presence of government subsidies and support, differing approaches to bankruptcy protection and divergent tax regimes create market distortions beyond the scope of bilateral air services agreements.

The Australian Government will continue to take a pragmatic approach to liberalisation, based around achieving a balance between the trade, tourism and consumer benefits and the objective of maintaining a strong Australian-based aviation sector.

### International market outlook and market priorities

The aviation industry is highly cyclical and also vulnerable to shocks such as war and terrorist incidents, disease outbreaks like SARS and volatile oil prices. Heavily dependent on international trade, aviation has been severely impacted by the global financial crisis. Notwithstanding the current economic downturn, international aviation is still expected to grow steadily over the medium to long-term.

Australia's negotiating priorities are designed to ensure that opportunities in both mature and emerging markets can be taken up and that capacity remains ahead of demand. Already, nearly half of Australia's international passengers travel under open skies or open capacity agreements (with the United States, United Kingdom, New Zealand and Singapore). Australia's airlines need opportunities to pursue new and growing markets, engaging strategically with key economies to expand Australia's global network and harness emerging tourism and trade markets.

Australia's broader economic concerns, of which airline interests are one part, determine Australia's negotiating priorities. The Government is committed to ongoing consultation to plan our forward negotiating priorities to ensure that all the interests that go to make up the broader national interest are taken into account.

In particular, the Government has decided to strengthen the National Tourism and Aviation Advisory Committee (NTAAC) to improve the quality of industry participation in advising the Government on tourism priorities for air services negotiations.

NTAAC was established in 2005 to develop formal working relationships between major stakeholders in the tourism and aviation industries and assist in tourism related aviation issues, including the strategic development of air services agreements. The Government supports NTAAC better realising its potential by raising the level of involvement of industry players. The Government will improve focus and leadership by leading at a ministerial level with Ministers responsible for tourism and aviation co-chairing NTAAC, replacing the former departmental oversight. The Government expects industry to respond by raising participation to appropriately senior levels of the respective organisations participating at NTAAC.

Recent strong growth in several emerging aviation markets highlights Australia's growing people-to-people and commercial links with those economies. Average growth in the number of visitors from some key markets — including, China, the Middle East, India and South America — has exceeded 10 per cent annually over the last five years.

The Australian Government will continue to pursue flexible arrangements with these and other growing markets to facilitate further business and travel opportunities.

The Government has been a strong proponent of air services liberalisation in the South Pacific and has worked with airlines and governments in the region to develop air services opportunities. Over recent years a number of studies have highlighted the importance of continued liberalisation of

the economic regulatory environment across the South Pacific region to improving the efficiency, effectiveness and sustainability of air services in the region. The *Forum Principles on Regional Transport Services* endorsed by Pacific Islands Forum leaders in 2004 also reflected this need.

The Pacific Islands Forum has spearheaded the goal of a single aviation market in the South Pacific, to be underpinned by the Pacific Islands Air Services Agreement (PIASA). PIASA is currently in force between the Cook Islands, Nauru, Niue, Samoa, Tonga and Vanuatu. Australia and New Zealand are considering accession to PIASA from April 2010. The Australian Government has previously indicated it will consult Pacific Islands governments prior to acceding to PIASA.

Noting the value of a renewed commitment to liberalisation in the South Pacific region, and the opportunities presented by a single South Pacific aviation market, the Government will pursue the liberalisation of Australia's air services arrangements with South Pacific countries, and will commence a process of consultation with South Pacific governments regarding the possibility of Australia's accession to PIASA.

Most of our bilateral air services agreements have capacity entitlements well ahead of current services, meaning Australian and foreign airlines are free to commence or increase services based on their commercial judgement. Where capacity constraints become evident, the Government is committed to scheduling negotiations to seek agreement to additional capacity entitlements.

The Australian Government is also interested in pursuing with like-minded partners a new generation of air services agreements which go beyond traditional 'open skies' agreements. In addition to unrestricted international traffic rights and capacity, such agreements hold out the prospect of enhanced cooperation in such areas as aviation safety and security, competition law and environmental protection and offer greater opportunities for cross border airline investment and consolidation.

Negotiations are progressing on such an agreement with the European Union (EU). A single comprehensive air services agreement with Australia's largest trade and investment partner would enhance commercial aviation opportunities with all 27 EU member states and build on the bilateral arrangements currently in place with 17 European countries, removing many, if not all, the market barriers between Australia and the EU. The EU is one of Australia's largest aviation markets with 4.6 million passengers flying between Australia and EU countries in 2008.

Achieving a single comprehensive air services agreement would potentially allow Australian and European airlines to offer more flights between Australia and Europe and a wider range of services at the most competitive prices. The benefits would be shared by Australian airlines, businesses and travellers. Currently, flights from Australia to Europe are subject to constraints contained in bilateral agreements. For example, Australian carriers are only allowed to offer three flights per week to Paris.

Several foreign airlines have been active in marketing Australia as a tourist destination and have made significant investments in Australia through sponsorships and establishing training and maintenance centres. The Government welcomes such commitments to a long-term presence in the Australian market and encourages other airlines to invest in ways which will benefit both them and Australia. Airlines which have demonstrated such a commitment have been given significant opportunities to increase services to Australia.

The Australian Government will continue to support the growth plans of foreign airlines which commit to a long-term presence in Australia and invest in our aviation and tourism industries, thereby increasing local job opportunities.

### **Liberalisation through multilateral and regional arrangements**

The Australian Government recognises the economic, trade and tourism benefits that flow from the removal of regulatory barriers in aviation. The Government will continue to promote the benefits of a deregulated aviation services industry in a variety of international forums, including the World Trade Organisation and the International Civil Aviation Organization, and in trade negotiations.

However, progress in multilateral forums is difficult and in the short term more progress can be made through liberalising bilateral agreements. For the longer term, the Government will explore opportunities to work with key regional bodies such as the Association of Southeast Asian Nations, the Asia-Pacific Economic Cooperation and the Pacific Islands Forum, to promote greater liberalisation in the Asia – Pacific region, with a view to developing consensus amongst like-minded nations to drive change in wider multilateral forums.

### Charter services

Charter flights operate outside of the capacity and traffic rights negotiated under bilateral agreements for scheduled services. Charter operations generally provide seasonal services — often to cater for particular events — and are sometimes used by airlines to test a market before commencing scheduled services.

The Australian Government is committed to a liberal access regime for international charters, based on:

- > linking favourable consideration of a charter approval to broad public interest criteria that focus on consumer needs, the promotion of trade and tourism, and benefits to regional Australia;
- > maintaining the current wide range of charter flight categories that receive automatic approval; and
- > ensuring that charter operators protect consumers from financial loss in the event that the charter operator fails to fulfil its obligations to them.

### Cargo

The global financial crisis has had a severe impact on the aviation industry and air freight has been particularly impacted as trade has declined. However, carriage of air freight is expected to resume its long-term pattern of growth as economic conditions improve. Air cargo represents over 20 per cent of the value of Australia's international trade and the Government considers it important to ensure the regulatory framework is supportive of the market's revival and ongoing viability.

Recognising the benefits to the Australian economy of pursuing a liberal market for dedicated cargo services, the Government will continue to seek the removal of limits on all cargo capacity in our bilateral agreements and in multilateral forums.

### Cabotage

Cabotage is the right of a foreign airline to carry domestic passengers in another country. It is not a right that is normally granted in bilateral air services agreements.

As a general rule, the Australian Government does not intend to permit cabotage. The Government does, however, recognise that cabotage is a valuable right sought by some of our bilateral partners. Where demonstrable benefits can be gained through the granting of cabotage rights, and provided safety and other concerns are satisfied, the Government will consider trading cabotage rights strategically — for example, to help achieve a comprehensive open skies agreement with a major trading partner, such as Europe, or to gain reciprocal cabotage rights in a significant market such as the United States.

The Government may consider unilateral cabotage in some exceptional circumstances: for example for operational reasons when domestic services are temporarily unavailable, or on a more long-term basis when a foreign carrier may seek to operate on a route which is not currently served by scheduled domestic airlines or which requires a government subsidy (such as routes between some of Australia's external territories and the mainland).

Australia is one of the only countries in the world that allows up to 100 per cent foreign ownership of its domestic airlines. Under these arrangements, a foreign airline with a bona fide commitment to sustainable and regular domestic services may set up an Australian domestic subsidiary, operating with an Australian AOC, and under full CASA oversight.

For example, Tiger Airways Australia entered the Australian market in November 2007. Tiger Australia is a subsidiary of the Tiger Aviation Group, owned by Singapore-based Tiger Aviation Private Limited. Tiger's founding shareholders include Singapore Airlines. Although Tiger is foreign-owned, it is subject to Australian regulatory oversight in the areas of safety, security, competition, consumer, occupational health and safety, and other oversight applying to Australian businesses.

### Seventh freedom rights

Seventh freedom rights, or the right of an airline of one country to operate stand-alone services between two foreign countries, are not something normally granted in bilateral air services agreements for passenger services, but is increasingly common for dedicated cargo services. The Government considers the expansion of seventh freedom rights for passenger and cargo services should be used in a strategic manner and only agreed on a case-by-case basis where it is clearly in the national interest.

### Major gateway markets

Because of Australia's geographic location, it has few valuable rights to offer countries on a bilateral basis. One of those rights is access to the Australian market, which in practice for most overseas airlines means access to one or more of Australia's major gateways: Sydney, Brisbane, Melbourne and Perth. Where the Government is seeking expanded rights for Australian airlines in overseas markets and capacity is not constrained on a particular route, it will continue to use access to the Australian market as leverage in negotiations.

In cases where a major gateway is served by more than one airport, the Government will treat the market as a single gateway rather than consider individual airports in isolation. For example, Avalon Airport largely serves the same market as Melbourne Airport and will be treated as part of the greater Melbourne market. This contrasts with Gold Coast Airport, which, while close to Brisbane, serves the Gold Coast, a stand-alone destination for international visitors.

### International access to regional areas

The Australian Government currently negotiates for foreign airlines to have unlimited access to airports other than those serving the four major gateways of Sydney, Melbourne, Brisbane and Perth. This policy is designed to spread the benefits of international tourism more broadly across Australia, and in particular to regional centres.

To date, few foreign airlines have taken up the opportunity to operate to regional airports. The Government appreciates that it is often not commercially viable for an airline to offer international services to regional areas, but would like to encourage more international airlines to do so.

The Government will enhance the regional package by allowing foreign airlines more capacity to major gateways where services are linked to regional airports.

This will involve services to major gateways not being counted against available capacity (up to a limit), provided the airline operates via or beyond to a regional airport. As an example, a foreign airline could operate a flight to Sydney via Cairns, and this flight would not be counted against the capacity entitlements of that airline's government (up to a limit). This has potential benefits for destinations including Cairns, Darwin and Broome.

Many of Australia's bilateral agreements offer beyond rights to international carriers, including from regional areas. As an additional incentive to encourage services to regional airports, the Government will move to offer greater beyond rights from these airports in future bilateral negotiations, noting that utilisation of these beyond rights would be dependent on the particular airline's government having matching intermediate rights with third parties.

International flights may be operated to any existing international airport. Proposals to operate regular flights to restricted-use international airports that do not have permanent border agency services, or plans to operate to new international airports, will be assessed in line with the Government's principles and processes for the provision of government services at new international airports.

### Case Study: Cairns – Gateway to Far North Queensland

Cairns is one of Australia's premier tourist destinations, combining natural attractions such as the Great Barrier Reef and tropical rainforests with high-quality restaurants, accommodation and other amenities.

Cairns is the seventh busiest airport in Australia, with 3.6 million passenger movements in 2008–09. Passengers travelling on international airlines grew from less than 100,000 in the mid-1980s to over 850,000 in 2005–06, before declining to less than 500,000 in 2008–09 as the number of overseas visitors, particularly from Japan, has declined.<sup>15</sup> Traffic on domestic airlines has continued to grow, from around half a million in the mid-1980s to 2.8 million in 2008–09.

Unlike other international gateways, tourism destinations such as Cairns rely almost entirely on inbound passenger markets. The permanent population base of the region is too small to generate sufficient regular demand for international services. Almost 50 per cent of inbound visitor arrivals in 2008 were from Japan, however this market is in long-term decline, with visitor numbers 27 per cent lower in 2008 than in 2003.

The previous 'regional package', which sought to offer open capacity entitlements to regional ports, has not been able to offset the declining tourist markets so important to Cairns.

Under the new arrangements, Cairns will be able to benefit from the following scenario:

Country A, to Australia's north, has a capacity entitlement of 14 services a week under its bilateral agreement with Australia, but wants to use or hold in reserve all that capacity for the major capital city gateways. One of country A's airlines wants to increase its services to Sydney. Country A is reluctant to agree overall additional reciprocal capacity entitlements because this would give Australian airlines greater access to its markets. Under the new policy Australia offers Country A capacity over the agreed capacity entitlement of 14 services per week for any services operated via Cairns to Sydney or any other major Australian gateway. Australia also offers Country A beyond rights to South Pacific destinations, subject to third-country agreement of those arrangements.

### Foreign ownership of Australian international airlines

Australia's international airlines are subject to restrictions on the level of foreign ownership. These restrictions are designed to ensure our airlines remain majority Australian owned and controlled. A large number of our bilateral agreements with major partners have provisions requiring a country's airlines to be substantially owned and effectively controlled by nationals of that country.

Foreign ownership restrictions on Qantas are governed by the *Qantas Sale Act 1992*, which limits total foreign ownership to 49 per cent, but includes additional restrictions limiting total ownership by foreign airlines to 35 per cent (the 35 per cent restriction) and ownership by a foreign individual to 25 per cent (the 25 per cent restriction).

Foreign ownership restrictions on other Australian international airlines are governed by the *Air Navigation Act 1920*, which stipulates no more than 49 per cent of the total value of the issued share capital of the airline can be held by foreign persons.

There has been an increasing trend towards consolidation and/or equity alliances among international airlines, although national ownership and control provisions in bilateral agreements have limited the extent to which cross border consolidation can occur. Many commentators expect

<sup>15</sup> BITRE, Bureau of Infrastructure, Transport and Regional Economics, Airport Traffic Data, [www.bitre.gov.au](http://www.bitre.gov.au), November 2009

a significant rationalisation within the global aviation industry over the coming years as the effects of the global financial crisis and inefficient business models combine to force uncompetitive operators out of the market. There are opportunities for efficient airlines to take advantage of this global rationalisation and the Government believes that Australia's airlines should be in a position to participate in this process.

Consistent with international reform efforts, Australia has been negotiating 'incorporation and principal place of business' criteria into its bilateral agreements wherever possible. These criteria are focussed on where an airline is based and which country has effective regulatory oversight of the airline rather than on who owns the equity of the company. To date, Australia has negotiated principal place of business criteria into 32 of its 70 bilateral agreements (with some clauses including modifications at the request of the other country).

The Australian Government will continue to seek principal place of business criteria in all our bilateral agreements to ensure our airlines can take advantage of consolidation opportunities and equity alliances with other international carriers.

The Government recognises, however, the special position Qantas holds in the Australian aviation landscape, and indeed the wider Australian business and cultural psyche. The Government will not change the 49 per cent foreign ownership restriction for Qantas. This restriction, combined with other provisions of the Qantas Sale Act, ensures that Qantas remains Australian.

The Government has reviewed the additional 25 and 35 per cent restrictions on Qantas, and has decided to remove them. Removing them will not affect Qantas's operations, nor provide any incentive or disincentive for Qantas to change its percentage of non-Australian-based staff or operations. It will, however, enable Qantas to enter into more substantial equity partnerships with foreign airlines than is currently the case. The other requirements in the Qantas Sale Act relating to Qantas' management and operational base and the composition of the Board will be retained.

The Government has no immediate intention to lift the legislated 49 per cent foreign ownership restriction on Australian international airlines. However, the Government recognises that in order to secure a comprehensive open skies agreement with a like-minded, significant trading partner, it may be necessary and in Australia's interests to consider allowing nationals of that partner an opportunity to own a greater stake in Australian international airlines, other than Qantas.

Such foreign ownership rights would only be agreed if there were demonstrable benefits to the Australian economy and significant opportunities provided for Australian airlines in the markets of that trading partner. The Government will consider this issue on a case-by-case basis.

### Passenger facilitation

The Government has established the National Passenger Facilitation Committee to give specific attention to ensuring border security arrangements and elements of the service delivery chain over which the Government has influence are improved. The Committee includes high-level representation from government and industry to deliver a cooperative approach to addressing facilitation issues across Australia.

On 20 August 2009, the Prime Ministers of Australia and New Zealand announced a range of measures to streamline the facilitation of passengers travelling between Australia and New Zealand while maintaining strong border security. These include:

- > the roll out of the automated SmartGate passenger clearance system in New Zealand;
- > improvements to screening and processing for low risk passengers on both sides of the Tasman;
- > trials of direct exit paths for passengers and the transfer between Australia and New Zealand of x-ray images for more efficient biosecurity screening; and
- > further exploration of streamlined passenger processing through studies on pre-clearing passengers at or before the point of departure and through expanding and integrating SmartGate systems.

Australia provides world-leading border protection services — customs, quarantine, and immigration. Significant resources are invested in these services, which often need to be increased markedly in the case of a pandemic or other emergency. To ensure international passengers contribute at least in part to the cost of these services, the Government imposes a Passenger Movement Charge on all passengers departing Australia, administered by the Australian Customs and Border Protection Service. Many of Australia's major transport markets similarly levy a charge on international passengers, including the UK and New Zealand. The Government will retain the Charge.

The Government has established a set of principles and processes that apply for the provision of government services at new international airports. These new processes provide an efficient, equitable and transparent mechanism for the establishment of new international airports, or upgrades to existing domestic airports to accommodate international flights, in order to support the orderly expansion of international services at new ports as markets grow and develop. The principles are at Appendix A of this White Paper.

The Government will assess proposals against the national interest, including regional development, border security, aviation and tourism policy considerations. Plans for international operations should rest on an evidence-based business case to demonstrate the viability of the plan, and establishment of a new international airport should not of itself cause a diminution of service standards at other airports. While the Government's processes aim to ensure proponents do not face unreasonable barriers to entry into the market, new international airport operators will need to pay for the infrastructure and capital start-up costs consistent with the Government's *Guide to Airport Operators* released in 2008.

### Taxation and related issues

Industry stakeholders, particularly airlines, argue some aspects of Australia's taxation system impede airlines' access to foreign capital and place Australia's airlines at a competitive disadvantage to their international competitors.

The Australian Government is currently undertaking a comprehensive review of Australia's taxation system through the *Review of Australia's Future Tax System* (the Henry Review).

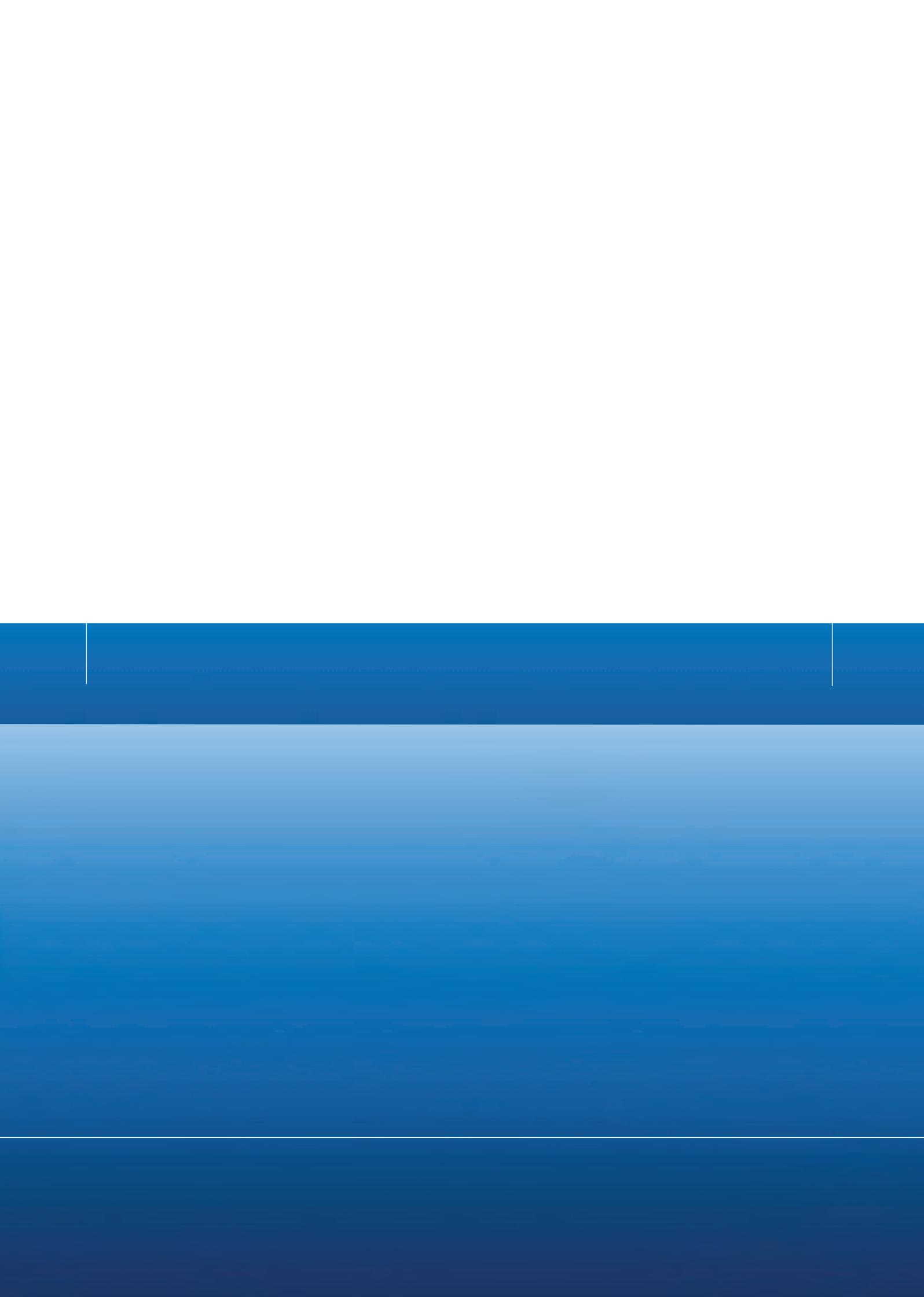
## CONCLUSION

### Australia's international air services policy framework

The Australian Government is committed to continuing the growth of Australia's international air services, providing additional opportunities for trade and tourism, while maintaining a strong Australian-based aviation sector. The Government will pursue an international air services policy which serves Australia's national interests by:

- > continuing the growth of international aviation towards 'open skies' agreements, balancing the economic, trade and tourism benefits that flow from opening up international aviation markets and the need to maintain a strong Australian-based aviation sector;
- > ensuring the capacity available to foreign and Australian airlines under our bilateral agreements remains ahead of demand so that growth is not constrained and airlines can plan for long-term expansion in the Australian market;
- > provide opportunities for regional areas such as Cairns, Darwin and Broome to attract international services by:
  - offering foreign airlines unlimited access to secondary gateway markets (markets other than Brisbane, Sydney, Melbourne and Perth);
  - increasing these opportunities by offering additional beyond rights and improved access to major gateway markets for international flights linked to secondary gateways;

- > seeking fully open arrangements for dedicated cargo services to support Australia's vital air freight export industries;
- > providing greater opportunities for cross border airline investments through the incorporation of principal place of business criteria in bilateral agreements; and
- > retaining the basic restriction of 49 per cent on foreign investment in Australia's international airlines under the *Qantas Sale Act 1992* and *Air Navigation Act 1920* to ensure our airlines remain majority Australian owned and controlled, but
  - removing the additional restrictions on foreign ownership under the *Qantas Sale Act 1992* (i.e. 25 per cent for foreign individual shareholdings and 35 per cent for total foreign airlines shareholdings);
  - considering more flexible arrangements for ownership of Australian international airlines other than Qantas with governments with which Australia has negotiated Open Aviation Market agreements; and
  - pursuing in key international trade forums a multilateral approach to the liberalisation of international aviation.



## CHAPTER TWO



### Domestic and regional aviation



## Domestic and regional aviation

### Domestic services

#### POLICY GOAL

Maintain an open interstate domestic aviation market that maximises benefits to the Australian economy within the general framework of national competition policy.

#### BACKGROUND

Until 1990, Australia's domestic, interstate airline industry was developed and operated under the so-called 'Two-Airlines Policy', which was formally established under the 1957 Civil Aviation Agreement.

Under this policy, activity in the industry was subject to a prescriptive range of constraints with importation of aircraft, determination of capacity, service levels and air fares controlled by the government. Market entry was restricted to the two incumbent airlines.

The fundamental question of the Commonwealth's role in the economic regulation of interstate aviation was addressed by the *Independent Review of Economic Regulation of Domestic Aviation* (May Review), commissioned by the Hawke Government in 1985.

The review found significant public dissatisfaction with the policy, including the view that it disadvantaged consumers and encouraged airlines to serve the high-yield business market to the detriment of the leisure market. It found that Australian aviation was characterised by relatively low labour productivity and relatively high and stable profit levels. Service levels were inflexible with 'parallel scheduling' meaning airlines often offered identical timetables and little consumer choice.

In October 1987 the then government gave notice it would terminate the Airlines Agreement in October 1990 and allow the market to operate within the constraints of the established competition policy controls applicable to industry generally. The objectives of the decision were to create an environment which would foster:

- > increased responsiveness by airlines to consumer needs;
- > a wider range of fares and types of services to provide enhanced travel opportunities;
- > increased competition and pricing flexibility, leading to greater economic efficiency in the industry; and
- > a continuation of Australia's world-renowned aviation safety record.<sup>16</sup>

Further changes enacted in 1999 removed industry-specific foreign ownership restrictions on domestic airlines, subject to meeting Foreign Investment Review Board national interest guidelines.

Under current policy settings there is no longer regulation of capacity, service levels, fares or routes and no limits on foreign ownership of Australian domestic airlines.

The objectives of deregulation have been largely met, with more competition, lower fares, a greater range of services, more people travelling by air and the maintenance of Australia's excellent safety and security record.

Within five years of the abolition of the two airlines policy air fares had fallen by 22 per cent. Consumer benefits have continued to flow, with the best discount fares in 2009 a further 40 per cent cheaper, in real terms, than equivalent fares in 1995<sup>17</sup> (BITRE 2008). The economic crisis has added further downward pressure on fares as airlines compete for passengers in a challenging market.

<sup>16</sup> Bureau of Transport and Communications Economics (BTCE), Report 73: Deregulation of Domestic Aviation – The First Year, November 1991

<sup>17</sup> Bureau of Infrastructure, Transport and Regional Economics (BITRE), Domestic Air Fare Index, [www.bitre.gov.au](http://www.bitre.gov.au)



In 2008–09, Australia's domestic and regional airlines carried 49.6 million passengers, compared with only 16.8 million in 1988–89.<sup>18</sup> This represents average annual growth of 5.5 per cent.

A major factor in the growth in recent years has been an increase in competition from the entry of low cost airlines such as Virgin Blue, Jetstar and Tiger Airways. These low-cost carriers have not only contributed to growth on trunk routes, but have introduced low fare jet services to many regional centres for the first time. As well as benefiting passengers, this has resulted in a significant boost to regional tourism and to local economies.

This competition has been further increased by the removal of limits on foreign ownership of domestic airlines. Virgin Blue was majority foreign-owned when it entered the Australian market and Tiger Airways is 100 per cent foreign-owned. The two largest independent regional airlines — Regional Express and Skywest — are currently majority foreign-owned.

## POLICY ISSUES

The Government expects that market conditions will remain difficult for Australia's airlines in the short term, even as the economy begins to recover. However, compared to many of their overseas counterparts, Australia's airlines are well-placed to take advantage of a return to growth when it occurs. Australia's airlines have been severely tested but current policy settings have allowed the market to respond efficiently to the rapidly changing circumstances of the world economy.

The Government continues to strongly support the maintenance of a fully deregulated interstate domestic aviation market and proposes to continue:

- > allowing up to 100 per cent foreign ownership of Australia's domestic airlines, subject to meeting Foreign Investment Review Board requirements; and
- > ensuring the aviation industry is subject to the competition laws that apply to Australian industry more generally.

## Regional services

### POLICY GOAL

That Australians in regional and remote communities have reasonable access to air services to major cities and other key centres, including on routes that are not commercially viable.

## BACKGROUND

### Market developments

Deregulation of interstate air services in 1990 was followed by the deregulation of intrastate services by a number of state and territory governments in the early to mid 1990s, as part of the Australian Government's competition reforms.

<sup>18</sup> BITRE 2009, Domestic and regional airline annual summaries, [www.bitre.gov.au](http://www.bitre.gov.au) (Note: This figure excludes international passengers flying on domestic sectors of international flights)

The regional airline industry has gone through a major rationalisation since deregulation. While there has been substantial growth in regional air traffic and overall capacity, there has been a decrease in the number of regional airports served and in the number of airlines serving them, and a decline in the number of flights to regional airports as a result of a trend towards the use of larger, more cost efficient aircraft.

Recent Bureau of Infrastructure, Transport and Regional Economics (BITRE) research has found that over the period 1984 to 2008 the number of regional airports served by scheduled airlines fell from 278 to 138, with the steepest decline on low density routes.<sup>19</sup> The number of airlines serving regional airports fell from 53 to 27. There has also been a high attrition rate and turnover in the industry.

Demand for regional aviation services has been growing over recent years, but the growth is not even. Excluding regional tourist destinations served by the major airline groupings — Qantas/ Jetstar, Virgin and Tiger — annual growth over the past twenty years has averaged around 1.5 per cent. Many rural and remote towns, however, have experienced a reduction or loss of regional air services. Airlines serving these smaller centres sometimes operate on low profit margins and in the last three years several regional airlines have ceased operations. The BITRE report found the causal factors to be long-term, pre-dating the global financial crisis, although there is no doubt that the crisis has exacerbated the difficulties facing some parts of the industry.

The causal factors for declines in regional air services are complex. Previous state government regulated service levels in many cases could not be replicated under purely commercial conditions and services to some destinations ceased or declined. In many cases improvements to road networks and motor vehicles made air transport less competitive. In some cases, proximity to improved air services, sometimes offered in modern, jet aircraft encouraged rural travelers to drive to alternative airports.

### Government assistance for regional aviation

The regulation of intrastate air services remains the responsibility of individual states and territories. The policy and regulatory environments vary between states, reflecting to a large degree their size and population density and spread. Victoria, Tasmania, the Australian Capital Territory and the Northern Territory have ceased regulation, while the remaining states continue to restrict competition and provide subsidies on some routes. The focus of these measures is to protect services to areas where there is no prospect of inter-airline competition because of the low demand on these routes.

Successive Australian governments have taken the view that there is a role for government in providing support for regional routes that are not commercially viable, but are essential for the social and economic well being of the communities they serve. Consistent with its policy of deregulation for domestic aviation, the Government provides this support in the form of direct subsidy rather than regulation.

The Government provides targeted support for air services to remote area routes where they are not commercially viable. In particular, the Government has committed to support of \$44.7 million over four years through the Remote Air Services Subsidy Scheme (RASS) and \$20 million over four years through the Remote Aerodrome Safety Program (RASP) for remote aerodromes and services essential for the social and economic well being of the communities they serve. In the 2009–10 Budget the Government provided \$3.0 million to begin the process of upgrading airstrips in remote parts of the country, serviced by the RASS Scheme, through the Remote Aviation Infrastructure Fund (RAIF).

The Government also provides flexible financial support for local governments through untied Financial Assistance Grants and through the Regional and Local Community Infrastructure Program.

A number of submissions following the Aviation Green Paper argued that the type of funding programs provided for road and rail infrastructure should be extended to aviation infrastructure,

<sup>19</sup> Bureau of Infrastructure, Transport and Regional Economics (BITRE), Air Transport Services in Regional Australia: Trends and Access, Report 115, 2008, and Information Sheet 35, Air Transport Service Trends in Regional Australia, 2009 Update

and the Australian Local Government Association sought a dedicated targeted program to support the operations and upgrading of regional airports. Other submissions sought assurances that regional airline access to Sydney Airport would be maintained— although Sydney Airport argued that cross-subsidisation by other users kept regional users' prices artificially low and that this should be reviewed by the Productivity Commission. The Regional Aviation Association of Australia recommended removal of Capital Gains Tax for aircraft sold as part of an upgrade and accelerated depreciation of new or relatively new aircraft to encourage upgrading to better aircraft. This is further discussed in Chapter 3 dealing with general aviation.

A number of submissions expressed support for the Payment Scheme for Airservices Enroute Charges (the Enroute Scheme).

### The impact of the global economic crisis

February and March 2009 were the first months since August 2002 to record a decrease in month-on-month traffic in the Australian domestic airline industry, breaking a run of continuous growth in the domestic market lasting for more than six years. Recent months have seen some modest growth return to the market but airlines have continued to report lower yields (revenue per passenger-kilometre) than those experienced in recent years. Several regional airlines have reported a downturn in passenger numbers in 2008–09, with Regional Express reporting falls of 12.8 per cent over 2007–08 levels and QantasLink a fall of approximately 2 per cent. In this economic climate, all airlines have been vulnerable to falling demand, declining yields and a tightening of global credit markets.

## POLICY ISSUES

### Improving assistance for regional and remote air services

The regional aviation market caters to a wide range of service needs. Some routes, particularly to regional centres or tourist destinations enjoy strong demand and have demonstrated viability and growth. However, many routes are vulnerable to low demand and high per passenger costs. The Australian Government believes assistance is most effectively targeted to those more remote routes that are not commercially viable, but are essential for the economic and social wellbeing of the communities they serve.

The best way of achieving this is to make current assistance schemes more efficient and to work with the states and local governments to integrate assistance and remove duplication.

### Consolidating RASS, RASP, RAI and RAIF into a single program

The Remote Air Services Subsidy (RASS) Scheme, the Remote Aerodrome Inspection (RAI) Program, the Remote Aerodrome Safety Program (RASP) and the Remote Aviation Infrastructure Fund (RAIF) are the four Australian Government programs targeted at remote aviation services and infrastructure. They have in the past been administered separately, with potential inefficiencies if the type of air service provided to a remote location does not match the standard of the aerodrome at that location. The Government has already acted to bring the programs together administratively. Integrating the programs will help ensure that support for remote air services and aerodromes is better coordinated and will provide greater flexibility in allocating funding, based on the greatest need. This will result in a single program which can allocate almost \$20 million of annual funding to where it is most needed.

This integration of the programs will not affect the current cooperative funding arrangements under the RASP, whereby state and local governments provide matching payments towards improvements at remote aerodromes. The two streams of support for air services and infrastructure will remain, but with greater flexibility to meet the complementary objectives of sustaining remote airport infrastructure and the services it supports.

### Improving the effectiveness of remote air services

The Government sees merit in better targeting assistance to remote communities, concentrating resources where they will be most effective.

The current RASS network and RASP can be inefficient in the number of locations that receive service and infrastructure support. Many subsidised air services and aerodromes are within driving distance of others and funds would be better and more fairly allocated by building up local hubs, with the potential for higher service frequencies and improved infrastructure.

A higher frequency of service to key locations would provide greater opportunities for local businesses and groups reliant on air links with metropolitan centres to expand their activities, which in turn would increase traffic volumes and viability for operators.

Such a hub and spoke strategy would align with other trends in regional and remote Australia.

The Council of Australian Governments (COAG) recently agreed to the National Partnership on Remote Service Delivery which identifies 29 priority Indigenous communities where governments have agreed to raise the standard of services delivered to Indigenous families to be consistent with those provided to other Australians in similar sized and located communities. These 29 priority communities will provide for service outreach to and access by smaller surrounding communities.

RASS currently subsidises flights to 240 remote communities, of which 75 are predominantly Indigenous. If RASS Indigenous locations could be better targeted, an increase in weekly services might be achievable within existing funding.

The Government will consult widely with local communities and state and local governments in setting up the administrative arrangements for this proposal. The Government recognises the continued importance of providing essential services to remote communities but believes a more innovative approach could be more effective, providing better services to more people.

Consultations with state and local governments, as well as with other Commonwealth agencies, will be used to identify potential service hubs and provide the basis for reaching agreement on funding for the development of these aerodromes.

Service design might also be matched more closely to the needs of individual communities, rather than the one-size-fits-all approach that has evolved. Objectives that will be considered, amongst other issues, include:

- > improving passenger services by introducing shorter flights with fewer stops;
- > working with other agencies to service a larger number of isolated communities, including better identification of hub communities and identification of regions where there is a need but currently no RASS service;
- > on passenger predominant services, providing a fortnightly return flight rather than a weekly one way service which requires passengers to find accommodation while waiting for the return flight the following week;
- > developing a focus on delivery of fresh food, particularly to targeted Indigenous communities to assist in achieving COAG's Indigenous health objectives; and
- > focussing on a wet season service to cattle station communities for freight and mail, reflecting the greatest demand in northern communities, and reviewing the need for a passenger service in these areas.

### Improving utilisation of subsidised services by government agencies

RASS assists in the delivery of services for several Commonwealth and state government programs, including:

- > transporting patients, medical samples for testing and delivery of medicines;
- > delivering education materials to remote schools and families undertaking distance education programs; and
- > transporting professionals to provide services to remote communities.

Currently Commonwealth and state agencies work largely independently of each other in the delivery of these services. Some remote communities can receive several charter flights each week carrying officials from different agencies. In reviewing RASS arrangements, the Government will investigate the scope for better use to be made of RASS services by both Commonwealth and state government officials and where RASS services are not available, for more joint use of charter flights.

### Targeting the Enroute Scheme at uneconomic routes

The Enroute Scheme was introduced in January 2002 as a transitional measure to assist former Ansett subsidiaries and other regional airlines in the wake of the Ansett collapse. Under the scheme eligible regional operators have their enroute navigation charges fully refunded by the Commonwealth across their whole networks.

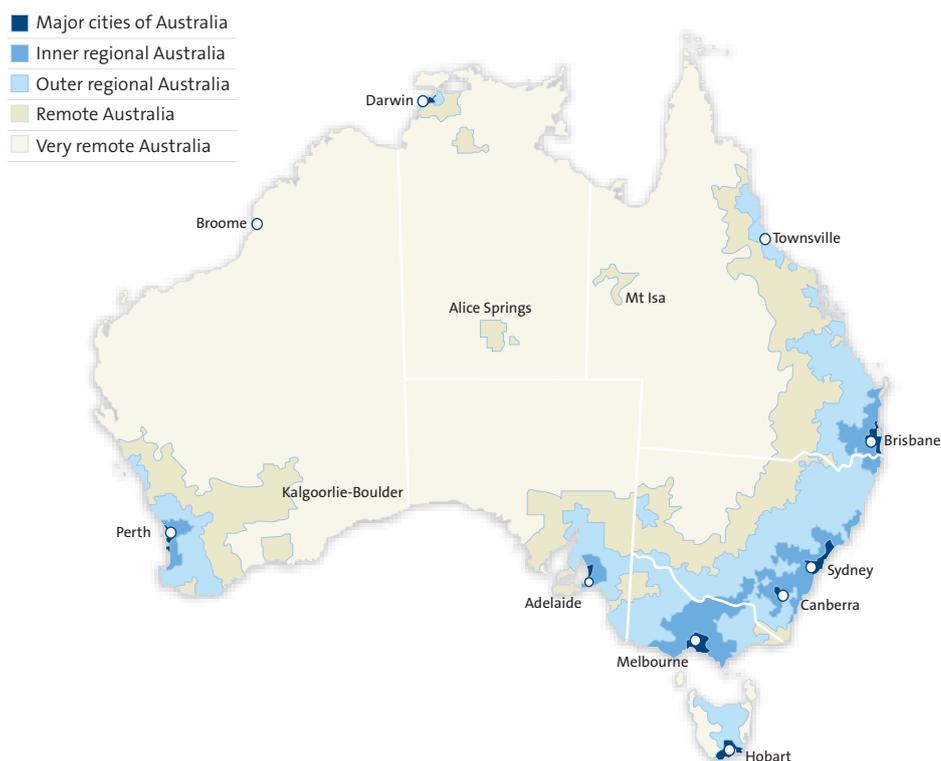
The Government decided in the 2008–09 Budget to terminate the Enroute Scheme in 2012, giving industry as much advance notice as possible to allow the decision to be factored into future planning. Regional airlines and communities have highlighted the importance of Australian Government support for regional airline services and asked the Government to reconsider this decision.

The Government remains of the view that the transitional assistance put in place following the Ansett collapse is no longer appropriate. However, it recognises the continuing need for support for services to remote areas. The Government has therefore decided to amend the current model for assisting remote air services, targeting vulnerable routes rather than whole airline networks.

The Government will use the Australian Standard Geographical Classification, illustrated in Figure 2.1, to identify those routes that will qualify for the subsidy. The increased subsidies available will better encourage services to those locations where the need for regular air services is greatest. The changes will be introduced from 1 July 2010, with a review in late 2011 of their effectiveness.

### Figure 2.1: Australian Standard Geographical Classification – Remoteness Areas

Source: ABS census paper ASGC remoteness classification, 2001.



The Government will also amend the Scheme to allow airlines to access the subsidy on eligible routes where a previous recipient has exited the route. This will encourage new entrants to consider servicing routes such as those in western NSW and on a number of Queensland routes where an operator has ceased services or gone out of business.

### Case Study: Air links to Bourke

Bourke, in north western NSW, is an iconic Australian destination. The phrase *Back o' Bourke* has entered the Australian lexicon as a metaphor for remoteness.

Like many remote and isolated parts of Australia, Bourke relies on air services for the delivery of food, medical supplies and mail and for access to health and educational services. Low passenger volumes and static or declining populations often mean, however, that regular air services to remote communities are not commercially viable without government support. A key aim of the Government's reforms to regional aviation assistance is to better integrate existing programs to ensure that assistance goes to where it is most needed.

In 2008 Bourke lost regular air services when Airlink ceased operations as a scheduled airline. Bourke airport still receives charter and aero-medical flights. Recently an upgrade of essential animal-proof fencing works at Bourke airport was completed under the Regional Aerodrome Safety Program. Airports at Louth and Wanaaring in the Bourke Shire also received upgrades for essential fencing and lighting works to allow night-time access for flying doctor services. Under this program the Commonwealth contributes funding on a matching basis with state and local governments.

Changes to the Payment Scheme for Airservices Enroute Charges are aimed at encouraging regular air services to towns like Bourke by targeting subsidy payment to remote areas.

Currently under the Scheme regional airlines outside the major airline groupings are fully reimbursed for all their Airservices Australia enroute navigation charges. From 1 July 2010 the eligibility criteria will change so that instead of airlines receiving the subsidy across the whole of their networks, they will receive it only on those routes that serve remote towns and communities. Overall funding for the scheme will remain the same which means that there will be more incentive to service remote destinations such as Bourke. New entrants will also be able to apply for the subsidy on eligible routes where previously only existing services were eligible. For its part, the NSW Government is working with airlines interested in re-establishing more regular air services to Bourke and other western NSW towns.

### Preserving regional access to Sydney Airport

Sydney Airport is a critical hub in the Australian regional aviation network. Nearly a million passengers flew into Sydney Airport on regional airlines in 2008. Many of these passengers would have been connecting to the broader domestic or international airline network or accessing the services that are only available in large cities like Sydney.

Sydney is the only Australian airport with legislated caps on the allowable number of hourly runway movements and a demand management scheme to allocate the limited number of runway slots. Without government action, commercial pressures would tend to favour the use of large capacity jet aircraft which service domestic trunk routes and international services at the expense of services operated with smaller regional aircraft. The Government recognises Sydney Airport's role as an essential transport hub for regional New South Wales and will ensure access and reasonable pricing for regional airlines. This will be done through a combination of:

- > maintaining slots held by regional airlines at Sydney Airport, including during peak periods, at levels available in 2000, prior to privatisation; and
- > capping airport charges for regional airlines – these charges may not be increased by more than the annual Consumer Price Index.

The Productivity Commission is to undertake a full review of Australia's airport economic regulatory regime in 2012 which will include all arrangements at airports including special arrangements for regional airlines at Sydney Airport. The Government will respond to the Productivity Commission's recommendations in 2013.

## CONCLUSION

### Australia's domestic and regional air services policy framework

There is a broad consensus that the domestic aviation industry and the wider Australian economy have benefited from deregulation. There is now healthy competition on Australia's major domestic routes, with lower airfares, more choice and improved levels of service.

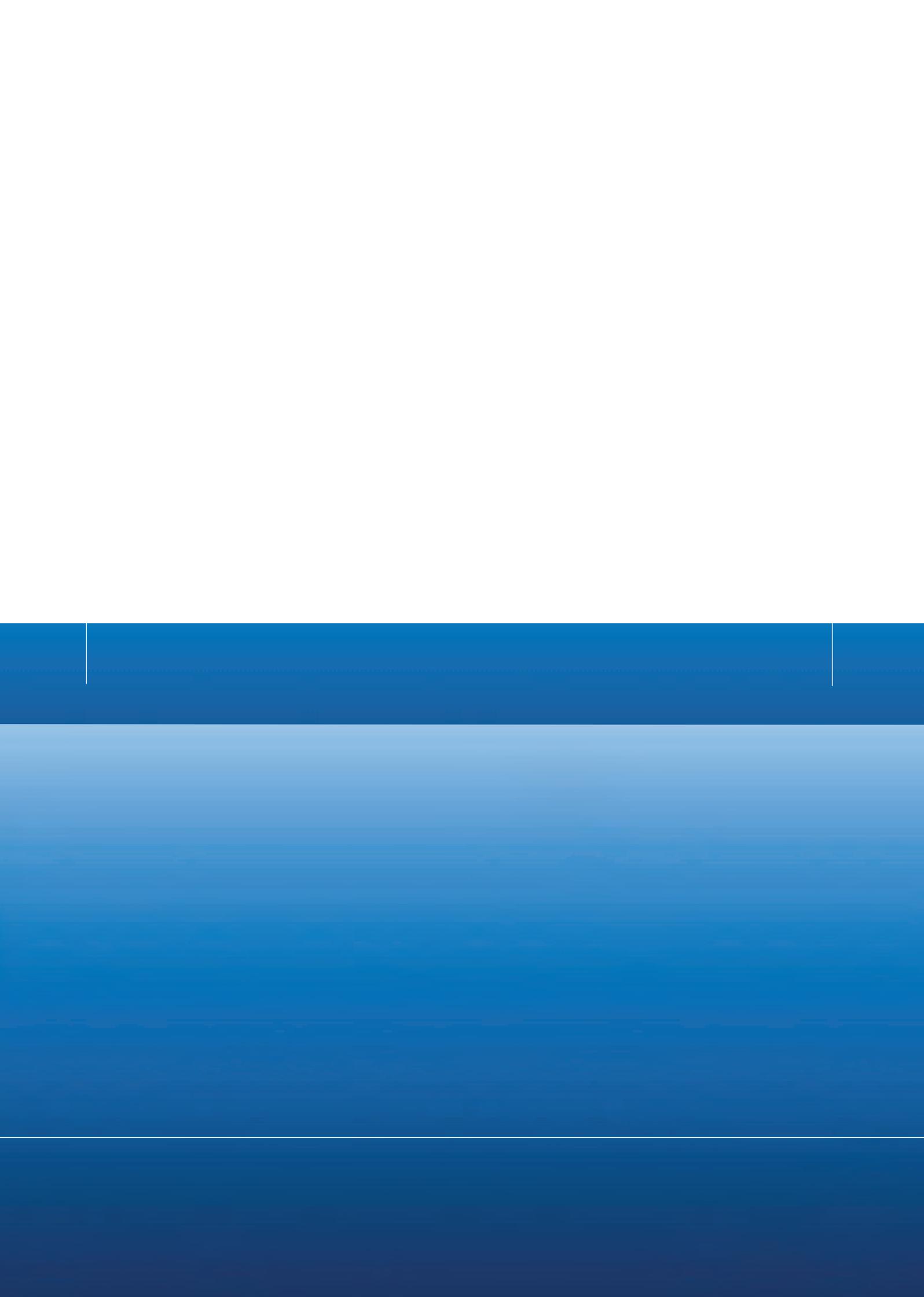
The Government continues to strongly support the maintenance of a fully deregulated interstate domestic aviation market and will continue to:

- > allow up to 100 per cent foreign ownership of Australia's domestic airlines, subject to meeting Foreign Investment Review Board requirements; and
- > ensure the aviation industry is subject to the competition laws that apply to Australian industry more generally.

The transition to a deregulated market has not been easy, however, for some in the regional aviation industry. Increased airport and regulatory charges have meant higher costs for airlines in an environment in which growth has been static or in decline on many routes.

In recognition of the challenges facing the industry and the communities that rely on regular air services the Government will improve support for regional and remote communities dependent on air services by:

- > continuing to provide funding assistance for regional and remote air services and aerodromes, and spend this assistance more effectively by concentrating it on those routes which need it most;
- > consolidating funding for the Remote Air Services Subsidy Scheme (RASS), the Remote Aerodrome Inspection (RAI) Program, the Remote Aerodrome Safety Program (RASPS) and the Remote Aviation Infrastructure Fund (RAIF) and work with state and local governments and communities to identify routes and aerodromes that might be developed as hubs for serving remote areas;
- > refining the Payment Scheme for Airservices Enroute Charges to:
  - enable more assistance to be provided to support routes in more remote parts of regional Australia that are not commercially viable without a subsidy;
  - allow new eligible operators to access the subsidy where existing services have terminated; and
  - reviewing the effectiveness of these changes prior to the termination of the Scheme in 2012.
- > maintaining ring-fencing of regional slots which guarantees regional airlines access to Sydney Airport at existing levels; and
- > continuing with the current regulatory regime which caps pricing for regional airline aeronautical charges at Sydney Airport to CPI levels.



## CHAPTER THREE



### General aviation



## General aviation

### POLICY GOAL

The maintenance of a safe, efficient and innovative general aviation sector that continues to provide essential air transport services and remains a key part Australia's broader aviation industry.

### BACKGROUND

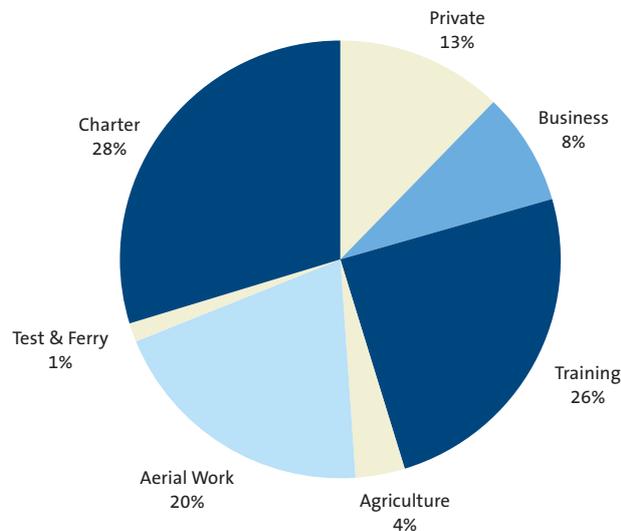
General aviation refers to a range of aviation-related activities and businesses, primarily using smaller aircraft and using secondary airports. The term general aviation is sometimes used to describe all aviation activity other than that involved in scheduled public transport air services.

General aviation performs an essential role within the broader aviation industry and in providing air services such as charter flights, aerial agriculture, aeromedical services, search and rescue, fire-fighting, surveying and aerial photography, pilot training, aircraft maintenance and repair work. It also includes private and recreational flying. The industry contributed \$279.3 million in gross domestic product and employed almost 3,000 people in 2008–09.<sup>20</sup>

Figure 3.1 shows the relative activity levels of general aviation aircraft in Australia.<sup>21</sup>

**Figure 3.1: General aviation flying hours: Australia 2008**

Source: BITRE Aviation Statistics General Aviation.



The performance of general aviation sub-sectors shows considerable variation. Growth in business and private flying has been relatively flat while the recreational sector and helicopter fleet has grown strongly in recent times. Training activity is at record levels while aerial agricultural activity such as crop-dusting and mustering continues to show variation reflecting the broader agricultural economy. Figure 3.2 shows recent growth trends by general aviation sub-sector.

General aviation is characterised by a high proportion of small to medium sized businesses. The skills required to meet the technical, operational and regulatory needs of small aviation businesses have sometimes not translated to the business skills required to manage the rapidly changing modern commercial environment. This is a continuing challenge.

<sup>20</sup> IbisWorld Non-Scheduled Air and Space Transport in Australia: 16403, 28 July 2009

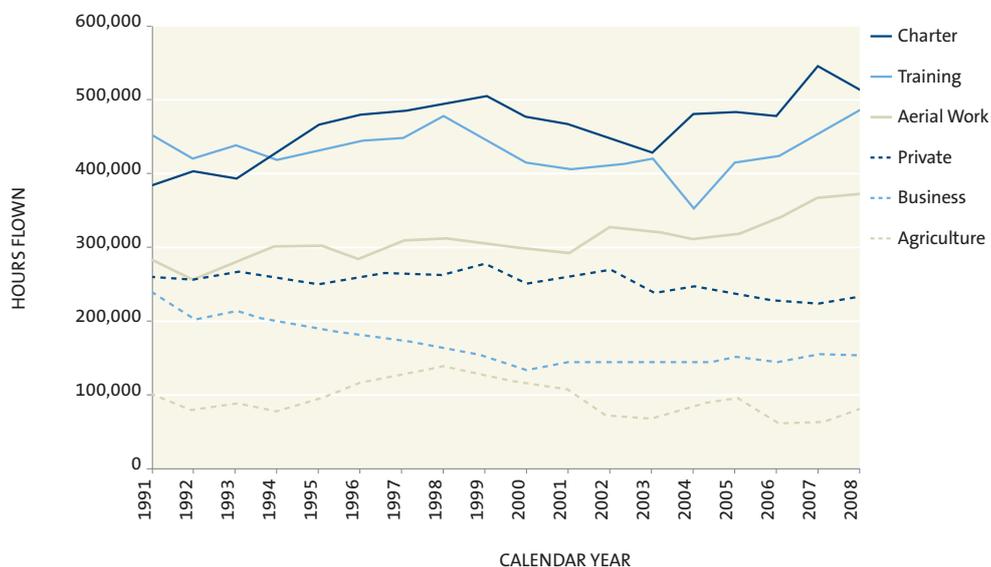
<sup>21</sup> Bureau of Infrastructure, Transport and Regional Economics, General Aviation Activity – 2007



**Figure 3.2:** General aviation hours flown by sub-sector 1991-2008

Note: preliminary figures for 2008

Source: BITRE Aviation Statistics General Aviation.



Like the broader aviation industry, general aviation can be capital intensive. While there is evidence that some general aviation businesses have made the significant capital investment required for growth, the general aviation and regional airline fleet still features many older aircraft, with the average age of aircraft in the fleet over 26 years.<sup>22</sup>

The general aviation industry has experienced intense competition for people's leisure time and financial resources over recent decades. Improvements in roads, modern cars and airline services have made small aeroplanes a less attractive option for short distance travel. Recent growth in the small aircraft sector has been concentrated in the recreational sector (formerly known as ultralights but now encompassing a range of aircraft designs) where there is a high level of product innovation and self-administered regulatory arrangements. There has also been strong growth in the helicopter sector, with double-digit growth on the Australian aircraft register over each of the last several years.

Some general aviation businesses have not remained competitive in a strong employment market, having lost trained workers to airlines and finding it difficult to recruit new workers. Any easing in the shortage of skilled staff as a result of the global financial crisis is likely to be temporary.

<sup>22</sup> BITRE, Bureau of Infrastructure, Transport and Regional Economics, General Aviation Activity – 2007

The privatisation through long-term leases of Australia's capital city airports has been accompanied by significant investment in Australian airports. At the same time, the privatisation of secondary airports has exposed general aviation operators to a commercial charging regime not experienced under the previous system of government ownership. This has revealed vulnerabilities in the business models of many general aviation businesses.

Safety and security regulation are important inputs to general aviation businesses. There is broad support for maintaining appropriate oversight of general aviation and for high safety standards in the industry. There has been ongoing concern, however, about the pace of regulatory reform and the need to minimise regulatory impediments to the growth of the general aviation sector.

One possible model, adopted successfully in the recreational sector, is self-administration. This involves administration of CASA regulations by one or more self-administering organisations, with CASA performing an audit role and ultimate regulatory oversight.

## POLICY ISSUES

### Airport privatisation

Airport privatisation has led to a change in investment patterns at airports. While there has been investment in new aeronautical infrastructure, airport lease holders have also sought to diversify revenue streams and utilise some areas of airports for non-aeronautical developments, such as retail and business parks.

The Green Paper drew mixed views on access by general aviation operators to major airports. Some sought to have access certainty at a reasonable cost contained in airport master plans, while others, from an airport perspective, felt that there should be a review of the place of general aviation at major airports.

Some submissions from stakeholders expressed concern that aviation uses might become compromised by commercial property development. There are continuing calls to revert to government intervention in arrangements between airport lease holders and airport users. This raises potentially conflicting objectives of encouraging continuing investment in airports, while increasing interventions on behalf of airport users.

The Government accepts the potential and necessity for an element of non-aviation land use at airports. However these alternative uses should not be allowed to compromise the current and future capacity of the airport to serve its primary, aviation-related purposes. Unfortunately, there have been several examples immediately following airport privatisation, of airport and runway capacity being reduced. These examples included airports in the Sydney region where aviation capacity is becoming increasingly constrained.

The Government will ensure Australia's capital city general aviation airports, so important for the industry's future prosperity, will remain as fully operational airport sites, with their primary purpose the provision of aeronautical services. These objectives will be ensured through more detailed master planning processes for the leased federal airports which will improve oversight for the Commonwealth Minister. The overriding principle will be the primacy of aeronautical uses for airport sites. While there may be some capacity for niche airline services and commercial developments at secondary capital city airports there is no doubt that master plans for these airports should reflect a vision for a thriving general aviation sector. Airport tenants should actively engage with the master planning process to ensure the best possible outcomes in planning the future of Australia's general aviation airports.

Change is also occurring at major regional centres where airline services and commercial developments compete for priority with many established general aviation businesses. The Australian Government does not directly control planning outcomes at these airports, most of which are controlled by local councils under local and state planning regimes. The Government, however, encourages councils to take a strategic approach to planning at these airports which recognises the potential contribution of general aviation businesses to local economies. In particular, the Government recognises the considerable potential to expand the flight training

industry in regional Australia, including for training of international students. Several regional Australian councils have taken steps to establish significant flight training initiatives at their local airports. Australia has a number of competitive advantages in providing flight training for airline pilots and opportunities are likely to grow as growth of the airline industry returns in coming years. These advantages, including having a first-rate educational and safety regulation framework and good weather, are potentially greater in regional areas due to the greater availability of airspace and the lower impact on residential areas.

The Government also recognises the limitations of councils in more remote parts of Australia to fully fund airport infrastructure. The Remote Aerodrome Safety Program contributes up to 50 per cent of costs to airports in remote areas where upgrades are needed to maintain basic access for essential air services. These services support a range of broader range of social and health services which Australians in capital cities and regional centres often take for granted. The Australian Government has committed \$20 million over four years as its contribution to these works, with state and territory governments and airport operators providing matching contributions.

### Access to airspace

Access to adequate airspace remains a core requirement for a vibrant general aviation industry. Australia's airspace is relatively less congested than that in the United States and Europe but maintaining access for a growing general aviation industry in the context of increased airline and military use is crucial.

The Aviation Green Paper flagged the need for the Government to set strategic air traffic management policy directions – a theme supported by submissions to the White Paper.

An overview of future infrastructure and technology policy directions has been developed and is outlined in Chapter 7 of this White Paper. After industry and public comment on the short, medium and long-term initiatives highlighted in these directions, the Government will finalise its air traffic management policy directions in early 2010.

These directions, along with the new Australian Airspace Policy Statement, will help determine Australia's key national air traffic management policy objectives and help guide government agencies and industry in future air traffic management planning and investment.

The Government is also developing plans for the continuing adoption of the flexible use of airspace concept. Flexible airspace aims to maximize the use of available airspace volumes while providing the required segregation for non-compatible military activities.

The benefits of these initiatives will be to give increased transparency and information to civil aviation users about Defence administered airspace, thus enabling greater certainty and increased access to a number of key restricted airspaces with potential flow-on safety, efficiency and environmental benefits for airspace users.

These proposals will build on work already completed by Defence to reduce the number of twenty-four hour restricted areas from 81 to 15. More detail on this initiative is provided in Chapter 7.

### Ageing aircraft

Many small aircraft built and purchased in the 1970s are now in need of replacing. The cost of replacement aircraft, which can be financed over lengthy periods, needs to be included in business planning as part of ongoing costs.

The Government does not consider the case has been made for greater direct or indirect taxpayer-funded investment in replacement aircraft. The General Aviation Action Agenda found evidence of recent strong investment in new aircraft, without any additional subsidies. It may well be that the investment in new aircraft encouraged by subsidies in the late 1970s contributed to the present situation where Australia's small aircraft fleet is over-represented by aircraft which are thirty years old. Aircraft operators are already able to take advantage of accelerated depreciation rates for aircraft and have been able to access broader temporary investment incentives introduced by

the Government as part of its Economic Security Strategy. The future framework for depreciation treatment of assets will be considered more broadly as part of the *Review of Australia's Future Tax System* (the Henry Review).

### Administration of safety oversight

There is continuing debate about the potential for self-administration of some safety functions in privately owned, non-commercial general aviation operations. Supporters of self-administration believe that the success experienced by recreational aviation points to the over-regulation of traditional general aviation, making it difficult for it to compete. Others believe that self-administered aircraft operators should be subject to appropriate audit and surveillance and aviation agency funding increased accordingly.

An issue which has become important in the general aviation industry over recent decades is the cut-off point at which smaller aircraft, those below 650 kg, are subject to alternative arrangements for oversight of safety and security. Under limited operational circumstances (including day-time operations, visual flight rules, uncontrolled airspace, maximum of two occupants) these aircraft may be operated under self-administration arrangements.

Self-administration currently applies to the sports aviation sector, where peak bodies in each aviation sport administer regulations set by the Civil Aviation Safety Authority (CASA). These peak bodies issue licences and certificates, carry out safety surveillance and provide other regulatory services. CASA then audits the peak bodies to ensure compliance with regulatory standards. This approach allows CASA to shift more attention and resources to higher priority, passenger-carrying operations.

There is a widespread consensus that self-administration has enabled the recreational aviation sector to grow in a way that has not been evident in the traditional private general aviation sector, while still being subject to direct oversight by CASA. Recreational aircraft activity has grown significantly over the past decade, from 70,500 hours in 1996 to over 138,000 hours in 2007. By contrast there has been a notable decline in private and business flying hours.

While this decline has coincided with strong growth in commercial airline activity, these countervailing trends also reflect a long-term structural adjustment within the industry as enthusiasts move into the lower cost recreational sector, which has developed beyond its origins in ultra-light aircraft to include many modern, sophisticated aircraft types.

There have been calls for self-administration to be extended beyond sports aviation to private flying with larger aircraft (typically up to 5,700 kg). The Government would only contemplate such a change if it could be demonstrated that, in passing responsibility to industry bodies to administer CASA regulations, safety outcomes would be improved. These bodies would need to be able to satisfy CASA that they had the necessary financial, technical and managerial expertise and resources to competently administer the safety of the sector.

Whether under self-administered arrangements or through regulatory services provided directly, CASA will retain oversight of safety regulation for all general aviation activity.

The Government will provide certainty on cost impact of regulatory services for general aviation operators by capping any further increases in CASA regulatory service charges on the sector at Consumer Price Index levels for at least five years. The Government will also look to finalise the suites of CASA's regulations on licensing and flight operations by the end of 2010 and complete the remainder of the CASA regulatory reform program by 2011 by providing additional resources to expedite drafting of new regulations;

To improve the sport and recreational sector's capacity to self-administer, CASA will be introducing a strategic framework that ensures the sector does not expose non-participants or their property to unacceptable risks and allows for future growth of the sector. A Sports Aviation Office will be created to oversee the sector, and a safety forum introduced to assist information exchange within the sector itself and between it and the safety regulator regarding operational and maintenance standards in the sector.

CASA will also implement a Sport Aviation Safety Network to assist self-administering organisations in implementing risk reduction strategies and to integrate oversight between CASA, self-administering organisations and industry operators.

### Manufacturing – the Australian aerospace industry

The Australian aerospace industry is a competitive and technically sophisticated supplier to both domestic and international markets across a range of niche activities.

There has been strong support in submissions for minimising regulatory impediments to the development of Australia's aircraft manufacturing and maintenance capability. Submissions recognise Australia's aviation manufacturing future is more likely to lie in niche markets such as small aircraft or components, rather than the manufacture of large aircraft.

The industry operates in both the civil and defence aerospace markets and is a mixture of domestic companies, Australian subsidiaries of international companies and supporting industries.

Leading firms include:

- > BAE Systems Australia;
- > Australian Aerospace, a subsidiary of Eurocopter which is a wholly owned subsidiary of European Aeronautic Defence and Space (EADS);
- > Boeing Defence Australia; and
- > Boeing Aerostructures Australia.

These companies generate nearly half of the industry's revenue. Around these top four are numerous small to medium enterprises operating across a diverse range of specialist and technical areas that form part of the critical supply chain to the prime companies' production and maintenance operations.

The Australian aerospace sector employs around 13,000 people with annual industry revenue of about \$3.9 billion. Exports represent approximately 25 per cent of revenue.

Activities include:

- > aircraft component manufacturing for civil and military aircraft including helicopters;
- > aircraft repair and maintenance;
- > light aircraft manufacturing;
- > system design and development;
- > aviation training; and
- > air traffic management products.

The presence of BAE Systems and Boeing Defence is mainly in the areas of systems integration and maintenance, repair and overhaul.

There are also several successful small aircraft producers which manufacture light aircraft.

Gippsland Aeronautics designs and builds aircraft such as the GA8 Airvan and GA200C Fatman. The G8 Airvan has sold well in Australia and overseas, in particular in the United States. Jabiru is a manufacturer of both factory-built kit aircraft and aircraft engines and has sold well over 1,000 aircraft in Australia and overseas. Both these companies have had significant export success with innovative and class-leading aircraft.

The Government has supported these companies through the Export Market Development Grants (EMDG) scheme. The scheme encourages small and medium sized Australian businesses to develop export markets by reimbursing up to 50 per cent of eligible export promotion expenses in a financial year for any overseas market except New Zealand.

Changes announced in March 2009 have boosted the scheme by \$50 million, bringing total funding available for grants to eligible businesses in 2008–09 to more than \$200 million.

The changes include increasing the maximum per grant by \$50,000 to \$200,000, increasing the number of grants that can be received by an eligible business from seven to eight, lifting the maximum turnover limit from \$30 million to \$50 million and reducing the minimum expenditure threshold from \$15,000 to \$10,000.

The domestic market for aviation products is relatively small. To be successful, Australian manufacturers need to develop markets overseas. Currently, most aviation products require the approval not only of CASA, but of the country to which the product is exported. This requirement for duplicate approvals adds to time and costs for manufacturers and can be an impediment to exports.

To facilitate greater access to major overseas markets, CASA has reached agreement with the United States Federal Aviation Administration (FAA) on extending the Bilateral Air Safety Agreement that Australia and the US signed in 2005 to cover the manufacture of approved parts.

This is a key step in opening up the US aviation market to Australian manufactured aircraft parts. Once both countries have ratified the agreement the FAA will accept Australian Parts Manufacture Approvals for replacement and certain modified aircraft parts.

This will significantly reduce the cost and simplify the process of getting Australian parts into the US market. Gaining easier access to this large market for Australian parts manufacturers will open up many opportunities for the local aviation industry.

CASA has been trying for some years to establish a similar working arrangement with China for the mutual acceptance of aeronautical products and parts. Further discussions on an appropriate form of technical arrangement between the two countries will be a priority for CASA in 2010.

Other arrangements that are currently being developed include a Multilateral Technical Arrangement with New Zealand, Singapore, Hong Kong and Canada and a Working Arrangement with Korea for certification of aeronautical products.

The Government will look for opportunities to achieve more recognition of CASA's safety certification to facilitate the export of aviation products and expertise, including through its negotiation of an Open Aviation Market with the European Union.

### Exporting flight training and other aviation related services

Australia has become a growing exporter of aviation related services in recent years, particularly in the areas of technical assistance and flight training.

Australia's favourable weather, relatively uncongested skies and proximity to growing Asian economies puts it in a strong position to train the region's future pilots. There have been major innovations introduced into flight training practices. Modern training utilises flight simulators which allow trainee pilots to experience a wide variety of flying conditions before taking to the skies. While initially capital-intensive, flight simulation offers efficiencies and training approaches that complement traditional training techniques.

Some flight training schools have also benefited from partnering with airline clients, which can improve workforce planning for both flying schools and airlines. This has proved particularly helpful during recent shortages of pilots, as it helped to manage the problem of flight instructors being recruited by airlines without regard to future training needs. In some cases, airlines have released second officers to training schools for agreed periods to ensure continuity of training.

Another example of the export of aviation-related services is Aviation Compliance Solutions. It is one of a small number of audit organisations accredited by the International Air Transport Association to conduct aviation operational safety audits for airlines. The company's audits cover areas such as flight operations, safety management, aircraft maintenance, cabin safety, cargo and ground handling, flight planning and security. It has conducted audits for 65 per cent of China's airlines – including Air China – and is active in attempting to secure an even greater share of the Chinese market.

## CONCLUSION

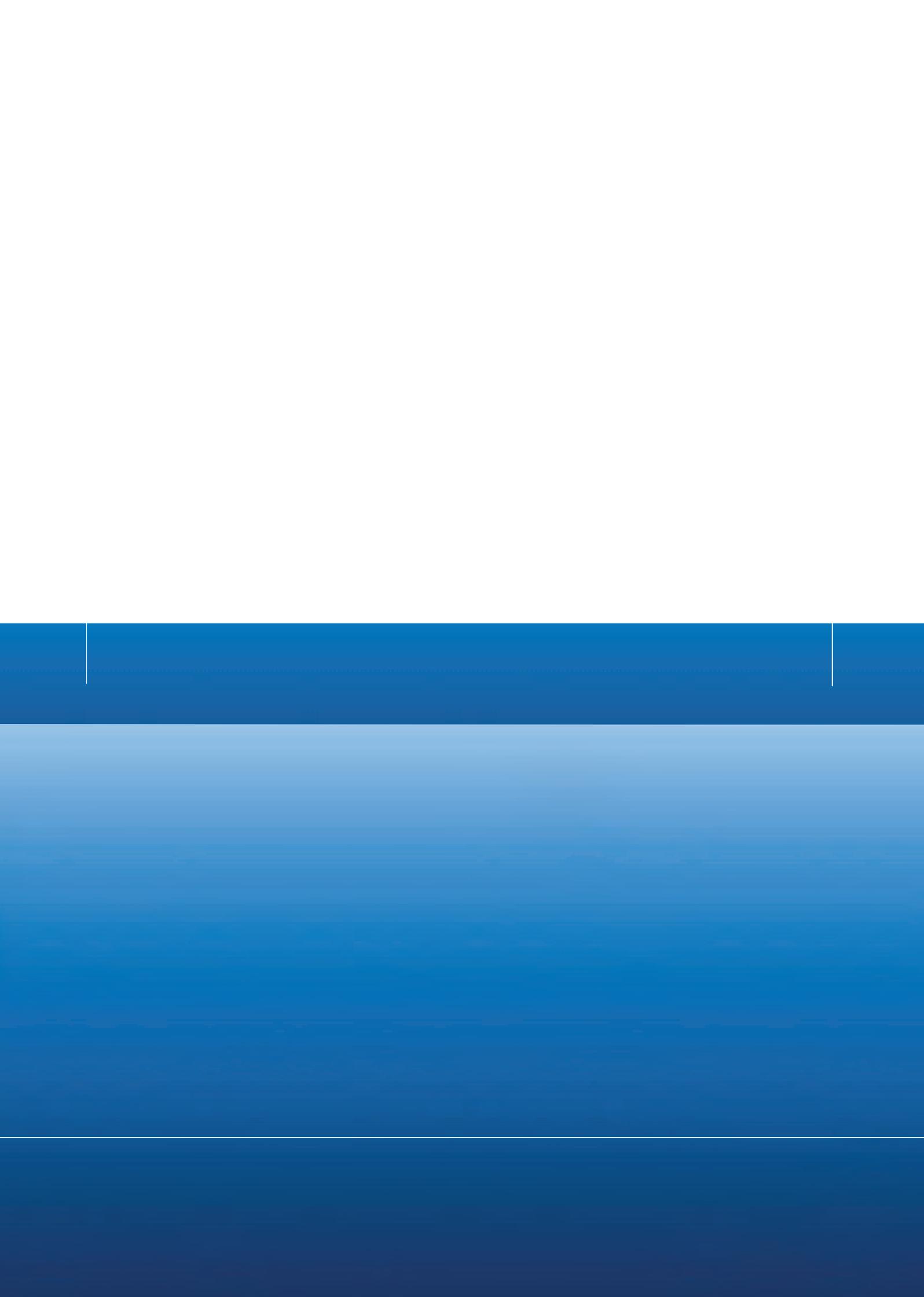
### Australia's general aviation policy framework

The Government acknowledges the important role general aviation plays in supporting the broader aviation industry as a training ground for future airline pilots and engineers. The Government has recently:

- > provided an incentive for owners to upgrade aircraft through the use of accelerated depreciation rates for aircraft and broader temporary investment incentives introduced as part of the Nation Building – Economic Stimulus Plan and the Nation Building and Jobs Plan; and
- > reduced the number of twenty four hour restricted airspace areas from 81 to 15, as one of a number of major joint civil and military aviation initiatives.

The Government will support the industry's future development by:

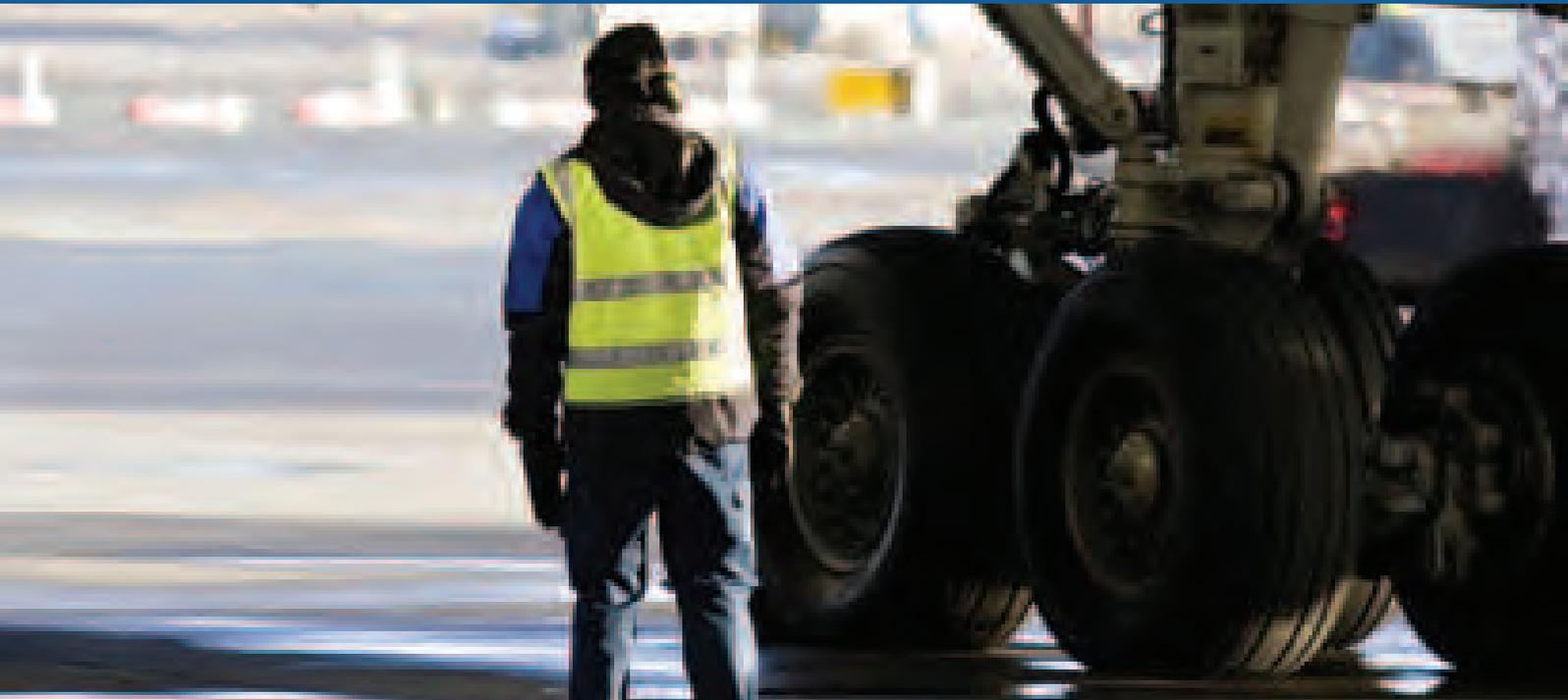
- > confirming its commitment to the continued operation of secondary capital city airports, vital to general aviation;
- > ensuring airport master plans maintain a continued focus on aviation development at secondary airports and not allowing non-aeronautical uses to compromise future aviation activity;
- > issuing a new Australian Airspace Policy Statement, effective from 1 January 2010, confirming the safety of public transport services as the first priority in airspace administration;
- > setting out a road map for future infrastructure and technology policy directions for air traffic management to enhance air traffic safety, including a range of infrastructure, systems and technology initiatives;
- > giving effect to further flexible use airspace proposals which will build on recent initiatives by Defence to reduce the number of twenty four hour restricted areas from 81 to 15;
- > finalising the suites of CASA's regulations on licensing and flight operations by the end of 2010;
- > completing the remainder of the CASA regulatory reform program by 2011, providing additional resources to expedite drafting of new regulations;
- > continuing programs of support for essential airport infrastructure and air services in remote areas;
- > ensuring CASA places a high priority on supporting safety and increased professionalism in the sector through the establishment of a sport and recreational policy and strategic framework and a Sport Aviation Office;
- > capping any further increases in CASA regulatory service charges on the sector at Consumer Price Index levels for at least five years;
- > recognising Australia's important aircraft and component manufacturing industry by continuing with CASA's efforts to establish mutual recognition arrangements with key trading partners to lower the regulatory burden for Australia's aircraft and parts exporters; and
- > continuing Government support for exporting companies through the Export Market Development Grants scheme.



## CHAPTER FOUR



### Industry skills and productivity



## Industry skills and productivity

### POLICY GOAL

A well-trained workforce, developed through partnerships between government and industry, to meet the future needs of Australia's aviation sector.

### BACKGROUND

The aviation industry relies on a highly skilled workforce. Aviation professionals such as pilots, aircraft engineers, air traffic controllers and security screeners need to be recruited, trained and retained to meet the industry's future needs. Training in these occupations can be pursued through the higher education and vocational educational sectors but also depends on practical industry support.

The cyclical nature of the aviation industry has been evident in recent years with strong growth leading to labour shortages in 2007 and 2008. The global financial crisis has led to decreases in demand for aviation services and, in some cases, to workforce reductions. On the other hand, the crisis has given the industry the opportunity to refocus its workforce planning and to ensure the industry is well-placed to meet its future skills needs when the industry inevitably recovers. The challenge for industry and government is to continue to plan and invest for the future.

The Education Revolution has been a signature reform of the Australian Government since its election in 2007. The Government supports Australian industries through its national education and training framework. Vocational education is one element of the framework. Key programs include the Productivity Places Program, HECS-HELP, FEE-HELP and the Australian Apprenticeships Incentives Program.

The Government has established Skills Australia to provide advice on Australia's current, emerging and future workforce skills and development needs. Its role will be expanded to give advice on the effectiveness of the VET and Higher Education systems in meeting Australia's skills needs.

Industry Skills Councils are a valuable mechanism for industry to provide input to the education and training framework. They perform a key role in advising governments on national industry skill requirements, and providing advice to industry about national workforce planning initiatives, training package development and the national Vocational Education and Training (VET) system. The Government has expanded the role of Industry Skills Councils to improve industry workforce planning and improving the quality and accessibility of training by linking industry and training providers.

The workforce shortages experienced by the aviation industry prior to the global economic downturn illustrate the importance of planning and investment in a skilled workforce for the future. Industry and governments need to work together to effectively address these needs.

### POLICY ISSUES

#### A national training system for Australia's industries

The Australian Government believes an overarching national skills framework is critical to ensure industries' future skills needs can be properly addressed.

Australia's aviation industry comprises a diverse range of highly-skilled occupations. Its workforce requires planning and training that is provided either on the job, through the vocational education and training (VET) sector, through the higher education sector, or through private training institutions. The challenge for government is to ensure that the national skills framework is of the highest quality, and provides students and employers with flexibility and choice. It is also important it is readily accessible.

In the Aviation Green Paper the Government proposed to continue to provide assistance to all Australian industries to address skills issues through the education and training framework. Many submissions suggested that training for aviation workers differed from other industries,



in that there was a high cost of training, often driven by necessary safety and security regulatory requirements, and that specific industry assistance was justified to address this.

While the cost of aviation training, particularly pilot training, can be high, the Government believes that ultimately the aviation industry is better served by working within the existing national training framework and its associated financial support mechanisms. The Government will continue to work in partnership with industry and training providers to deliver quality training with access to appropriate assistance measures.

Industry Skills Councils (ISCs) have been established to cover the skills needs of most Australian industry. These organisations work to involve industry with the development of nationally applicable vocational education and training.

ISCs are privately registered companies run by industry-based boards of directors, with funding provided substantially by the Australian Government through the Department of Education, Employment and Workplace Relations.

ISCs provide all industries, peak bodies, enterprises, unions, training organisations and governments with a voice in Australia's vocational education and training system through a national system of industry advisory arrangements and a structure based on industry-led boards of directors and standing committees.

It is important the aviation industry continues to work with its relevant ISCs to strengthen the partnership between industry and government in delivering workforce planning and training.

The ISCs most applicable to the aviation industry are the Transport and Logistics Industry Skills Council (TLISC) and Manufacturing Skills Australia. These two organisations act as an interface between industry and the state-based vocational education and training system.

Industry Skills Councils have an expanded role under the Government's *Skilling Australia for the Future* initiative, including providing integrated industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs.

Skills Australia was established by the Government as an early priority following its election in 2007. It is an independent statutory body, providing advice to the Minister for Education, Employment and Workplace Relations on Australia's current, emerging and future workforce skills needs and workforce development needs.

In March 2009 Skills Australia's role was expanded to encompass the full scope of Australia's labour market needs, and to give advice to the Government on the effectiveness of both the university and VET systems in meeting the broad range of Australia's skill needs. This extension of Skills Australia's remit is an important step because it recognises that in planning future workforce needs a holistic approach is necessary. Skills Australia will have access to the level of research and employment market intelligence it needs to make a real impact on future VET provision.

The value of ISCs lies in their ongoing dialogue and communication with industry which can then be communicated directly to government, to Skills Australia or to specific aspects of the national training system. The Government encourages the aviation industry to utilise the unique position of ISCs to ensure the workforce needs of the aviation industry are considered by Skills Australia and the national training system.

## Ministerial Council for Tertiary Education and Employment

In the 2009–10 Budget the Australian Government announced important changes to funding and structural arrangements for higher education and VET. The new Ministerial Council for Tertiary Education and Employment is guiding the formation of an interconnected tertiary education and training system. The Government has commissioned the Australian Qualifications Framework Council to devise strategies to improve connections between the higher education and VET sectors. This is likely to benefit all Australian industries but should have particular advantages for aviation training which occurs in both the higher education and vocational sectors.

### Government support

The Australian Government provides a range of education and training assistance for both workers and students from all Australian industries.

The Government strives to ensure that program eligibility and guidelines apply equitably across industries. However, industry must itself take responsibility for exploring the range of assistance available, and ensure industry stakeholders, including training providers are in the best possible position to take full advantage of this assistance.

### Case Study: Qantas Apprentice Training

Qantas Apprentice Training was recognised by the Australian Government in August 2009, when the Deputy Prime Minister, the Hon Julia Gillard MP, presented the airline with the Minister's Award for Excellence for Employers of Australian Apprentices in the Sydney region.

Qantas currently employs 286 apprentices, and in October 2009 it announced it would employ an additional 100 engineering apprentices in 2010. This represents a \$28 million investment to support fleet growth and to skill its engineering business for the future.

The Australian Government has provided \$430,000 in assistance for the Qantas Engineering Apprentice Program through Commencement and Completion Craft Subsidy Payments and Mid Career Apprenticeship Payment Programs.

Funding for training jobseekers and existing workers is available under the Australian Government's Productivity Placements Program, which is part of its *Skilling Australia for the Future* initiative. The Productivity Places Program can provide training places for priority occupations and qualifications. Training places for aviation qualifications at the Certificate IV, Diploma and Advanced Diplomas, and the Certificate II in Security Operations (which covers airport security screening) are included on the priority list.

Since 2005, full fee-paying domestic higher education students have been eligible for an income contingent loan available through FEE-HELP assistance to cover all or part of the tuition fees associated with study. The Government extended the program to the VET sector in 2008 when it was made available for full-fee paying students studying for Diploma, Advanced Diploma, Graduate Diploma and Graduate Certificate courses.

A primary objective of FEE-HELP and VET FEE-HELP Assistance Scheme is to encourage students to take up higher level skill qualifications by reducing the up-front costs. In 2009, eligible students in aviation-related training could potentially borrow up to \$83,313 through FEE-HELP and VET FEE-HELP combined over their lifetime. Loans are not subject to income and assets tests, and repayments do not commence until an individual's income is above a minimum repayment threshold, which for 2009–10 is \$43,150.

To ensure the quality and on-going viability of organisations approved to offer VET FEE-HELP assistance, Registered Training Organisations are assessed against the requirements of the *Higher Education Support Act 2003* by the Department of Education, Employment and Workplace

Relations (DEEWR). The Government encourages aviation training providers to consider the benefits of applying for approval as a VET provider to offer VET FEE-HELP assistance students. DEEWR holds regular information sessions for registered training organisations to assist them with the VET provider application and assessment process.

In the aviation sector, both RMIT University and Swinburne University are approved VET providers and can offer VET FEE-HELP assistance to eligible students. Both these providers currently offer VET flight training courses at the diploma and advanced diploma level that articulate into bachelor degree courses. Also, some universities have incorporated flight training into their higher education courses, so that eligible students can cover their tuition fees.

### Increasing access to assistance

The Australian Government continues to implement the VET FEE-HELP Assistance Scheme, with a growing number of registered training organisations being approved to offer VET FEE-HELP to students. Following the Victorian Government's recent VET sector reforms, assistance under the Scheme was extended to Victorian Government subsidised diploma and advanced diploma students, and more flexible credit transfer arrangements were introduced in certain circumstances from 1 July 2009.

Recent changes to the Scheme have streamlined the application and assessment process, making it faster, more cost effective and more efficient for registered training organisations to be approved as VET FEE-HELP providers under the *Higher Education Support Act 2003*. Further changes are planned for the current financial year, which will result in even greater efficiencies in the administration of the Scheme.

### Training Quality

More than many occupations, the quality of aviation training impacts directly on community safety. Continuing improvement of training standards is needed to underpin Australia's excellent aviation safety record.

### Quality assurance

Australia's VET system operates under the Australian Quality Training Framework 2007 (AQTF). The framework is the result of governments and industry working together for over a decade to develop a national training system.

This framework includes comprehensive quality assurance measures to ensure students training in this sector are undertaking quality vocational training, resulting in nationally recognised vocational qualifications regardless of their chosen institution or field of study.

In particular, Commonwealth and State governments have agreed that, in order to issue an AQTF qualification in the vocational education and training sector, the issuing institution must be a Registered Training Organisation (RTO). This entails being committed to benchmarking as a means of ensuring national consistency in implementing an outcomes-focused, streamlined and transparent quality system.

In addition, all courses for international students must be approved by the relevant state or territory accreditation authority, and registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). CRICOS provides a national listing of all providers registered to offer courses to people studying in Australia on student visas, as well as the courses that these providers are registered to offer. Institutions offering courses to overseas students studying in Australia must also comply with the requirements of the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students.

Provision of training and education to overseas students is an important export industry for Australia and the Government places a high priority on maintaining standards to protect Australia's reputation as a quality provider of education to overseas visitors. This framework

underpins the potential for Australia's training providers to grow the market for pilot, engineer and air traffic controller training where we have natural advantages in terms of weather, uncongested airspace and good supporting infrastructure.

### Case Study: New aviation security training framework

Potential improvements in Australia's aviation security training arrangements have been identified over recent years which might provide a more consistent approach to training in security across the aviation sector.

In response, the Australian Government will implement a nationally consistent Aviation Security Training Framework (ASTF) consisting of competency based performance standards for employees undertaking specific aviation security functions, complemented by a range of training and assessment resources.

The framework will be flexible and support collaboration with the industry to address deficiencies in current training requirements. It will also introduce a national assessment and certification process for personnel in x-ray interpretation roles.

As a first phase of implementation, in April 2009, the Department of Infrastructure, Transport, Regional Development and Local Government distributed training and assessment resource materials including 15 Aviation Security Training Standards. These training standards form the basis of the draft framework.

The Government is committed to improving quality and consistency in the aviation security training framework. While the Government considers the options to implement the ASTF, it has released these resource materials as guidance to assist industry ahead of the framework's official rollout.

### Safety: regulatory oversight

In addition to quality assurance mechanisms in the broader education system, Australia's Civil Aviation Safety Authority (CASA) plays an important role in ensuring aviation safety outcomes are met.

Organisations wishing to train pilots need an air operator's certificate (AOC) issued by CASA. CASA oversees the facilities and equipment needed to deliver the service safely. In addition to licensing aircraft pilots, flying instructors and flight training organisations, CASA also oversees the licensing of aircraft maintenance engineers and air traffic controllers. In addition to AQTF training these occupations must also be issued with a CASA licence signifying that they meet certain standards in respect of knowledge, experience and skill prescribed in regulations for that licence or rating.

In its role of ensuring quality aviation training, CASA has an active relationship with relevant ISCs. CASA's contribution ensures training packages developed by the ISCs and used for aviation training in the vocational training sector meet regulatory and licensing requirements.

### Case Study: CASA Flight Training and Testing Office

In 2008 CASA established a Flight Training and Testing Office to improve flying training standards. During 2008 and 2009 the Flight Training and Testing Office began conducting industry flight tests, with a particular focus on initial issue Flight Instructor Ratings (FIR) and on improving management and oversight of industry Approved Testing Officers.

CASA is currently conducting 80 per cent of initial issue Grade 3 Aeroplane and Grade 2 Helicopter FIR flight tests. Initial testing in October 2008 resulted in a high failure rate of candidates. Results to June 2009 indicate the success rate of candidates has improved, reflected improved training and preparation for this important role. The quality of flight instructors is one of the most direct influences on the standard of future pilots which in turn will contribute to future aviation safety outcomes.

CASA has observed an encouraging improvement in standards over the past twelve months and this demonstrates the value of the Flight Training and Testing Office in improving the standard of FIR applicants.

CASA will continue to review the effectiveness of this initiative and will consider further measures, as appropriate, to strengthen the quality of Australia's flight training standards.

### Workforce planning: investing in the future

The Green Paper highlighted the need for industry to be more pro-active in developing attraction and retention strategies and broader workforce planning. The Government recognises the need to partner with industry through relevant ISCs to improve its workforce planning practices. Development needs will include change management skills to enable the industry to address key issues such as safety, security, workforce planning and development and climate change.

### Australia's aviation agencies

In order to maintain safety and facilitate the industry's growth, Australia's safety regulatory, air traffic management and investigatory agencies must invest in their workforce to retain and develop the skills and capabilities needed for the future. Greater co-ordination between agencies, both civil and Defence, in addressing skills shortages will also form part of improved workforce planning arrangements for aviation agencies.

CASA has undergone considerable reform in recent years. This has brought significant change to work practices, organisational structure and strategic priorities. The safety regulator now aligns itself more closely with how industry operates and is more attentive to concerns about how its role can impact on industry competitiveness. Although CASA faces many of the same skills pressures the industry confronts it has worked hard to recruit new staff. CASA has taken steps to develop and enhance the skills of its staff by introducing a Diploma and Certificate IV qualification in Aviation Safety Regulation in conjunction with the Swinburne University of Technology. About ten per cent of CASA's total permanent workforce is enrolled in these courses.

Airservices Australia faces shortages of trained staff in a range of key fields particularly air traffic controllers and aviation fire fighters, which will remain an ongoing challenge for the agency. To meet this challenge Airservices has developed an initial Workforce Plan covering all areas of its workforce, including air traffic controllers, aviation rescue and fire fighting officers and other technical and asset services staff.

The Government will require both Airservices and CASA to publish and update their workforce plans annually to ensure they retain their currency and reflect workforce trends.

## Training Packages

ISCs have responsibility for developing and administering Training Packages for many Australian industries including aviation. A Training Package is a set of national standards and qualifications for recognising and assessing people's skills in a specific industry sector or enterprise. The quality and consistency of aviation training provided through the VET sector is a key strategy to attract and keep workers in the Australian aviation industry.

The Aviation Training Package is administered by the TLISC and outlines competency standards for qualifications including for flight crew, cabin crew and supervisory cabin crew, air traffic control, airport management, airport reporting services, baggage handling and freight services, ground support and ramp services, general airport operations and check in and customer service staff.

The new Aviation Training Package was endorsed on 29 April 2008 and directly aligns CASA licensing requirements with the national qualifications and more closely aligns military and civil training to a national standard.

Recent and planned improvements to the Aviation Training Package and Aeroskills Training Package have assisted industry in meeting current and future workforce needs by ensuring aviation workers are trained to meet both regulatory requirements and industry training priorities, as well as improving collaboration between civil and defence aviation sectors.

In July 2009, MSA and TLISC formed a new aviation skills alliance with New Zealand's Aviation Tourism and Travel Training Organisation, moving toward mutual recognition of Australian and New Zealand aviation qualifications. The alliance will build quality and confidence in the aviation qualifications developed in both countries.

## Defence and civil aviation training

Historically the civilian and military sectors of the aviation industry have functioned quite independently, with transfer of skills between the two sectors limited to the movement of experienced military aviation workers into the civil sector. In order to improve access to skilled workers for the industry as a whole it is preferable to move towards a more interconnected system of training where resources and people can move more easily between the two sectors. Aviation-focused industry skills councils continue to work together with both the civil and defence sectors to more closely align training undertaken in the two sectors.

For example, the MEA07 Aeroskills Training Package, administered by the MSA, outlines training for aviation occupations performing maintenance work on aircraft and their components in the civil and military aviation sector. In developing this training package, MSA was able to cater to the specific needs of defence and civilian sectors by including additional units of competency, relevant training pathways, and taking into account anticipated regulatory changes in both sectors.

The new Aviation Training Package endorsed in 2008 also includes the Diploma of Aviation (Air Traffic Control), a qualification that aligns competency requirements for air traffic controllers from both Defence and Airservices Australia. The closer alignment of the sectors improves the ability of people to move between the defence and civil sectors and therefore improves the overall attraction of aviation as a career choice.

## Training the trainers

The TLISC continues to improve qualifications for flight instructors working closely with the industry and CASA. The Grade 3 Flight Instructor Skill Set was endorsed in June 2009. This suite of qualifications and skill sets will see the harmonisation of both regulatory and occupational outcomes for Flight Instructors. This will enable the recognition and training of flight instructors in flying, training, assessment, supervision, leadership, management and educational skills along with the required knowledge to perform effectively at the various levels of flight instruction required by the aviation industry. Further improvements to the Aviation Training Package are planned for 2010 to develop additional Flight Instructor Qualifications and Skill Sets. The new training standards should assist in further improving the standards of flight instructors and training outcomes for student pilots.

## Career Paths

As part of the strategy to improve workforce planning arrangements, there are continuing opportunities for industry to form partnerships with schools to better define career pathways from school into aviation occupations.

The aviation industry competes for workers alongside all Australian industries. In the past the industry has often relied on the enthusiasm that aviation can generate to attract sufficient workers. However, during the recent period of high growth the aviation industry has had difficulties attracting skilled workers. Sectors of the industry, particularly aircraft maintenance, are also facing more urgent workforce planning challenges as the current generation of workers age and new entrants are needed to provide the industry's future skills base.

In order to ensure the industry has access to skilled workers in the future, it must promote itself to young people, including within the school system. It is important to promote the range of employment opportunities in the industry to both teachers and school-age students while students are considering their career path and the study required to reach their goals.

Various schools throughout Australia have introduced aviation subjects into curriculums to build better linkages between high schools and aviation careers.

For example, the Queensland Government commenced the Aerospace Project in 2004 to create pathways into Queensland's growing aerospace industries by offering an aeroskills program as part of the curriculum, work experience programs and direct entry arrangements to various universities and Aviation Australia. Aviation High, situated in Brisbane, is the hub of the Aerospace Gateway Schools Project, offering subjects from Year 8 to Year 12 with specialised aerospace and aviation content.

### Case Study –promoting aviation, aerospace and defence careers

The Australian International Aerospace & Defence Exposition held in conjunction with the biennial Australian International Airshow at Avalon Airport includes a Careers and Skills Forum. The forum focuses on the aviation, aerospace and defence sectors with specialised programs for secondary teachers and career professionals; tertiary aerospace students; and, selected senior secondary students.

The objective of the Careers and Skills Forum are to highlight careers opportunities available to young people in Australia's aviation, aerospace, and defence sectors by:

- > finding out where the jobs really are and what skills and training pathways required;
- > meeting key industry employers;
- > hearing from young people currently working in the sectors; and
- > seeing the latest technologies from the world's leading companies.

The success of the Careers and Skills Forum relies on industry participation and support in promoting aviation, aerospace and defence careers. The Avalon 2009 Careers and Skills Forum attracted a record 500 accredited aerospace student professionals, 600 senior secondary school students and 250 teachers. In addition, more than 400 people attended the careers briefing sessions held throughout the event.

## A role for Australia's regions

Australia has a number of natural advantages in the global aviation training market. Relatively fine weather, vast distances and low levels of air traffic in many parts of the country offers attractive conditions for new pilots. As a developed economy, Australia offers access to modern airport, engineering and air traffic management infrastructure.

Australia's regions are perfectly placed to take advantage of these benefits. While offering many of the benefits of our capital cities, regional centres offer lifestyle and financial advantages to Australian and overseas students. There is also less potential for conflict with busy flight paths around capital city airports and for noise impacts on densely populated urban areas.

It is important for regional councils to properly plan involvement in aviation training capability. For example, areas directly under planned flight training circuits are likely to be subject to aircraft noise which can be distressing for some people. Residential and other noise-sensitive development needs to complement council strategies to attract aviation training to regional locations. If developed sensibly and in an integrated way, the potential for aviation training to contribute to regional economies is significant.

### Case study: Wagga Wagga Aviation Education and Training Hub Initiative

Wagga Wagga is growing in strength as a centre of significance for aviation education and training. Capitalising on existing infrastructure and operations, a strong collaborative partnership has emerged, focused on attracting aviation activity to the area.

Wagga Wagga is ideally suited to aviation training. As one of NSW's largest and fastest growing inland cities, it is strategically located mid-way between Melbourne and Sydney. The City and wider Riverina region has a reputation for a diverse and resilient economy, good transport linkages, well-developed aviation infrastructure, uncongested airspace and fine weather. The City is a major centre for the Australian Defence Forces, including the RAAF Base Wagga Wagga and Kapooka Army base and its strengths in Higher Education and Vocational Education & Training are internationally recognised, including Charles Sturt University and TAFE NSW Riverina Institute.

Building on these strengths, aviation related education and training in Wagga Wagga has grown in response to industry needs. Recognising the emergence of a strategic, partnership-based skills network between Wagga Wagga City Council, Regional Development Australia, Federal Government agencies, tertiary education institutions, Industry Skills Councils and the private sector is promoting and growing Wagga Wagga's advantages in aviation education and training – 'The Wagga Wagga Initiative'.

The Wagga Wagga Initiative is focused on integrating education and training for the national and international aviation industry. The partnership builds on public and private sector investment in aviation education and training in Wagga Wagga, including:

- > National Aerospace Training Centre of Excellence (NATCOE) – a campus of TAFE NSW Riverina Institute providing the full range of aerospace engineering disciplines to the three major arms of the Australian Defence Force. NATCOE employs 121 staff and trains more than 1,000 ADF trainees each year.
- > Airservices Australia – National Provision of Technical Training – a strategic partnership between Airservices Australia and TAFE NSW Riverina Institute to provide for the future technical skills needs of Airservices Australia.
- > Australian Airline Pilot Academy – established by Regional Express in Wagga Wagga to address pilot shortages for their airline and to address the growing need for commercial pilots in the Asia-Pacific region.
- > eLearning – Wagga Wagga City Council has partnered in the Australian Flexible Learning Network Industry Integration e-Learning Aviation Program to develop aviation safety and security programs targeting regional and remote airports where off-site attendance for training is difficult.

The Wagga Wagga Aviation Education and Training Hub Initiative is highlighting the potential to use the region's natural advantages in aviation education and training to attract businesses and facilities. In turn, the proximity to other aviation businesses and state of the art facilities has become a drawcard in itself. The results are already seeing benefits for both aviation training and regional development, with the partnership now looking ahead to new initiatives and potential opportunities to develop the aviation hub concept further.

## CONCLUSION

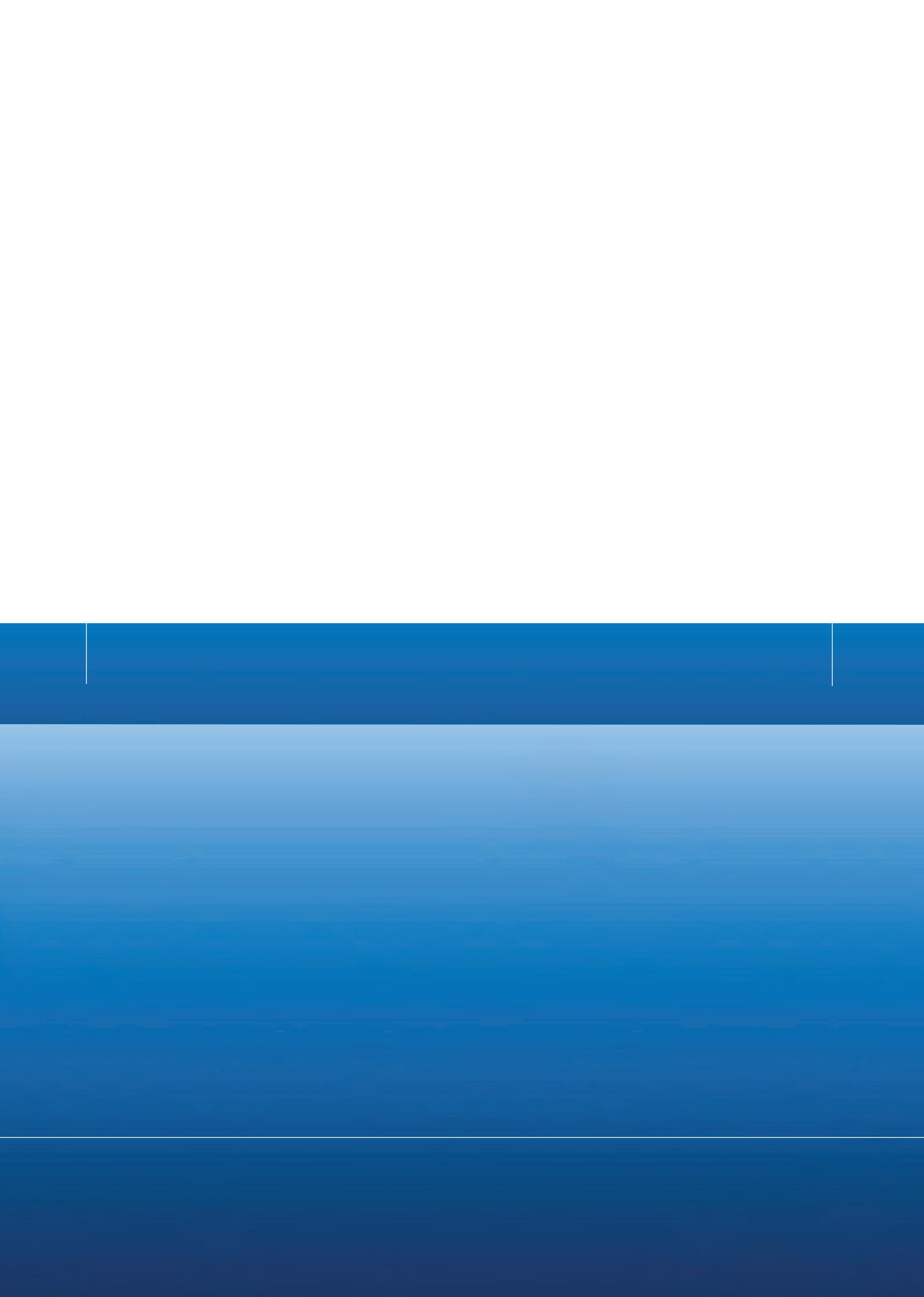
The aviation industry will continue to depend on a highly-skilled workforce to support the industry's growth through the next decade and beyond. Planning and investment must take place now to ensure the industry's future skills needs are met.

The Government has:

- > established Skills Australia under the *Skilling Australia for the Future* initiative to provide expert and independent advice on matters relating to Australia's current, emerging and future workforce skills and workforce development needs;
- > expanded the role of Industry Skills Councils which link industry and training providers in the development of nationally applicable vocational education and training and, through the Transport and Logistics Industry Skills Council and Manufacturing Skills Australia, played a leading role in developing training packages for the aviation industry to improve planning and skills development for key industry occupations including pilot, flight instructors, aviation engineers and air traffic controllers;
- > made available training places in priority occupations in aviation through the Productivity Places Program;
- > expanded access to VET FEE-HELP to remove the barriers associated with the payment of up-front fees for aviation training; and
- > established through CASA a Flight Training and Testing Office to improve flying training standards and management and oversight of industry Approved Testing Officers.

The Government will:

- > streamline the application and assessment process for registered training organisations to be approved as VET FEE-HELP providers under the *Higher Education Support Act 2003*, making it faster, more cost effective and more efficient;
- > continue the development of the Aviation Training Package through the Transport and Logistics Industry Skills Council to further improve Flight Instructor Qualifications and Skill Sets;
- > improve flying training standards and management and oversight of industry Approved Testing Officers through CASA's Flight Training and Testing Office;
- > improve workforce planning in Airservices Australia and CASA through development and publication of workforce plans, updated annually to ensure they retain currency and reflect workforce trends;
- > ensure the closer alignment of national civil and military air traffic controller standards and qualifications; and
- > highlight the importance of continued industry improvements in workforce planning and training, including:
  - improved workforce planning which is now being seen in many parts of the Australian aviation industry in response to recent workforce shortages;
  - improved recruitment and retention strategies amongst Australia's aviation industry employers; and
  - improved marketing of aviation careers.



## CHAPTER FIVE



Consumer protection



# Consumer protection

## POLICY GOAL

Protection and fairness for aviation consumers and the broader community without imposing unnecessary cost or impeding innovation in the aviation industry.

## Aviation and Consumer Law

### BACKGROUND

The move to a deregulated aviation industry nearly twenty years ago has facilitated greater access to the aviation market. By allowing airlines to tailor products and prices to suit the full range of consumers' needs, more people than ever can fly.

Over more recent years, the low-cost airline business model has lowered fares further, usually by offering a lower base level of service to customers with flexible add-ons. These add-ons might include in-flight meals and entertainment, check-in baggage or extra leg room. Some consumers have taken time to adjust to the low-cost carrier mode and the concept of having to pay for services that previously were built-in to the base air fare. Low-cost airlines also often require customers to check in earlier to allow more flexible use of ground staff without delaying aircraft turnaround. Misunderstandings about service level standards and check-in times can sometimes lead to dissatisfaction for customers, who sometimes feel that airlines have not been clear about ticket conditions. This can lead to challenges for airline staff in managing and resolving complaints.

Although the Australian Government does not regulate the levels of customer service that are offered by airlines, it nevertheless has an important role ensuring airlines operate with honesty, transparency and fairness. The Australian aviation industry, like all businesses, operates under a range of laws which protect the interests of consumers. Foremost amongst these is the *Trade Practices Act 1974* which is administered by the Australian Competition and Consumer Commission (ACCC).

The Trade Practices Act contains a range of measures which protect consumers, including consumers in the aviation context. For example, the Act prevents businesses from:

- > engaging in misleading or deceptive conduct;
- > making false or misleading representations;
- > engaging in 'unconscionable conduct';
- > conducting 'bait advertising' (if fares are advertised at a particular price, the airline must make available a 'reasonable' number of tickets at that price); and
- > advertising partial prices of airfares without also specifying the total price of the fares.

In addition, the ACCC ensures consumers benefit from appropriate competition within the aviation market. The ACCC has been active in recent years in tackling collusion and price fixing in relation to air cargo, as well as assessing proposals for airlines to merge and/or cooperate.

The Trade Practices Act is complemented by a range of state and territory laws which further enhance protection for air travellers. For example, state government legislation requires travel agents to participate in the Travel Compensation Fund, which can reimburse travellers in the event that the travel agent becomes insolvent without having passed consumers' funds onto a travel service provider such as an airline.

While finding Australia's consumer policy framework to have considerable strengths, the Productivity Commission found in its 2007-2008 *Review of Australia's Consumer Policy Framework* that parts of the framework required an overhaul.

The Australian Government supports this finding and has implemented a number of important recommendations including the current development of the national Australian Consumer Law. The Government is committed to ensuring consumers within the aviation industry share in the benefits of this fundamental remake of Australia's consumer law landscape.



While consumer laws provide a safety net for passengers seeking compensation, the Australian Government believes it is far better for the airlines to keep these matters out of court, to minimise complaints and to settle complaints where they do arise by mutual agreement. Many consumer complaints in the aviation industry relate to the complaint handling process itself, in addition to underlying service concerns. The Government sees a need to ensure airlines make reasonable efforts to engage with the complaints of their customers, and make genuine efforts to resolve these issues without recourse to formal legal processes.

## POLICY ISSUES

### Australian Consumer Law

Following the Productivity Commission's 2007-2008 *Review of Australia's Consumer Policy Framework*, on 2 October 2008 the Council of Australian Governments (COAG) agreed to the creation of the Australian Consumer Law (ACL), as announced by the Ministerial Council on Consumer Affairs (MCCA) on 15 August 2008. The ACL will:

- > be based on the consumer provisions of the *Trade Practices Act 1974*;
- > include reforms based on best practice in existing state and territory consumer laws; and
- > apply in all states and territories via an application law scheme.

To ensure that both consumers and regulatory agencies are appropriately equipped to tackle unlawful commercial behaviour, the ACL will also include new civil penalties, enforcement powers and consumer redress options:

- > 'Civil pecuniary penalties' will provide an 'intermediate' penalty to respond to behaviour where existing criminal penalties may be a disproportionate response but a significant penalty is warranted in addition to civil remedies.
- > 'Disqualification orders' will enable a court to ban people who disregard the consumer protection laws from being a director or manager of a company, where the circumstances warrant it.
- > 'Substantiation notices' will enable the ACCC and the Australian Securities and Investment Commission (ASIC) to quickly and easily require information to substantiate claims made by businesses, thereby addressing a key gap in the ACCC's powers.
- > 'Redress for non-parties' will allow the ACCC and ASIC to act more effectively where many consumers suffer small losses on which each of them might not take action individually because of cost and inconvenience. This provision enables the ACCC to seek redress such as an apology or a refund on tickets.
- > 'Infringement notices' will enable the ACCC and ASIC to deal with alleged breaches of the law without the need to bring costly legal proceedings. The notices could be used to deal with minor breaches of the law by seeking payment of an amount which will let a person avoid legal proceedings, although there will be no compulsion for the person to pay.
- > 'Public warning notices' will be available to warn the public about actual or likely harm that may result from suspected breaches of the consumer laws, thereby mitigating consumer detriment.

Many of these powers have been available to state government regulators in various circumstances for some time. The ACL creates a suite of national consumer law enforcement powers for the first time. Details of these additional measures are set out in the Trade Practices Amendment (Australian Consumer Law) Bill 2009 and the explanatory memorandum, which are available on the Australian Consumer Law website at [www.treasury.gov.au/consumerlaw](http://www.treasury.gov.au/consumerlaw).

The development and implementation of these proposals is being led by the Australian Government, in close consultation with States and Territories, through MCCA under the auspices of the COAG Business Regulation and Competition Working Group.

The Australian Government has committed to implement the ACL in all Australian jurisdictions by the end of 2010. In July 2009, COAG signed an inter-governmental agreement between the Australian and state and territory governments to cover the joint administration, maintenance and enforcement of the ACL.

The ACL will come into operation via a staged approach. As part of Stage One, the Trade Practices Amendment (Australian Consumer Law) Bill 2009 was introduced into the Parliament on 24 June 2009. The Bill provides for the application, administration and amendment of the ACL, introduces a national provision regulating unfair contract terms, and introduces the new penalties, enforcement powers and consumer redress options.

A second Bill will be introduced into the Parliament in early 2010, which will complete the creation of the ACL. Once all necessary Commonwealth legislation is in place, the States and Territories will need to pass application legislation in their respective parliaments by the end of 2010, in accordance with the timeframe agreed to by COAG in its *National Partnership Agreement to Deliver a Seamless National Economy*. The ACL will be fully implemented by 1 January 2011.

### Unfair Contract Terms

A key element of the ACL will be new provisions regulating unfair terms in standard form consumer contracts (including non-negotiated contracts, such as airline tickets). The Trade Practices Amendment (Australian Consumer Law) Bill 2009, which is currently before the Senate, will bring this element of the ACL into operation as soon as possible.

The unfair contract terms provisions will mean that any unfair term in a standard form consumer contract is void. The contract will otherwise continue to operate as if the unfair term did not exist.

Under the Government's proposed amendments, moved in the Senate, a term is 'unfair' when it:

- > causes a significant imbalance in the parties' rights and obligations arising under the contract; and
- > is not reasonably necessary to protect the legitimate interests of the supplier; and
- > causes financial or non-financial detriment to a party.

The legislation will include a non-exhaustive, indicative list of types of terms that may be considered to be unfair.

The unfair contract terms law recognises that where no genuine opportunity is afforded to a consumer to negotiate the terms of a standard form contract, there should be some recourse where a term of such a contract unduly disadvantages the consumer.

The proposed reform will have important implications for airlines. Examples of potentially unfair contract terms in the Bill include:

- > terms that permit one party (but not another party) to avoid or limit performance of the contract;
- > terms that permit one party (but not another party) to vary the terms of the contract; and
- > terms that permit one party unilaterally to vary the characteristics of the services to be supplied under the contract.

The Government recognises airlines may have a range of legitimate reasons to use clauses of this nature. For example, inclement weather may prevent an aircraft from operating to schedule, and it is inappropriate to prevent airlines from taking effective action to respond to safety issues so as not to compromise the wellbeing of their passengers.

However, airlines will need to take care to ensure the use of such clauses is reasonably necessary to protect their legitimate interests.

### All-inclusive pricing

The Government has delivered on its commitment to ensure airlines do not create consumer expectations that fares are cheaper than they really are. Amendments to the Trade Practices Act to tackle component pricing became operational from 25 May 2009, meaning airlines who advertise fares comprising a range of separate components must also advertise a single price fare (where it can be calculated) that is 'at least as prominent' as the most prominently displayed component of the price.

### Complaint Handling Charters

While these consumer laws will provide passengers with the legal power to ensure fair treatment, it is preferable to ensure complaints are resolved well before it gets to that stage.

The airline industry has been the subject of an increasing number of complaints since the advent of the low-cost airline model. The Government considers it is in the industry's best interests, as well as in the best interests of consumers, to improve its complaints-handling procedures and standards.

As a first step, the Government is calling on airlines to develop 'Corporate Charters' that are tailored for each airline and set benchmark standards on the handling of consumer complaints. The Charters should set out minimum standards, dealing with issues such as the minimum time for acknowledging a complaint, guarantees of local-call telephone assistance, minimum times for responding to the substance of a complaint, and clear undertakings to offer full refunds to consumers in specified circumstances, such as cases of 'denied boarding' due to deliberate overbooking, or significant schedule alterations. The Government also expects the industry to establish a mechanism for consumers to have unresolved complaints examined by a third party, such as an industry ombudsman, independent of the airline involved.

The Government is reluctant to burden industry with further regulations in this area, and is confident airlines are committed to constantly improving the services they offer to the Australian public. The Government will monitor the industry's efforts to develop proposals to better handle consumer complaints over the coming year, and will consider a more interventionist approach should this become necessary.

### Air Operators' Liability and Insurance

#### BACKGROUND

The legal framework governing insurance arrangements to cover a serious aviation accident requires a sensitive policy balance for governments. On the one hand, it is desirable for the innocent victims of air tragedies to have speedy access to appropriate compensation. On the other hand, there are limits to the capacity of the aviation industry to generate the economic resources necessary to cover the potentially vast sums involved.

A sustainable and financially viable aviation industry depends on liability laws that balance the interests of airlines and victims.

Governments have traditionally achieved this balance by placing a cap on airlines' liability, thereby limiting the amount of compensation that an airline may be required to pay in the event of an incident. The trade-off has been the application of strict liability – whereby airlines are assumed

to be at fault, removing the need for claimants to navigate compensation hurdles such as proving negligence on the part of the airline. This system for dealing with liability, first embodied in the 1929 Warsaw Convention, sought to facilitate compensation smoothly and swiftly in amounts that were affordable for the then fledgling industry.

This liability system has now evolved, reflecting the vast improvements in aviation safety and substantial increases in the financial equity available to the industry. The international benchmark for air passenger liability is now contained in the 1999 Montreal Convention, which imposes unlimited liability on airlines. Liability is strict up to a threshold of approximately \$175,000 per passenger, beyond which the onus is on airlines to prove that they were not at fault.

Australia has now implemented the Montreal Convention, which became operational for Australia on 24 January 2009. Following the implementation of the Convention, the Government conducted a comprehensive review of Australia's carriers' liability and insurance framework. The review examined:

- > liability arrangements for both passenger and third party (surface) victims;
- > the associated minimum insurance standards for each;
- > international developments; and
- > the specific requirements for Australian domestic operations.

The Government has received submissions in response to a discussion paper that was released to progress the review. The Government will now act on the preliminary findings taking into account the feedback received through consultations, and will move forward with modernising the carriers' liability and insurance framework.

## POLICY ISSUES

### Modernising the liability and insurance framework

The 2009 discussion paper proposed broad objectives to guide the revised framework, which the Government now affirms. The objectives of Australia's aviation liability and insurance framework will be to:

- > facilitate prompt and equitable compensation to victims of air accidents;
- > foster a productive and sustainable aviation industry;
- > provide an appropriate balance between the interests of victims, carriers, insurers and governments; and
- > be as simple as possible, to increase certainty for industry participants and reduce compliance costs, and therefore be consistent with our international obligations, yet appropriately tailored for the Australian market.

The Government will progress the 30 preliminary findings identified in the discussion paper taking into account industry feedback and comments, ensuring that basic updates and simple fixes are not held up by the more complicated proposals.

Many of the preliminary findings confirmed that existing policy settings remain appropriate for the modern legal and aviation environment. However a range of significant reforms were also identified.

As part of the reforms, the Government will increase the cap on passenger compensation for domestic travel to \$725,000. This increase, which follows almost 15 years without any updates to reflect changes in the cost of living, represents long overdue enhancement of consumer protection.

The Government will also develop a scheme to make insurance for third party surface damage compulsory. The Government firmly believes that the aeroplanes that fly in Australian skies must have insurance for the damage they could cause to innocent parties on the ground. The Government will consult further with industry to fine-tune the details of the scheme, including the categorisation of aircraft operations covered, levels of insurance that will be required, enforcement mechanisms and penalty provisions.

The legislation package will also respond to various concerns that have been raised by operators, including various technical issues that were canvassed in the discussion paper surrounding the way damages are awarded. The Government will have detailed proposals ready for further targeted industry consultation in 2010, and will have legislation ready for introduction to the Parliament following this process.

## Passengers with Disabilities

### BACKGROUND

Passengers with disabilities often face particular difficulties in accessing air services. Some of these difficulties may be due to reduced mobility, including the need to travel in a wheelchair. Different challenges are posed by negotiating airport and check-in procedures for the sight or hearing impaired. Passengers with some medical conditions or intellectual impairment may need special arrangements for their flight to ensure they can travel safely.

The Government recognises the significant difficulties people with disabilities often experience in accessing air travel and is assisting industry to identify and implement means to improve access.

The Government's commitment to the active participation of people with disabilities in the community is demonstrated by its recent ratification of the United Nations Convention on the Rights of Persons with Disabilities and accession to the Optional Protocol to that Convention. This international commitment complements the *Disability Discrimination Act 1992* (DDA) and other domestic legislation providing for equal opportunity for people with disabilities.

At the same time, the Government recognises the challenges faced by industry in achieving disability access to air travel. Variation within the aviation industry — such as the design and size of aircraft and the boarding facilities at airports — impacts on an operator's ability to provide consistency of service. At the same time, such variation also limits the Government's ability to regulate or provide firm guidance on the provision of disability access.

The Government also recognises that meeting aviation safety, occupational health and safety and other legislative requirements can hinder the provision of equal access to air services, or expose industry participants to a potential complaint under the DDA.

### POLICY ISSUES

#### The Aviation Access Working Group

As proposed in the Aviation Green Paper, the Government has established an Aviation Access Working Group (AAWG) to focus on practical, functional improvements to disability access in the aviation industry. This initiative received widespread support from a broad range of organisations who made submissions to the White Paper including a number of airports, airlines, disability organisations, and state and territory governments.

With representatives from all key stakeholder groups — airlines, airports, peak disability groups and government agencies — the AAWG has met regularly since its first meeting in early February 2009. Meetings have been focussed and constructive, and feedback from industry and disability organisations on the value of the meetings has been positive.

With broad terms of reference, the AAWG has already demonstrated significant value as a forum for two distinct primary purposes:

- > advice to Government on disability access policy, the relevant legislative framework and practical measures that can be taken to improve disability access; and
- > sharing of experiences and expertise between disability organisations, industry participants and regulators, from which discrete initiatives towards solutions are often launched.

The AAWG has already made progress on a number of fronts.

In developing the content of new guidelines for airport security screening operators, the Government, through the Office of Transport Security, has consulted the AAWG. Disability organisation representatives provided valuable input on the experiences of people with disabilities at screening points, and advice on how the screeners can best meet their security objectives while respecting the dignity of passengers with disabilities. For example, screening of guide dogs can sometimes lead to unexpected consequences. Removing a working dog's harness during security screening can lead the dog to go into 'non-work' mode, creating confusion for the animal and disruption for its owner. Understanding this, and establishing consistent procedures, is important for security screeners in servicing passengers travelling with assistance animals.

In consultation with the AAWG, the Government is taking action to provide greater legal certainty to airline operators on two particular aviation safety issues as they relate to the carriage of some passengers with a disability.

The Government has amended the terms of Civil Aviation Order 20.16.3, to the extent that it relates to the allocation of emergency exit row seating in a passenger aircraft. Previously applicable to 'handicapped' and 'sick and injured' persons, the restriction on the exit row seating allocation now applies to any person who is unwilling or unable to assist with opening the emergency exit, or who could obstruct access to the emergency exit.

The new Order gives aircraft operators greater clarity of their safety obligations. To remove all legal uncertainty, the Attorney-General has recently prescribed the Order under Section 47 of the DDA. As a result, an airline operator acting in direct compliance with the Order will, in doing so, not be in breach of the DDA's prohibition of disability discrimination. These two legislative amendments provide certainty for both operators and travellers with disabilities where there has previously been scope for confusion and misunderstanding.

The Government is also taking steps to simplify pre-flight processes which ensure the safe carriage of a passenger's assistance animal in the aircraft cabin. Recent amendments to the DDA provide for state and territory-based assistance animal training accreditation regimes which are recognised under the DDA at a national level. The Government will be liaising with state and territory governments on the introduction and implementation of such schemes by those governments. This initiative will bring clarity for passengers travelling with assistance animals while ensuring aircraft operators meet their obligations to maintain a safe operating environment.

### Disability Access Facilitation Plans

The Government believes that constructive and pro-active engagement between operators and regulators, combined with the provision of clear and transparent consumer information, is the best approach to generating tangible improvements for passengers with disabilities.

This collaborative approach underpins the development of the Disability Access Facilitation Plans Scheme, a major new initiative that has considerable potential to deliver concrete progress for disability access to the air transport sector. The proposed Plans, which will be published from mid-2010 and regularly updated, will be developed by airlines and airports to communicate in detail their approach to meeting the needs of travellers with disabilities. The Plans will cover the total travel experience on issues such as the extent to which the airline offers direct assistance (for example at check in, boarding and disembarking), procedures for the carriage of mobility aids, and processes for facilitating the carriage of assistance animals.

Airlines and airports will also have the opportunity to explain how a passenger can assist airlines to provide the kind of service that best suits his or her needs — for example, advance notice of requirements and/or advice on individual needs to staff at different stages in the process. Participants will also be encouraged to detail how a passenger with a disability can make a complaint or provide non-critical feedback to the operator on his or her experience.

The Disability Access Facilitation Plans Scheme initiative enables industry to better communicate its efforts to achieve disability access, and provides passengers with an improved level of transparency and accountability. It will assist consumers to make sound travelling decisions, for example whether a travelling companion will be necessary, based on a public undertaking from

an operator. By allowing for flexibility, the approach recognises the varied capacities within the Australian aviation industry and avoids the need for an overly prescriptive, possibly inflexible, Code of Practice and the inherent time delays associated with the creation of new legislation.

Preparation of a Plan will be encouraged among all industry participants operating in, to or from Australia. To assist with Plan preparation, the Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure) will provide participants with a model template and guidelines setting out Government expectations as to the matters to be addressed and the manner in which information is presented. Participating companies will be encouraged to consult disability organisations during the preparation of a draft Plan, and to consult the Australian Human Rights Commission and the Civil Aviation Safety Authority on a draft Plan's consistency with anti-discrimination and aviation safety legislation.

Participants will be encouraged to publish their finalised Plan on their website. Access to the plans will be available through a single, dedicated page of the Department of Infrastructure website, enabling consumers to consult and compare all available Plans from one platform.

The preparation of a Plan will not affect a participant's responsibilities under anti-discrimination, aviation safety and other legislation.

The Government has consulted the Aviation Access Working Group in depth on the Plans. The AAWG (including its industry representatives) has endorsed the scheme and has assisted the Government in its final design.

This form of assisted self-monitoring will promote transparency and accountability. While the scheme will provide airlines and airports with flexibility to develop a Plan tailored to their particular operations, it will lead to significant improvements for passengers with disabilities. The passenger will be empowered to not only make better-informed consumer choices, but to assist airlines and airports to provide a service that will best cater for their individual needs.

### Review of Transport Standards

The Disability Standards for Accessible Public Transport (2002) (Transport Standards) specify levels of service, measures and actions that public transport operators must undertake to meet their obligations under the DDA. While the Attorney-General has formal responsibility for the DDA and the Transport Standards, the Minister for Infrastructure, Transport, Regional Services and Local Government has an advisory role in respect of the Transport Standards.

The Government has recently received the final report of the independent review of the Transport Standards. The Government is carefully considering its response to the review's recommendations.

The generic, multi-modal nature of the current version of the Transport Standards limits their capacity to address the access issues specific to individual sectors, such as aviation. Against such a background, the review's draft report proposed the establishment of modal sub-committees, such as the AAWG.

### International developments

The International Civil Aviation Organization (ICAO) has recently established a working group to review guidelines relating to passengers with disabilities. The Australian Government has accepted an invitation to participate in the working group and is committed to making a meaningful contribution. In doing so, the Government will consult with the AAWG membership.

### CONCLUSION

Customer satisfaction is integral to the success and sustainability of the aviation industry. While the Government will continue to afford airlines considerable flexibility in the way they manage and respond to consumer expectations, the Government will maintain — and strengthen where appropriate — its role in setting minimum benchmark standards for airline behaviour.

The Australian Government will safeguard the interests of consumers within the aviation industry by focussing on reforms in three key areas.

### Australian Consumer Law

The Government has moved to improve Australia's broader consumer protection framework by:

- > introducing new laws to stop airlines from advertising misleading fares by toughening the rules on component pricing; and
- > introducing to the Parliament the *Trade Practices Amendment (Australian Consumer Law) Bill 2009* providing for the national regulation of unfair contract terms as well as enhancements to the consumer enforcement, investigation and redress provisions.

The Government will:

- > harmonise and coordinate fair trading laws, introduce new and enhanced remedies, and improve protections for all consumers, including air travellers, through the finalisation with states and territories of the Australian Consumer Law; and
- > work with the airline industry to renew its efforts to resolve customer complaints without the need for recourse to the legal system by:
  - developing 'Corporate Charters' to set benchmark standards for the handling of complaints;
  - establishing a mechanism for consumers to have unresolved complaints examined by a third party, such as an industry ombudsman; and
  - review the industry's progress in this regard in late 2010.

### Liability and Insurance Framework

The availability of fair compensation following an air accident is a critical protection for air travellers and their families. The Government's modernisation of the carriers' liability and insurance system will implement changes and updates that are necessary to ensure that the interests of victims and the interests of operators are appropriately balanced.

The Government will:

- > increase the cap on liability for domestic passenger travel from \$500,000 to \$725,000 per passenger;
- > increase the associated compulsory insurance for airlines from \$500,000 to \$725,000 per passenger; and
- > consult with industry on a suitable scheme to make insurance for third party (surface) liabilities compulsory.

### Passengers with disabilities

The Australian Government's focus on communication, collaboration and cooperation between Government, disability advocacy groups and the aviation industry is already yielding significant practical outcomes.

The Government's Aviation Access Working Group (AAWG) is focussed on practical, functional improvements to disability access in the aviation industry and will:

- > facilitate the development of Disability Access Facilitation Plans by airlines and airports to communicate in detail their approach to meeting the needs of travellers with disabilities; and
- > in consultation with the AAWG membership, contribute to the ICAO working group established to review guidelines relating to passengers with disabilities.



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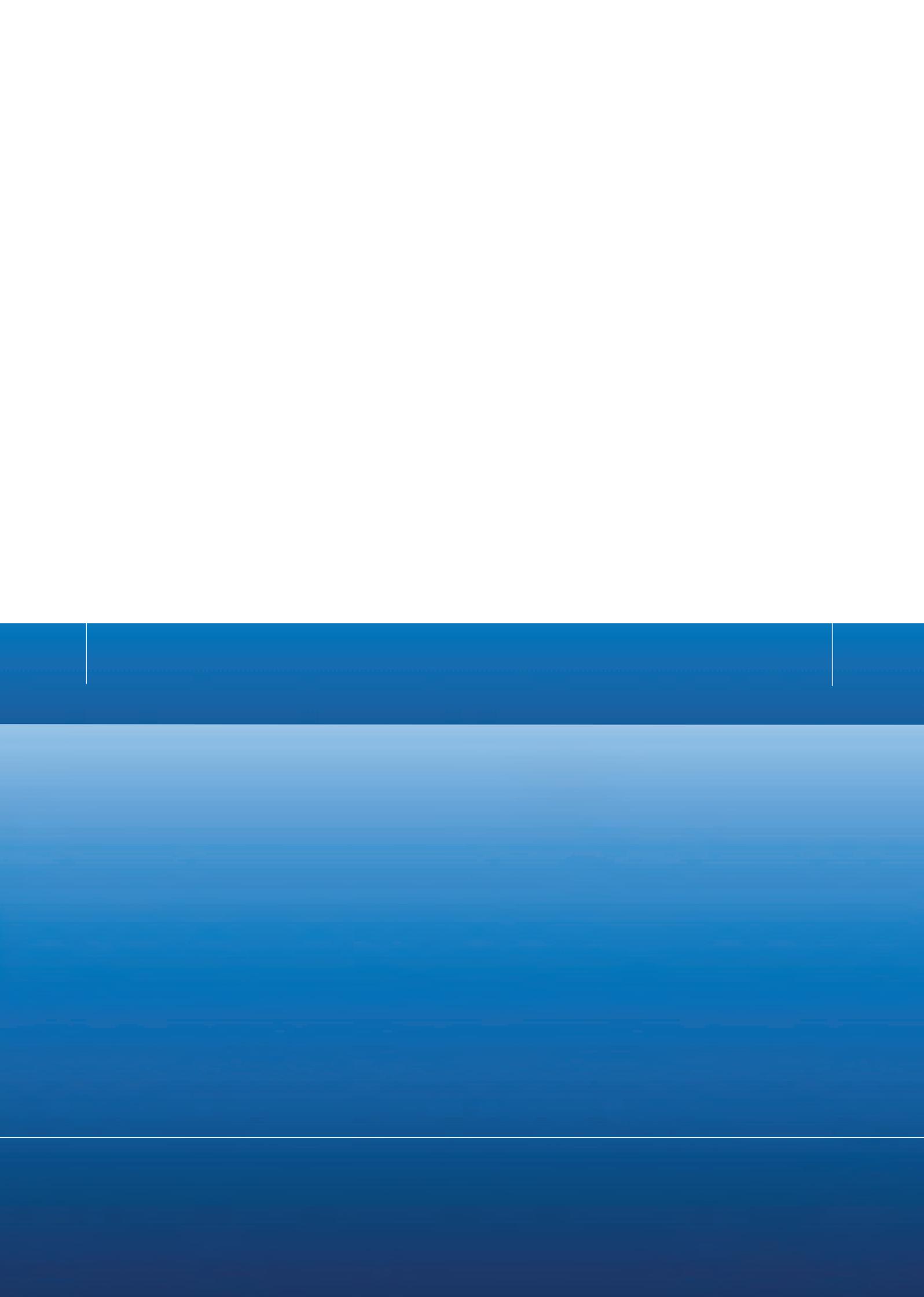
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## SECTION TWO

### SAFETY AND SECURITY – THE HIGHEST PRIORITIES

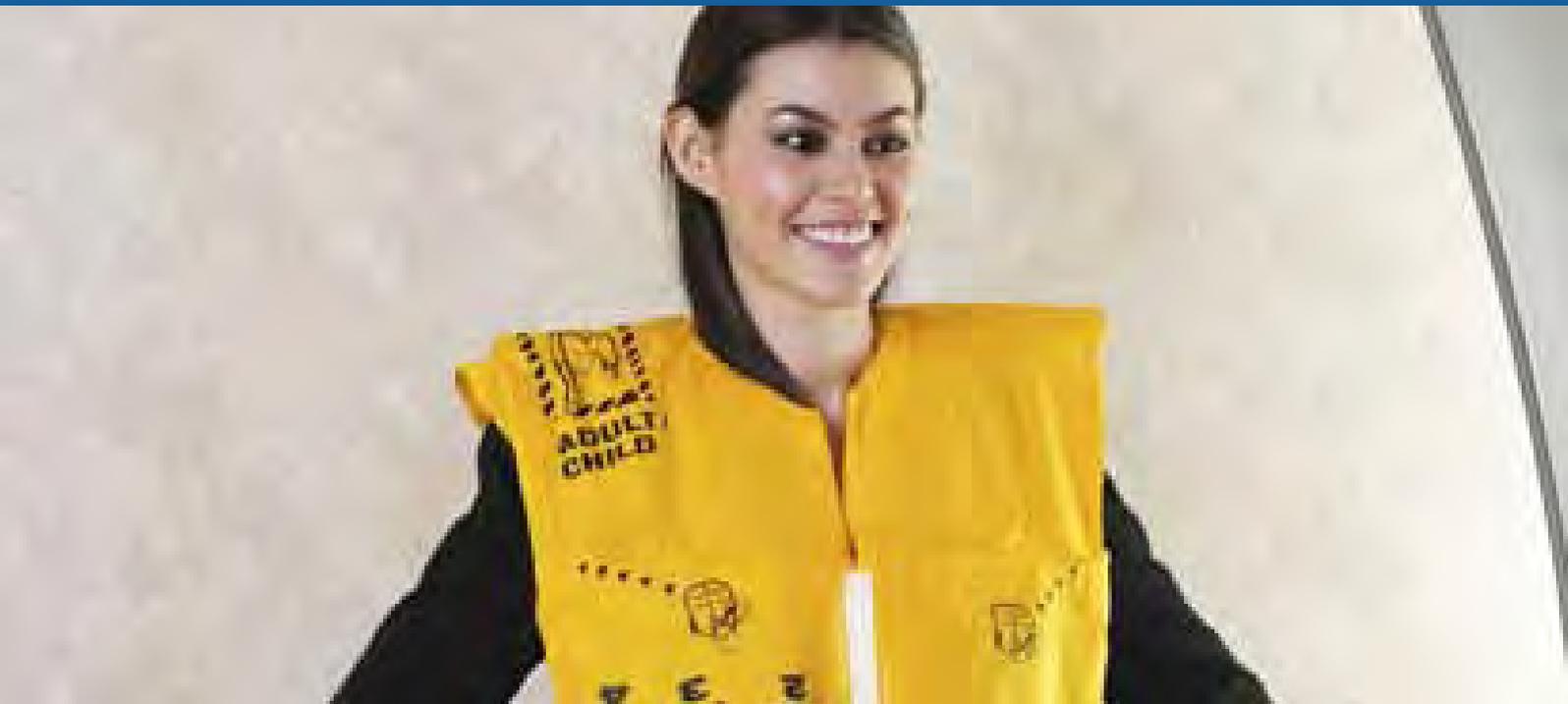




## CHAPTER SIX



### Aviation safety regulation and investigation



# Aviation safety regulation and investigation

## POLICY GOAL

To ensure safety is maintained as the first priority for the Australian Government and the aviation industry.

## BACKGROUND

A safe and efficient aviation industry is critical to the Australian economy. Aviation underpins many of our businesses and is itself a major employer. Any erosion of confidence in the safety of Australia's aviation industry would severely undermine the industry's development and negatively impact on the broader economy.

Australia has an enviable aviation safety record and Australia's safety agencies have a well-earned international reputation as global leaders. Aviation accident rates in Australia are falling – from 7.48 per 100,000 flying hours in 1998 to just 3.94 per 100,000 flying hours in 2007. The number of fatal accidents has fallen at a similar rate over this period.

Compared with the risk of fatal injury as the occupant of a car, the risk of fatal injury as an airline passenger is essentially zero. The following table compares the risks of fatal injury associated with various forms of transport.

**Table 6.1: Relative risk of fatal injury by transport mode, Australia**

TRANSPORT MODE	EQUIVALENT RISK (car = 1.0)
<b>Aviation</b>	
High-capacity RPT	0.0
Low-capacity RPT	0.2
Fixed-wing general aviation	5.7
<b>Road</b>	
Car	1.0
Bus	0.2
Motorcycle	26.7
<b>Rail</b>	0.2
<b>Marine</b>	0.0

Source: ATSB. [http://www.atsb.gov.au/publications/2007/pdf/annual\\_review\\_07.pdf](http://www.atsb.gov.au/publications/2007/pdf/annual_review_07.pdf)

### High capacity Regular Public Transport

High capacity Regular Public Transport (RPT) operations continue to have an excellent safety history, with no fatal accidents recorded between 1 January 1999 and 30 June 2009. The number of total accidents also remained low, with an average of about two accidents per year. The accident rate declined from its highest point in the reporting period (1999) to a low of 0.24 accidents per 100,000 departures and 0.10 accidents per 100,000 hours flown in 2006. Both rates increased slightly in 2007, corresponding with the small increase in the number of accidents. While accidents in high capacity RPT operations are very rare, the consequences are potentially catastrophic. Recent incidents highlight the need for constant safety vigilance.

### Low capacity Regular Public Transport

The number of incidents reported to the Australian Transport Safety Bureau (ATSB) involving low capacity RPT aircraft declined from 697 in 1999 to its lowest point during the report period in



2008, with 488 incidents. While total accident numbers have decreased in later years, there were two significant fatal accidents — one in 2000 (Whyalla) and the other in 2005 (Lockhart River) — resulting in a total of 23 fatalities.

### General aviation

As well as an excellent safety record for scheduled passenger-carrying air services, Australia enjoys an enviable safety record for air transport more generally. When it comes to general aviation, safety outcomes are related to the nature of the operational work environment and its associated level of risk. Safety first, however, remains the watchword across the industry.

Aircraft involved in work activities such as aerial agriculture, mustering, surveying, photography, emergency and similar services operate in higher risk environments than passenger aircraft, and the chance of an accident or fatality is therefore higher. Accident numbers for this kind of aerial work over the decade to 2008 fluctuated, from the highest annual incidence of 48 accidents in 2000 to the lowest of 22 accidents in 2006.

The number of fatal accidents involving small, privately-operated aircraft varied from year to year. In the past decade, four years stand out in terms of fatalities — 1999 (23 fatalities); 2001 (19); 2006 (21); and 2008 (20).

There has been a general downward trend in both the number and rate of total accidents during training flights, with the exception of 2003 when five fatal accidents were recorded. Incident numbers involving business aircraft declined from 44 in 1999 to 11 in 2008, but there were two tragic accidents between 1 January 1999 and 30 June 2009 that resulted in six serious injuries and six fatalities.

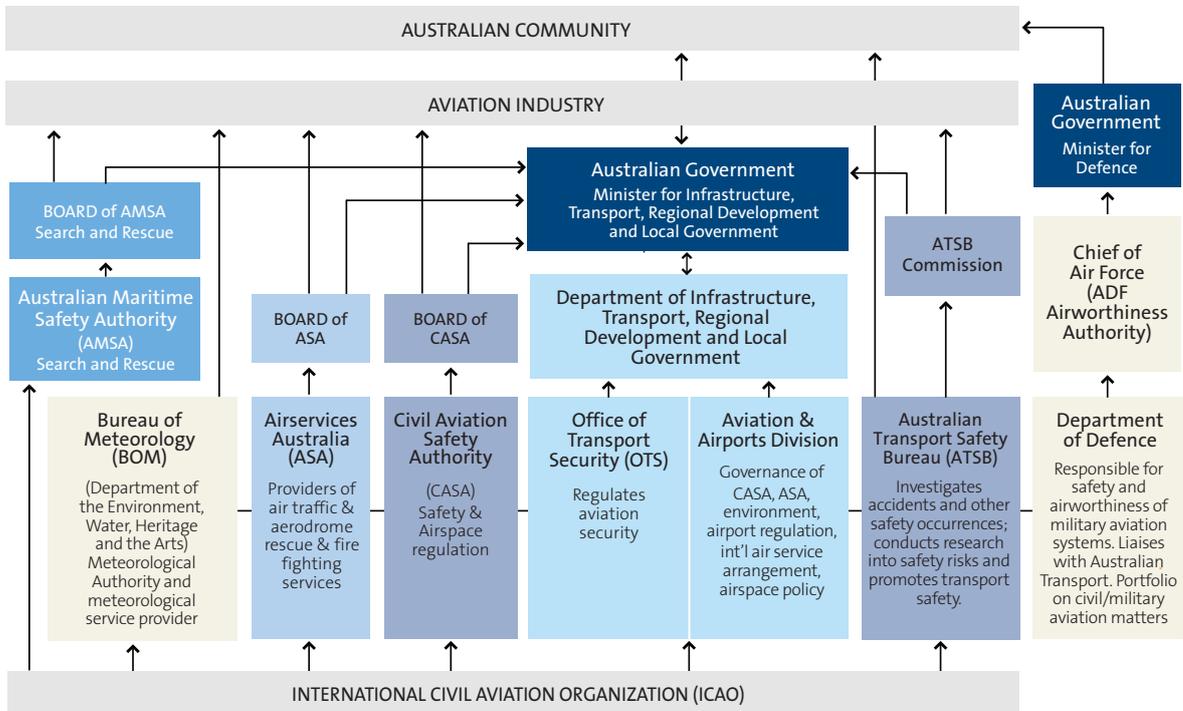
While the number of incidents involving charter aircraft remained relatively constant from 1999 to 2003, the number of reported serious incidents increased from 2003 onwards. In part, this may be attributed to an increased reporting of incidents driven by the commencement of the Transport Safety Investigation Regulations 2003 and reclassifications of the Immediately Reportable Matters in 2008. The number of total accidents fluctuated over the past decade, ranging from nine accidents recorded in 2005, to 32 in 2001.

### The Aviation Safety Framework

The aviation safety framework is a complex interaction between various government agencies with diverse statutory responsibilities, the aviation industry and the broader community, all operating in the wider context of Australia's membership of the International Civil Aviation Organization (ICAO) and associated obligations. The Government's role is to ensure Australia's aviation safety agencies maintain world-class standards and continue to work together to maximise their contribution to aviation safety.

The Government believes that it is vital to ensure that there is collaboration, but a clear separation of roles and responsibilities, between the agency that regulates and enforces aviation safety, and the agency that investigates any aviation safety incidents or accidents. Figure 6.1 sets out the framework within which the various agencies operate.

**Figure 6.1:** Australian safety organisational framework



The majority of submissions in response to the Government’s Green Paper acknowledged Australia’s overall strong safety record and supported the priority given to safety issues. There is a high level of awareness in the community of technological and other changes in the aviation industry, and the implications these may have for safety. There is also strong support for the Government’s governance changes to strengthen the safety agencies and its goal to build the capacity of the Civil Aviation Safety Authority (CASA).

**The Civil Aviation Safety Authority**

CASA is regarded internationally as a leader in the regulation and implementation of air safety. An independent statutory authority since 1995, CASA is responsible for the safety regulation of civil air operations in Australia, and Australian aircraft operating outside Australian territory. It also provides safety education and training programs.

CASA has approximately 700 staff, located in all mainland Australian states and territories, with offices in Melbourne having oversight of aircraft activity in Tasmania. In 2009–10, CASA has available total resourcing of approximately \$209 million.

CASA’s key responsibilities are to:

- > set safety standards – chiefly through the Civil Aviation Regulations 1988 and the Civil Aviation Safety Regulations 1998, made under the authority of the *Civil Aviation Act 1988*;
- > develop strategies to secure compliance with those standards;
- > conduct surveillance of the aviation industry;
- > certify aircraft, maintenance organisations and operators; license pilots and engineers; and register examiners; and
- > review the civil aviation safety system and assess international safety developments.

CASA assumed legal responsibility for the regulation of airspace as a national resource following a transfer of the airspace regulatory function from Airservices Australia in July 2007. Under the *Airspace Act 2007*, CASA has responsibility for:

- > ensuring that the classifications of Australian-administered airspace are reviewed and legally re-determined at least once every five years;
- > ongoing audit of the provision of required services and facilities as determined by CASA; and
- > regular reviews of the overall administration of airspace in terms of safety, efficiency, equity, national security and environmental protection.

The transfer of this function from Airservices Australia ensured no potential conflict of interest arose from having the airspace service provider and airspace regulator functions contained within the same organisation.

#### **A new CASA governance structure**

In 2009, the Government implemented a number of significant changes to strengthen CASA's capacity to meet future challenges. A five-member expert Board, including the Director of Aviation Safety an *ex officio* member, has been established.

The Board operates at a strategic level with a particular focus on governance, while the Director (also the organisation's chief executive officer) is responsible for day-to-day regulatory and operational decision making. The intellectual calibre and diverse experience amongst the appointed individuals underscores the determination of the Government to preserve public confidence in the safety and reliability of air travel. Details of the members of the CASA Board are at Appendix B.

The Government believes that the new governance arrangements have positioned CASA well to not only continue to meet its safety regulation mandate effectively, but also to actively respond to emerging challenges in the future. The new Board structure will also allow for better cooperation between safety agencies and stronger communication with the public on safety issues.

In his Statement of Expectations provided to CASA, the Minister emphasised the Government's absolute priority that safety must underpin everything else in aviation. The Statement of Expectations, along with the Board's Statement of Intent prepared in response, are at Appendix C.

Since taking office early in 2009, the Director of Aviation Safety, Mr John McCormick, has undertaken a substantial restructure of CASA to align resources to CASA's core function of regulating aviation safety matters. CASA's work units are also now aligned more closely with ICAO safety annexes. In the interests of enhancing the effectiveness of its regulatory activity, CASA is implementing new processes and governance arrangements to ensure greater internal consistency of the interpretation and application of legislation.

### **The Australian Transport Safety Bureau**

The ATSB is an important part of Australia's aviation safety framework. Since the Aviation Green Paper, the Government has reinforced and strengthened the independence of the ATSB by establishing it as a statutory agency governed by a Commission.

In undertaking consistently high-quality safety investigations on a no-blame basis, the ATSB has distinguished itself as a world class transport safety investigator. The ATSB implements a 'no surprises' approach to safety investigation through consultation with interested parties throughout an investigation. This engagement includes bringing identified safety issues to the attention of relevant stakeholders to encourage voluntary safety action ahead of any need to issue formal safety recommendations.

Actions taken in response to the ATSB's safety recommendations and other findings have undoubtedly strengthened the safety of aviation in both Australia and other jurisdictions.

The ATSB's two other functions of research into safety risks and promotion of transport safety both serve to further enhance Australia's transport safety.

While the ATSB has responsibilities across the rail, maritime and aviation sectors, the majority of its work involves aviation – of the 85 investigations commenced in 2008–09, 64 related to aviation accidents and incidents.

Aviation investigations are conducted under the authority of, and following procedures set out in the *Transport Safety Investigation Act 2003* (the TSI Act). The ATSB does not investigate every occurrence. Once notified of an occurrence, the ATSB conducts an initial assessment in accordance with its published policy and determines whether to allocate resources to conduct an investigation. In assessing whether to investigate a transport safety matter, priority is given to occurrences that have the potential to deliver the best safety outcomes, in particular, where the circumstances are perceived to present a threat to future public safety and are the subject of widespread public interest.

The ATSB has approximately 106 staff, located in Canberra, Brisbane, Perth and Adelaide.

#### **A new ATSB governance framework**

In a report to the Government in 2007 (the Miller Review), Mr Russell Miller made a number of recommendations aimed at strengthening the ATSB's capacity to contribute to future transport safety. The Government accepted these recommendations and has confirmed the ATSB's independence by establishing it as a distinct statutory authority in the Infrastructure, Transport, Regional Development and Local Government portfolio. Legislative amendments introduced in 2009 give the ATSB responsibilities in its own right under the *Public Service Act 1999*, the *Financial Management and Accountability Act 1997* and related legislation, and discretion in managing its staff and resources.

Investigations are ideally placed to avoid conflicts of interest if they are conducted independently of the parties involved in an accident, transport regulators and government policy makers. The Government's changes formally establish the ATSB's structural and operational independence from the Government.

The Government has also established a small ATSB Commission that is responsible for governing the functions of the TSI Act and exercising the ATSB's investigation powers. The Commission will not undertake investigations itself but will assist the Chief Commissioner (who is also the ATSB's chief executive officer) to ensure that ATSB's investigations, research and safety education are being undertaken in an efficient and effective manner. Details of the members of the ATSB Commission are at Appendix D.

On 6 October 2009, the Minister for Infrastructure, Transport, Regional Development and Local Government provided the ATSB Commission with a Statement of Expectations, setting out the Government's priorities for the ATSB's work. The Statement emphasises the ATSB's independent role but encourages the Commission to work closely with CASA, the Department of Infrastructure, Transport, Regional Development and Local Government and other agencies in the interests of safety.

## **POLICY ISSUES**

Even though Australia has an enviable aviation safety record, the Government cannot and will not take this for granted. Safety will remain the number one priority for the Government in aviation.

In making this commitment, the Government is mindful of the rapid and significant changes underway in the aviation sector. Greater complexity in operational and business models means that what has been safe in the past cannot be assumed to be safe in the future. New aircraft types, innovative technology and a greater diversity of aviation activity are reshaping the industry. Passenger transport by air is also being accessed by more people than ever, many of whom are flying for the first time.

Within this context, the Government will seek to maintain the right balance between managing safety risks and providing support to a growing, vibrant and sustainable aviation industry.

Safety requires vigilance and discipline on the part of all participants. Both the Government and industry must be equipped to deal with future safety challenges. The increasing complexity and sophistication of the modern aviation environment places enhanced responsibility on key aviation personnel, such as pilots, air traffic controllers and aircraft maintenance engineers, in upholding a safe industry.

### Strengthening the Civil Aviation Safety Authority (CASA)

In response to the Green Paper, the community expressed a clear view that government safety agencies should have the resources to do their job effectively. The Government has responded by providing both CASA and the ATSB with additional resourcing to manage the transition to the new governance arrangements. Specifically, CASA received additional funding of \$0.6 million in the 2009–10 Budget to support the new governance structure, including the new Board.

Recognising the importance of CASA's regulatory oversight role, the Government is providing, in the current financial year, an additional \$3.8 million to allow for the recruitment of specialised technical staff to enhance oversight of helicopter activity, foreign operators flying within Australian airspace, and aircraft maintenance undertaken outside of Australia.

So that CASA continues to effectively regulate aviation safety, the Government is responding to CASA's need for a stable and ongoing funding base for the years ahead.

Under current arrangements, CASA's resource base comprises five principal sources of income:

- **direct Government appropriation through the annual budget process:** In the current financial year, CASA will receive \$50.2 million in appropriations.
- **revenue from an excise levied on all aviation fuel consumed for domestic operations:** In the current financial year, it is forecast that CASA will derive \$81.4 million from this source.
- **cost recovery arrangements for regulatory services provided to industry:** In the current financial year, CASA is expected to recover \$15.0 million in costs.
- **resources provided by Airservices Australia for airspace regulation services performed by CASA's Office of Airspace Regulation:** It is estimated that CASA will receive around \$3.0 million from this source within the current financial year.
- **fee-for-service revenue for the issue and renewal of Aviation Security Identity Cards and Aviation Identification cards:** In the current financial year, CASA expects to earn \$2.8 million from this source.

To provide a more stable and certain fiscal outlook, the Government is reviewing this resourcing base and is developing a long-term funding strategy for CASA. It is expected that a revised funding model will commence in the 2012-13 financial year to allow industry to make a smooth transition.

Underpinning the new funding strategy are principles that the Government will:

- maintain ongoing Budget funding for CASA to perform its public safety enforcement and regulatory functions;
- maintain the existing arrangements which ensures all revenue raised through the aviation fuel excise is returned to the industry through funding for CASA's regulatory role;
- cap the sum of CASA's regulatory fees at the current \$15 million per year, subject to adjustment for CPI increases for at least five years. The Government recognises that a "user-pays" approach offers efficiencies for the resourcing of CASA services. However, this cap implements the Government's commitment to address the burden of regulatory charges, in particular on regional and general aviation.

As discussed above, the Office of Airspace Regulation (OAR) within CASA has decision-making power for airspace design, classification and designation, and related matters. Funding for the OAR's operating costs, which is currently provided by industry through a cost recovery arrangement administered by Airservices Australia, terminates at the end of the current financial year. The CASA funding strategy will identify options for funding the OAR into the future.

### Strengthening CASA's powers

In addition to strengthening CASA's governance framework in early 2009, the Government also amended the *Civil Aviation Act 1988* to enhance CASA's ability to meaningfully respond to selected aviation safety risks. These measures included:

- creating an offence of negligently consigning or carrying dangerous goods on an aircraft, to complement existing offences which applied to the same conduct but required other levels of intention behind the consignment or carriage. As negligent consignment or carriage is the most common basis on which dangerous goods are transported by air, the wider application of liability allows CASA to more effectively address this serious risk to air safety.
- strengthening CASA's safety oversight of foreign aircraft operating to Australia, by empowering CASA to have regard to a number of additional considerations when assessing applications for permissions to operate to Australia. These considerations include evidence of any serious safety deficiencies in relation to the applicant's operations outside of Australia, and evidence relating to the foreign authority responsible for the safety oversight of the applicant's operations; and
- ensuring that authorisation holders, whose privileges CASA has decided to vary, suspend or cancel, may no longer continue to operate for an extended period of time without first obtaining a stay order from the Administrative Appeals Tribunal (AAT). Previously, affected persons who applied to the AAT for review of CASA's decision received the benefit of a 90-day automatic stay of the decision.

In consultation with the Department of Infrastructure, Transport, Regional Development and Local Government, CASA regularly monitors the effectiveness and adequacy of its enforcement powers to ensure that the organisation is able to respond to changing circumstances within the industry.

### Regulatory development and reform

CASA has a direct regulatory relationship with 37,000 pilots and 13,000 owners of aircraft and the organisations that represent them. It also has an indirect regulatory relationship with more than 100,000 people who are in some way connected to the aviation industry.

Australia's civil aviation regulations should reflect circumstances within the current aviation environment and be consistent with international practice. The historical development of our aviation regulatory framework has been influenced by several characteristics unique to the Australian aviation environment. However, Australia's strong aviation safety system is generally enhanced by regulatory compatibility with other key jurisdictions.

The constant evolution of both the aviation industry and international aviation safety standards requires CASA to maintain an ongoing program of updating and developing safety regulations and requirements.

At the same time, CASA is committed to the reform of core elements of the aviation safety regulatory framework, notably the suites of regulations relating to licensing, aircraft maintenance and flight operations standards.

These two priorities compete for the human, financial and legislative drafting resources available to regulatory development.

The scale of the reform initiative is significant, and the drafting process is very resource and time intensive. Apart from the regulations being very large documents, the policy underpinning them is necessarily complex, in order to effectively regulate different types of aircraft operations.

In addition to new regulations, detailed transitional and consequential regulatory rules must also be drafted to ensure a smooth transition for industry to new arrangements.

Recognising the importance of regulatory certainty and clarity to the industry, the Government places a high priority on finalising the reform of these three suites of regulations. In response to the findings of the Aviation Regulation Review Taskforce (the Hawke Taskforce), the Government is taking action on a number of fronts to expedite the development of these core regulations and other elements of the current regulatory agenda.

CASA has created a new standards development team to oversee the regulatory development program. The team has made considerable progress recently in clearing a backlog of regulatory proposals, with a significant number of new and amended regulations being made. These regulatory packages include new alcohol and other drug regulations, amendments setting out the requirements for safety management systems and human factors training for regular public transport operations, and amendments introducing the multi-crew pilot licence.

Further, the Department of Infrastructure, Transport, Regional Development and Local Government and CASA are jointly providing financial resources for a small team of senior drafters within the Office of Legislative Drafting and Publishing (OLDP) to provide dedicated drafting services to CASA. These officers are in addition to the portfolio's share of the standard pool of drafting resources within the OLDP.

CASA has already undertaken consultation on a draft of the suite of aircraft maintenance regulations through its industry consultative committee. This industry consultation was thorough and demonstrated how industry consultation, while sometimes lengthy, can add value to the regulatory development process. Public consultation has commenced on the next draft of the aircraft maintenance regulations, and it is expected that the proposed regulations will be finalised in the first half of 2010. Despite their significant size and complexity, the Government is looking to finalise the suites of regulations on licensing and flight operations by the end of the 2010 calendar year.

#### **Industry consultation**

The new CASA Board, including the Director of Aviation Safety, is committed to adequate consultation with industry stakeholders on regulatory developments. However, timely regulatory action is in the interests of the travelling public and must take precedence over reaching consensus on every aspect of draft regulations. Submissions in response to the Green Paper indicated that most industry stakeholders accept that full agreement on the detail of regulations will not always be possible.

In conversations with industry, the Director has made it clear CASA will consult widely and thoroughly on regulatory proposals, but that CASA is ultimately responsible for regulatory development. The Government expects CASA, as the regulator, to exercise discretion as to what level of consultation is appropriate and reasonable for each regulatory project.

#### **CASA's surveillance capacity**

It is essential that CASA has sufficient skilled and specialist staff to ensure strong safety outcomes. The Government recognises this and is providing CASA with additional resources (\$3.8 million in the current financial year) to enhance its capabilities in the following areas, particularly through the employment of additional specialist staff.

##### **Surveillance of helicopters**

On average, one new helicopter is added to the Australian aircraft register each day, making this the register's fastest growing category. Helicopters are typically used in high risk tasks and it is essential the regulator has the specialised capability to effectively oversee complicated machinery and highly qualified operators. CASA will expand its helicopter surveillance capability in 2010.

### Foreign operator surveillance

CASA is currently responsible for overseeing the Australian operations of more than 70 foreign operators, up from around 50 just three years ago. Australians constitute more than 60 per cent of the passengers carried by these businesses, which operate under a Foreign Aircraft Air Operators Certificate.

CASA must perform time-consuming en-route surveillance of these operators, as well as 'ramp checks' when the aircraft are in Australia, to ensure safety standards are being met. In 2010, CASA will increase the attention it gives to the assessment of potential new foreign operators in Australia.

### Low-cost operations and off-shore maintenance arrangements

The increasing presence of low-cost operations in Australia and the offshore relocation of maintenance of some Australian-registered aircraft and/or engines are two further developments that present increased challenges in ensuring compliance with safety regulations. CASA will deploy additional specialised resources to monitor these issues both in Australia and overseas in 2010.

## Emerging Safety Issues

The dynamic nature of the aviation industry means that new safety issues are always emerging. In 2008 CASA released a report assessing trends and risks in passenger air transport. The report<sup>23</sup> identified the major safety risks the aviation industry will need to address over the next three to five years, with a particular focus on passenger carrying operations. Key safety issues CASA and the Government will be focusing on include those discussed below.

### Safety management systems (SMS)

ICAO has mandated that aviation operators implement satisfactory safety management systems (SMS), which seek to deliver a better safety culture across the board.

Broadly defined as a systematic approach to managing safety risks, SMS encompasses organisational structures, policies and procedures. It is based on the idea that safety is best achieved through strong interwoven systems, rather than individual processes or practices. It is also underpinned by a philosophy of mutual responsibility and accountability, rather than a focus on regulatory compliance.

CASA is working with industry to embed an SMS culture in Australian aviation. Other jurisdictions, particularly in Europe and North America, are at different stages in introducing SMS, and CASA intends to monitor these international developments closely.

While much of the responsibility for implementing safety management systems lies with industry, CASA recognises it must monitor and assess the effectiveness of these systems. With the Government's support, CASA will be building its capacity to do this. However, while SMS has genuine benefits, it is not a substitute for CASA's clear exercise of regulatory powers.

### Ageing aircraft

Ageing technology, particularly ageing aircraft, are an increasing feature of the Australian aviation environment. This is largely an issue for small and medium sized operators who find it difficult to upgrade their equipment. In addition, discontinuance of production of a number of aircraft types has reduced the global availability of new aircraft for low capacity passenger transport.

Older aircraft are not necessarily a risk to safety in itself but an ageing fleet has clear safety implications for both industry and regulators. CASA will increase its focus on this issue and has advised Australia's regional airline sector that it will be giving particular attention to the adequacy of the ageing fleet's airworthiness programs. As Australia is not alone in facing the challenges posed by the use of ageing equipment, CASA is liaising with counterparts in other jurisdictions to ensure best practice.

<sup>23</sup> An Assessment of Trends and Risk Factors in Passenger Air Transport: Civil Aviation Safety Authority 2008, <http://www.casa.gov.au/corporat/riskreport.pdf>

CASA will also be focusing on the small aircraft types that are not supported by either manufacturer-approved instructions for maintaining airworthiness, or guidance from the aviation safety regulatory authority of the aircraft's state of design.

#### **Dangerous goods transportation by air**

Submissions in response to the Green Paper highlighted a number of concerns regarding the management of the risks inherent in the transportation of dangerous goods (e.g. explosives, lithium batteries, acids etc) by air. These concerns included inconsistencies within the regulatory framework between Australian jurisdictions, and inadequate training and resourcing across responsible agencies.

In early 2009, the Government created an offence of negligently consigning or carrying dangerous goods on an aircraft through an amendment of the *Civil Aviation Act 1988*. As discussed above, this new offence complements other already existing offences.

CASA is the recognised authority for the oversight of dangerous goods transportation by air. It is taking action to improve the regulation of dangerous goods transportation and increase resourcing in this area. As part of its post-implementation review of Part 92, CASA continues to consult with industry and issue technical advice on the regulatory requirements.

In November 2009, CASA published for public comment a draft new Advisory Circular with guidance for persons applying for permission to carry or consign dangerous goods onboard an aircraft. CASA has also identified legislative amendments necessary to update the existing framework and these are being actively progressed.

It is critical that government agencies across Australia have a common approach and work together to augment CASA's efforts by seeking a comprehensive, thorough and consistent means of regulation and enforcement. It is also necessary to streamline the processes for declaring, packaging, handling and transporting dangerous goods, particularly radioactive and explosive materials.

Increasing public awareness and fostering expertise across border and enforcement agencies will further strengthen Australia's ability to both prevent and detect the unlawful carriage of dangerous goods on board passenger and freight aircraft.

#### **Shortages of key personnel**

For some years aviation has endured shortages in several categories of personnel, including pilots and maintenance engineers. The availability of skilled, experienced personnel can be expected to remain a challenge, particularly as the aviation industry emerges from the recent slowdown. The safety implications of shortages of key personnel are clear: if operators don't have sufficient skilled staff in key operational and management positions, the safety system is placed under pressure.

CASA will work closely with industry to address the risks posed by shortages of key staff. CASA is also considering the provision of scholarships for apprentice Licensed Aircraft Maintenance Engineers and by investigating options for its own graduate-entry program. In addition, CASA and other Government agencies will work to enhance opportunities for registered aviation training organisations to access relevant government programs for their students.

#### **Safety oversight across northern Australia**

Small and medium-sized aviation operations are a lifeline to many remote Australian communities, particularly in northern Australia.

The introduction of low-cost carriers to regional areas and the broadening of routes to more regional and rural centres have contributed to a significant increase in the number of aircraft operating in northern Australian airspace. With the vast distances involved and a wide variety of aviation operations, the environment is uniquely challenging, and accident rates for this region are above the national average.

CASA is moving to strengthen its surveillance effort across northern Australia and be strategic about its approach to this surveillance. New work-bases for air safety inspectors are being established in Gove, Kununurra, Broome and on Horn Island. CASA will also maintain its existing offices in Townsville, Cairns and Darwin. These stations are supporting an increased presence of CASA inspectors in large and small aviation centres across northern Australia.

CASA 'safety sweep exercises' across the Northern Territory, northern Western Australia and north-western regions of Queensland have enabled CASA to undertake aircraft safety inspections and drug and alcohol testing and provide aviation safety guidance and education.

These initiatives not only give inspectors easier access to areas where particular regional aviation activities (e.g. aerial mustering, agricultural flying and tourist flights) are carried out, but allow operators in these regions to more easily engage directly with CASA.

Complementing CASA's work on safety in northern Australia, the Department of Infrastructure, Transport, Regional Development and Local Government is working to improve the safety and access of airstrips in remote and isolated communities around Australia through the Remote Aerodrome Safety Program.

#### **Unmanned aerial vehicles**

Much innovation in the aviation industry is being directed towards developing the potential of unmanned aerial vehicles (UAVs). There are currently ten holders of Operator Certificates operating UAVs for commercial purposes in Australia. The number of enquiries being made to CASA relating to UAVs suggests activity in this sector will grow over the coming years.

In accordance with this growth, CASA will be enhancing its capacity to regulate this sector, including through the establishment of a 'future technologies' area to examine safety trends relevant to new technology.

#### **Sports aviation**

Over the past decade, special legislative arrangements have been introduced for the design, manufacture and airworthiness of aircraft that are not required to meet formal CASA standards. These sorts of aircraft are mainly used for sport and other recreational purposes. As part of this transition CASA has registered some of the organisations involved in these activities to administer safety requirements themselves under CASA oversight. To be registered, the organisations must satisfy CASA that they have sufficient qualified personnel to perform this responsibility.

To improve the sport and recreational sector's capacity to self-administer, CASA will be introducing a strategic framework that ensures the sector does not expose non-participants in the community to unacceptable risks. A Sports Aviation Office will be created to oversee the sector, and a safety forum introduced to assist information exchange within the sector itself, and between it and the safety regulator.

### **Strengthening the Australian Transport Safety Bureau**

As outlined earlier, the Government has confirmed the ATSB's independence by establishing it as a distinct statutory authority in the Infrastructure, Transport, Regional Development and Local Government portfolio. The Government's changes mean the ATSB will not be subject to direction in exercising its powers and performing its functions (other than the Minister's statutory powers to require the ATSB to investigate a particular matter, and to notify the ATSB of his or her views on the appropriate strategic direction for the ATSB).

The Government has also established a small ATSB Commission (comprising a Chief Commissioner and two part-time Commissioners) that is responsible for governing the performance functions of the ATSB outlined in the *Transport Safety Investigation Act 2003*, and exercising the ATSB's investigation powers.

In 2009–10, the ATSB has available total resourcing of approximately \$22.4million. In addition, the Department of Infrastructure, Transport, Regional Development and Local Government provided financial and administrative support to the ATSB to assist its establishment as an independent statutory agency with its new Commission structure. The Government will monitor the ATSB's needs to ensure it can continue to meet its investigative and other functions. Any resourcing framework for the ATSB must be flexible to accommodate the inherently fluctuating resource demands of the ATSB's work, determined by the frequency, type and location of accidents and serious incidents in any given year.

### **Assuring continued best practice**

The ATSB is undertaking a review of current investigation policies and practices to ensure that the Bureau retains its reputation as a best practice safety investigation agency and its influence on the national and international safety agenda. In particular, self-assessment of performance will be informed by benchmarking and networking with like-agencies in other jurisdictions. While not jeopardising the rigour of investigations, strategies will be evaluated and implemented to improve the timeliness of the completion of investigations.

Subject to available resources and consistent with government policy, the ATSB will seek to more fully meet its international obligation to investigate all aviation accidents and serious incidents.

Subject to this review, the Government supports the ATSB in its commitment to the following approaches to the performance of its mandate.

The ATSB will continue its objective of identifying relevant safety issues rather than offering prescriptive solutions. This approach allows those who are best placed to take safety action to identify the most appropriate means of addressing the particular safety issue.

The ATSB seeks to ensure that the characteristics of a good safety management system are well understood by its investigators. Through this, the findings of ATSB safety investigations will ideally be seen by industry as a valuable means of measuring and providing assurance about the effectiveness of safety management systems.

The Government expects the ATSB will continue to undertake an appropriately-scoped research agenda informed by analysis of its own safety data and investigation findings, and by consultation with relevant stakeholders, including CASA, Airservices Australia, educational institutions and the aviation industry.

The ATSB remains committed to raising safety awareness and facilitating safety action through a range of communication and education activities. These activities are aimed at both the aviation industry and the general public and employ fresh and innovative means of effectively delivering the safety message.

To increase the effectiveness of the ATSB, it will provide to the Minister, as part of its Annual Report, a status report on formal safety recommendations issued by the Bureau. This report will indicate whether its recommendations have been accepted, partially accepted, or rejected, by the organisation or agency concerned. Any justification for the partial acceptance or rejection, as well as the implementation status of any proposed safety action for the recommendation, will also be included in the report.

### **Ensuring preparedness**

Reflecting the Government's recognition of the dynamic nature of the aviation sector, the ATSB engages in planning to ensure it remains positioned to respond to the technical challenges posed by the introduction of new aircraft and supporting technologies.

The ATSB undertakes a range of preparedness activities to ensure that it is able to effectively respond to a major aviation accident within Australia or to an accident involving an Australian carrier overseas.

In addition, the ATSB remains committed to assisting its regional neighbours including through the extant arrangements provided for in Annex 13 to the Chicago Convention, and through continued participation in targeted Government aid programs such as the Indonesian Transport Safety Assistance Package, a program of assistance focusing mainly on aviation and maritime safety.

#### **Enhanced relationships with industry and stakeholders**

One of the Government's principal objectives in establishing a Commission structure for the ATSB was to enhance the quality of the ATSB's relationship with industry and the community. The Minister for Infrastructure, Transport, Regional Development and Local Government has underlined this objective in his Statement of Expectations to the ATSB and the new Commission will focus on ways to achieve greater industry interaction while protecting the independence of its investigation function.

The establishment of the ATSB as a separate agency has provided an opportunity to review and strengthen relationships with other safety agencies, through the update of extant Memorandums of Understanding (MoUs), and the establishment of new MoUs where these are seen as beneficial.

In this respect, the ATSB's first priority has been to renew its MoU with CASA. The focus of this MoU will be to ensure that there is an appropriate balance between the necessary independence of the ATSB and a level of dialogue, coordination and cooperation with CASA which is necessary to deliver the Government's safety objectives.

#### **Information sharing and protection**

In submissions to the Aviation Policy Green Paper, a number of key industry players suggested that any change to the current balance between information sharing and protection could prejudice industry cooperation with ATSB investigators in the future. Australia is not alone in grappling with this issue, with the most recent international debate on this taking place at the ICAO Accident and Prevention (AIG) Divisional Meeting in Montreal, Canada, in October 2008.

ICAO has indicated it is considering a review of the international framework in Annex 13 to the Chicago Convention. The ATSB will work collaboratively with the Department, CASA and others in promoting constructive amendments. In doing so, Australia will advocate that any proposed change to the current framework must ensure that future safety is not jeopardised and the independence of the ATSB and cooperation with its no-blame investigations is not undermined.

Consistent with its legislative framework and international requirements, the ATSB will cooperate with other portfolio agencies on initiatives to share safety data and other safety intelligence to enhance parties' abilities to perform their important safety functions.

### **Australia's safety system – findings by the International Civil Aviation Organization (ICAO)**

In February 2008, Australia's aviation safety systems were reviewed against the minimum global standards set by ICAO. This audit was conducted under ICAO's Universal Safety Oversight Audit Program (USOAP), which focuses on national safety systems. The audit consisted of an on-site assessment of the safety oversight of all aspects of Australia's aviation industry.

Australia supports the ICAO audit program as an important tool for improving safety internationally. The audit affirmed that Australia has a very sound legislative and regulatory framework, and that in the majority of technical areas of safety Australia's system is well above the global average (see Table 6.2).

The audit did, however, indicate some room for improvement for CASA, especially in relation to the numbers of technical staff in some areas of expertise, and strategies to maintain technical expertise and qualifications within the organisation.

CASA acknowledges that it has experienced a shortage of technical staff in particular areas, and is addressing issues raised by the audit through specific corrective actions, including:



### State Safety Program

ICAO has established a requirement for each state to develop and implement a State Safety Program to provide a framework for safety oversight of Safety Management Systems (SMS) within aviation industries.

Australia intends to have a Program in place in 2010. The Government is developing and will implement its Program in consultation with Australian Government agencies with ICAO-related responsibilities. The Program will address Australia's approach to key elements of its aviation safety system, such as:

- > the legislative framework;
- > safety oversight arrangements;
- > accident and incident investigation management;
- > SMS requirements for service providers;
- > performance indicators for improvement in areas of safety concern; and
- > promotion of aviation safety.

### International Regulatory Engagement

#### Australia's ICAO involvement

Australia is a significant player in international aviation forums generally, and has been elected almost continuously since 1945 to ICAO's Governing Council as one of the 'States of Chief Importance in Air Transport'.

Australia maintains an office at ICAO's headquarters in Montreal, Canada, which is currently staffed by its Representative to the ICAO Governing Council and a nominee to the Air Navigation Commission, the ICAO technical body that develops civil aviation standards and recommended practices. The Commission's role is supported by the work of technical panels and other groups on which Australia is often represented.

Australia's involvement in ICAO allows us to stay abreast of international aviation developments and, through participation by the Department, portfolio agencies and Australian industry representatives on a wide range of ICAO forums, to influence the direction and scope of new regulatory trends.

The Australian aviation industry benefits from Australia's ICAO membership and Australia will continue to play an active and constructive role in the body. As part of this strategy, the Government will be pursuing Australia's re-election to Category One of the ICAO Governing Council at its next assembly meeting in September – October 2010.

#### Australia's regional engagement

Recent aviation accidents in countries neighbouring Australia are a sober reminder of the importance of international cooperation on safety. An increasing number of Australians are travelling internationally and either traversing foreign countries' airspace or taking domestic flights in those countries. ICAO forecasts aviation to continue to grow in the Asia-Pacific region, with up to 6.5 per cent expansion in passenger kilometres over the next 2 years despite the recent economic downturn.

The Government recognises its responsibility to Australians travelling within the region and to our regional partners who are grappling with ensuring safety in some of the most challenging flying conditions in the world. Australia is providing assistance on transport safety, particularly aviation safety, to Indonesia, Papua New Guinea (PNG) and the Pacific Island countries.

Through the Indonesia Transport Safety Assistance Package (ITSAP), a \$24 million three-year program, Australian transport agencies are providing technical and advisory assistance to their Indonesian counterparts in areas such as air traffic management, aerodrome inspection and

accident investigation (as well as maritime search and rescue). This assistance is well received by the Government of Indonesia and is contributing to some good results, including the recent lifting of a European Union ban on major Indonesian carriers.

In PNG, Australia's long engagement on transport issues has recently been upgraded with the posting of four full-time senior advisers to the PNG Department of Transport and the Civil Aviation Authority. These advisers, working with funding from programs run by the Australian Agency for International Development (AusAID), are helping PNG manage aviation safety and security in very challenging circumstances.

The Government is also assisting the Pacific Aviation Safety Office (PASO) – a small regional organisation based in Port Vila, Vanuatu – increase its capacity to provide targeted aviation safety and security services to smaller Pacific Island countries. Working with funds provided by AusAID, the Government is providing PASO with technical assistance to support the regional harmonisation of aviation safety and security regulations and Australia will continue to work as a member of the PASO Council.

#### **Mutual recognition of Australian systems and standards**

Australia will continue to seek opportunities to achieve greater recognition of Australia's safety system and acceptance of CASA's certification by other aviation authorities. This can streamline certification processes, reduce burdens on the Australian aviation industry as it operates internationally and make it easier to export our aeronautical products and expertise.

While CASA has a number of specific technical arrangements with other national aviation authorities, including a bilateral agreement with the United States that allows for acceptance of CASA certification in respect of airworthiness, the Government recognises the industry's appetite for increasing the range and scope of such arrangements.

To further strengthen international confidence in the system, Australia needs to demonstrate that it applies internationally acceptable standards of regulation and safety oversight. To do this Australia will, where appropriate, align our processes with those of other states, leading to additional export opportunities and more consistency in aviation safety standards globally.

#### **Agency interaction**

The Government agrees with the submissions to the Green Paper that relationships between the Government's safety agencies and with industry players are crucial to the successful maintenance of a safe aviation environment.

In implementing a key recommendation of the Miller Review, the Government has sought to improve cooperation between the safety agencies by clarifying the role of each organisation, promoting regular interaction and other measures.

As part of this process and as mentioned previously, CASA and the ATSB are revising the Memorandum of Understanding (MoU) covering the way the two agencies consult and share information. The new CASA Board and ATSB Commission will have an important role to play in implementing the revised MoU and in facilitating better cooperation in the interests of safety.

The Government will also look to the Aviation Policy Group (APG) – comprising the heads of the Department of Infrastructure, Transport, Regional Development and Local Government, CASA, Airservices Australia and the Royal Australian Air Force – to facilitate interaction and mutual understanding between government agencies on safety issues, while in no way interfering or restricting the performance of these agencies respective roles.

#### **CONCLUSION**

Aviation is critically important to Australia and the Government is committed to ensuring that it remains as safe as it can be. Safety remains the number one priority of the Government in aviation.

The Government has acted to ensure the future of key aviation safety agencies – CASA and the ATSB – by enhancing their governance and independence and extending their authority. The Government has already:

- › established an expert Board for CASA to guide the organisation and to recommend enhancements to CASA's approach to regulation and surveillance of airlines;
- › confirmed the ATSB's independence by establishing it as a distinct statutory authority in the Infrastructure, Transport, Regional Development and Local Government portfolio;
- › strengthened CASA's regulatory powers to inspect and regulate the operation of international carriers operating to Australia to ensure safety standards are being met;
- › strengthened provisions to protect passengers from the carriage of dangerous goods; and
- › strengthened CASA's ability to take enforcement action against operators where there is a serious and imminent risk to public safety.

### The Government's objectives for aviation safety

The Government will also ensure that our safety system as a whole works effectively and that key players, whether they are technical staff or senior management, are working together in the interests of safety.

Safety regulation will be robust and based on clear communication between government and industry. While the safety of the travelling public will be the first consideration, unnecessary or outdated impediments to industry's growth will be removed.

The Government will use the following principles in its approach to aviation safety:

- › The Government will ensure Australia's safety regulatory and investigatory agencies remain world leading and have the skills and capabilities to maintain safety and facilitate the industry's growth.
- › Regulation of safety will take account of best international practice and where possible Australian requirements will be aligned with relevant overseas practices.
- › Australian safety agencies will explore opportunities to adopt technologies that improve safety, and work with industry to implement them.

Finally, aviation safety does not stop at national boundaries and Australia will remain a key contributor on safety in international forums, particularly ICAO, and in our own region.

To maintain and improve the safety of Australia's aviation industry the Government will:

- › commit an additional \$3.8 million to allow CASA to recruit additional specialised technical staff to enhance oversight of priority areas such as helicopter activity, foreign operators flying within Australian airspace, and aircraft maintenance undertaken outside of Australia;
- › finalise the suites of CASA's regulations on licensing and flight operations by the end of 2010; and
- › complete the remainder of the CASA regulatory reform program by 2011, providing additional resources to expedite drafting of new regulations.

The Government will ensure CASA:

- › conducts an appropriate level of consultation which allows appropriate industry input but does not unduly delay the regulatory reform process;
- › directs appropriate resources to emerging areas of risk with a particular focus on the surveillance of helicopters, foreign operators, the low-cost carrier sector and the conduct of off-shore maintenance;
- › continues to build a capacity to support the adoption of safety management systems in the aviation industry;
- › continues its focus on the safety of ageing aircraft;

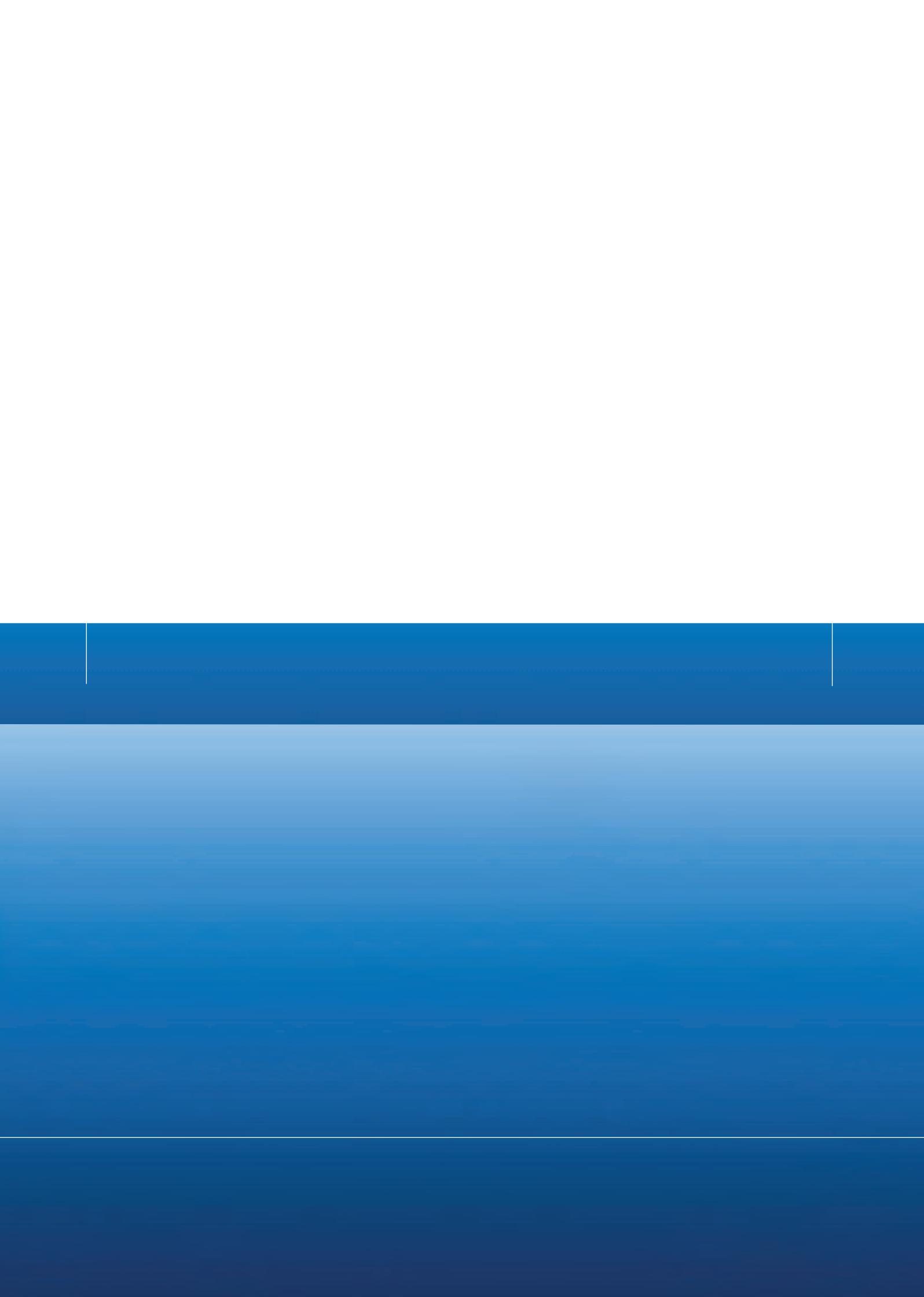
- > continues to enhance the framework for the safe transportation of dangerous goods by air;
- > maintains its existing offices in Townsville, Cairns and Darwin and establishes new work-bases for air safety inspectors in Gove, Kununurra, Broome and on Horn Island to enhance safety oversight of operations in northern Australia;
- > enhances oversight of the operation of unmanned aerial vehicles (UAVs); and
- > improves the sport and recreational sector's capacity to self-administer by introducing a strategic framework for sports aviation, a Sports Aviation Office, and a safety forum to assist information exchange within the sector itself, and between it and the safety regulator.

The Government will ensure ATSB:

- > reviews current investigation policies and practices to ensure that the Bureau retains its reputation as a best practice safety investigation agency and its influence on the national and international safety agenda; and
- > continues to undertake an appropriately-scoped research agenda informed by analysis of its own safety data and investigation findings, and by consultation with relevant stakeholders, including CASA, Airservices Australia, educational institutions and the aviation industry.

The Government will also:

- > continue to improve the quality of the inter-agency relationships between safety agencies and with industry players to maintain a safe aviation environment;
- > develop and implement a State Safety Program in 2010 to provide a framework for safety oversight of Safety Management Systems within the aviation industry; and
- > continue Australia's engagement in the region, established by the Indonesia Transport Safety Assistance Package, the *Strongim Gavman* Program and work in the Pacific Aviation Safety Office, to improve regional aviation safety.



## CHAPTER SEVEN



### Air traffic management



## Air traffic management

### POLICY GOAL

Enhanced aviation safety delivered by an effective, efficient and responsive Air Traffic Management (ATM) System.

### BACKGROUND

Australia has one of the safest and most efficient ATM systems in the world, thanks largely to a decision in the early 1990s to move to The Australian Advanced Air Traffic System (TAAATS) – a system based around two major air traffic centres at Brisbane and Melbourne. This system services over eleven percent of the world's airspace.

The Australian Air Traffic Management System has three key components:

- air traffic safety regulation, which includes airspace regulation by the Office of Airspace Regulation (OAR) in the Civil Aviation Safety Authority (CASA);
- air traffic surveillance, which is predominately undertaken by Airservices Australia (Airservices) and by the Department of Defence, through the Royal Australian Air Force (RAAF), at certain airports where there are both civilian and Defence operations; and
- aircraft communications and navigation, which is undertaken by a range of aircraft operators on instruction from the service provider in controlled airspace and in compliance with CASA requirements in non-controlled airspace.

In 2007 a significant step in providing better governance of Australia's ATM system was taken with the transfer of airspace regulatory functions from Airservices to CASA. This completed a clear delineation of roles between the regulator and the service provider. It did not, however, reduce or change the responsibility of each government agency and industry to deliver an air traffic system which continues to maintain and enhance safety.

Internationally, as a member state to the International Civil Aviation Organization (ICAO), Australia works to promote seamless international air traffic services. More seamless regional air traffic management arrangements and procedures provide better safety, efficiency and environmental outcomes for the travelling public and for airlines flying in Australia and throughout the Asia-Pacific region.

As a leader in air traffic management, Australia plays an important role in assisting our regional partners – notably Indonesia – to meet their international ATM responsibilities. There are significant safety benefits in the continuation of a targeted assistance role by Australia in the region, especially through building regional governance and human resource capability.

### Airservices Australia (Airservices)

Airservices provides civil air traffic management and aviation rescue and fire fighting services at our major airports.

Airservices is a legally and financially independent statutory authority established under the *Air Services Act 1995*. It is governed by a Board, which is directly accountable to Parliament through the Minister for Infrastructure, Transport, Regional Development and Local Government. The Government outlines its priorities for Airservices in a publicly available *Statement of Expectations* (the Statement).

The Minister issued a new Statement to the Airservices Board in October 2008. The Statement requires Airservices to focus on delivering core air traffic and aviation rescue and fire fighting services.

The Statement also highlights two key objectives – increased infrastructure investment (including advanced technology) and improving workforce capability planning to meet immediate and future demand. The Government also requires Airservices to meet its broader legislative responsibilities to the community regarding the environmental impacts of aircraft operations.



Airservices has already demonstrated its support for community engagement through projects such as *WebTrak*, a flight monitoring service available online to the public. *WebTrak* provides information on aircraft operations around major Australian airports, including information on where and how high aircraft fly, as well as noise levels of these operations.

In June 2009, Airservices also announced the development, over the next five years, of a network of more environmentally friendly flight paths through the establishment of Required Navigation Performance (RNP) procedures at up to 28 major airports around Australia.

### Civil Aviation Safety Authority (CASA) – Office of Airspace Regulation (OAR)

The *Airspace Act 2007* and *Airspace Regulations 2007* set out the core legislative functions and requirements for CASA that determine the OAR's operations.

Under this legislative framework, CASA has the decision making power for airspace design, classification and designation, as well as the authority to conduct regular reviews of existing services and facilities provided for particular volumes of airspace by the civil air navigation service provider, Airservices.

The OAR's proactive airspace reviews use the best available data (including forecast changes in aircraft movements) and qualitative assessment to determine emerging risks at our capital city and regional airports.

A further instrument helping to guide airspace administration is the Australian Airspace Policy Statement (AAPS). The Government's updated AAPS (effective 1 January 2010) declares the safety of public transport services to be 'the first priority in airspace administration'. The AAPS also supports the use of clear and consistent risk management processes by the OAR.

The updated AAPS, sets the Government's key reform directions – particularly closer alignment with ICAO and proven international best practice (including the US system) and enhanced regional air traffic management services. The work program, to be finalised in early 2010 by CASA in consultation with the Department of Infrastructure, Transport, Regional Development and Local Government, will outline how and when these reforms will be implemented. The updated AAPS also allows OAR to concentrate on performing its key legislative functions.

To assist the OAR to effectively undertake its future safety regulatory and planning functions the Government will examine, as part of its broader decisions on CASA funding, the most effective means of ensuring the OAR is appropriately resourced to meet its ongoing work program. The current funding approach involves an indirect arrangement where charges collected from industry are provided to Airservices then redirected to the OAR.

### Department of Defence (Defence)

The Department of Defence is a significant partner in Australian aviation, both as a provider of air navigation services and as a user of airspace.

Defence provides air traffic control services and supporting infrastructure, such as radar facilities, at Darwin, Townsville and Williamtown (Newcastle) airports, as well as aviation rescue and fire fighting services at Williamtown, all of which have helped facilitate strong civil aviation growth at these locations.

Defence has particular airspace access and operational requirements, to facilitate military capability and national security commensurate with the Government's policy and tasking. Safety, security, and military imperatives may preclude concurrent civilian aircraft activity in the same airspace as military activities. As Australia's air traffic management system evolves, the Government will ensure that these requirements continue to be met.

Defence, in collaboration with Airservices, is committed to improving civil and military aviation harmonisation and to enhance better airspace access arrangements. This includes having staff located in the OAR and being a member of the Aviation Policy Group and Aviation Implementation Group.

### **Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure)**

The Department of Infrastructure plays a leading role in providing policy advice to the Government in relation to air traffic management matters, including advice on the aviation agencies' strategic direction, their financial and operational performance, and their governance framework.

Working closely with industry and other government agencies, the Department also develops and oversees major future air traffic policy directions and objectives, as well as leading and coordinating implementation review processes.

The Government expects the Department to continue to undertake this lead policy and coordination role on ATM matters into the future.

### **Aviation Policy Group (APG)/Aviation Implementation Group (AIG)**

Inter-agency cooperation remains essential to implementing and achieving consistent air traffic policy. The Aviation Policy Group (APG) brings together the Chief Executive Officers of the Department of Infrastructure, Airservices, CASA and the Chief of Air Force on behalf of Defence.

The APG, although not a decision-making body, provides a forum for effective inter-agency policy coordination and for working through air traffic management and other aviation cross-agency issues at a strategic level.

The Aviation Implementation Group (AIG) supports the APG in the implementation of cross agency strategies. This officials' working group is chaired by the Department of Infrastructure, which also provides secretariat services to both APG and AIG.

### **Role of industry**

The aviation industry, which operates and maintains the aircraft which fly in Australia's airspace, has a number of important roles to play in Australia's ATM system. It has the primary responsibility for improving safety of air traffic operations through continual improvement in air navigation and communications, and complying with regulatory requirements.

This role requires sustained investment in the maintenance of aircraft systems, investment in technology that can further enhance safety and efficiency, and the attraction, training and retention of skilled personnel.

Infrastructure and human resource investment by industry must be coordinated with the initiatives and regulatory decisions being taken by government agencies. Such coordination is imperative given the high degree of inter-relationship between, on the one hand, regulatory and investment decisions taken by CASA and Airservices, and on the other, future investments in air navigation and communications systems being made by aircraft operators.

The Australian Strategic Air Traffic Management Group (ASTRA) is a collaboration of aviation organisations well placed to coordinate industry advice to government on ATM planning and decision making, especially by working closely with the Aviation Implementation Group.

The Government welcomes the establishment earlier this year of an independent, industry chair and new charter for ASTRA and encourages senior industry representation in the performance of its activities. Industry through ASTRA is now well placed to work cooperatively with aviation agencies to identify ways to improve systems or take advantage of new technologies and in coordinating planning for their implementation.

The Government recognises there can be different views on air traffic management issues from major international and domestic airlines as compared with the general aviation sector. However, the benefits of having consistent, coordinated and timely advice through one body, ASTRA, rather than a piecemeal approach, will help the Government deliver its strategic ATM policy directions and objectives.

## POLICY ISSUES

Air traffic management systems require continual maintenance and renewal. Increasingly advanced and accurate new technology and equipment offers potentially significant safety, efficiency and environmental benefits in future communications, navigation and surveillance.

In this context, the replacement of Australia's radar and navigational aids network, and investment in professional skills and training, in the context of an ageing workforce, are major challenges. If these challenges are not addressed, Australia's ability to maintain an international best practice air traffic system will be compromised.

The Australian ATM system must therefore seek continuous improvements in:

- > the regulatory and service provision roles performed by the Government's aviation agencies;
- > the performance and operations of Australian and foreign airlines serving our international, major domestic and regional airports; and
- > the performance and operations of the general and recreational aviation sector, especially where their operations increasingly overlap with passenger transport operations.

Safety will always be the priority consideration of Australia's ATM system. Strong regulatory governance, better planning and investment in infrastructure, technology and skilled personnel will be the foundation of Australia's future ATM system. Government agencies and industry must all contribute – a strong culture of safety across government and industry participants is required to maintain and improve Australia's record for safety, particularly for passenger operations.

Enhancements to the ATM system, if properly designed and implemented, can also support industry efficiency initiatives, limit environmental impacts (noise and emissions), provide better access for aircraft operators, and ensure our national security and Defence Force capability objectives are met.

Australia is committed to the adoption of the ICAO Global Operating Concept in the future delivery of air traffic management by establishing clear policy settings and objectives in our governance, infrastructure and operational arrangements.

Having in place a consistent, effective and up-to-date set of regulations aligning Australian regulation as far as possible with the best overseas models but taking account of any special features of the Australian context is also an essential element of a robust ATM system.

Consistent with this approach, Australia is supporting the wider application and use of satellite surveillance technology, such as Automatic Dependent Surveillance-Broadcast (ADS-B) and satellite navigation technology such as the Global Navigation Surveillance System (GNSS). However, as is the case in other leading aviation countries, Australia will also maintain a robust ground-based surveillance capability, including radar to protect against vulnerabilities from over-reliance on one system, such as the Global Positioning System (GPS).

### Air traffic governance – roles and responsibilities

The Government will maintain Airservices as a fully government-owned statutory authority with safety its most important consideration.

The Government will also ensure that the scope, roles and responsibilities of Airservices and other agencies in relation to aviation rescue and fire fighting services (ARFFS) are clearly defined.

The Government will make Airservices legally obliged to provide ARFFS for civil operations at civil and joint-user airports that meet the establishment criteria in the Civil Aviation Safety Regulations 1988. This makes sense as Airservices currently provides ARFFS – one of the agency's core functions under the *Air Services Act 1995* – at 21 Australian airports nationally.

The Government will also clarify the scope of ARFFS so that it relates to areas of an airport which are used or intended to be used for aviation activities and/or for activities closely connected with aviation activities. This will assist Airservices and relevant state or territory fire authorities regarding the coordination and responsibility for the provision of non-aviation and rescue and fire fighting services at the airport, in consultation with airport operators.

Coinciding with the release of this White Paper, the Department of Infrastructure is releasing for consideration by stakeholders a policy framework paper on the intended future arrangements for ARFFS, non-aviation rescue and fire fighting and other functions at airports. The Department will liaise with industry stakeholders in early 2010 regarding implementation and transitional arrangements.

### Better planning

The Government must set strategic air traffic management policy directions.

Following discussions between APG agencies, an overview of future infrastructure and technology policy directions has been developed and is outlined in Feature Box 1 later in this Chapter. After industry and public comment on the short, medium and long-term initiatives highlighted in these directions, the Government will finalise its ATM policy directions in early 2010.

These directions, along with the new Australian Airspace Policy Statement, will help determine our key national ATM policy objectives and help guide government agencies and industry in future ATM planning and investment.

These key policy directions for Australia's air traffic management system, recognise ATM is not just about air traffic and airspace administration, but also covers communication, navigation and surveillance requirements and the role that infrastructure, technology, people and training plays in delivering these requirements.

The policy directions will also take into account those being adopted by other leading aviation countries and confirm the Government's commitment to harmonisation with the ICAO Global Operating Concept.

### Greater civil/military cooperation and harmonisation

Airservices and Defence are the two government agencies charged with the provision of air navigation services in Australia and together provide the air traffic services and infrastructure underpinning our national ATM system.

There is now an ideal opportunity to synchronise the ATM capability and support requirements of these two agencies, as both organisations will be undergoing major equipment upgrades and replacement programs from 2013.

Enhanced civil and military ATM system harmonisation will produce benefits in terms of improved safety, better investment in personnel and infrastructure, seamless systems compatibility, and smarter procurement practices.

The Australian Government, while recognising particular systems are optimised for different roles, will support a more harmonised approach to the future development and maintenance of our national ATM system.

Airservices and Defence will implement a collaborative governance structure to manage the harmonization process. This will be guided by the two organisations developing and implementing a joint operational concept and synchronising capability development.

The joint operating concept will cover:

- > system interoperability requirements;
- > systems sustainment and follow up development;
- > future service delivery methods and infrastructure;
- > cooperative workforce planning;
- > a sound governance framework;
- > military principles, international civil treaties and global standards; and
- > common operational and technical requirements (and any particular unique Defence requirements).

Key to the implementation of a comprehensive, collaborative approach to nation-wide air traffic management will be a range of activities to provide synergies and economies of scale in system procurement, infrastructure development, regulatory oversight and national workforce accreditation and training.

These activities will include:

- > the procurement of a national ATM solution to replace the legacy civil and military elements of the national ATM system including ATM automation systems, tower automation systems, radar and navigational aid equipment, and training and simulation systems;
- > upgrades and refurbishment of civil and military infrastructure, including consideration of a common tower facility design;
- > facilitating greater commonality of civil/military regulatory standards where feasible;
- > national alignment of workforce accreditation and training, including national accreditation for air traffic controllers and technicians, and the development of a national curriculum for air traffic controllers;
- > interoperability of the discrete air traffic control (ATC) training facilities at East Sale and Tullamarine;
- > sharing of technical training resources for common systems;
- > supporting and promoting joint ATC operational procedures and standards; and
- > the development of a national infrastructure redundancy plan commensurate with the critical nature of ATM systems and facilities in a way that caters for business continuity and national security requirements.

The two agencies will report regularly to APG and the government on progress against these identified initiatives.

Arising out of this work Defence, assisted by other Government agencies, will assess the financial implications of national ATM solutions. This includes developing options relating to industry cost recovery and the possible introduction of inter-agency cross charging for consideration by Government in 2010.

### Flexible use of airspace

An associated area for greater cooperation in the future is the continuing development and adoption of the flexible use of airspace concept. Flexible airspace aims to maximise the use of available airspace volumes while providing the required segregation for non-compatible activities.

Aircraft operations can then take place in a less restricted, more efficient and often more environmentally friendly manner, while meeting safety standards at all times. Flexible use of airspace optimizes civil access to military airspace and vice versa, whenever safety and operational imperatives permit, and when the overall benefits of such flexibility to civil and military airspace users outweigh the costs.

The Flexible Use of Airspace Working Group, established by AIG, has developed a package of new proposals to enable better use of restricted airspace in Australia. These proposals:

- > provide better guidelines on lead times for restricted area activation;
- > provide better information to industry on what type of control service is available in each area; and
- > implement a system to highlight co-usage opportunities of active restricted areas.

The benefits of these proposals will be to give increased transparency and information to industry about Defence administered airspace, thus enabling greater certainty and increased access to a number of key restricted airspaces with potential flow-on safety, efficiency and environmental benefits for airspace users.

It is anticipated that the updated aeronautical charts and documentation to give effect to these proposals will be in place by June 2010.

These proposals can be taken forward without additional costs to industry and without the need for legislative changes and build on work already completed by Defence to reduce the number of twenty-four hour restricted areas from 81 to 15.

Defence, Airservices and industry will continue to work through the OAR and with other agencies to improve the flexibility of both civil and Defence administered airspace consistent with the increased commonality and interoperability of our future ATM systems.

### Investment in technology and innovation

Technology and innovation are two cornerstones of the international air traffic management system and are potential drivers of major safety system enhancements into the future.

To promote a safer and more globally interoperable and efficient system as sought by ICAO, Australia supports the wider application of technology in air traffic management on the ground and in the air. The Government recognises the need for investment in modern air navigation infrastructure, including in satellite and ground-based technology, to further enhance aviation safety and meet future air traffic demand.

This includes planning for greater use of satellite-based surveillance systems such as ADS-B, as well the increased adoption of other systems and procedures such as Terrain Avoidance Warning Systems (TAWS), Approach with Vertical Guidance (APV), Required Navigational Performance (RNP), Aircraft Collision Avoidance Systems (ACAS) and Wide Area Multilateration (WAM).

These technologies and innovations can offer better safety and efficiency outcomes often at much lower cost than the requirement for investment in new or replacement infrastructure.

Australia is well placed to benefit from Airservices and industry ongoing investment in technology such as ADS-B, particularly where it can provide air traffic surveillance in Australian airspace that currently has no radar surveillance coverage.

Clear regulatory standards must however underpin what are the requirements that technology must meet and an important first step was the announcement by CASA in early 2009 of the future mandated use of ADS-B in upper airspace at and above 29,000 feet.

Better coordination of the introduction of different regulatory requirements aimed at improving air traffic management safety — for example, the proposed fitment of aircraft with a number of pieces of advanced avionics equipment — should also be a key part of future approaches to embracing technological change.

CASA will be the final arbiter of standards and regulations supporting the introduction of new technologies. The Government expects CASA's regulatory decisions to be implemented by Airservices and industry in accordance with clearly established timeframes.

It is also important that industry and regulatory arrangements move in step with other leading aviation countries in the adoption of new technologies so that regulatory decisions offer advances in safety and efficiency and are contributing to greater harmonization of the international ATM system.

One of the first tasks for CASA will be to oversee the future implementation of Approach with Vertical Guidance (APV) in Australia utilising the Baro-VNAV aircraft-based augmentations systems as well as future Satellite-Based Augmentation Systems (SBAS) capability in Australia. APV is a safer means of managing flight approach paths which ICAO has resolved should be introduced internationally.

The implementation of APV is a major challenge for Australia. It will require APV design work by Airservices at nearly 200 aerodromes – and infrastructure upgrades at around 130 regional airports (including weather monitoring equipment).

The ICAO APV introduction timetable of 2016 should be met for airports servicing nearly all of our major passenger operations. Coverage of the remaining airports and operations will be considered subject to the outcome of the SBAS review outlined below.

An overview of future infrastructure and technology policy directions for Australia's air traffic management system is provided at Feature Box 1 below. It has been developed by APG agencies as a broad road map for future infrastructure and technology implementation and outlines a number of major air traffic management initiatives.

### FEATURE BOX 1 – Future infrastructure and technology policy directions to enhance air traffic system safety and performance

#### BACKGROUND

The Government is committed to ensuring that industry and Government agencies invest in modern air navigation infrastructure, including satellite technology, to improve safety and efficiency in our airways systems.

The Aviation Green Paper noted that the adoption of the International Civil Aviation Organization (ICAO) Operational Concept for Air Traffic Management (ATM) would require Government-led long-term planning, and the wider application and use of satellite technology such as Global Navigation Satellite Systems (GNSS) and Automatic Dependent Surveillance-Broadcast (ADS-B).

ICAO continues to encourage all states to better plan and harmonise the enhancement of safety, environmental and operational efficiency of future air traffic management and navigation systems.

In particular ICAO has supported:

- > precision navigation enhancing aviation safety and also allowing more efficient use of airspace;
- > instrument approach procedures that provide vertical guidance, enabling significant safety and service enhancements at regional and remote aerodromes;
- > enhanced collision risk mitigation primarily through the expansion of air traffic surveillance including the wider application of satellite-based surveillance technology; and
- > navigation capabilities that support optimum aircraft routes reducing fuel burn with attendant economic and environmental benefits.

Leading aviation nations are moving towards the wider application of satellite-based technologies, building on an extensive ground based network. This is consistent with measures already commenced in Australia to provide new surveillance and navigation services where there has been no coverage in the past.

Responses to the Green Paper have confirmed industry support for the widespread adoption of satellite based technologies, including ADS-B, being implemented consistent with international implementation schedules.

The United States' *NextGen* program and the European Commission's *Single European Sky* initiative are predicated on the wider use of these satellite-based technologies to meet the future safety, environmental, capacity and efficiency needs of their air traffic management systems.

In the Asia-Pacific region, many states also have implementation programs underway for these technologies.

There are many ATM technologies and procedures being implemented to enhance international aviation safety as well as achieve efficiency and environmental benefits.

The applications being implemented include:

- > Aircraft Performance Based Navigation (PBN) specifications for Area Navigation (RNAV) and Required Navigation Performance (RNP) as the basis for precision navigation, instrument procedure design, and resultant air traffic separation standards;
- > Approaches with Vertical Guidance (APV) as the preferred instrument approach standard where precision approaches are not available;
- > use of ADS-B OUT for air traffic control surveillance and traffic information services;
- > introduction of ADS-B IN (ADS-B reception by aircraft) as a pilot situational awareness tool and enabler of new operations using Airborne Separation Assistance Systems (ASAS);
- > deployment of Advanced Surface Movement Guidance and Control Systems (A-SMGCS) at major airports; and
- > wider carriage of Airborne Collision Avoidance Systems (ACAS).

Australia will increasingly adopt these technologies and procedures to ensure that the safety of its air traffic management system is enhanced, while retaining ground-based infrastructure (such as radar and multilateration) and other procedures to allow for smooth transition and a robust ATM system in the future.

### AUSTRALIAN ISSUES

Australia is fortunate that much of our airspace has climatic conditions that reduce the risk of accidents due to adverse weather to a significantly lower level than in some other countries.

However there are risks and these are currently managed using a combination of technology and procedures. Australia has been careful not to rely on a single solution to its current and future ATM challenges.

Australia is committed to the maintenance and further enhancement of the safety of its ATM system.

This includes measures to reduce the potential for collision between two aircraft and to reduce the likelihood of controlled flight into terrain.

Future airspace risk mitigation will be enhanced nationwide by extensions of controlled airspace and requisite investment in personnel, infrastructure and technology.

Consistent with the Australian Airspace Policy Statement, the safety of passenger transport services will be the most important consideration in airspace planning and administration. This over-riding principle will guide all risk assessments and proposals for changes to airspace classifications and air traffic service levels.

There are several priority areas identified for airspace safety and systems improvements.

These include the immediate and short term challenges at a number of locations in Australia which will require enhanced air traffic management services. These include the enroute environment in Western Australia as well as servicing the expanding mining and north-west WA centres of Broome and Karratha, and expanding regional aerodromes in eastern Australia.

CASA has commenced the process of assessing these and other locations and the outcomes of these and other ongoing risk reviews will help determine the action required by Airservices and industry to ensure enhanced safety arrangements are put in place over the next three years.

Runway incursions can occur at both controlled and non-controlled aerodromes. ICAO has identified runway incursions as a threat to aviation safety. The use of electronic surveillance on the surface by air traffic controllers and pilots will increase situational awareness, reducing inadvertent entry onto runways and improving monitoring of proximate traffic. Airservices is currently introducing A-SMGCS technology at Sydney, Melbourne, Brisbane and Perth airports.

High traffic levels at busy training aerodromes also result in an increased risk of collision. CASA has recently acted to amend operational procedures and future airspace arrangements at General Aviation Aerodrome Procedures (GAAP) aerodromes. The volume of traffic at some non-radar aerodromes also necessitates the use of cost-effective surveillance to ensure risks are as low as reasonably practicable.

A key infrastructure element to further the use of PBN and APV is likely to be the availability of an augmentation system, such as SBAS, to improve the performance of a single GNSS constellation, until the availability of multiple constellations.

Controlled flight into terrain typically occurs during the conduct of instrument approaches to land in poor weather conditions. ICAO's assessment is that runway aligned approaches are significantly safer than circling approaches. It is now possible to reduce risk by introducing APV to provide pilots with an electronically guided descent path. Many current passenger transport aircraft have equipment capable of performing APV.

ICAO has established an international schedule for APV at all instrument runway ends either as the primary approach or as a back-up for precision approaches by 2016 with intermediate milestones of 30 per cent by 2010, and 70 per cent by 2014.

However, comprehensive coverage of all passenger transport operations is likely to require the use of a GNSS space-based augmentation system (SBAS) that does not currently exist in Australia. This would be potentially usable by all transport modes and by many other industries but will require a detailed consideration by our aviation and other portfolio agencies.

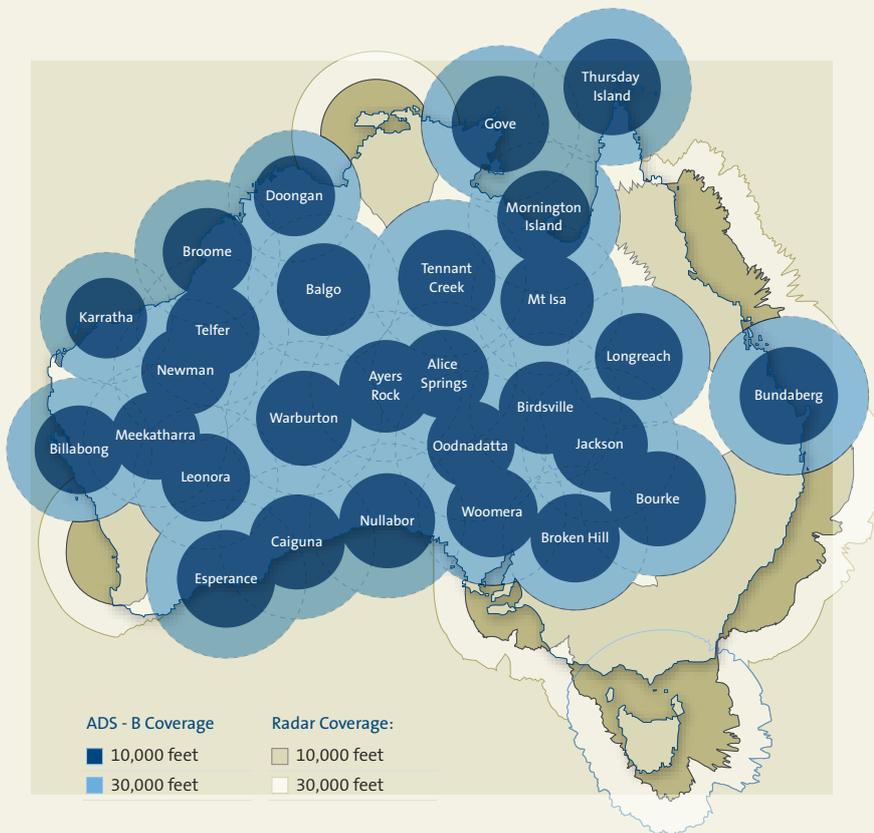
Infrastructure portfolio agencies will be asked to review SBAS in more detail to examine the practicality, cost and timing issues associated with the establishment of such a capability in Australia, in consultation with other portfolios, and also to examine as well as other available options for completing APV coverage in Australia. The Government would expect the review report from APG on SBAS and other options to be completed by the end of 2010.

The provision of ADS-B based collision risk mitigation and APV instrument approaches have the potential to reduce risks and to provide Australia's remote and regional centres with services currently only available at major airports. This will significantly enhance the safety and efficiency of air services to those communities. The extent of the planned increased surveillance coverage that will be provided by ADS-B in Australia is shown below in Figure 7.1.

The transition to PBN reduces the need for fixed route point-to-point navigation, providing significant environmental benefits and efficiencies, as well as safety improvements in both enroute and terminal area operations.

**Figure 7.1:** Extension of air traffic surveillance coverage in Australia by 31 December 2009

Source: Airservices Australia



**AUSTRALIAN INITIATIVES**

Australia is transitioning to a primarily satellite-based, technologically driven air traffic management system. This will require investment by government agencies and industry in infrastructure, equipment and skilled personnel including training. The Government will continue previous investment policies with the cost of the uptake of new technologies continuing to be funded by the aviation industry.

A phased approach will be adopted to facilitate the introduction of these initiatives, acknowledging that these significant changes require careful analysis, planning and coordinated action by multiple stakeholders.

By 2020 Australia will have moved to a national ground and satellite-based network of air traffic management providing a level of communications, navigation and surveillance coverage unprecedented in Australia's aviation history. This will be achieved by the implementation of a number of key short, medium and long-term initiatives such as investment in surveillance infrastructure and the increasing use of performance based navigation and approach with vertical (APV) guidance procedures around Australia.

The Government's primary objective in pursuing this course of action is clear – enhanced safety through the use of better, more advanced technology and through providing services to parts of Australia that have, until now, had little to no air traffic services and facilities or surveillance coverage.

In summary, Australia, consistent with the ICAO goals, and to harmonise with developments in other leading aviation nations, has identified a number of key ATM initiatives which CASA and Airservices, in their respective regulatory and service provision roles, will seek to pursue:

#### Short Term (five years to 2014)

- > Current investment in national infrastructure (including ground and satellite based technology) to address safety, efficiency, capacity and environmental needs.
- > Closer alignment with ICAO based airspace classifications, adoption of proven international airspace systems and use of sound risk management processes for airspace management and administration.
- > Completing the reviews of Australian airspace at airports to implement the Government's key AAPS reform directions – particularly alignment with ICAO and international best practice in airspace management and enhanced regional air traffic management services.
- > Introduction of Class D airspace arrangements at GAAP aerodromes in 2010.
- > Introduction of more controlled airspace with, as required, enhanced ATC services and infrastructure as determined by CASA, in the enroute environment in WA, as well as at growing regional aerodromes in WA and in eastern Australia.
- > ADS-B OUT upper airspace mandate from December 2013.

#### Medium Term (2014–2019)

- > Wider regulatory requirements for mandated communication, navigation and surveillance capability (e.g. uptake of Mode S and ADS-B OUT capable transponders) and use by aircraft set by CASA.
- > APV procedures available for 100% of instrument runways used by APV-capable aircraft.
- > Potential adoption of satellite based augmentation systems (SBAS) to assist in making APV widely available.

#### Long Term (2020–2025)

- > The wider application of satellite technology, monitoring consistency with international timetables, including the provision of required back up ground based facilities.
- > Performance based navigation capability appropriate to the operation will be used by all instrument flight rules aircraft.
- > Electronic surveillance of traffic by either aircraft or air navigation service providers will be assured for operations in controlled airspace generally and from the surface within specified volumes of airspace at aerodromes with traffic densities exceeding a risk-based threshold.
- > APV guidance for all Australian instrument runways.

These safety priorities are best introduced through synchronised implementation of aircraft and ground systems, and informed decisions on future investments.

CASA will make the final decisions on regulatory scope and timing following appropriate regulatory development processes and in close consultation with the Aviation Policy Group.

In implementing these initiatives our government agencies will have regard to:

- > the use of sound risk management processes;
- > the potential impacts on all operations and different industry sectors, including particularly airline and airport operators in those sectors;
- > the cost recovery and resource implications for Government agencies; and
- > how Australia's directions align with those of ICAO and other leading aviation nations including the US and those in the immediate Asia-Pacific region.

### Investment in infrastructure

Consistent with the Government's commitment to ensure infrastructure is at the forefront of the economic policy agenda, investment in new equipment and ongoing maintenance of the existing ATM network is a key element of ensuring a safe and efficient ATM system.

Airservices maintains an asset base of \$650 million at over 600 sites in Australia and manages air traffic operations for more than four million flights carrying about 65 million passengers each year. It operates 26 air traffic control towers and 21 aviation rescue and fire fighting services at capital city and major regional airports around Australia.

Significantly, Airservices has announced it will invest almost \$900 million over the next five years to upgrade and replace existing infrastructure.

This investment includes critical radar and navigational aid replacements, ADS-B technology, new air traffic control towers and aviation rescue and fire fighting stations and equipment. Defence will also be investing in new and upgraded ATM infrastructure.

The civil ATM system is funded directly by industry through charges levied by Airservices under a five year long-term pricing agreement oversighted by the Australian Competition and Consumer Commission.

In the light of the global economic downturn, Airservices has announced it is holding charges at current levels until 30 June 2011 when it will consider, in consultation with industry, its next long-term pricing agreement.

The Government expects that, in taking forward these pricing agreements, agencies and industry will recognise the implementation of new and replacement technology entails necessarily longer term time horizons. There should also be investment in appropriate modern ground based technology to ensure there is a robust, ongoing back-up capacity in place to support the transition to a primarily satellite-based air traffic management system.

Airservices needs to continue to invest in maintaining and upgrading the infrastructure and systems for ATM in Australian airspace, to keep Australia at the forefront of global efforts to improve the safety and efficiency of aviation operations.

An important future area of ATM investment involves servicing the growth and high activity levels at some regional and General Aviation Aerodrome Procedures (GAAP) airports.

Many regional Australian airports, despite recent difficult economic conditions, now operate at traffic levels and with a complexity of traffic movements which may require enhanced airspace requirements and the introduction or upgrading of services, facilities and resources to match these requirements.

Over the next three years, the ongoing completion of CASA airspace reviews and determinations at major regional airports will, where determined by CASA, lead to enhanced air traffic management services and facilities for regional passenger transport services.

Airservices will invest in enhanced ATM services and facilities to respond quickly to the outcomes of the CASA's ongoing aeronautical reviews and subsequent airspace safety determinations. Airservices will also continue to be able to consider appropriate arrangements for the delivery of these services and facilities by other parties where this may be a more efficient and effective means of service delivery at some regional locations.

In July 2009 CASA announced GAAP airports would be upgraded to Class D airspace arrangements in 2010. This decision will enhance air safety for aircraft operators at these locations and for surrounding communities.

Airservices will review aeronautical pricing options for terminal navigation services in the first quarter of 2010 – with a view to establishing a framework that facilitates the enhancement of air traffic services around Australia. This is particularly important when the introduction of new or enhanced safety air traffic services and facilities is required in the future to reflect higher traffic and passenger levels at major regional airports such as Broome, Karratha and Maroochydore (Sunshine Coast).

The review will help inform Airservices consultations with industry regarding a new long-term pricing agreement, planned to take effect from July 2011.

In addition, the Government will also task APG agencies to establish by mid 2010 clear and easily understood criteria, aligned with the nature and complexity of operations at individual locations that will help determine when new, modified or alternate air traffic management services and facilities are required.

This will provide greater certainty to Government agencies and industry in planning to meet and fund future requirements and encourage a proactive approach to the introduction of appropriate ATM services and facilities at regional locations.

Increased infrastructure demands are also being placed on the RAAF from growing civil aviation demand at joint user facilities such as Darwin and Townsville and at Air Force bases, such as Williamstown, used by civil aviation operators.

These civil aviation demands for higher levels of air traffic control and aviation rescue and fire fighting services are above the level of resources needed to handle military operations.

Defence, in conjunction with other government agencies, will develop options relating to industry cost recovery for consideration by Government in 2010 to ensure that a level playing field exists in the provision of these services to civil operators at airports throughout Australia.

### Investment in people

Shortages of trained staff in a range of key fields – especially air traffic controllers and aviation fire fighters – will mean that sustainable workforce planning will remain an ongoing challenge for the aviation industry and government agencies. Care is needed to avoid short-sighted decisions to curtail recruitment and training as part of cost saving initiatives.

The Government recognises the need for investing in skilled personnel to deliver safe and reliable air traffic services. Greater co-ordination between agencies in addressing skills shortages will also form part of better ATM workforce planning.

Airservices has developed an initial Workforce Plan covering all areas of its workforce, including air traffic controllers, aviation rescue and fire fighting officers and other technical and asset services staff. This is a much needed initiative to ensure there are sustainable workforce strategies in place to address the long-term human resource needs of Australia's major civil air traffic service provider.

Airservices is continuing to invest in new training and simulation equipment at its dedicated air traffic control and aviation rescue and fire-fighting training facilities in Melbourne.

Ongoing workforce planning will also form part of CASA and Defence's strategy to meet future ATM staffing and training requirements.

The Government will require both Airservices and CASA to publish and update their workforce plans annually to ensure they retain their currency and reflect workforce trends.

## CONCLUSION

The Government is committed to maintaining and enhancing international best practice in air traffic management in Australian airspace.

Through clear governance arrangements and policy settings for the government's aviation agencies, and identifying industry's role in maintaining and enhancing air traffic management safety, the Government is establishing the framework for continuing Australia's excellent air safety record.

Improved coordination across government agencies and consultation with industry on future air traffic policy directions, through the Aviation Policy Group and Aviation Implementation Group will also be important in meeting our 21st century ATM system requirements.

Government agencies and industry must continue to invest in modern air navigation infrastructure, including satellite technology, to further enhance aviation safety and meet future air traffic demand.

Airservices' planned \$900 million capital expenditure program is testament to this commitment to invest in infrastructure and new technology. The application of supporting technological applications also offers efficiency and environmental benefits to the aviation industry and local communities.

There will also be a need for continued investment by government agencies and industry in workforce planning, giving the skills and training the ATM workforce will need to meet the challenges of the future.

While the largest concentration of passenger transport services takes place between the capital cities, the Government supports the need for enhanced air traffic and aviation rescue and fire fighting services at major regional airports as determined by CASA.

Australia's ATM system benefits considerably from the significant role played by Defence in the provision of ATM services. The upcoming major equipment upgrades and replacement programs for Defence and Airservices offers an ideal opportunity to synchronise capability and support requirements for both organisations and to promote procurement of a national ATM solution.

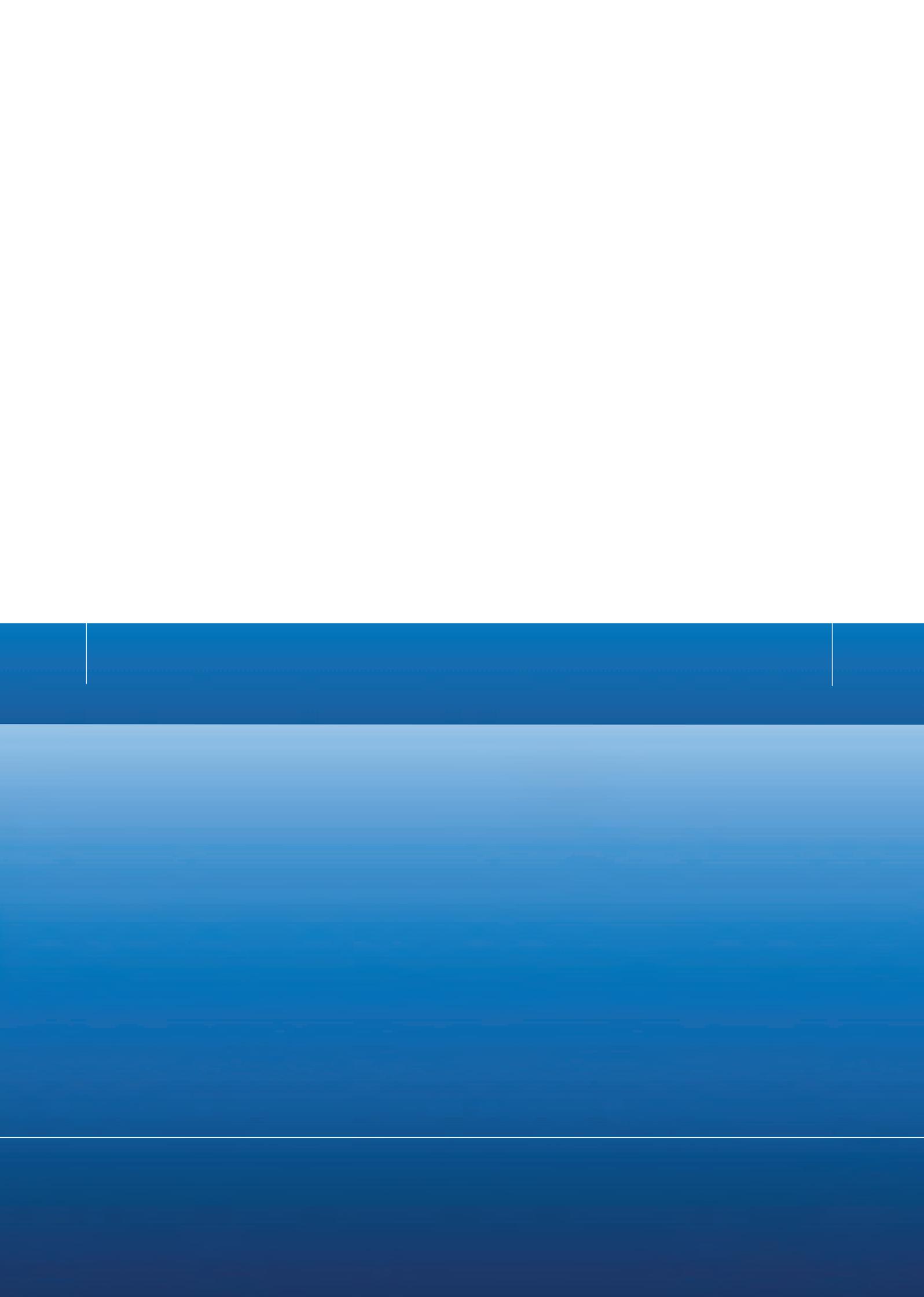
The Government has set out a road map for future infrastructure and technology policy directions for air traffic management to enhance air traffic safety, including a range of infrastructure, systems and technology initiatives.

In 2020 Australia will have moved to a national ground and satellite-based network of air traffic management providing a level of communications, navigation and surveillance coverage unprecedented in Australia's aviation history. This will be achieved by the implementation of a number of key short, medium and long-term initiatives such as investment in surveillance infrastructure and the increasing use of performance based navigation and approach with vertical (APV) guidance procedures around Australia.

## SUMMARY OF ACTIONS

- > The Government has issued a new Australian Airspace Policy Statement (AAPS), effective from 1 January 2010, confirming the safety of public transport services as the first priority in airspace administration.
- > The new AAPS highlights three key Government airspace policy objectives – closer airspace alignment with ICAO and international best practice and enhanced regional air traffic management services – and supporting the use of clear and consistent risk management processes by the Office of Airspace Regulation (OAR).

- > The Government will examine, as part of its broader consideration of CASA funding, the most effective means of ensuring the OAR is appropriately resourced to meet its future safety regulatory work program.
- > The implementation of a number of major joint civil and military aviation initiatives by Airservices and Defence including:
  - developing and implementing a national, harmonised civil-military ATM system, enabling economies of scale for the upgrades and refurbishment of civil and military ATM infrastructure; and
  - facilitating a national approach to skills accreditation and training, including a national curriculum for air traffic controllers, and the development of a national infrastructure redundancy plan — catering for business continuity and national security requirements.
  - giving effect to further flexible use airspace proposals which will build on recent initiatives by Defence to reduce the number of twenty four hour restricted areas from 81 to 15.
- > CASA will oversee the implementation of Approach with Vertical Guidance (APV) in Australia – a safer means of managing flight approaches.
- > Airservices will invest almost \$900 million over the next five years to upgrade and replace existing infrastructure. This investment includes critical radar and navigational aid replacements, new control towers and new aviation rescue and fire fighting stations and equipment.
- > The Government will also improve aviation rescue and fire fighting services through establishing better governance arrangements that clarify roles and responsibilities.
- > Airservices will retain aeronautical charges at current levels until 30 June 2011 in recognition of the global economic crisis and its impact on the airline industry.
- > Airservices will review aeronautical pricing options for terminal navigation services in the first quarter of 2010 with a view to establishing a framework that facilitates the enhancement of air traffic services around Australia including at major regional airports.
- > The Government will task APG agencies to establish by mid-2010 clear criteria, aligned with the nature and complexity of operations at individual locations that will help determine when new, modified or alternate air traffic management services and facilities are required.
- > Defence, in consultation with other government agencies, will develop options relating to industry cost recovery at locations where Defence provides air traffic management and related services to civil aviation for the Government's consideration.
- > Airservices and CASA will update and publish workforce plans annually.



## CHAPTER EIGHT



Aviation security



# Aviation security

## POLICY GOAL

An effective, focussed and proportionate aviation security system which mitigates the risk to Australia's air travellers and the general public from terrorism and criminal interference.

## BACKGROUND

Threats to aviation security are not new. As early as 1948, hijacking of aircraft was used as a means of illegal flight across national borders. Through the 1980s there were a number of serious attacks on aircraft carried out for political purposes which resulted in significant casualties. These included the bombing of Pan Am flight 103 over Lockerbie, Scotland in 1988 which killed 259 people on board the aircraft and 11 on the ground.

The first threat to use an aircraft as a weapon to impose broader casualties occurred in 1994 when Algerian terrorists hijacked an Air France flight enroute to Paris from Algiers. Worldwide, aviation security entered a new phase following the hijacking of four passenger aircraft and the subsequent attacks on New York and Washington on 11 September 2001.<sup>24</sup>

The aviation sector continues to have a number of characteristics making it an attractive target for terrorists. Terrorist groups are knowledgeable about aviation operations, seek to identify vulnerabilities, and have the capability to mount catastrophic attacks. The greatest domestic security threat to Australia continues to come from groups associated with, or inspired by, global terrorist movements.

Australia's aviation security regime has been significantly strengthened since the events of September 2001, including:

- > an expansion of the regulatory regime defining security controlled airports to cover airports handling passengers, and operators of freight aircraft, charter flights, and private and corporate jets;
- > implementation of comprehensive security programs and security measures based on individual airport risk assessments;
- > the requirement for hardened cockpit doors on all regular passenger and charter aircraft with more than 30 seats;
- > extension of the regulatory regime for international air freight to cover domestic services;
- > trialling of new freight screening technology;
- > expansion of the Aviation Security Identification Card (ASIC) scheme to cover all staff at airports servicing passenger and freight aircraft;
- > extension of the checking process associated with the ASIC scheme to include all pilots and trainee pilots;
- > the requirement for general aviation aircraft to have anti-theft measures; and
- > the introduction of limits to liquids, aerosols and gels that may be carried on international flights.

In its present form, Australia's aviation security regime combines multiple layers of preventive security, illustrated in Figure 8.1, and covers over 180 airports, more than 250 airlines, approximately 90,000 industry employees and in excess of 950 air cargo agents.

This layered security system provides the following protections:

- > Intelligence
  - Australia's intelligence agencies play an important role in ensuring threat assessments are up to date and accurate. This information is distributed, as appropriate, to law enforcement agencies and industry participants to inform appropriate measures.

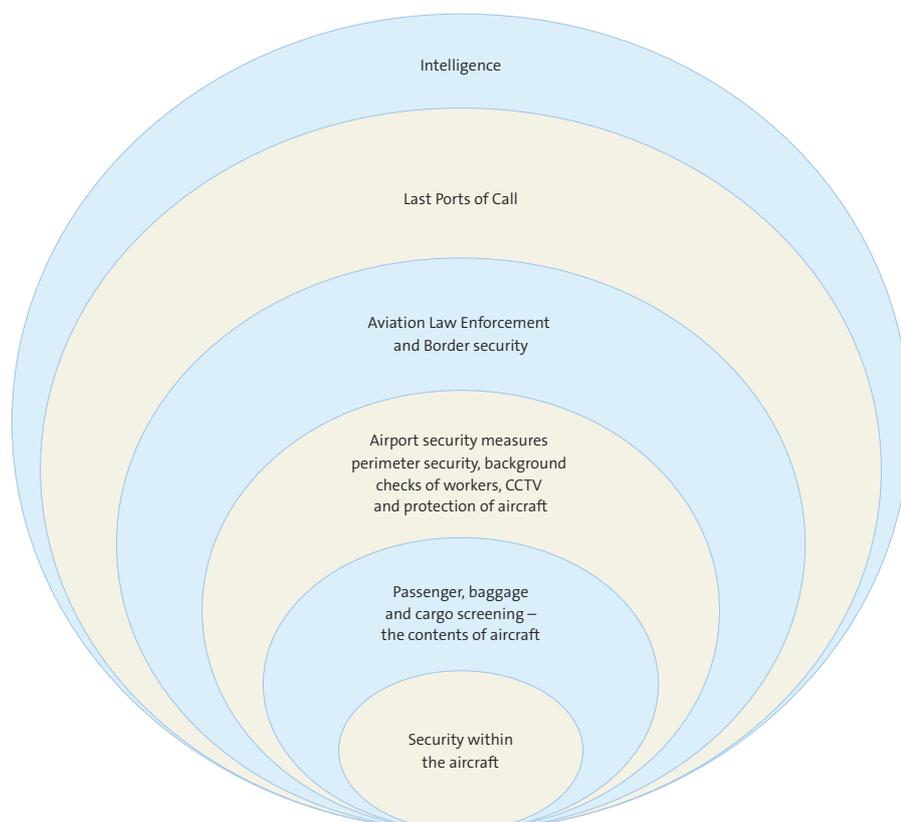
<sup>24</sup> European Commission, Study on Civil Aviation Security Financing, September 2004



- > Last ports of call
  - Australian Transport Security Inspectors carry out regular assessments of international airports with originating flights travelling to Australia. These assessments have assisted in identifying vulnerabilities in existing systems and, importantly, building capacity in a range of countries in South East Asia and South West Pacific.
- > Aviation law enforcement and border security
  - A Unified Policing Model (UPM) applies at major airports. This includes Airport Police Commanders; community policing; Joint Airport Investigation Teams; Joint Airport Intelligence Groups; and a Counter Terrorist First Response capability.

**Figure 8.1:** Layered aviation security system

Source: Office of Transport Security, DITRD LG.



- > Airport security measures
  - Regulated aviation industry participants are required to have an approved Transport Security Program (TSP) in place. These programs outline security measures to manage and maintain security, and respond to security incidents.
  - Staff working in secure areas of the airport and onboard aircraft must be background checked and hold an ASIC.
  - Upgraded closed circuit television capability at major airports.
  - People and goods entering the airside of airports are subjected to a comprehensive airside inspection regime.
- > Screening what goes on board aircraft
  - Screening of Regular Public Transport (RPT) passengers and carry-on baggage, including X-ray of baggage and checked baggage, walk-through metal detection equipment, random and continuous explosive trace detection (ETD) and physical searches as required for all RPT jet services.
  - There must be appropriate air cargo security measures in place, including explosive trace detection equipment at designated airport cargo terminals, and security training regimes for Regulated Air Cargo Agents.
  - Passengers are restricted in the amount of Liquids, Aerosols and Gels (LAGS) in carry-on baggage on international flights to and from Australia.
- > Aircraft on-board physical security
  - Hardened Cockpit Doors (HCDs) must be installed in aircraft with a seating capacity of 30 or more seats, where these planes are used for RPT or open charter operations.

The Australian aviation security system has proven to be effective to date in protecting travellers, aviation infrastructure and assets, and the general public. However it must continue to evolve and improve to meet the expected growth and development of the global aviation industry into the future and be responsive to new or developing threats to aircraft, infrastructure and passengers.

Australia’s aviation security policy will continue to be driven by a range of competing factors, including four major policy drivers:

- > intelligence driven assessments of the nature and level of threats;
- > assessments of risk and vulnerability – including security risk;
- > changing aviation industry structures and technology; and
- > developments in the international aviation security environment – including the requirements of international organisations.

The Government expects continued growth and change in the structure of the aviation industry and in aviation technology in the coming years. Changes in aviation security policy, border security policy and service delivery will be required to deal with:

- > shifting travel patterns and the emergence of new international routes and hubs;
- > increased tourism, both inbound and outbound, and increased growth in existing routes, both domestic and international; and
- > diversification of aviation products with low-cost carriers largely servicing tourists and premium carriers primarily servicing business travellers.

Growth and changes in the aviation industry, together with an evolving terrorist threat are placing more pressures on aviation security. The terrorist threat to aviation remains real. While the policy and regulatory settings developed since September 2001 have provided an effective level of security to date, there is a need to reconsider some of the current policy settings. This will help ensure that the Australian aviation sector has the most appropriate measures in place to mitigate against the possibility and consequences of a terrorist attack or other forms of unlawful interference.

## POLICY ISSUES

### A process of review and continual improvement

Australia's aviation security system meets the requirements of the International Civil Aviation Organization (ICAO) and is comparable with countries such as the United Kingdom, Canada and the United States of America. The Government is committed to ensuring Australia's aviation security regime continues to meet these world standards.

The Government is also conscious of the importance of the aviation sector to the Australian economy. In this context, aviation security should not be a barrier to travel, or prevent the movement of goods either domestically or internationally. Regulation of aviation security should continue to be developed and implemented in full consultation with industry and the broader community to ensure its impacts are well understood and do not make air travel unnecessarily less convenient or affordable.

The Government is committed to ensuring Australia's security regime is focused, proportional and sustainable while addressing threats facing the sector. It is important to review the threat continually, to identify key vulnerabilities, and to revise system settings where appropriate.

Coordination and sharing, where appropriate, of intelligence and transport security-related information, provides a nationally consistent understanding of the security environment. Aviation security resources must be focused on areas of greatest security risk, based on risk assessment informed by strategic intelligence and on-the-ground evidence.

The Australian Government will continue to work with industry to ensure Australia's aviation security outcomes are achieved in an efficient and affordable manner.

### Enhancing the aviation security outcome – the way forward

The development of aviation security measures has focussed on protecting jet turbine powered aircraft used for RPT services. When these measures were mandated jet turbine powered aircraft were significantly and consistently larger than the turbo propeller aircraft then operating in Australia. For example, in 2003, the smallest jet aircraft operating domestic RPT services was the 100-seat Fokker F28; while the largest turbo propeller aircraft was the 50 seat Dash 8-300. As a result passenger and baggage screening were mandated for jet turbine powered aircraft, but not for turbo propeller powered aircraft providing RPT services.

Advances in technology and changes in market dynamics have seen a change in this structure. The introduction of smaller jet turbine powered aircraft and the increases in passenger capacity of turbo propeller powered aircraft have blurred the difference between types of aircraft. The difference in seating capacity, size and speed between the smallest RPT jet aircraft and the largest RPT turbo propeller aircraft operating in Australia has narrowed significantly. Also, a number of aircraft manufacturers have foreshadowed development of turbo propeller powered aircraft with seating capacity in excess of 90 passengers. The Government believes differential security treatment of jet turbine and turbo propeller powered aircraft is no longer appropriate and will therefore change the basic determinant in triggering security requirements in the aviation sector.

### Maximum Takeoff Weight (MTOW) as primary determinant of aviation security settings

It is essential to establish a clear and transparent means of distinguishing a threshold for the implementation of security measures at airports and for aircraft. The Government has reviewed a number of attributes to determine the most appropriate trigger for security measures including aircraft range, seating capacity, fuel load, speed and Maximum Takeoff Weight (MTOW). The appropriate trigger must reflect the likelihood and consequence of these threats, be easily determined, and be applicable across the industry.

The likelihood of an aircraft being subjected to a terrorist attack will, in part, be driven by its size, the number of passengers on board, the capacity of the aircraft to reach attractive ground targets

from its departure point and the capacity of the aircraft to cause catastrophic damage to buildings and other infrastructure if used as a weapon. International assessments indicate large civilian aircraft operating RPT air services are the most likely categories of aircraft to be the subject of a terrorist attack designed to either destroy the aircraft in flight or hijack the aircraft and use it as a weapon against a ground target.

The key risk drivers for a terrorist attack are the number of passengers on board and the kinetic energy<sup>25</sup> of the aircraft. Aircraft with larger passenger numbers and a higher weight are therefore more likely to be targeted.

The jet turbine powered Embraer 170 and the turbo propeller powered Bombardier Dash-8 Q400, introduced in to Australia over the last several years are broadly comparable. Both aircraft can be configured to carry 78 passengers, and although the Embraer has marginally greater weight, speed and range, their operational characteristics and security risk profile are similar. Figure 8.2 shows the comparative range of the two aircraft.

**Figure 8.2:** Aircraft range: comparison of Dash-8 Q400 & Embraer 170

Source: Office of Transport Security, DITRDLG, 2009.



25 Kinetic energy is a function of the mass (weight) of the aircraft and the velocity.

Under the current settings, passengers using the Dash-8 Q400 are not subject to the same security requirements as those on comparably sized jet aircraft as regulations only require jet turbine powered aircraft to be fully screened. In this context the Government has examined the structure of the current aviation fleet to determine the most appropriate determinant of security requirements.

MTOW is the maximum weight of an aircraft where it is deemed to meet all airworthiness requirements for safe take-off and flight. Regardless of the number of passengers on board an aircraft, the MTOW does not vary, because the MTOW is predicated on a full load of passengers, luggage and freight, taking into account maximum fuel load, the maximum cargo load and the weight of the airframe. This figure is determined at the point of manufacture based on the configuration and specification of the aircraft.

Recognising that using MTOW as a trigger for security control will result in additional costs to industry, the Government will introduce a phased implementation of new thresholds for the introduction of measures such as compulsory passenger and baggage screening for RPT and open charter services. Initially the MTOW trigger will be set at 30,000kg, moving to 20,000kg by 1 July 2014. The Government will work closely with industry to ensure an effective transition to the new requirements. The Government will also examine, in consultation with the aviation sector, the feasibility of extending MTOW as a trigger for closed charter operations, noting the growth in use of large aircraft for closed charter flights in support of the mining and oil and gas sectors, particularly in northern and north-west Australia.

### Flight deck security

Australian and international research demonstrates hardened cockpit doors (HCDs) substantially reduce the threat of unlawful interference for passenger aircraft. They have proven to be a most effective form of deterrent.

Currently HCDs must be fitted in aircraft of 30 seats or more operating as open charter or RPT flights. While this captures a significant proportion of the aircraft operating in the Australian environment, at present there is no requirement for closed charter or cargo aircraft of any size to have HCDs fitted, despite the types of aircraft used for these operations often being the same basic types as those used for RPT and open charter operations.

The Government believes it is important to ensure these aircraft are subject to appropriate security measures proportionate to their capacity to inflict damage on a ground target. Accordingly, the requirement for HCDs will be extended to closed charter and freight operations by 1 July 2014.

As with the requirement to screen passengers, the determinant will change from seat capacity to MTOW with the extension to all aircraft of at least 10,750 kg MTOW. Utilising 10,750kg as the MTOW trigger for HCDs would cause no immediate changes to the existing aircraft fleet operating RPT or open charter air services, as the 30 seat and 10,750 kg thresholds have an equivalent practical effect in the RPT fleet, but will involve changes for closed charter and freight operators.

The Government will work closely with industry to ensure an effective transition for the introduction of MTOW as the primary determinant for all aviation security measures.

The Government considers cockpit door measures to be a critical layer of aviation security which reduces the likelihood of hijacking, and that stringent rules should be applied to regulate hardened cockpit doors and cockpit access. The Aviation Transport Security Amendment Regulations 2009 (No. 1) were introduced by the Government to close a loophole in Australia's aviation security law. The key purpose of the regulations is to ensure that access to the flight deck is restricted to those who are authorised by the aircraft operator and have a demonstrated safety, security, operational or training need for entry.

Following rejection of these amendments by the Senate, the Government will reintroduce regulations to meet its objective of appropriately restricting access to aircraft cockpits to those with a demonstrated need.

The Government will also work with industry to examine international measures relating to flight deck security such as access control procedures, technical requirements for HCDs and flight deck surveillance systems to test their applicability to the Australian aviation security environment.

### International cooperation

Currently, flights from over 50 international airlines, departing from 48 international last ports of call, arrive throughout the Australian airport network. The Australian Government will build on existing efforts to enhance cooperation with last ports of call countries as part of a strategy to enhance security at selected offshore airports, including reciprocal arrangements where appropriate. In doing so, the Government is mindful of the sovereignty of host governments.

The Government will strengthen and continue to evolve a comprehensive, objective and holistic evaluation of aviation security arrangements in place at airports and for airlines operating direct flights to Australia. This will assist international airlines to comply with relevant Australian aviation security requirements.

The Government will continue to work cooperatively with international aviation authorities to address identified vulnerabilities, including measures within Australia, through dedicated staff at diplomatic missions overseas and specific security capacity building projects.

Since 2008, 16 assessments of international airports have been undertaken by Australian Transport Security Inspectors. These assessments have informed engagement and capacity building projects in a number of countries across South-East Asia and the South-West Pacific. The Government is committed to expanding Australia's international cooperation regime of visitation activity at high-risk, last ports of call airports.

The Australian Government will continue to work with the International Civil Aviation Organization (ICAO), forums relating to Asia-Pacific Economic Cooperation (APEC) and our regional partners to improve aviation security standards, including through targeted transport security capacity building activity.

### Prohibited items

A key layer of preventive security is passenger and baggage screening. Passengers are screened for a range of items that are prohibited in sterile areas of security controlled airports or in the cabins of prescribed aircraft.

Currently, Australia's prohibited items (PI) regime restricts items such as metal cutlery knives, knitting needles and crochet hooks that are allowed in many other countries. These inconsistencies can cause confusion and delays for passengers, often for minimal security gain. Security incidents involving smaller and lower risk items have required an airport's sterile area to be cleared and passengers rescreened, often causing lengthy delays to flights. Furthermore, Australia's current PI regime does not recognise more recent aviation security measures such as hardened cockpit doors.

The Government recognises the need to reconsider the PI list, taking into the account the nature and level of threat. Industry, peak consumer representative bodies and the public have indicated support for the removal of low risk items from the PI list.

The Government will amend and simplify the PI list. The revised list, detailed in Appendix E, will be implemented by 1 July 2010. Items proposed for removal from the PI list will include some sporting items such as rackets, corkscrews, nail clippers, knitting needles, umbrellas and metal nail files. Additionally the use of metal cutlery knives on aircraft and at airport facilities will be permitted.

Revising the PI regime will better align Australia with our international security counterparts and lessen the security burden on the Australian travelling public without diminishing the security outcome.

The Government will also amend regulations primarily affecting oversized duty free liquid purchases. The purpose of the amendment will allow some duty free purchases to remain on board aircraft during transitional stops on international flights and as a result avoid the need to rescreen these items.

### Aviation Security Identification Card (ASIC)

The ASIC scheme aims to reduce the risk of potential terrorists infiltrating sensitive areas of aviation infrastructure by excluding people with prior criminal backgrounds relevant to terrorism and serious criminal offences from working in security sensitive areas of the aviation industry.

The Government is committed to strengthening the ASIC background checking scheme by:

- › strengthening the cancellation provisions for ASIC issuing bodies;
- › making provision for subsequent background checks for ASIC holders where their eligibility may have changed;
- › increasing the maximum penalty for an ASIC holder failing to report that they have been convicted of an aviation security relevant offence; and
- › tightening the provisions for visitor management at security controlled airports.

Administratively, the ASIC regime will be streamlined by reducing the number of issuing bodies and enabling ASIC applicants to appeal decisions regarding applications directly to the Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government, rather than being submitted by an issuing body as the sponsor of the ASIC applicant. Other administrative enhancements will include:

- › ASIC card expiry dates to be displayed as a specific date rather than the end of a specified month;
- › the expansion of ASIC display exemptions to include employees, contractors and volunteers of state and territory ambulance services, such as the Royal Flying Doctor Service, to support the facilitation of passengers and cargo whilst performing their duties at security controlled airports ; and
- › permitting an issuing body to issue a replacement ASIC if the holder has had to surrender his or her ASIC to their previous issuing body (for example if they are required to return their ASIC to their employer as a condition of their employment) and the background check for that ASIC remains current.

### Aviation security screening & passenger facilitation

The aviation screening system continues to evolve to meet new and emerging threats and challenges. Australia's screening regime delivers a cost-effective and robust security outcome by international standards. Australia's current system of approved screening authorities continue to deliver an effective, efficient and sustainable security service, notwithstanding evolving threats, increased security requirements, and increases in domestic and international aviation traffic

Submissions to the Aviation White Paper, as well as discussions at industry forums during the White Paper consultation process, encouraged the establishment of a more centralised aviation security screening authority. It was argued such a measure would improve standards and consistency in the industry.

The Government's view is that suggested alternatives to the current arrangements are likely to be overly prescriptive, more expensive and less responsive to passengers. However the Government will continue to look for improvement in the current system and will work with industry to support further improvements in the current screening model. This includes the development of guidelines for the appointment and termination of screening authorities, screening technology performance standards and support to airports where they are establishing passenger screening for the first time. The Government is committed to a consistent security outcome through a modern screening regime, supported by the latest technology and an improved training framework.

### Unaccompanied baggage

Aviation security regulations prohibit the carriage of “unaccompanied” baggage, i.e. checked baggage remaining on an aircraft in the event the responsible passenger is no longer aboard. This has been a widely accepted risk management practice in place since the mid 1980s. From time to time, the strict enforcement of this requirement can lead to significant delays and inconvenience for passengers, even in cases where the passenger has no control over the circumstances under which they have become separated from their baggage. This can happen when aircraft are unexpectedly diverted or in other limited operational circumstances.

Following extensive consultation with airline operators the Government has decided to amend the Aviation Transport Security Regulations 2005 to allow aircraft operators, under certain limited circumstances, to leave the checked baggage of a passenger on board the aircraft after it has diverted to an alternate airport and the passenger leaves the aircraft and does not rejoin the flight. This will only apply where the cause of the diversion of the aircraft is outside the control or influence of a passenger such as:

- > meteorological conditions;
- > aircraft or equipment malfunction;
- > a direction given by air traffic control, the Civil Aviation Safety Authority or the Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government;
- > an emergency at the destination airport;
- > curfew restrictions; or
- > concerns with the aircraft’s fuel supply.

These changes will provide a level of flexibility for aircraft operators in dealing with unaccompanied baggage arising from unscheduled diversions that will in turn reduce delays and inconvenience for passengers.

### Airport classification

The Government’s decision to implement MTOW as a new trigger for various security measures will allow for a robust aviation security regime. Following this decision it is appropriate to ensure consistent development of aviation security policy, particularly in regard to the classification of airports and the associated security measures.

Currently the Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government may declare an airport to be a security controlled airport. This places the same legislative requirements on all such airports, regardless of their size, location and type of aircraft operating from that airport.

As shown in Table 8.1, this has led to a three tier classification of security controlled domestic airports for the purpose of domestic RPT.

The Government has decided to amend the Aviation Transport Security Act 2004 to enable security controlled airports to be designated as a particular category of airport, according to their risk profiles. This will also enable regulations to be made to prescribe different legislative requirements for each category of security controlled airports in order to reflect the relative risk profile associated with each category of airport.

Against this background, the Government will examine the current airport classification criteria to ensure that security measures at security controlled airports are appropriate to the threat environment.

New measures will be implemented following consultation with industry which will take place in 2010. The Government considers that these changes will provide for sensible security outcomes that effectively meet the requirements of both industry and the travelling public.

**Table 8.1** Current airport security classifications, December 2009

Type	Criteria	Requirements
Major	Gateway/International. Proximity to Significant Infrastructure	Passenger & checked bag screening. Random and continuous Explosive Trace Detection (ETD). Permanent Counter Terrorism First Response police presence. Transport Security Program
Regulated Screened Airport	RPT/Open Charter Jet Turbine and Turbo-Propeller Aircraft.	Passenger & checked bag screening for jet services. Random and continuous ETD and the implementation of an operational period for screening. Transport Security Program
Regulated Unscreened Airport	RPT/Open Charter Turbo-Propeller Aircraft.	Transport Security Program

### Air cargo supply chain security

Goods that are transported by air are often high value and time-sensitive. The air cargo industry's ability to transport goods and services efficiently and quickly is crucial in today's competitive economy.

The Australian air cargo industry is a diverse and multi-modal environment. The handling and processing of air cargo comprises a complex web of physical movements involving a large number of individuals and organisations. Air cargo requires continual handling and a reliance on other modes of transport from the point of packing to the point of delivery.

Complexities such as the volume of cargo, the time-critical nature of the movement of cargo, the number and mixed responsibilities of cargo handlers involved, the physical constraints on air-side processing, and the variation in how cargo is presented for transport (e.g. loose, consolidated, palletised, shrink-wrapped) all combine to create a dynamic set of inter-related processes.

The air cargo supply chain accepts cargo at multiple entry points and cargo may be handled by numerous businesses and people before being loaded onto an aircraft. Current Australian security measures for air cargo are designed to improve the security of the supply chain by deterring and detecting the insertion of explosives or other prohibited items into air cargo at any point along the supply chain.

The Australian Government has established a risk-based, layered security approach which is implemented at various points along the supply chain. Currently, the handling and shipment of air cargo from a security perspective is regulated through the Regulated Air Cargo Agent (RACA) and the Accredited Air Cargo Agent (AACA) schemes. The Department of Infrastructure, Transport, Regional Development and Local Government, through the Office of Transport Security, is responsible for these regulatory schemes and undertakes regular compliance checks. Export air cargo is subject to an additional layer of security with the Australian Customs and Border Protection Service providing intelligence, targeting and examination capabilities for high risk consignments and an intervention program of broad export cargo coverage and sampling across cargo handling premises.

While security of Australia's air cargo supply chain has not been seriously compromised to date, vulnerabilities remain. To enhance air cargo supply chain security, the Government will work with industry to develop strengthened risk-based measures that:

- > address residual vulnerabilities along the supply chain from the point of cargo consignment to its uplift on a passenger aircraft, for both domestic and export air cargo;
- > integrate with and complement existing air cargo security and border control measures administered across the whole of Government;
- > progressively introduce the risk-based application of technology and other approved techniques for detecting improvised explosive devices in air cargo; and
- > are comparable to approaches taken by benchmark countries and will not unduly impede the acceptance of Australia's export cargo or the flow of Australia's domestic air cargo.

The Government will work with industry to develop a regulated shipper scheme making appropriate use of technology-based screening for high risk cargo. Similar schemes have been or are being introduced in other countries such as the United Kingdom, other European Union countries and Canada.

The Australian Government will also continue to work with the US Government to address the implications of the *Implementing Recommendations of the 9/11 Commission Act 2007 Act* and the US requirement for all import air cargo to be subject to 100 per cent screening from August 2010. The Government's preference is for a risk-based approach to air cargo security measures that balances the threat level against the impost on export industries.

### Publicly accessible airport areas

Government and industry preventive security measures since 2001 have focused on protection of aircraft and airside infrastructure.

As security outcomes improve in airports' secure sterile areas, there is a risk more focus may be placed on attacks at other areas of mass gathering in airports.

Publicly accessible airport areas, also referred to as Front of House (FoH), may be defined as those public areas of a transport centre or hub where people routinely gather or are directed into confined areas potentially vulnerable to terrorist attack. Publicly accessible airport areas remain vulnerable to terrorist activity due to the regular gathering of large numbers of people in airport terminals. The unsuccessful 2007 terrorist attacks on Glasgow International Airport specifically targeted the FoH environment.

The Government has reviewed a number of elements of aviation security and is working with the aviation industry to mitigate vulnerabilities in public areas of airports. Mitigation measures can include improvements in physical security design and technical measures such as alert alarms, and improved training to increase awareness and responsiveness for the detection and resolution of suspicious activity.

In a security environment where attacks often cannot be predicted, identifying, prioritising and mitigating vulnerabilities capable of exploitation by terrorists is the basis of effective preventive security planning.

Areas outside airports' secure sterile areas are highly accessible and the public are able to enter and exit these locations without being subject to any preventive security measures. In addition, to meet business needs the terminal forecourt operating environment features high volume vehicle traffic, including large vehicles such as buses and delivery trucks. This easy access and complex operating environment allows terrorist groups to conduct reconnaissance, plan and prepare attacks. Proactive preventive security measures are a key element in disrupting such activity.

In order to mitigate current and emerging threats, the Government and the aviation industry will continue to work together to ensure the protection of public areas of airports through:

- > the integration of proactive security measures, including the incorporation of security in architectural and engineering design;
- > routine application of increased mitigation during times of heightened alert; consideration by airport operators and airlines to measures such as maximum distances between check-in, screening points and baggage collection, optimal placement of operating check-in desks and baggage collection conveyors, and physical security-by-design measures;
- > support for an increased focus and security culture to pro-actively identify and resolve suspicious activities at airports, including measures such as distress buttons for alerting and responding to possible security incidents; and
- > Government agencies will continue to work with airport and airline operators to ensure implementation of more effective 'front of house' arrangements including agreed "alert" and "response" arrangements for security incidents at airport terminals.

### Airport policing

In addition to the terrorist threat, the aviation sector has also been targeted by criminal groups and trusted insiders who aim to exploit security vulnerabilities. Strong preventive security arrangements and effective policing are important factors in reducing criminal activity at airports. While criminal activity does not generally threaten infrastructure, it can reveal vulnerabilities possibly open to exploitation by terrorists.

Current airport policing arrangements in the 11 major Australian airports centre on the Unified Policing Model established in 2005. This model involves a mix of Federal and State/ Territory police being employed in the airport environment.

On 30 June 2009 the Minister for Home Affairs received the results of the Federal Audit of Police Capabilities commissioned in January 2009. The Government's response to the Audit will improve airport policing and security, ensuring there is the most efficient and effective policing presence within the aviation environment.

### Security management systems

Similar to the concept of safety management systems, a security management system enables aviation operators to identify, measure, control and improve various core security processes to improve security performance. The Government will support industry to continue to examine implementation of security management systems in light of successful international experience.

Aviation security screening points are the most visible element of the preventive security system to travellers. Consistent, high quality security screening standards are essential to facilitating the efficient movement of passengers while maintaining the security of the aviation system. The Government is committed to improvement of screening standards and consistency and will work with industry to develop and implement an agreed national security screening performance management framework.

Airport Security Committees (ASCs) play a key role in the development of effective security outcomes at security controlled airports. The primary focus of the ASCs must be the analysis of security threats, associated risks, and the mitigation of key airport security vulnerabilities. The Government is committed to ensuring ASCs provide a high level of senior leadership. The Government will also require the responsibility for implementing transport security programs to be reflected appropriately in the chair or chief executive's responsibilities in corporate governance arrangements for organisations that have such programs.

## CONCLUSION

### Australia's aviation security policy framework

Australia's aviation security regime has protected travellers and the general public from major incident to date. However the system must continue to improve and evolve to meet a growing and changing airline industry and ongoing security threats. The Government's aviation security policy settings will continue to be characterised by:

- > mitigation of the key risks to the security of air travellers and the general public;
- > cooperative and effective partnerships between government and industry;
- > alignment of regulatory requirements with international practice; and
- > minimal disruption to passengers and cargo facilitation.

The Government remains committed to working in partnership with industry to provide an aviation security regime with a high level of preventive security, passenger facilitation and efficiency. Australia needs an aviation security regime reflecting current world's best practice while remaining flexible to the future challenges confronting the aviation sector. To this end, the Government is committed to:

- > a systematic approach to assessing aviation security threats, risks and vulnerabilities;
- > appropriate auditing and monitoring to identify and report security gaps and ensure continuous improvement;
- > clear indicators against which security performance is measured;
- > monitoring, collecting and analysing data on security performance to guide performance improvement;
- > driving commitment to security through the senior leadership of the aviation industry;
- > fully integrated airline and airport management systems acknowledging security as a core management responsibility; and
- > industry management systems to address compliance with security requirements.

To ensure Australia remains a world leader the Government will strengthen aviation security by:

- > requiring, from 1 July 2010, passenger and checked baggage screening for all aircraft greater than 30,000kg MTOW operating regular public transport services;
- > extending passenger and checked baggage screening for all aircraft greater than 20,000kg MTOW operating regular public transport and prescribed air services by 1 July 2014;
- > requiring ICAO Hardened Cockpit Door standards to apply to all aircraft with a MTOW greater than 10,750 kg (capacity greater than 30 passengers);
- > continuing to work with airport and airline operators to ensure implementation of more effective 'front of house' arrangements including agreed "alert" and "response" arrangements for security incidents at airport terminals;
- > introducing annual certification requirements for screening officers and screening authorities;
- > ensuring greater national consistency in security outcomes by implementing improved security training programs and a performance management framework of security screening;
- > enhancing the Aviation Security Identification Card (ASIC) regime by:
  - strengthening the cancellation provisions for ASIC issuing bodies;
  - making provision for subsequent background checks for ASIC holders where their eligibility may have changed;
  - increasing the maximum penalty for an ASIC holder failing to report that they have been convicted of an aviation security relevant offence; and
  - tightening the provisions for visitor management at security controlled airports.

- > working with industry to develop a regulated shipper scheme making appropriate use of technology-based screening for high risk cargo;
- > reinforcing the need for effective security strategies to be driven from the highest level in organisations by requiring the responsibility for implementing Transport Security Programs to be reflected appropriately in the Chair or Chief Executive Officer's responsibilities in corporate governance arrangements of the organisation; and
- > expanding Australia's international cooperation regime of visitation activity at high-risk, last ports of call airports.

The Government will seek wherever possible to minimise inconvenience to passengers without compromising security. In particular the Government will:

- > implement a prohibited items regime more in line with internationally agreed standards, taking into account specific threats to Australia by:
  - allowing the use of metal cutlery knives on aircraft and at airport facilities; and
  - removing other low-risk items such as knitting needles, crochet hooks and nail files to minimise disruption to passengers and allow security screeners to focus on items of real risk;
- > reduce passenger delay and inconvenience by amending regulations dealing with unaccompanied baggage in limited circumstances where aircraft are unexpectedly diverted; and
- > amend regulations primarily affecting oversized duty free liquid purchases to potentially allow some duty free purchases to remain on board aircraft during transitional stops on international flights and as a result avoid the need to rescreen these items.

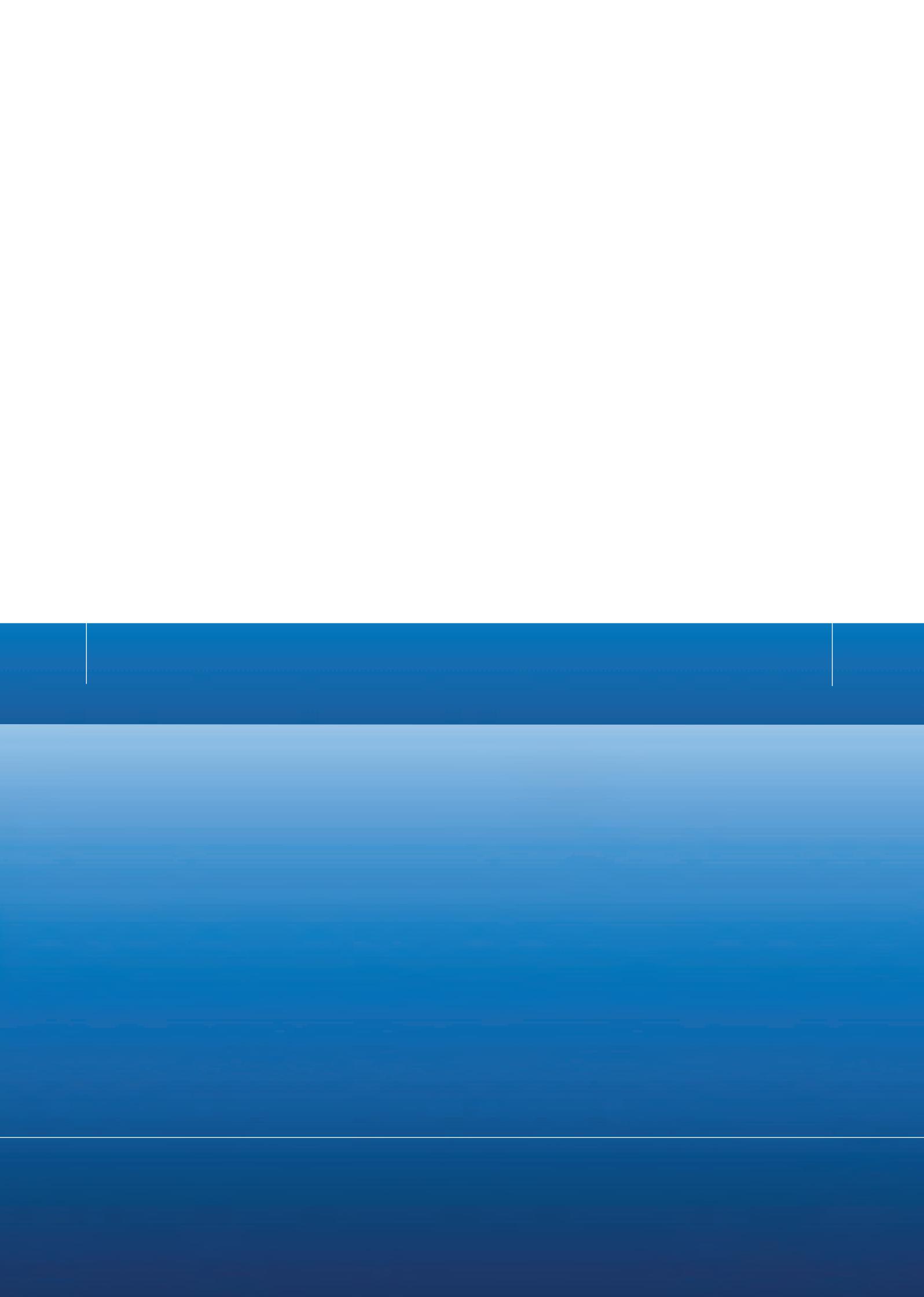
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# SECTION THREE

## AVIATION INFRASTRUCTURE





## CHAPTER NINE



### Airport planning and development



# Airport planning and development

## POLICY GOAL

Improved planning at Australia's airports to facilitate better integration and coordination with off-airport planning and continued investment in Australia's airport infrastructure and land transport links.

## BACKGROUND

Airports are significant contributors to jobs and economic development in our cities and regions and national productivity, but can impact significantly on the social amenity of the communities of which they are a part. Airports support the jobs of over 50,000 people employed in the air transport sector and many more in the retail, hospitality and service industries on airport sites. Most primary capital city airports are the largest single employment site in their city.

Airports are critical components of the national economic infrastructure. They support trade and tourism and help to drive growth across the economy. For example Sydney Airport is responsible for one out of every \$16 generated in the New South Wales economy.<sup>26</sup>

All sectors of the Australian economy rely directly or indirectly on the efficient movement of people and freight through airports. In 2008, Australia's international freight task included over \$100 billion worth of air freight, over 20 per cent of the total value of Australia's international cargo trade.<sup>27</sup>

Continual investment in and upgrade of the aviation infrastructure at Australia's airports is needed to continue to drive Australia's productivity and economic performance. In order to achieve this, airports need to be afforded the best possible planning and consultative framework—to allow for the development of their core aviation business, while encouraging their integration with the communities that neighbour them.

The operation of Australia's 22 federal airports was privatised between 1997 and 2003 by selling long-term leases over the airport sites to private sector operators. The process began with the lease of Brisbane, Melbourne and Perth airports in 1997, followed by Adelaide, Alice Springs, Archerfield, Canberra, Darwin, Gold Coast (Coolangatta), Hobart, Jandakot, Launceston, Moorabbin, Mt Isa, Parafield, Tennant Creek and Townsville in 1998, Essendon in 2001, Sydney in 2002, and Bankstown, Camden, and Hoxton Park<sup>28</sup> in 2003.

The leased federal airports are regulated under the Commonwealth *Airports Act 1996* ('the Airports Act'). Planning and development on federal airport sites are therefore regulated under Commonwealth law and are not subject to state/territory or local government planning and building laws. A potential disconnect in planning systems arises because these airports are on Commonwealth land and subject to Commonwealth regulation, while planning for the surrounding areas is under state/territory and local government jurisdiction. An overview of the Commonwealth planning framework that applies to airports is shown in Table 9.1.

There has been substantial investment in Australia's federal airports following privatisation. Since 1997, airport-lessee companies have reportedly invested over \$2 billion in new aviation infrastructure. The largest seven airports alone have at least \$4 billion of investment planned in the next few years. The major airports have kept pace with the demands of the growth in air transport and the diversification of services offered, particularly with the advent of low-cost carriers and the introduction of new aircraft types, such as the Airbus A380. The airport lessee companies have also looked to supplement revenues from aviation activities through non-aviation developments on parts of airport sites not reserved for aviation.

<sup>26</sup> URS Australia – The Economic Impact of Growth at Sydney Airport

<sup>27</sup> Australian Bureau of Statistics (2009), International Cargo Statistics, unpublished, Canberra.

<sup>28</sup> Under arrangements negotiated at the time of privatisation, Hoxton Park has since ceased operation as an airport.



**Table 9.1:** Overview of the planning framework for federal airports

Process	Purpose	Decision Maker	Public Consultation	Assessment Timeframe
<b>Master Plans</b>	20 year strategic vision for the airport site, including future land uses, types of permitted development, and noise and environmental impacts.	Commonwealth Minister	60 business days	50 business days
<b>Major Development Plans</b>	Approval for proposed major developments, including: <ul style="list-style-type: none"> <li>&gt; specified developments above \$20 million;</li> <li>&gt; significant new terminal capacity and other aeronautical developments;</li> <li>&gt; certain road and rail developments; and</li> <li>&gt; developments with significant environmental impact.</li> </ul>	Commonwealth Minister	60 business days	50 business days
<b>Development Applications</b>	Approval for buildings, activities, construction of works and demolitions with regard to: <ul style="list-style-type: none"> <li>&gt; building code requirements; and</li> <li>&gt; conformity with the Master Plan and Major Development Plan, if required.</li> </ul>	Airport Building Controller (contractor appointed by the Commonwealth with the consent of the Airport Lessee Company)	None required	28 calendar days

Investment and development on airport sites has at times generated concern that planning decisions have not always adequately integrated with state, territory and local planning. Australia's modern airports are large and complex operations that support a wide range of aviation and non-aviation activities. These activities can have significant impacts on the communities in which they are located.

Concerns have been raised that the current planning framework has not always provided communities with the opportunity to be consulted on the airport developments that affect them, their homes, their workplaces and their suburban amenity. This is because the specifics of proposed developments have not been canvassed in detail in Master Plans and many developments fall outside the trigger criteria for Major Development Plans. Such developments do not require broader community consultation as would often have been required if they had occurred outside the airport boundary.

There is a view that this has led to excessive use of land on airport sites for developments not directly related to aviation operations, and not consistent with the interests of surrounding communities.

The Government's position is that the primary purpose of the federal leased airports is aviation. The Government accepts that the federal airports will continue to identify opportunities for non-aeronautical land use and commercial developments on airport sites. However these alternative uses should not be allowed to compromise or constrain the ability of an airport to undertake its core aviation business. A non-aeronautical development will only be consistent with the airport planning framework where it places no unnecessary restriction on aviation at the airport.

State, territory and local governments have voiced concerns that the planning framework that applies to leased federal airports is also not sufficiently integrated with the planning laws applying to neighbouring communities and surrounding regions. In general, there is concern that considerations relating to local and regional planning, including community consultative requirements, appropriate land uses, economic impact of commercial facilities on other centres, impacts on local traffic, and provision for suitable connecting ground transport infrastructure, have not been adequately taken into account. The state, territory and local governments claim this has sometimes resulted in disjointed development outcomes and negative community impacts.

Examples cited include retail and other commercial developments proceeding on airports, sometimes without the benefit of the public consultation process required as part of a Major Development Plan, which have generated additional traffic increasing congestion, noise and other community impacts. Retail developments, in particular, were identified by the local authorities as being progressed on airports without reference to the local retail planning hierarchy and without sufficient analysis of the economic and other impacts. Local authorities claim that such impacts may have been minimised with improved consultation and supporting infrastructure if they were considered in the context of the broader local planning framework.

Major metropolitan airports play a significant role in the transport networks of the cities in which they are located and are responsible for generating a significant number of vehicle movements. Airport developments that significantly increase the number of airport users can have a substantial impact on surrounding transport infrastructure, increasing urban congestion and vehicle emissions and reducing the efficiency of the surrounding transport network. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) estimated that in 2005 road congestion cost the Australian economy \$9.4 billion and has predicted that this cost will rise to \$20.4 billion by 2020.<sup>29</sup> Congestion around airports is usually not only the result of the airport-related traffic. Increasingly, airports are surrounded by highly developed areas generating their own traffic. Major transport links serving airports face capacity challenges from through-traffic as well as local airport traffic.

Our cities are coming under increasing pressure from population growth, higher densities, water scarcity and climate change. Airport development is one aspect of an increasingly complex metropolitan planning challenge. The Australian Government is concerned to ensure that the

<sup>29</sup> Bureau of Infrastructure, Transport and Regional Economics (BITRE) Estimating Urban Traffic and Congestion Cost Trends for Australian Cities 2007

airport planning system is properly integrated with the off-airport transport planning system and contributes to a coordinated transport system that supports our cities' broader economic productive capacity and avoids imposing unnecessary social and economic costs.

Air travel has become an increasingly important aspect of contemporary Australian life. The number of passenger movements through Australian airports has increased from 38.7 million in 1988–89 to over 120 million in 2008–09.<sup>30</sup> This figure is projected to double over the next twenty years. The consequences of increased traffic around Australia's airports will impact further on the off-airport transport system and will require improved integration if the system is to cope with the expected growth.

One of the key goals of Government aviation policy is to create a more integrated airport planning regime that is better placed to respond to the challenges of population growth and urban congestion, and that can support increasingly productive and sustainable Australian cities throughout the 21st century.

Better integration of on- and off-airport planning regimes will enhance transparency and give the community, developers and all stakeholders greater understanding of airport development plans and related approval processes. With more understanding of the airport's future plans and strategies there will be more opportunity for state and territory planning policies to better reflect the impacts of airport developments. It will also foster more community engagement in airport activities and, over time, a collaborative relationship between all stakeholders.

## POLICY ISSUES

### Ensuring continuing investment in airports

During consultations with the Australian Government in the development of the Aviation White Paper, the aviation industry and airport lease holders reinforced the importance of continued investment in leased federal airports as national economic infrastructure. Airport operators highlighted pressures flowing from the global financial downturn, and stressed the importance of ensuring that any policy changes do not compromise investment to meet long-term capacity demand.

BITRE has predicted that passenger movements through all airports will increase by four per cent per annum over the next 20 years, resulting in a doubling of passenger movements over the period. With privatisation, it is the airport lessees who plan and finance investments in major airport infrastructure to meet industry growth.

A supportive regulatory framework is important if such investments are to continue. The Government proposes to continue with regulatory arrangements for the federal airports that support investment, including:

- > balanced regulatory intervention in relation to pricing, planning or development approval;
- > certainty in future planning for airport sites through improved arrangements for airport Master Plans and other development plans;
- > a greater sense of shared commitment to the development of the airport site through improved coordination with state and territory and local governments and better integration of on-airport and off-airport planning; and
- > a clearer framework for protecting airport operations from inappropriate development around airport sites.

The global financial crisis has impacted adversely on investment plans for airport infrastructure. For example, Brisbane Airport has announced that a domestic terminal expansion originally planned for completion by 2012 is now not expected to open until 2014, while a new parallel runway originally due to come online in 2015 is now scheduled for 2020. Similarly, Darwin Airport has delayed the redevelopment of terminal facilities and associated infrastructure.

<sup>30</sup> BITRE, Airport Traffic Data. [www.bitre.gov.au](http://www.bitre.gov.au), August 2009

The challenge is to create a more transparent regulatory framework for aviation infrastructure, which will balance the interests of communities with the need for ongoing infrastructure investment. Meeting this challenge will ensure that development at leased federal airports will be better integrated with surrounding communities, whilst continuing to boost capacity in national airport infrastructure to meet growing demand.

Planning reforms should seek to balance the interests of communities for more consultation and transparency around airport developments with the expectation of airports and their users for a regulatory environment that is conducive to investment and the continued development of the airport.

Better integrated airport planning will ensure airport development is undertaken on the basis of wider community consultation, and increased collaboration between planning agencies to ensure it is more compatible with surrounding communities. It will also assist with planning for the connecting infrastructure needed by airports to support growing demand.

Striking this balance will deliver wider economic and social benefits that will enhance the living standards of all Australians.

## Enhancing the airport planning framework

### Better integration with state and local planning

The Aviation Green Paper committed the Australian Government to develop cooperative arrangements with the states and territories to better integrate airport planning and development controls with local and state and territory planning arrangements. Since the release of the Green Paper, the Government has been working with representatives of state and territory and local governments, and the airports.

### Planning Coordination Forums

The Australian Government considers that an essential element to support better planning integration is a regular, ongoing strategic engagement between the airports, the Commonwealth, and state, territory and local governments. While engagement is likely to be most active during the development of the Master Plan for each airport, it should continue beyond this process on a regular basis to enable an ongoing dialogue and working relationship to develop.

Some airports and governments have already commenced strategic discussions to engage on issues that have implications for the airports and their surrounding communities. Brisbane Airport has established a regular summit meeting with community representatives and state and local government planners. Adelaide Airport and the State Government of South Australia also have regular, formal contacts on economic development, planning and environmental issues. Other airports are also already seeking to engage with their neighbours through various mechanisms.

The Government will build on these initiatives by requiring that Planning Coordination Forums be established for each main capital city passenger airport — that is, Adelaide Airport, Brisbane Airport, Canberra Airport, Darwin Airport, Hobart Airport, Melbourne Airport, Perth Airport, and Sydney Airport. In each case the Planning Coordination Forum will act as the vehicle to lead constructive ongoing dialogue on matters such as Master Plans, the airport's program for proposed on-airport developments, regional planning initiatives, off-airport development approvals, and significant ground transport developments that could affect the airport and its connections. The Government anticipates that the proposed Planning Coordination Forums will build on rather than replace existing mechanisms.

The Planning Coordination Forums will create a mechanism to consider the implications of metropolitan planning issues for the airport at a more strategic level and ensure that airports are considered as part of longer term strategies.

There is no intention at this stage to set prescriptive requirements for the Forums, allowing flexibility for the arrangements to be tailored to the particular circumstances of the parties involved. While the initial priority is for the establishment of Forums for the main airport in each capital city, other airports may wish to voluntarily adopt a similar approach.

### Expert advisors

Better planning integration will be further supported through strengthening the Minister's access to expert independent advice in the assessment of airport Master Plans and Major Development Plans, particularly in relation to the alignment of a plan with other plans for the region and other technical advice relating to areas such as environmental issues, traffic, economic or urban planning impacts.

The Government will, as appropriate, use expert external advice to assist in the assessment of issues arising from airport planning and development proposals. A list of suitable advisors will be identified covering a range of relevant planning fields and experience. The advisors could be drawn on, either individually or in panels, for expert advice on planning integration issues arising from airport planning processes. These Expert Advisors will provide the Minister with relevant and targeted specialist advice, where required. The Minister will determine when to seek expert advice—and the scope of that advice—and will consider that advice when making the final decision. Advice from the Expert Advisors would supplement other sources of advice, such as the Civil Aviation Safety Authority in respect of aviation safety, the Department of Environment, Water, Heritage and the Arts in respect of environmental issues, and the Department of Infrastructure, Transport, Regional Development and Local Government on the planning requirements of the Airports Act. Should the Minister decide not to follow the advice provided, it is expected that the grounds for departing from the advice would be explained in the Minister's reasons for decision.

The Minister currently has the scope to seek expert external advice on Master Plans and Major Development Plans and has done so, for example, in relation to the assessment of Sydney Airport's Master Plan and the Hobart Airport's Direct Factory Outlet Major Development Plan. Establishing a pre-qualified list of advisors will strengthen the existing process and ensure expert advice can be engaged without delay when needed. As far as possible, the intention is that the process for engaging expert advice, where required, would be accommodated within the current statutory assessment period, with no change to the specified statutory timeframes.

The process of engaging Expert Advisors, underpinned by the opportunity for ongoing engagement between airports and government authorities through the Planning Coordination Forums, will provide an effective approach to strengthening the assessment and approval process for airport developments. This dual approach ensures greater clarity in the objectives and roles. It will enable a broad discussion on future planning initiatives at the Planning Coordination Forums and enables a cost effective approach by commissioning expert advice having regard to the nature of specific developments under assessment.

### Strengthened Master Plans

The airport Master Planning process is not only an essential element of an airport planning cycle, but also provides the key opportunity for state and local government planning agencies and the community to influence airport planning. It also provides the opportunity for the airport and state, territory and local government authorities to work through the likely off-airport impacts of future airport developments with the community and government agencies. The capacity for an informed and active engagement on Master Plans appears to have been affected by a lack of detail in airport Master Plans. More detailed Master Plans will enable both communities and state, territory and local governments to better articulate the economic and social impact of the proposed airport development on surrounding neighbourhoods.

In the Aviation Green Paper, the Australian Government canvassed options such as requiring airports to prepare a more detailed articulation of aviation and other development proposals, including a ground transport plan, in the first three to five years of a Master Plan. The benefits of strengthening Master Plan requirements were a recurring theme in the subsequent stakeholder consultations.

The Australian Government will initiate amendments to the Airports Act to strengthen the requirements for Master Plans to support more effective public consultation and better alignment with state, territory and local planning. This will be done through a requirement for:

- > additional detail on proposed use of land in the first five years of a Master Plan, including information on planning for each non-aviation precinct, the number of jobs likely to be created, anticipated traffic flows, and the airport’s assessment of the potential impacts on the local and regional economy and community;
- > the inclusion of a ground transport plan in the Master Plan; and
- > the inclusion of a more detailed analysis of how the Master Plan aligns with state, territory and local government planning laws, as well as a justification for any inconsistencies.

**Incorporation of Airport Environment Strategies**

Airport Environment Strategies set out the operational framework for the environmental management of airport sites. In order to ensure that planning for environmental management is addressed as an important element in developing the long-term vision for the site, Airport Environment Strategies will be made an annex to an Airport Master Plan. The cycle for updating and renewing the environmental strategy will accordingly be aligned with the Master Planning process.

**More effective engagement with communities**

Airports are not islands. Their activities provide a major source of employment for the local communities and contribute significantly to the economic and social outcomes of their host cities and regions. Aviation operations and other activities at the airport site can also have a major impact on surrounding neighbourhoods in terms of aircraft noise and ground traffic flow.

Many Australian and international airports have already recognised the need for effective local communication by implementing community engagement programs.

Community Consultation Groups are a commonly used form of community engagement and are regarded highly due to their capacity to:

- > provide a forum for the exchange of information and ideas between airport operators, the community, governments, users and other relevant stakeholders;
- > allow the concerns of interested parties to be raised and taken into account by airport operators, thereby fostering a sense of collaboration, empowerment and transparency in decision-making; and
- > contribute to community understanding of airport operations with the added potential outcome of a wider acceptance of the airport’s operational needs and thus a greater willingness to resolve potential conflicts.

A range of community consultation methods have been successfully utilised by different airports in Australia and internationally. A comparison of some of the features of a sample of airport consultative groups is shown in the accompanying table. Consultation groups are generally established with a limited membership including airport and aviation industry interests, relevant government authorities, and sometimes community and residents’ groups.

In the United Kingdom (UK), the UK Government provides comprehensive guidelines for the operation of consultative committees in airports. Under s35 of the UK Civil Aviation Act aerodromes to which the Act applies are required to ‘provide adequate facilities for consultation’. However, the Act does not impose any conditions on how airports are to achieve this. In practice, most airports follow the UK Department of Transport Guidelines for Airport Consultative Committees, which have been established with a broad terms of reference to cover a wide range of issues. These Guidelines provide aerodromes with flexibility in order to ensure the arrangements are adaptable to local conditions.

In Australia, as in the UK, there is currently no statutory requirement for airports to operate community consultation forums. How best to engage communities has been an issue that has largely been left to airport management.

Most airports in Australia have voluntarily initiated various forms of community engagement. The Government will now move to require establishment of Community Aviation Consultation Groups for federal airports, designed to formalise and enhance existing consultation activities within a framework that encourages the adoption of best practice standards.

**Table 9.2: Examples of existing community consultation arrangements**

	Moorabbin (General Aviation)	Melbourne (International)	Sydney (International)	London City (Inner City Business Airport)	San Francisco (International)
<b>Chair</b>	Independent	Airport	Independent	Airport appointed	A member elected by the committee
<b>Members</b>	<ul style="list-style-type: none"> <li>&gt; Airport</li> <li>&gt; Federal members</li> <li>&gt; State members</li> <li>&gt; CASA</li> <li>&gt; Airservices</li> <li>&gt; Victorian Government</li> <li>&gt; Local Government</li> <li>&gt; Tenants</li> <li>&gt; Community groups</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Airport</li> <li>&gt; Government: Commonwealth, VIC, local councils</li> <li>&gt; Airservices</li> <li>&gt; Airlines</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Airport</li> <li>&gt; Community representatives</li> <li>&gt; Federal members for Lowe, Sydney, Kingsford Smith, Watson, Barton, North Sydney, Bennelong, Bradfield, Wentworth and Cook</li> <li>&gt; State members</li> <li>&gt; Mayors</li> <li>&gt; Qantas</li> <li>&gt; Airline representative</li> <li>&gt; Membership nominated by the Minister</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Airport</li> <li>&gt; Local governments</li> <li>&gt; Housing authorities</li> <li>&gt; Resident representatives</li> <li>&gt; Community group representatives</li> <li>&gt; Business representatives: airlines, local area, travel management</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Airport</li> <li>&gt; Elected representatives from 45 municipalities near the airport</li> <li>&gt; Airline chief pilots</li> <li>&gt; Federal Aviation Administration</li> </ul>
<b>Meetings</b>	Quarterly	Quarterly	Quarterly	Quarterly	Six times a year
<b>Main Airport Operations</b>	<ul style="list-style-type: none"> <li>&gt; Flight schools</li> <li>&gt; GA</li> </ul>	<ul style="list-style-type: none"> <li>&gt; RPT</li> <li>&gt; Freight</li> </ul>	<ul style="list-style-type: none"> <li>&gt; RPT</li> <li>&gt; Freight</li> <li>&gt; GA</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Corporate Aviation</li> <li>&gt; RPT</li> <li>&gt; Charter</li> </ul>	<ul style="list-style-type: none"> <li>&gt; RPT</li> <li>&gt; Freight</li> </ul>

	Moorabbin (General Aviation)	Melbourne (International)	Sydney (International)	London City (Inner City Business Airport)	San Francisco (International)
<b>Committee Content</b>	Aircraft noise and visual intrusion, airport operations, development plans, safety	Aircraft noise	Airport operations, noise abatement and related environmental issues	Aircraft noise, pollution and other environmental issues	Aircraft noise
<b>Other Information</b>	<ul style="list-style-type: none"> <li>&gt; Meetings not open to the public.</li> <li>&gt; Provides information on airport development plans</li> </ul>	<ul style="list-style-type: none"> <li>&gt; No community involvement in the forum.</li> <li>&gt; In the past community noise meetings were held (two in 2006)</li> <li>&gt; Webpage on airport site, general information only</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Outcomes passed on to airport and Minister</li> <li>&gt; A community sub-committee can meet and these outcomes are passed up to the forum</li> <li>&gt; Extensive website, Secretariat provided by the Department</li> <li>&gt; Forum is independent of the Airport.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Observers including the Police, national government, the Greater London Authority, and the airport chaplain</li> <li>&gt; Chair independent of all interests</li> <li>&gt; Extensive website, including minutes</li> <li>&gt; Also member Liaison Group of Airport Consultative Committees</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Drive the abatement programs including insulation</li> <li>&gt; The airport has a separate Aircraft Noise Abatement Office</li> <li>&gt; Extensive website</li> <li>&gt; Minutes publicly available</li> </ul>

The Australian Government will require all airports subject to the planning framework in the Airports Act — that is, Adelaide, Alice Springs, Archerfield, Bankstown, Brisbane, Camden, Canberra, Darwin, Essendon, Gold Coast, Hobart, Launceston, Melbourne, Moorabbin, Parafield, Perth, Sydney and Townsville<sup>31</sup>—to establish and lead Community Aviation Consultation Groups. The Community Aviation Consultation Groups will address planning and development issues and a range of other operational matters, such as aircraft noise, which may affect airports' relations with their neighbours.

In recognition of the variety of community and operational contexts that different airports operate within, each lessee company shall have the flexibility to define the scope and membership of the Community Aviation Consultation Groups, as long as the following core prescribed conditions are met:

- > the chair is to be independent;<sup>32</sup>
- > a record of the outcomes of key discussions is to be published;
- > a report on the group's work is to be reviewed as part of the annual lease review; and
- > the activity is to be funded by airports.

It is important to recognise that Community Aviation Consultation Groups are for consultation purposes only and are not decision-making bodies. While airports will be expected to take the lead facilitation role, outcomes will depend on the goodwill of community members and the airport alike. The primary purpose of the body is to ensure that community views are effectively heard by the airport and to give members the opportunity to obtain information about what is happening on-airport. The work of an ongoing group of community representatives is likely to support an informed dialogue, which is not always possible in oneoff open forums. Meetings of the group would not have to be open to the public at large, but groups are encouraged to hold public meetings on major issues as necessary and to invite additional participation in meetings of the group where it would assist with consideration of a particular issue.

Some airports expressed the view that community consultation groups would work better if other industry stakeholders, including airlines, Airservices Australia and the Civil Aviation Safety Authority, were also represented. Airports would be responsible for determining membership of the Groups and are encouraged to establish appropriate consultation arrangements with other relevant industry stakeholders. In exercising this freedom to select members, airports would be expected to ensure that a representative cross-section of community interests would also be included.

### Incompatible developments

The Green Paper articulated the Australian Government's view that there are a range of activities that are likely to be incompatible with the long-term operation of an airport as an airport. These activities included long-term residential development, residential aged or community care facilities, nursing homes, hospitals and schools.

The Government has since made regulations to require that no development of a new facility of that type, and no extension to an existing facility, can occur without approval through the Major Development Plan process. Accordingly, there must be a public consultation process and full assessment of the implications of the proposal before it could proceed. Childcare facilities for staff employed at the airport site or educational facilities relating to aviation are excluded from the requirement.

The Government will move to reinforce this action by introducing legislation to set up a *prima facie* prohibition of such developments on federal airport sites. Where, in the airport's view, exceptional circumstances exist, the airport will have the opportunity to demonstrate to the Australian

31 Tennant Creek Airport and Mt Isa Airport are not subject to the planning provisions of the Airports Act. The lease for Hoxton Park Airport expired in October 2008 and it has ceased to function as an airport.

32 The Department of Infrastructure, Transport, Regional Development and Local Government will issue guidelines to assist airports to identify and appoint independent chairs.

Government Minister, through a Major Development Plan process, that such a development could proceed without posing unacceptable impacts. Particular regard will be paid to whether the development would restrict the future use of the site for aviation-related purposes, raise significant ground traffic issues, or present risks in terms of safety, security or environmental aspects.

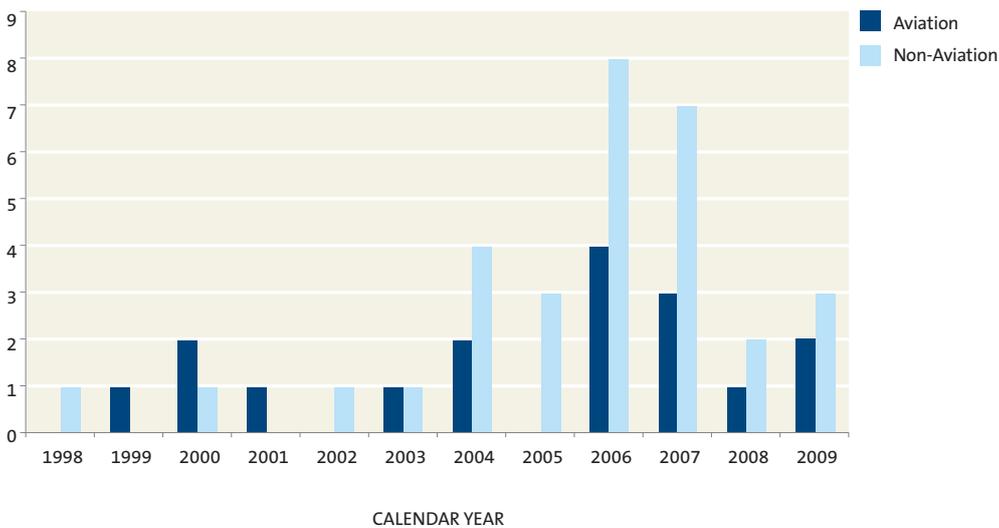
**More targeted Major Development Plan triggers**

Since 1998, there have been 48 Major Development Plans on Australia’s leased federal airports. Of these, 31 (or 65 per cent) were triggered because of non-aviation related development. In recent years, there has been a trend towards more non-aviation related than aviation related major development.

The Green Paper noted concerns that current threshold requirements under the Airports Act had not caught a number of significant non-aviation proposals. It foreshadowed that the triggers would be reviewed to ensure they do not allow proposals that may have significant community impacts to proceed without community consultation.

**Figure 9.1:** Major Development Plans at Australia’s leased federal airports, 1998-2009

Source: Airports Branch, DITRD LG, 2009.



In consultations, many stakeholders agreed that the current triggers could be improved and argued that the Major Development Plan triggers should be better targeted to more effectively address developments that will have a significant impact on suburban amenity and the community surrounding the airport. Some suggested that the current Major Development Plan triggers lacked the flexibility to pick up developments costing less than \$20 million and a new metric should be adopted for the threshold that was determined by impact rather than cost.

The Government acknowledges that non-aviation development, and in particular retail development, has considerable potential for community impact because of the capacity of these developments to generate significant traffic flow and to impact on existing and planned off-airport retail developments.

It is clear that a number of such non-aviation related developments — for example, significant retail centres — could be completed for less than \$20 million, and hence would not trigger a Major Development Plan. This would mean that these developments could proceed without any community input or public consultation process or an independent assessment of what the impact of these developments would be off-airport. Experience also shows that the threshold does not

address the case of a number of staged developments, each under the threshold but with a more significant impact when considered together.

The Government has decided to introduce a new Major Development Plan trigger that will be activated by any development with a significant community impact, regardless of size or cost. As is currently the case with the existing Major Development Plan trigger of environmental significance, this will ensure that developments that have significant community impacts will be subject to the optimal level of public comment and independent scrutiny, and will enable the community and local stakeholders to have input into developments that may be contentious within the local area. The trigger would be supported by guidance as to planning matters the Minister would be likely to regard as requiring the consultation and scrutiny of a Major Development Plan process.

Some airports argued that the inflexible nature of the triggers meant that many developments were being subjected to detailed public scrutiny and rigorous assessment even though they did not have a significant public impact or where there was little public interest in the outcome of the development.

Airports estimated that it takes around 15 months to comply with the regulatory requirements for preparing, consulting and waiting for a Ministerial determination of a Major Development Plan. Airports suggested that the Major Development Plan triggers could be relaxed to allow uncontentious developments to proceed without unnecessary time and cost delays. Some airports claimed the delays and uncertainties associated with the current Major Development Plan process make it harder to secure the finance to fund necessary upgrades to aviation infrastructure.

State, territory and local governments had some sympathy with this view, with most agreeing that necessary aviation infrastructure that had little community impact should not be delayed by a Major Development Plan assessment.

Accordingly, the Australian Government proposes to remove the triggers for lodgement of a Major Development Plan for aeronautical-related developments, such as building a new or extending an existing passenger terminal, or a taxiway that does not affect runway configuration. Such proposals have historically attracted minimal interest in public consultation processes. Proposals would still be subject to all applicable safety and security controls.

A power will be provided to the Australian Government Minister to reduce the public consultation period for a Major Development Plan where a development proposal is within the planning specifications for non-aeronautical developments approved in the airport's Master Plan and raises no major new issues.

This will encourage airport lease-holders to use the provisions of the additional detail proposed for the Master Planning process to consult on developments planned for the next five-year period. If the impacts of the proposed development have been clearly identified in the Master Plan and have been subject to public consultation, there will be discretion for the Minister to reduce the time required for the Major Development Plan public consultation process. This will minimise unnecessary duplication of consultation requirements.

To further increase the transparency of airport development, the Government will introduce regulations to require airports to notify the community of building applications by publishing them on the airport website. This will occur no later than when the application is formally submitted to the Airport Lessee Company, or if the Airport Lessee Company is the originator of the application, no later than when it is submitted to the Airport Building Controller. This will require notification of all constructions and developments, including those not captured by a Major Development Plan process. While the requirement will not oblige airports to provide for consultation and feedback on each building application, it will improve the general transparency of development and construction activity at the airport.

## Safeguarding Airports and Communities

In June 2009, the Government released a discussion paper, *Safeguards for airports and the communities around them*. The discussion paper, which was foreshadowed in the Green Paper, outlined the issues that need to be considered in the development of a unified national framework to safeguard both communities and airports from inappropriate off-airport developments, which could threaten public safety and the current and future viability of aviation operations at Australian airports.

Suitable locations for airports are scarce. In the interests of safety and public amenity there should be minimal development in the vicinity of airport operations. However, there is also a need for airports to be easily accessible to population centres. Inappropriate development around airports can result in unnecessary constraints on airport operations and impacts on community safety. There is hence a need to ensure that construction and development are undertaken in a way that is compatible with airport operations, both in the present and taking into account future growth.

A clear and coordinated national framework for land use planning and development controls will serve both aviation operators and the public. It will ensure that new development in areas near airports does not create unnecessary safety and operational issues, either now or in the future. Such a framework will provide for:

- protection of community safety by ensuring that commercial or residential developments do not occur in areas close to runway ends, where there is a higher risk of damage from aircraft; and
- protection of the safety of aircraft operations by preventing developments that could present a physical obstacle to aircraft, interfere with communications or navigation equipment, or produce significant hazards in the form of smoke or turbulence.

A balanced framework will also provide for the reasonable amenity of areas surrounding airports and under flight paths.

The discussion paper *Safeguards for airports and the communities around them* signalled that the Australian Government will work cooperatively with the states, territories and local planning authorities to develop a risk-based national safeguarding framework. The framework will ensure an appropriate balance is maintained between the social, economic and environmental needs of the community and the effective use of airport sites.

The proposed Planning Coordination Forums for the primary capital city airports will play an important role in the application of a safeguarding framework to off-airport planning. However, safeguarding issues apply not only at the large federal airports, but in respect of large and small airports nationwide. This is particularly so in view of likely future growth in air travel.

The Australian Government received over 90 submissions in response to the discussion paper and is engaged in an ongoing dialogue with stakeholders about how a national framework may be implemented. There is broad agreement across stakeholders that the Australian Government's proposal for a national framework is worth pursuing and would substantially improve aviation and community safety.

Specifically, the Australian Government proposes to work with state, territory and local governments and industry stakeholders to:

- work with jurisdictions on a national land use planning regime near airports and under flight paths, to minimise sensitive developments being located in areas affected by aircraft operations;
- undertake a detailed examination of the implications of public safety zones in the vicinity of airports;
- improve and enhance land use planning arrangements and supplementary public information relating to the impacts of aircraft noise, including to

- refine the arrangements for use of the Australian Noise Exposure Forecast (ANEF) system;
- supplement the use of the ANEF system with information tools such as measures of single event noise exposure at a location or measures of the frequency of noise exposures above a particular level (N65, N70); and
- improve mechanisms for ensuring that prospective purchasers of properties in noise-affected areas have notice of the noise exposure and access to understandable information about the likely noise;
- > improve access to guidance material for airports and off-airport planning authorities on the potential windshear and mechanical turbulence effects of new constructions;
- > develop national guidelines for wildlife hazard management in and around airports to minimise birdstrike and other wildlife hazards;
- > develop national guidelines to address technical and navigation issues relating to wind turbine developments, with regard to the potential for electromagnetic interference as well as the potential physical obstruction for aircraft;
- > establish consultative processes to ensure that the potential effect of any new windfarm on aviation operations is considered and addressed prior to approval; and
- > work with state and territory governments and authorities to strengthen arrangements to protect airspace around airports:
  - address potential risks to aviation safety arising from inappropriate developments in the vicinity of aerodromes;
  - ask that all states and territories put in place statutory powers and regulations to prohibit unauthorised construction that penetrates the published Obstacle Limitation Surface (OLS) and Procedures for Air Navigation Services – Aircraft Operations (PANS-Ops) surfaces for all airports;
  - strengthen requirements for notice of proposed developments in areas where protected airspace might be affected a proposed structure, by cranes or other equipment used during construction, plumes or other gaseous emissions;
  - extend the coverage of operational airspace safeguards to all registered airports and aerodromes including incorporating requirements for notification to CASA and Airservices Australia of potentially impacting developments;
  - prevent unnecessary interference to aviation technical facilities, such as radar, from new buildings in the vicinity of airports; and
  - prevent unnecessary lighting and other pilot distractions from off-airport sources.

The safeguarding initiative is a long-term project involving considerable technical and coordination effort. Implementation of an effective national framework requires changes to state, territory and local planning systems, and will accordingly be developed in collaboration with all levels of government.

**Table 9.3: Summary of Airport Planning Proposals**

Current Planning Requirements	White Paper Proposals
<p><b>Master Plans</b></p> <ul style="list-style-type: none"> <li>&gt; Reviewed every five years.</li> <li>&gt; Map out a 20-year planning cycle, including airport development objectives, an assessment of users' and others' future needs, and intentions for land use.</li> <li>&gt; 60 business day consultation period.</li> <li>&gt; Minimal restrictions on non-aeronautical development.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; More detail on proposed land uses in the next five years.</li> <li>&gt; A 'planning envelope' for each non-aeronautical precinct, including information on the number of jobs likely to be created and anticipated traffic flows.</li> <li>&gt; Ground transport plan that details on-airport transport strategy (including road network details and public transport strategies) and linkages with and implications for the vicinity's transport network.</li> <li>&gt; Detail on how the Master Plan aligns with state and local government planning laws and reasons provided for any variances.</li> <li>&gt; Airport Environment Strategies to be incorporated.</li> </ul>
<p><b>Major Development Plans</b></p> <ul style="list-style-type: none"> <li>&gt; Must be submitted for: <ul style="list-style-type: none"> <li>– new runways or runway extensions;</li> <li>– significant new terminal capacity;</li> <li>– any new non-aeronautical building costing over \$20 million;</li> <li>– developments with significant environmental impacts;</li> <li>– aeronautical developments significantly increasing airport capacity and costing over \$20 million.</li> </ul> </li> <li>&gt; Must be consistent with Master Plan.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New community impact trigger for proposals with significant community, economic or social impacts.</li> <li>&gt; Environmental impact trigger retained.</li> <li>&gt; No specific trigger for aeronautical developments that do not alter runway configuration.</li> <li>&gt; Minister can shorten consultation period where a proposal is within the Master Plan 'envelope' and raises no new material issues.</li> <li>&gt; Requirement for consistency with Master Plan retained.</li> </ul>
<p><b>Incompatible Developments</b></p> <ul style="list-style-type: none"> <li>&gt; Requirement for Major Development Plan for specified developments likely to be incompatible with the long-term operation of an airport as an airport.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; <i>Prima facie</i> prohibition to be placed on developments likely to be incompatible with the long-term operation of an airport as an airport, such as long-term residential, hospitals, schools, nursing homes, aged and community centres, subject to Ministerial approval in exceptional circumstances.</li> </ul>

Current Planning Requirements	White Paper Proposals
<p><b>Community Engagement</b></p> <ul style="list-style-type: none"> <li>&gt; Airports must consult with and have regard to views of planning authorities and the public in preparing Master Plans and Major Development Plans.</li> <li>&gt; Draft Master Plans and Major Development Plans must be made available for comment for 60 business days and stakeholders consulted.</li> <li>&gt; No public notification requirement for nonMDP developments.</li> <li>&gt; No requirement to consult outside Major Development Plan and Master Plan processes.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; All federal airports (except Mt Isa and Tennant Creek) to establish Community Consultation Groups according to mandatory minimum requirements, but with flexibility to tailor arrangements.</li> <li>&gt; Airports to publish all applications for building approval.</li> <li>&gt; General consultation requirements for Master Plans and Major Development Plans retained.</li> </ul>
<p><b>Better Planning Integration</b></p> <ul style="list-style-type: none"> <li>&gt; Airports required to use consistent terminology in plans but not to integrate substance of plans with state/territory or local planning regimes.</li> <li>&gt; State/territory and local governments not required to have regard to airports in their planning provisions (except for CASA and Airservices Australia safety requirements in limited circumstances).</li> <li>&gt; No national framework for prevention of incompatible off-airport development.</li> <li>&gt; No formal mechanism for the Minister to access expert advice on planning integration issues.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Main capital city airports to be required to establish a Planning Coordination Forum for regular strategic dialogue with planning authorities.</li> <li>&gt; Minister to have the option of seeking independent expert advice on Master Plan and Major Development Plan matters.</li> <li>&gt; Consultation with state/territory and local governments on development of a safeguarding framework to protect airports and the communities around them.</li> </ul>

## CONCLUSION

### A better balance for airport planning

The Government is committed to work with the leased federal airports and with state, territory and local governments to achieve a more balanced airport planning framework, which will support more integrated planning outcomes, provide communities with more input to airport planning, and streamline the development of aviation infrastructure.

The prime role of the federal airports is to provide aviation infrastructure that serves the Australian community. The current reforms have been developed with this in mind. The planning framework should above all facilitate the development of airports as aviation infrastructure, not only by encouraging investment in aviation facilities, but by enhancing the place of airports as key transport hubs located in vibrant communities and regions.

The framework for reform outlined in this White Paper will support better-integrated planning outcomes through establishing:

- > Planning Coordination Forums for each primary capital city airport to enable airports and governments to more effectively engage on strategic planning issues;
- > an identified list of Expert Advisors, which will enhance the Minister's access to expert appraisal of identified land use planning and integration issues;
- > more detailed Master Plans, including ground transport plans and airport environment strategies;
- > a new requirement for developments with a significant community, economic or social impact to go through a Major Development Plan assessment, which will enable the Government to better assess the impact of airport development on surrounding communities;
- > formalised Community Aviation Consultation Groups to ensure that local communities have direct input on airport planning matters, with appropriate arrangements for engagement with other industry stakeholders such as airlines and Airservices Australia where necessary;
- > a requirement for all applications for building approval on federal airport sites to be published; and
- > a prohibition on incompatible developments on federal airport sites, such as residential developments and schools, unless exceptional circumstances exist.

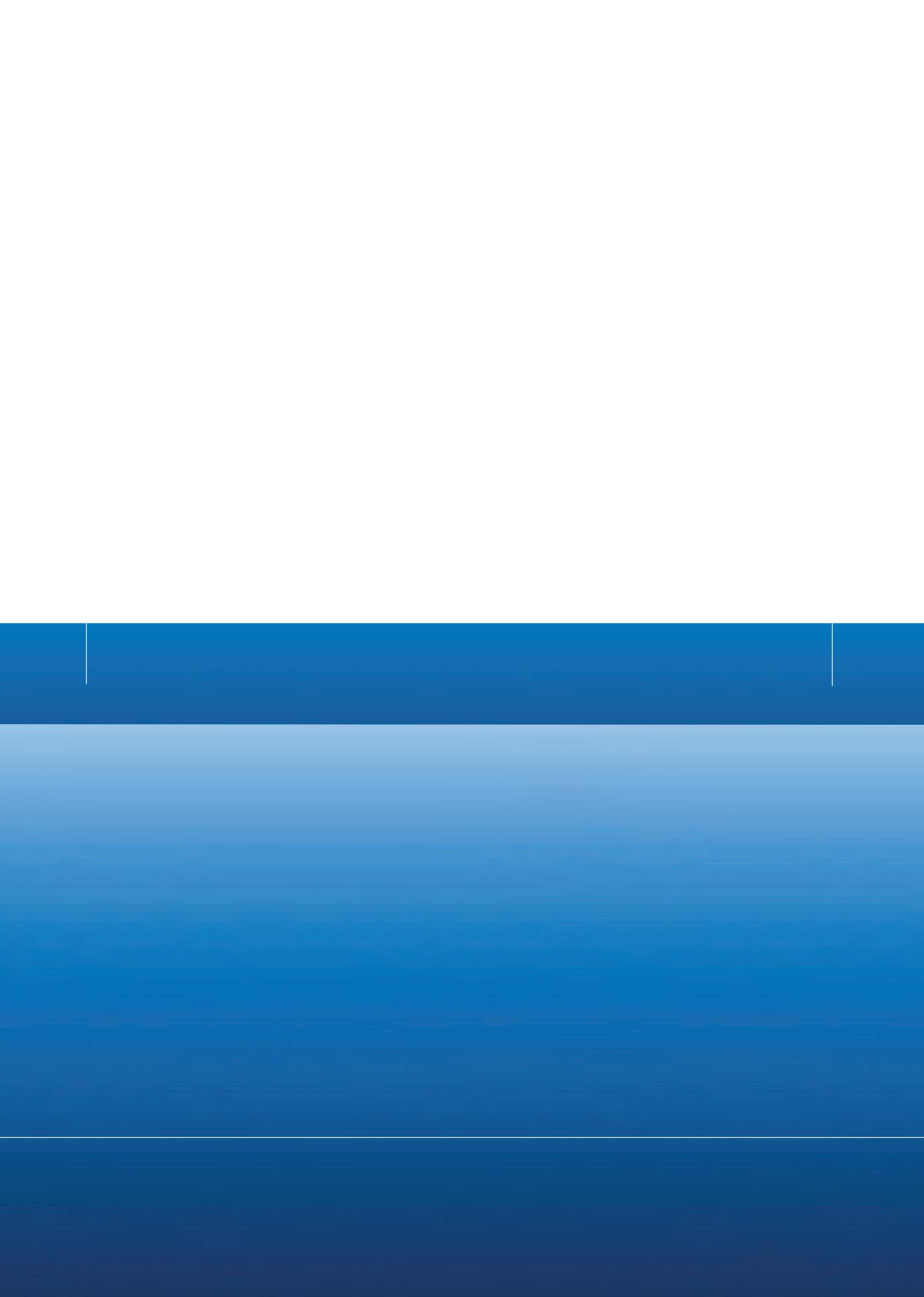
Conditions for aviation infrastructure investment will be optimised by:

- > removing the requirement for a Major Development Plan assessment for high priority, low impact aviation facilities;
- > providing the Australian Government Minister with discretion to reduce the public comment period around Major Development Plans where the material features of the proposed development have already been addressed in Master Plan consultations; and
- > the development of national airport safeguarding measures, which will ensure that airport operations are subject to minimal unnecessary constraints from nearby construction and development.

This package of integrated measures will significantly strengthen the information provided to, and engagement between, all parties with an interest in planning and development at these airports. This robust framework strikes the right balance between supporting ongoing investment in aeronautical infrastructure, enabling appropriate development and improving linkages between on and off-airport development and addressing the impacts of such development. It respects the interests of local communities. It will allow the leased federal airports to develop into more productive, better integrated features of Australia's urban landscape. This will not only enhance suburban amenity, but will also underpin strategic planning of urban centres as economic hubs.

Better planning of ground transport links in particular will have major flow-on benefits across all sectors of Australia's economy, which rely directly or indirectly on efficient linkages along supply chains. The reforms will also promote additional investment in aviation infrastructure by streamlining the approval framework for high priority aeronautical developments. In doing so, they will enhance the core business of the airports to support wider economic development and to benefit all Australians.

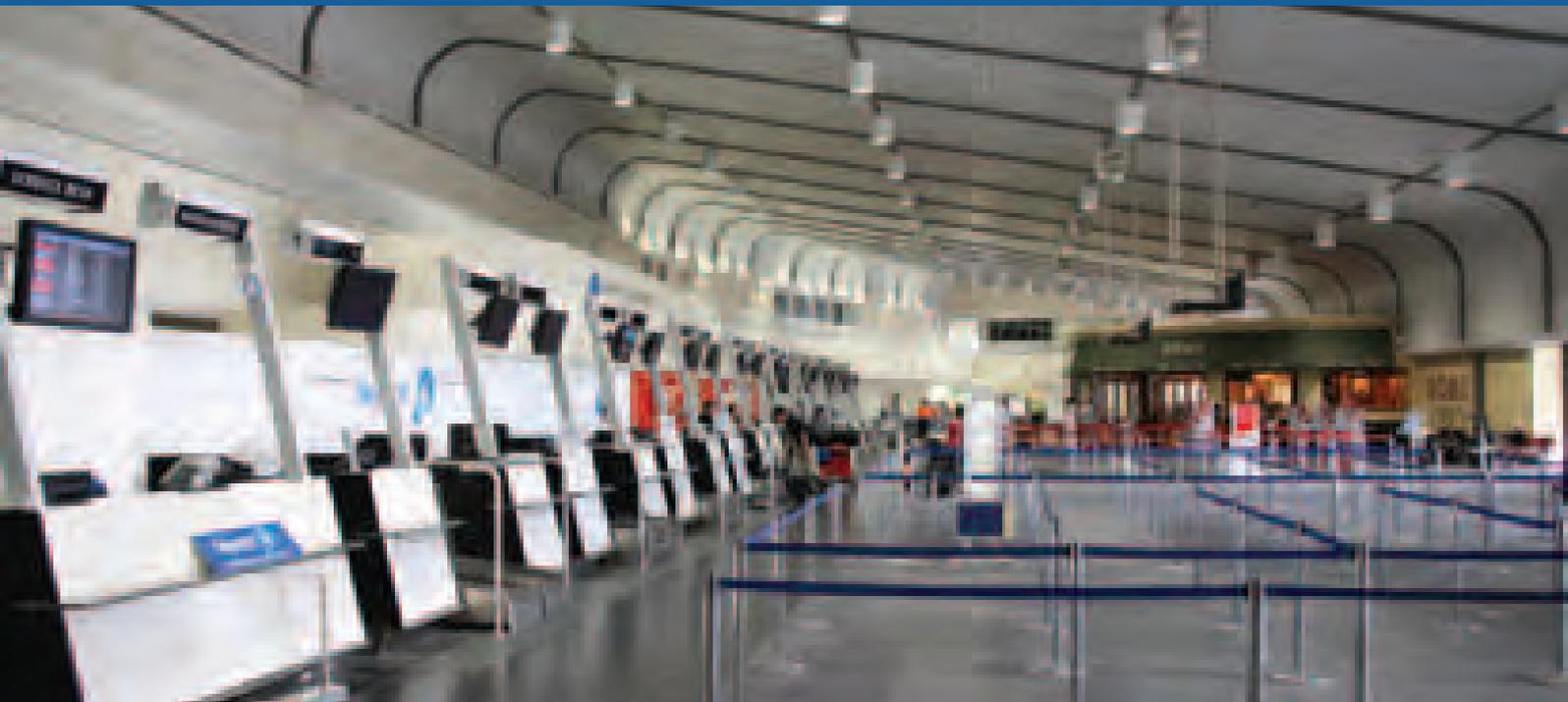
This White Paper represents only a first step in realising a suite of interrelated reforms. Effective implementation will require sustained attention, effort and goodwill, not only from the Government, but from airports, airport users, communities and planning authorities. The Government is committed to working in partnership with all stakeholders to realise long-term improvements in airport planning.



## CHAPTER TEN



### Economic regulation of airports



# Economic regulation of airports

## POLICY GOAL

Incentives to invest in Australia's airport infrastructure are balanced with fair pricing and transparency.

## BACKGROUND

Australia's airports are a major component of the national transport infrastructure and make a significant contribution to Australia's overall economic prosperity. Continued investment in aeronautical infrastructure is a key objective of the Australian Government. At the same time, airports have significant market power and this is an important factor in determining the most appropriate economic regulatory regime.

There is also a need to ensure that the aviation industry generally, and Australian airports specifically, continue to provide access to national and international services and infrastructure that meet the broad range of passenger needs and expectations.

Airports are, within their relative geographic markets, natural monopolies, and it is important to prevent abuse of market power through excessive pricing. To this end, in 1997 and 1998, following the privatisation of the airports formerly managed by the Federal Airports Corporation, the former Government implemented a prices oversight regime for the Phase I<sup>33</sup> and Phase II<sup>34</sup> privatised airports, and Sydney Airport (which was corporatised in 1998 but not sold until 2002), consisting of:

- > price notification for aeronautical services;
- > a Consumer Price Index (CPI) minus X price cap on aeronautical services;
- > price monitoring of certain aeronautical-related services; and
- > cost pass-through provisions for necessary new investment and government-mandated security services.

The airports subject to price oversight were also subjected to quality of service monitoring to ensure airport assets were not allowed to rundown at the expense of service standards.

Based on the findings of a 2002 Productivity Commission inquiry, a more light-handed regulation of airports was introduced in place of price caps and price notification of aeronautical services. A regime comprising aeronautical pricing principles, commercial pricing negotiations between the airports and their airline customers, and price monitoring of both aeronautical and aeronautical related services was implemented at Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney airports. Quality of service monitoring of the seven airports was also continued.

Under the light-handed regime, the seven designated airports are required to provide annual financial statements in relation to the provision of aeronautical services and non-aeronautical services separately to the Australian Competition and Consumer Commission (ACCC). The airports were also required to report costs, revenues and profits relating to the supply of aeronautical and aeronautical-related services to the ACCC. This approach has broadly continued following a further review by the Productivity Commission in 2006, with the designated airports being reduced to five with the exclusion of Canberra and Darwin from the monitoring scheme.

In 2008 the Government expanded the range of services monitored by the ACCC to include car parking costs and revenue at the five major airports. The Government was concerned to ensure that airports do not use their monopoly position to exploit the travelling public and that greater transparency and accountability for car parking costs was available to the public.

This approach to airport regulation has provided scope for airports to price, invest and operate efficiently while price monitoring allows the Government and the community to scrutinise prices and market outcomes and to provide evidence of unjustifiable price increases were this to occur.

<sup>33</sup> Brisbane, Melbourne and Perth Airports

<sup>34</sup> Adelaide, Alice Springs, Canberra, Gold Coast (Coolangatta), Darwin, Hobart, Launceston and, Townsville



The Aviation Green Paper outlined a number of proposals the Government was considering to ensure an airport pricing regime that limits the misuse of airports' pricing power, encourages investment and provides passengers and airlines with more information to make better informed decisions.

**POLICY ISSUES**

**Current system of economic regulation**

The Government recognises that a degree of regulation is required to minimise the potential misuse by airports of their market power, the capacity for airports to provide services below community expectations or to neglect the maintenance of essential national infrastructure.

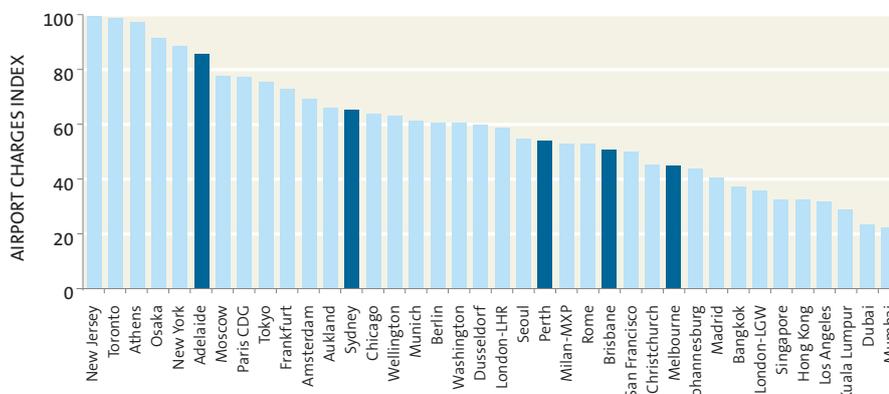
The purpose of the current ACCC price monitoring regime is to provide stakeholders with transparent information on airport prices and profits. This assists airlines to negotiate more effectively with airports on airport access charges and allows the Government to determine if further investigation into an airport's pricing behaviour is required under the *Trade Practices Act 1974*.

The 2006 Productivity Commission review into the price regulation of airport services found that "price outcomes to date do not appear to have been excessive."<sup>35</sup> The review also found that under the current price monitoring regime, productivity performance has been high by international standards.

Figure 10.1 shows prices charged by Australian airports relative to international comparisons.<sup>36</sup>

**Figure 10.1:** Comparison of airport charges between Australian and international airports

Source: Productivity Commission, Review of Price Regulation of Airports Services, 2006.



35 Productivity Commission, Review of Price Regulation of Airport Services, 2007

36 PC (2007, p.xvii)

This review also found that the price monitoring regime and the absence of price controls had made it “easier for airports to undertake the investment necessary to sustain and enhance airport services in the face of growing demand for air travel.” Further, price monitoring “has made it easier for airports and airlines to agree on what new investment is required and the charges necessary to pay for it.” This system has also facilitated commercial relationships more generally and focused airport decisions on the needs of the consumer.

The Green Paper proposed the continuation of the price monitoring regime until at least 2013, allowing a review to be undertaken in 2012. In the main, submissions to the Green Paper were not opposed to the continuation of price monitoring.

The Government recognises that regulatory stability is important for airports as they make long-term investment decisions. It will continue with price monitoring – including in relation to car parking – at the five major airports, as the basis for economic regulation. A full review of Australia’s airport economic regulatory regime will be undertaken by the Productivity Commission in 2012.

### National Access Regime

In addition to price monitoring, third party access regulation applies to nationally significant airports in certain circumstances.

The National Access Regime in Part IIIA of the Trade Practices Act allows third parties to seek access to certain nationally significant infrastructure services, on reasonable terms and conditions.

The National Access Regime is not designed to replace commercial negotiations between facility owners and access seekers. Rather, it seeks to enhance incentives for negotiation and provide a means of access on reasonable terms and conditions if negotiations fail.

Airside services at Sydney Airport are currently declared under the National Access Regime. The Government is encouraged that, following declaration, Virgin Blue and Sydney Airport Corporation were able to negotiate a commercial outcome prior to a final arbitration determination being imposed by the Australian Competition and Consumer Commission.

In November 2009 the Government introduced a reform package into Parliament to improve regulatory certainty and streamline administrative processes under the National Access Regime.

### Quality of service monitoring

Any effective price monitoring regime needs to be accompanied by a quality of service monitoring regime to enable the Government, passengers and airlines to better understand the relationship between pricing and investment decisions.

As part of the current price monitoring regime, the ACCC monitors the quality of certain aspects of airport services and facilities.

The ACCC considers that the objectives of quality of service monitoring are to:

- > assist in the assessment of an airport operator’s conduct in a prices monitoring environment; and
- > improve the transparency of airport performance to:
  - discourage airport operators from deteriorating standards for services that are associated with significant market power;
  - provide information to users of airport facilities, including passengers and the aviation industry, as a basis for improved consultation and negotiation on pricing and investment proposals; and
  - assist the Government in its industry analysis.

The ACCC recognises the need to minimise the cost of compliance for airport operators and monitoring is an incentive for airport operators to maintain appropriate levels of service, particularly as results across airports are directly comparable through the ACCC's annual airport monitoring reports. It is also an important vehicle for tracking investment in important aeronautical infrastructure. ACCC reports show that the quality of service at monitored airports has been relatively stable, despite increased pressure on facilities due to the growth in passenger numbers in recent years.

In March 2009 the Government released a Discussion Paper on *Improving the passenger experience: quality of service monitoring of airports* to consult on how to improve the current quality of service monitoring arrangements to make these more meaningful to passengers and other airport users.

The Discussion Paper sought comment on whether the quality of service framework should include:

- > airline operated terminals;
- > access to and from an airport and aspects of car parking;
- > disability services;
- > availability of banking and foreign exchange facilities;
- > availability of eating places; and
- > proximity to car hire and shuttle bus services.

The Discussion Paper also sought comments on how best to monitor capacity constraints and their potential impact at airports. The Discussion Paper was designed to elicit comments from the travelling public on their views of Australia's airports and to move the quality of service debate into a broader arena.

In response to the Discussion Paper airports argued that quality of service monitoring should be applied only as an economic regulatory tool and not extend beyond the airport price monitoring regime administered by the ACCC. Airports also argued that it would be inappropriate for airports to be held accountable for the quality of services provided by third parties over whom they had no control, such as airlines, eating places and other ancillary services provided by commercial sub-tenants.

Airline submissions generally supported current quality of service arrangements but some argued that financial incentives to maintain quality should be imposed. Alternatively, airline stakeholders argued formal service level agreements should be established between airlines and airports, informed by quality of service reporting.

Responses to the Discussion Paper were unresponsive to the proposal that ancillary services such as eating places and banking and foreign exchange facilities might be included in a quality of service monitoring regime. The Government will not proceed with any monitoring of these facilities.

However, the quality of the service offered at passenger terminals is a major component of the passenger experience and should be monitored. Most passenger terminals are operated by airports and are currently included in quality of service monitoring regime, but a small number of airport terminals are operated by individual airlines. Leases to these terminals have pre-dated the sale of the airport lease to private operators and have been excluded from price and quality of service monitoring to date.

The Government recognises the limited control airport lessees have over these particular domestic terminal leases. However, to the passengers travelling through these terminals, the quality of service they experience is what is relevant, not the historic lease arrangements between the airports and the airlines. The Government considers this is an area where the industry should provide a coordinated response through self-reporting. The Government will be encouraging relevant airlines and airports to work together to ensure these terminals are covered in the expanded quality of service monitoring regime being developed by the industry.

The Discussion Paper also considered the issue of how best to address the monitoring of overall airport capacity constraints. Having regard to the timing involved in planning new airport infrastructure capacity, the Government considers that monitoring the adequacy of airport capacity is best addressed through the existing Master Planning process rather than through a quality of service monitoring scheme. The Master Planning process enables airport users to comment on the adequacy of the airport's strategy to manage increased capacity and airports are required to give due regard to these comments.

### Extending the benefits of economic regulation

The current price monitoring scheme has provided benefits to airports, passengers and airlines. The Productivity Commission has concluded that prices charged by major Australian airports are reasonable by international standards and investment at airports has been tailored to the needs of airport users to improve the quality of service afforded to passengers. For example, Australian airports were amongst the earliest in the world to be ready for the new-generation high capacity A380 aircraft.

However as more than 30 per cent of domestic passenger aircraft movements involve airports outside the ACCC price monitoring scheme<sup>37</sup>, the Australian Government considers it is in the public interest to adopt some form of monitoring beyond the five airports currently being monitored by the ACCC.

In the Green Paper the Government proposed to examine options to reintroduce a level of price monitoring at Canberra and Darwin airports. The Government also committed to investigate options for a tiered approach to economic regulation which would apply an appropriate level of monitoring and reporting requirements to airports with lesser market power than the five major airports.

Many stakeholders supported the extension of a form of price monitoring beyond Adelaide, Brisbane, Melbourne, Perth and Sydney airports, but suggested that as other leased federal airports serviced smaller passenger volumes and were not major international gateways, these other airports did not have the same degree of market power and hence did not require a price monitoring scheme as comprehensive as that administered by the ACCC.

The Government considers that the current ACCC price monitoring scheme remains appropriate to monitoring the pricing activities of Australia's five largest airports, which are also Australia's main international gateways.

Most regional airports handle relatively small volumes of passenger traffic, have lower levels of demand than larger airports and are serviced by a limited number of carriers. These characteristics limit their market power and lessen the case for a form of pricing intervention. Nevertheless there are a number of airports whose volume of passengers suggests some form of monitoring could be appropriate. As the following table shows, Gold Coast, Cairns, Canberra, Hobart and Darwin have large passenger volumes and a high level of aircraft movements. Gold Coast and Cairns Airport service significant tourism destinations of high demand, while the other three airports are significant regional gateways. In addition, Canberra Airport experiences relatively high levels of business travellers who are less sensitive to price, and this may reduce competitive pressures to keep prices down. The Government considers that these factors warrant consideration of a supplementary, self-administered monitoring scheme and has been working with the industry to establish such an approach. The Government considers it is in the interests of the travelling public and the industry to increase transparency while being mindful of the need to minimise unnecessary regulatory burdens.

<sup>37</sup> BITRE Domestic Aviation Statistics, September 2009

**Table 10.2:** Australia's busiest RPT airports

Airport	Passengers (million) <sup>38</sup>	Aircraft Movements (thousands)	Car parking prices <sup>39</sup>	
			1 hour short stay	1 day long stay
Sydney	32.4	267.4	\$12	\$25
Melbourne	24.4	184.0	\$12	\$25
Brisbane	18.7	154.1	\$10	\$25
Perth	9.4	77.8	\$5.40	\$17
Adelaide	6.8	73.4	\$4	\$20
Gold Coast	4.6	32.0	\$4	\$16
Cairns	3.7	39.1	\$3	\$14
Canberra	3.1	44.1	\$2.50	\$17
Hobart	1.9	14.3	\$5	\$13
Darwin	1.5	22.2	\$5	\$12

The Government will introduce a second tier for airport monitoring for some of the leased federal airports to participate in a self-administered price and quality of service monitoring and reporting scheme. The Government intends that the self-administered scheme will apply to Canberra, Darwin, Gold Coast and Hobart airports in the first instance. As Cairns Airports is not regulated under the Airports Act, the Australian Government does not have the power to compel Cairns Airport to participate in the scheme. However, Cairns Airport is encouraged to participate in the self-administered scheme.

Under the self-administered scheme, the participating airports will be expected to disclose on their website:

- > prices of aeronautical services;
- > prices of car parking services;
- > various quality of service outcomes; and
- > the airport complaint-handling processes and outcomes.

The Government intends that these airports also publicly disclose results of their customer/passenger satisfaction surveys.

The Government also encourages other airports not covered by the self-administered scheme to conduct customer/passenger satisfaction surveys and publicly disclose the results of these surveys on their websites. These surveys could also include customer/passenger satisfaction of airline-operated terminals as well as common use areas of passenger terminals.

It is expected that surveys will cover a range of areas including, but not limited to, the movement of passengers between international and domestic terminals; the provision of appropriate services and facilities to provide for the mobility impaired; check-in, information systems and baggage handling that assists travellers to be at the gate on time; and the range of retail and financial services for travellers and companions. Information on the airports' complaints handling mechanisms will also assist in building confidence in Australia's airports.

Currently, the Bureau of Infrastructure, Transport and Regional Economics (BITRE) publishes information on activity levels and charges for the five major airports and a number of regional airports in its *Avline* publication. The airports in the second tier of monitoring will also be included in future *Avline* publications.

These measures will extend the benefits of price monitoring and ensure that passengers and airlines using airports outside of the five major national metropolitan centres have more

<sup>38</sup> Traffic Data – BITRE, Airport Traffic Data, www.bitre.gov.au, September 2009

<sup>39</sup> Car parking rates – airport web sites, April 2009

information to make better informed decisions. It will extend elements of the primary monitoring scheme with the objective of maintaining appropriate pricing and encouraging additional investment that improves the quality of service offered by the key airports.

### A 'show cause' mechanism

The ACCC price monitoring regime provides the Government with better information to determine if an airport has engaged in serious pricing misbehaviour. However, this system provides only a limited range of remedies where there is suspicion of an abuse of market power.

The Green Paper proposed the Government consider a 'show cause' process, as recommended by the Productivity Commission, which was to apply if there was prima facie evidence of serious pricing misbehaviour by an airport. A draft 'show cause' guideline was released for stakeholder comment.

Airports have raised concerns that the proposed 'show cause' process might impede their capacity to acquire loan finance because lenders believed that the process introduced uncertainty into the risk environment upon which loans were predicated. Airline representatives considered the 'show cause' process would not necessarily help resolve negotiation disputes with the airports. Both airports and airlines expressed concerns that the 'show cause' assessment would be resource and time intensive to establish and maintain.

In light of the concerns expressed by stakeholders regarding the draft guideline, the Government is not proposing to introduce the annual 'show cause' assessment at this time. The Government is sensitive to any potential impact a show cause assessment could have on airports' ability to attract capital, particularly because of the impact of the global financial crisis on investor confidence and access to finance, now is not the time to introduce this. However, should the ACCC monitoring report or other evidence indicate that an airport warrants further investigation for its pricing behaviour, the Minister retains the discretion to recommend a formal inquiry under the Trade Practices Act.

### Improving passenger engagement

Because not all aspects of airports' services will be included in the ACCC's quality of airport service monitoring role, it is the Government's intention that stakeholders be able to use relevant airport community forums to discuss broader issues relating to airport operations that impact on the passenger experience — for example, issues like road access and traffic management to and from the airport. Airport users will have the opportunity to shape the quality of service that airports provide by commenting on airport master plans and airport major development plans and participating in community consultation groups that will discuss airport planning and development issues.

### Supporting investment in aeronautical infrastructure

At the time of privatisation, financiers were reluctant to provide funding to the major airports unless the Australian Government provided some level of protection in relation to the Government's ability to exercise its step-in rights. The Government agreed to provide that protection by entering into 'tripartite deeds' with the major airports and their senior financiers.

Tripartite deeds effectively supplement the airport head leases by providing certain rights to financiers that would help them protect their position in the event the Commonwealth, as lessor, terminates the airport head lease. The deeds were entered into on the basis that they would operate for only twenty years from the date of the original airport lease.

More recently, a number of major airport operators have made representations to the Government to extend the lifespan of their tripartite deeds. The major airports state that without the extension of the deeds, access to capital will be severely limited as the cost of financing will significantly increase and, in certain circumstances, access to sufficient investment capital may not be possible.

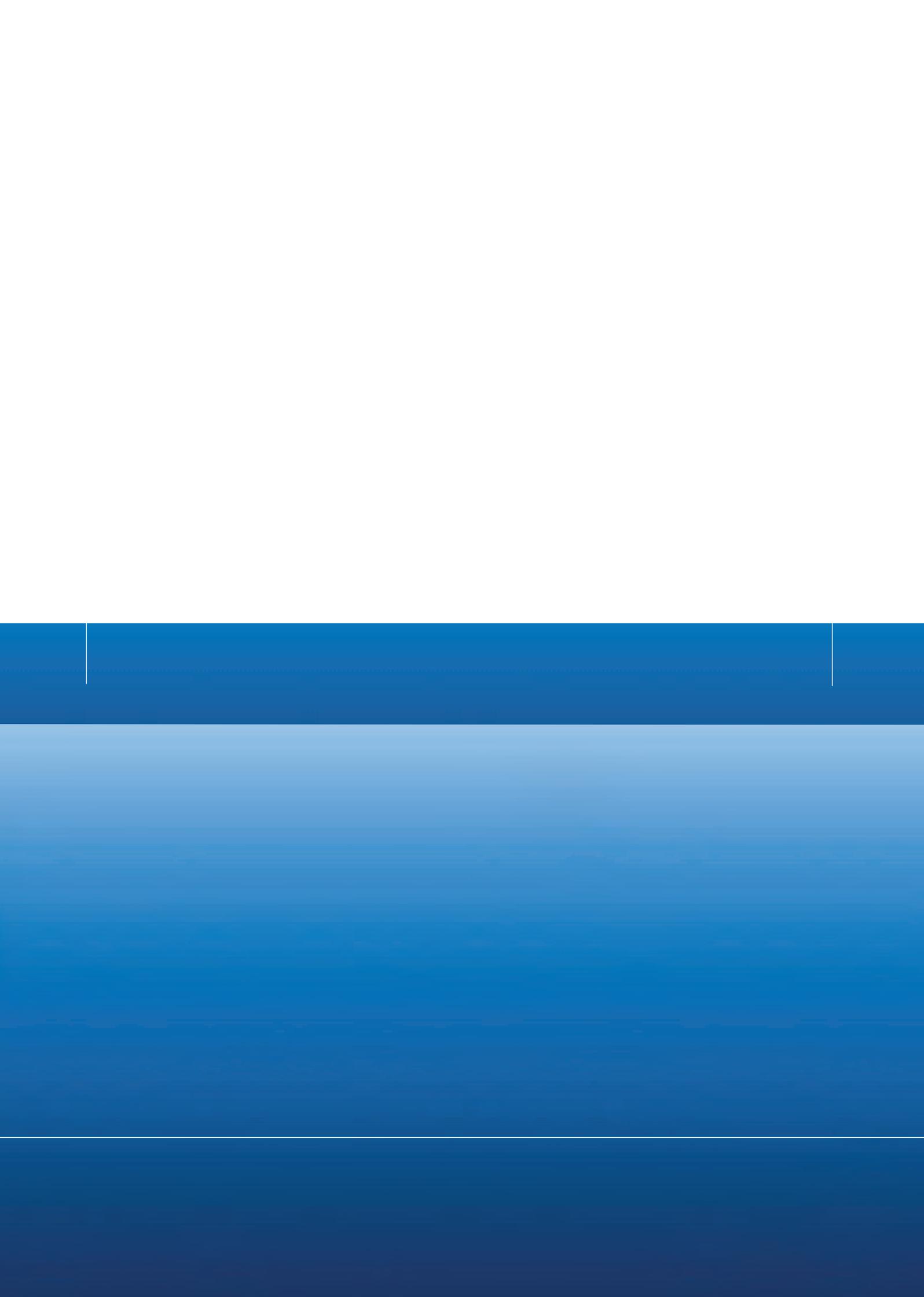
The Government will continue to work with industry to assess this and other potential options for serving the overriding objective of encouraging continued investment in aeronautical infrastructure.

## CONCLUSION

Major airports require an appropriate economic regulatory framework to prevent abuse of market power. The Government is committed to striking a balance between the needs for effective oversight, transparency for all airport users and incentives to invest.

The Government will:

- > continue the existing economic regulatory regime for leased federal airports, including the price and quality of service monitoring regime conducted by the ACCC until at least 2013, with a full review by the Productivity Commission in 2012;
- > continue with the monitoring of car parking prices and revenue at the five major airports, re-established in April 2008;
- > introduce a self-administered price and quality of service monitoring regime for second-tier airports;
- > encourage airports to pro-actively adopt web-based reporting to present a full picture of the quality of experience and charges passengers can expect at their airports; and
- > include the second-tier monitoring system in the 2012 Productivity Commission review to assess the effectiveness of these arrangements.



# CHAPTER ELEVEN



## Other airport infrastructure



## Other airport infrastructure

### Regional and remote airports

#### POLICY GOAL

Efficient and effective maintenance of a network of regional and local aerodromes to support access to air services for remote and regional communities.

#### BACKGROUND

While the Australian Government has responsibility for the regulation of 21 airports, privatised under long-term leases between 1997 and 2003, most regional airports are owned by local councils and come under state and local government planning controls.

From 1958 to 1990, Australian governments encouraged local ownership under the Aerodrome Local Ownership Plan (ALOP) by contributing funding to aerodrome maintenance and development in exchange for agreement to transfer responsibility free of charge to local owners. The Government partially recovered this funding through Commonwealth aerodrome charges. The Government also provided funding to aerodromes already in local ownership that supported a regular scheduled air service.

In 1990, the then government announced its intention to withdraw completely from the ownership of over 230 airports local airports over five years. It subsequently accelerated the withdrawal and allocated additional funding to ensure its completion in 1992-93, with no further funding to be provided or Commonwealth aerodrome charges levied.

To assist in the transition the then Government provided one-off grants totaling \$73.8 million. These grants were provided in those cases where airports were not profitable to assist with maintenance efforts over that period. Since that time the Australian Government has not had a direct role in funding ongoing maintenance and capital upgrades at regional aerodromes.

Aerodromes were transferred to local councils on the principle that local councils were best qualified to manage them according to the needs of their communities. Councils agreed to operate and maintain the aerodromes without ongoing funding support from the Commonwealth. Aerodromes were transferred under freehold title.

#### POLICY ISSUES

##### Funding of council-owned aerodromes

Some submissions towards the White Paper, including that of the Australian Local Government Association, asked that the Australian Government reinstate Commonwealth funding of regional airports, claiming that untied financial assistance grants and council revenues are insufficient to allocate to airport infrastructure.

While the Government does not intend to resume direct funding or planning responsibility for local airports, it recognises some councils have lacked the strategic approach necessary to effectively manage important pieces of infrastructure. The Government will address this through the \$25 million Local Government Reform Fund, working with councils and shires to improve long-term financial sustainability and resilience by:

- > assisting councils implement new asset management and planning consistent with a national framework;
- > funding the collection and analysis of robust data about councils' infrastructure assets; and
- > supporting collaboration between councils on a regional basis for service delivery and planning.

The Government will continue support for remote airstrips where safe access is required to overcome significant geographical and social disadvantage, through the Remote Aerodrome Safety



Program, having regard to the national principles for investments in remote locations contained in the National Partnership on Remote Service Delivery.

In terms of general funding for local government in Australia, the Government has established a new partnership framework with local governments to invest in nation-building infrastructure to support jobs during the global economic recession.

In June, the Government announced an additional \$220 million nation-building investment in community infrastructure, such as libraries, community centres, sports grounds and environmental infrastructure, bringing the Government's record investment in community infrastructure to more than \$1 billion since last November. Approximately \$1.4 million of this funding was allocated by councils directly to airport projects.

The Government will also provide over \$1,922.7 million in untied financial assistance grants to local councils in 2009–10, \$31.5 million more than the 2008–09 payment.

In responding to concerns over proposals for the development of local aerodrome sites the Government takes the view that these are matters for the local councils who own the aerodromes and encourages those with concerns to raise them with councils.

The Government reaffirms the policy approach of the transfer of airport assets to local councils through ALOP transfer process. These transfers were made with the underlying principle being that local councils were best qualified to operate and manage local airports according to the needs of their communities. That principle still holds. The Government will provide support to councils in improving their strategic asset management but does not intend to impose any unnecessary regulatory burden on local governments in managing the future use of local airports.

### Assistance for remote airports

Regular air services provide remote and isolated communities with access to essential goods and services, including emergency and medical services.

In recognition of their importance as critical infrastructure, the Government provides on-going funding to ensure the continued operation of some remote aerodromes.

The national Remote Aerodrome Safety Program operates through cooperative funding arrangements with state, territory and local governments, and in some cases local communities, who provide matching payments towards access and safety related projects at remote aerodromes.

The Australian Government has allocated \$13.5 million for 116 upgrade projects under three rounds of the program. State and territory governments and local councils have also provided significant financial contributions under the program of \$6.2 million and \$5.1 million respectively.

The Remote Aviation Infrastructure Fund will contribute to upgrading priority airstrips used by Indigenous communities.

The Government allocated \$3 million for the Fund in the 2009–10 Budget. Priority airstrips will be identified through technical surveys and advice received from the Civil Aviation Safety Authority (CASA). The Government also provides aerodrome safety inspection services and technical advice to remote northern Australian Indigenous communities under the Remote Aerodrome Inspection Program.

## Use of Defence airports by civil aviation

### POLICY GOAL

To ensure Defence and joint-user airports are adequately resourced to meet future military and, as appropriate, civil aviation demands at these airports.

### BACKGROUND

Defence air bases exist to support the generation, sustainment and deployment of military capability to meet Defence tasking by the Australian Government. Military use shall always have primacy at these locations. Accordingly, military activities may affect or even preclude civil aviation at Defence air bases.

Air bases such as Williamtown (Newcastle) have facilitated use by some civil aviation users, however the use as a military base is the primary function of the airport facility. At the RAAF Base at Williamtown, Defence is responsible for both air traffic control and aviation rescue and fire fighting services to military and civil aviation users. At several other Defence bases, Defence also provides services at locations used by some civilian aviation operations (e.g. Learmonth and Curtin in Western Australia) and general aviation operations (e.g. Tindal-Katherine).

Joint-user airports, Darwin and Townsville, are shared civil/military airport facilities.

At these locations, Defence does however provide air traffic control services, and supporting infrastructure such as radar facilities to both military and civil aviation users.

Defence's provision of services, systems and facilities has helped facilitate strong civil aviation growth at Darwin, Townsville and Williamtown.

For example at Williamtown passenger movements have increased from just over 300,000 in 2003/04 to current movements of over a million passengers, a three-fold increase in just five years. Darwin and Townsville airports also carry over 1.5 million and 1.3 million revenue passengers per annum respectively, highlighting the importance of these Defence and joint user airports play in civil aviation.

### POLICY ISSUES

#### Future infrastructure needs

Defence airport facilities and services must, in the first instance, meet national security and Defence Force capability requirements.

For example, Defence has already identified that the introduction of the Airborne Warning and Control and Joint Strike Fighter aircraft over the period from 2010 to 2018 at Williamtown is highly likely to impact on available residual airport capacity for use by civilian traffic. Defence will be examining the available future air traffic movements and air field capacity at Williamtown in 2010.

Civil aviation often requires levels of air traffic control and rescue and fire fighting services above those that would normally be provided for military operations.

Accordingly Defence, in conjunction with other Government agencies, will, in enabling continuing civil operations at military airports, develop options relating to industry cost recovery for consideration by Government in 2010. This will ensure access and a level playing field in the provision of these services to civil operators throughout airports in Australia.

Defence will continue to invest in airport air traffic facilities and services in Australia. For example, Defence has agreed to extend the times where air traffic control services are provided at Williamtown before the end of 2010. Defence is also reviewing its broader policy relating to the use of Defence airports by civil aviation and will report to Government in 2010.

Initiatives towards greater harmonisation of civil and military air traffic management should also enhance the goal of national consistency in ATM services provided to passenger aircraft operating at Defence and joint user airports.

## Fuel supply at Australia's airports

### POLICY GOAL

To ensure a reliable and competitive market for the supply of aviation fuel at Australia's airports.

### BACKGROUND

Aviation fuel is a critical component of the aviation supply chain. Fuel is an obvious prerequisite for the operation of aircraft, and can potentially comprise up to 30 per cent of an airline's overall cost base. Demand for jet fuel in Australia has been steadily increasing. In the two decades to 2006-07, consumption of jet fuel in Australia has risen by an average of 4.3 per cent a year<sup>40</sup>. Despite ongoing improvements in aircraft fuel efficiency, jet fuel use is expected to continue to rise in future years, broadly reflecting growth in industry activity.

### POLICY ISSUES

Several submissions to the Aviation Green Paper expressed concerns in relation to the availability and price of aviation fuel at Australian airports. These submissions highlighted recent disruptions to fuel supply, and have suggested that these problems could be rectified by introducing greater competition to the aviation fuel supply market.

### National Operating Committee

The Government recognises the need for continuity of fuel supply in the aviation industry. Following disruptions to jet fuel supply at Sydney airport in 2003, a Jet Fuel Taskforce was established to make recommendations on measures to reduce the risk of a jet fuel shortage recurring and handling such shortages in future.

In response to these recommendations, the National Operating Committee (NOC) was established by the four major fuel suppliers to monitor and advise on potential jet fuel supply disruptions and manage supply disruptions. The NOC is comprised of representatives from AirBP, Caltex Aviation, ExxonMobil Aviation, Shell Aviation and an Independent Person. As Qantas is a self-supplier at Sydney airport, it participates in NOC meetings where discussion on matters of relevance to the Sydney Joint User Hydrant Installation (JUHI) occurs.

The NOC prepares and distributes a weekly 'Traffic Light Report' on supply availability for the coming six week period at major airports in Australia, New Zealand and Fiji to key stakeholders. Updates to Traffic Light Reports are circulated as necessary. The NOC also undertakes an annual simulation exercise to test its communication protocols and decision-making processes.

The Department of Resources, Energy and Tourism is leading a review of the NOC and the role of the Independent Person. The NOC review is expected to be finalised in late 2009.

### Market competition

Some stakeholders have argued greater competition is necessary amongst the fuel suppliers operating at Australia's major airports. It has been suggested that greater competition could drive down prices (noting that Australian jet fuel prices are comparatively expensive when compared to some Asian markets), and would help tackle supply problems. The Government has also noted claims that concentrated ownership of fuel supply infrastructure is impeding new market entrants.

The Government has noted airline industry data comparing jet fuel prices at Sydney with those in major Asian hubs such as Singapore and Hong Kong but observes that the economies of scale in these major international transport hubs offer significant supply and demand side benefits which put downward pressure on prices.

<sup>40</sup> [http://www.ret.gov.au/resources/Documents/oilcode\\_submissions/Petroleum%20import%20infrastructure%2024%20August%20%20FINAL.pdf](http://www.ret.gov.au/resources/Documents/oilcode_submissions/Petroleum%20import%20infrastructure%2024%20August%20%20FINAL.pdf)

The Government does not believe a case has been made for intervention in this field at the present time. The commercial barriers to entry to this market are modest when compared to other investment decisions in the aviation industry and there are no regulatory barriers limiting the ability of other suppliers to compete in the market.

The Government has not been provided with evidence that shows that existing suppliers have used their position to prevent new participants from entering the market, however the broader provisions of the *Trade Practices Act 1994* apply. Airlines or other parties can raise these matters with the Australian Competition and Consumer Commission if necessary.

## CONCLUSION

### Regional and remote airports

Airports and aerodromes are a critical part of the transport infrastructure of regional and remote Australia, often providing the only means of reliable year round transport to other centres and cities. Without them, many Australians and local economies already disadvantaged by distances from major markets would be denied access to essential goods and services.

The Australian Government:

- > provides flexible funding to local governments through Financial Assistance Grants with \$1,922.7 million in untied financial assistance grants to local councils in 2009–10;
- > has committed more than \$1 billion to local community infrastructure since November 2008, some of which has been allocated by councils to airport-related projects;
- > has established the \$25 million Local Government Reform Fund to work with councils and shires to improve long-term financial sustainability and resilience by:
  - assisting councils implement new asset management and planning consistent with a national framework;
  - funding the collection and analysis of robust data about councils' infrastructure assets; and
  - supporting collaboration between councils on a regional basis for service delivery and planning; and
- > will continue to provide direct assistance for upgrading remote aerodromes in partnership with states and local councils through the Remote Aerodrome Safety Program.

### Defence airports

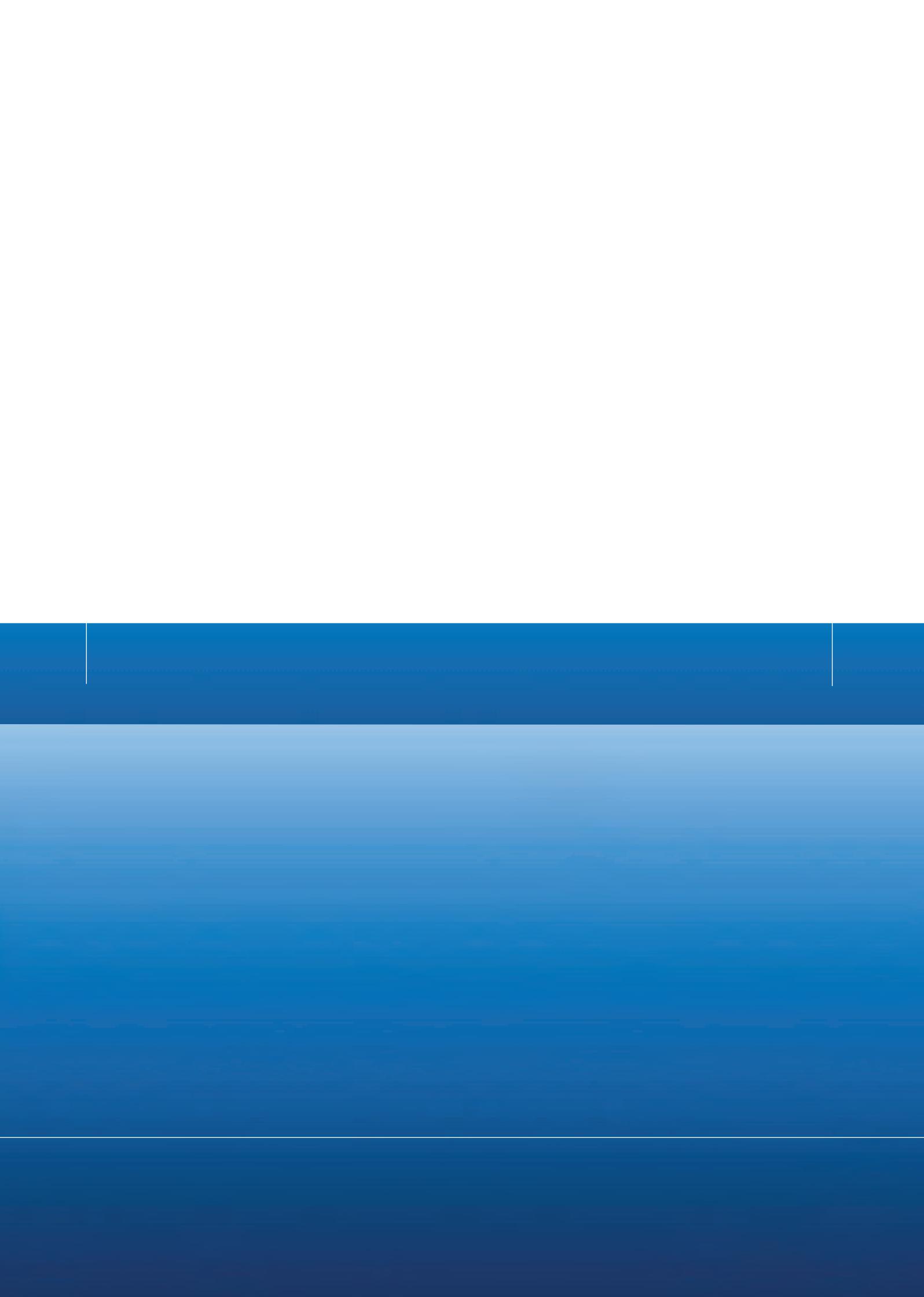
The first priority of Defence airport facilities and services is to meet national security and Defence Force capability requirements. However, Australia's national airport infrastructure also benefits from the significant role played by Defence in the provision of runway capacity for civil airline use, and air traffic management facilities and services at a number of key locations, especially at Darwin, Townsville and Williamstown.

Defence will be completing a review of civil aviation usage of Defence airports in 2010. Taking account of this review the Government will ensure continuing civil access to Defence airports is compatible with current and future military requirements. The Government will also consider options in 2010 in relation to industry cost recovery arrangements at Defence and joint-user airports where Defence provides air traffic management and related services to civil aviation to ensure Defence is properly resourced to meet compatible future civil aviation requirements at an appropriate level of safety.

### Fuel supplies at Australia's airports

Aviation fuel is an essential industry input that needs to be supplied reliably, with continuity and through competitive market conditions where possible. The responsibility for jet fuel supply assurance ultimately rests with industry. However the Government will support improved planning and communication among fuel suppliers by:

- > finalising a review of the National Operating Committee (NOC) which monitors and advises on potential jet fuel supply disruptions at major airports, including the future of the Independent Person role on the NOC; and
- > continuing to ensure the supply arrangements for fuel at Australia's airports remain subject to the broader competition provisions of the *Trade Practices Act 1994*.



## CHAPTER TWELVE



### Future aviation needs for the Sydney region



## Future aviation needs for the Sydney region

### POLICY GOAL

The future aviation needs of the Sydney region are met through the provision of additional aviation capacity, effectively integrated with future land transport, and other infrastructure developments and state land use planning.

### BACKGROUND

There has been a long-standing recognition that to meet the demands of a growing population, the Sydney region will eventually require a second major airport.

There have been many studies and reviews which have highlighted a range of issues associated with a second airport including the identification of a range of possible sites. However, so far, the appropriate level of forward, longer term, integrated infrastructure planning required to progress Sydney's future airport capacity needs has yet to be undertaken.

In approving the Master Plan for Sydney Airport in June this year, the Government acknowledged that Sydney Kingsford Smith Airport will continue to play an important role in handling the nation's air traffic. The airport is a major economic hub and generates approximately \$8 billion in annual economic activity and supports more than 200,000 jobs.

However, the Government noted in approving the airport's Master Plan, that it does not accept that the airport can, nor should, handle projected long-term growth in the region.

The Government is committed to ensuring the Sydney region will have access to aviation infrastructure that supports its growth and development.

The Government will continue to adopt a balanced approach to the development of Sydney Kingsford Smith Airport – allowing for sensible commercial and economic development but also addressing the social and amenity impacts of this development on the communities living around the airport.

In this context, the Government is firmly committed to maintaining the existing hourly cap on aircraft movements and airport curfew, as well as the noise sharing arrangements, at Sydney Kingsford Smith Airport.

While the current effects of the global economic crisis on the aviation industry may have dampened growth in some aviation markets, with long-term aviation growth likely to re-emerge, the national, state and regional interest requires the Sydney region to prepare and plan for new aviation capacity.

### POLICY ISSUES

#### Better integrated planning

The key issue in examining new aviation capacity for the Sydney region has to be the successful integration of future aviation requirements with the NSW land use and infrastructure planning regime. This includes economic and employment node development and having key linkages with land transport and other infrastructure networks.

Planning for major airport developments simply cannot take place in isolation of surrounding land use planning or without integrated and effective land transport networks.

The Australian Government will be working with the NSW Government to develop an aviation strategic plan for the Sydney region. This is a historic first time that the Australian and NSW governments are aligning their planning and investment strategies.

The Aviation Strategic Plan is due to be completed in 2011 and will be developed as part of an integrated transport strategy.

In developing the aviation strategic plan, Commonwealth and State Government agencies will have regard to:



- > the views of key stakeholders including aircraft and airport operators; airport users, local councils and other government agencies (e.g. Customs, Immigration and Quarantine)
- > the likely impacts of airport operations on surrounding communities.

The development of the Plan will be oversighted by a Steering Committee which includes experts in aviation, planning and investment.

### Impact on Sydney Kingsford Smith Airport

The Government is cognizant of existing agreements in place with the current airport lessee of Sydney Kingsford Smith Airport should the Government wish to proceed with the development of a second Sydney airport within 100 kilometres of the Sydney CBD. There are also existing provisions in the *Airports Act 1996* which refer to a future Sydney West airport that will need to be considered.

These arrangements do not preclude the Government from developing a strategic plan for future airport capacity in the Sydney region.

The proposed aviation strategic plan will also need to examine the implications of future additional airport capacity on the planning and delivery of transport linkages and air traffic management flows between airports in the region.

### Possible Airport Sites and Badgerys Creek

The development of an integrated planning approach to examining future Sydney region airport capacity does not support the construction of an airport at Badgerys Creek.

Badgerys Creek is no longer an option. It has been overtaken by years of urban growth in the area and is inconsistent with future NSW spatial planning and land use development for the south-west region of Sydney.

As part of the work on future airport capacity for the Sydney region, the Government will be working with NSW to optimise the future use of the Badgerys Creek site.

The development of the site presents major opportunities for the economic development of western Sydney particularly in providing employment nodes which fit into the state's land use and infrastructure investment plans for western Sydney.

At this time the Government will not be speculating about any other particular locations or sites for additional aviation capacity which will be in or out of the aviation strategic plan. These locations will be developed as part of the work overseen by the Steering Committee and undertaken by Australian Government and NSW officials.

## CONCLUSION

The Government is committed to effective long-term infrastructure planning in Australia.

There can be no more important long-term infrastructure capacity issue than meeting the future aviation needs of the Sydney region – Australia's most populated capital city and one of our key international and domestic tourist destinations.

The Government has therefore committed, with the NSW Government, to the development of a strategic aviation plan for the Sydney region by 2011.

This plan will help inform future infrastructure planning and investment by government and industry and enable the proper integration of future airport operations with surrounding state land use planning and land transport networks.

This plan will also facilitate national, state and regional economic development and the eventual creation of thousands of jobs which will inevitably flow from future investment in additional airport capacity to serve the growing Sydney regional market.

### SUMMARY OF ACTIONS

The Australian Government will be working with the NSW Government to develop an aviation strategic plan for the Sydney region which will:

1. Consider the immediate aviation infrastructure requirements for the Sydney region and the capacity of the existing aviation infrastructure and the land transport network linkages to meet forecast demand.
2. Determine the medium and long-term aviation infrastructure requirements for the Sydney region and the capability of the existing aviation assets serving the region to meet the forecast market demand in passenger and freight transport and general aviation sectors of the industry. This would include consideration of:
  - > current airport capacity;
  - > the implications of future long-term demand forecasts for aviation services;
  - > the planning of future economic infrastructure including long-term spatial with land use planning for employment for the region;
  - > the location and nature of future urban growth in the Sydney region, and
  - > key linkages between existing aviation infrastructure with other transport networks.
3. Review existing investment strategies for the civil and Defence airport facilities in the region, including an assessment of their capacity to meet the Sydney region's future aviation requirements.
4. Identify strategies and locations to meet the aviation infrastructure needs of the Sydney region, through examining:
  - > current and future state land use and land transport planning strategies;
  - > Sydney's future requirements for transport and economic infrastructure, including Sydney's future employment nodes;
  - > existing and required transport infrastructure to support additional aviation capacity for the region;
  - > the need for other supporting infrastructure (energy, communications gas, water etc);
  - > the availability and application of off-airport protection measures to ensure existing and future airport capacity is protected from inappropriate development which may limit its effective long-term operations and growth;
  - > the interaction between airports in the region, including Sydney (Kingsford Smith) Airport;
  - > economic and investment and environmental opportunities and challenges associated with future land use; and
  - > existing airport policy and legislative requirements.
5. Identify any other matters that will need to be considered, in delivering additional aviation capacity for the Sydney region.

**Future use of the Badgerys Creek Site**

The Commonwealth and the State will develop a joint proposal for the future use of the Badgerys Creek site, by giving due consideration to:

- > current state land use and land transport planning strategies;
- > the demand for land at Badgerys Creek for future employment and economic development purposes e.g. strategic manufacturing investment and business park opportunities;
- > zoning requirements;
- > existing and required transport infrastructure to support future employment generation land use;
- > the need for other supporting infrastructure (energy, communications, gas, water etc); and
- > the appropriate land release strategies which maximise long-term employment opportunities in South Western Sydney.

The Aviation Strategic Plan is due to be completed in 2011 and will be developed as part of an integrated transport strategy.

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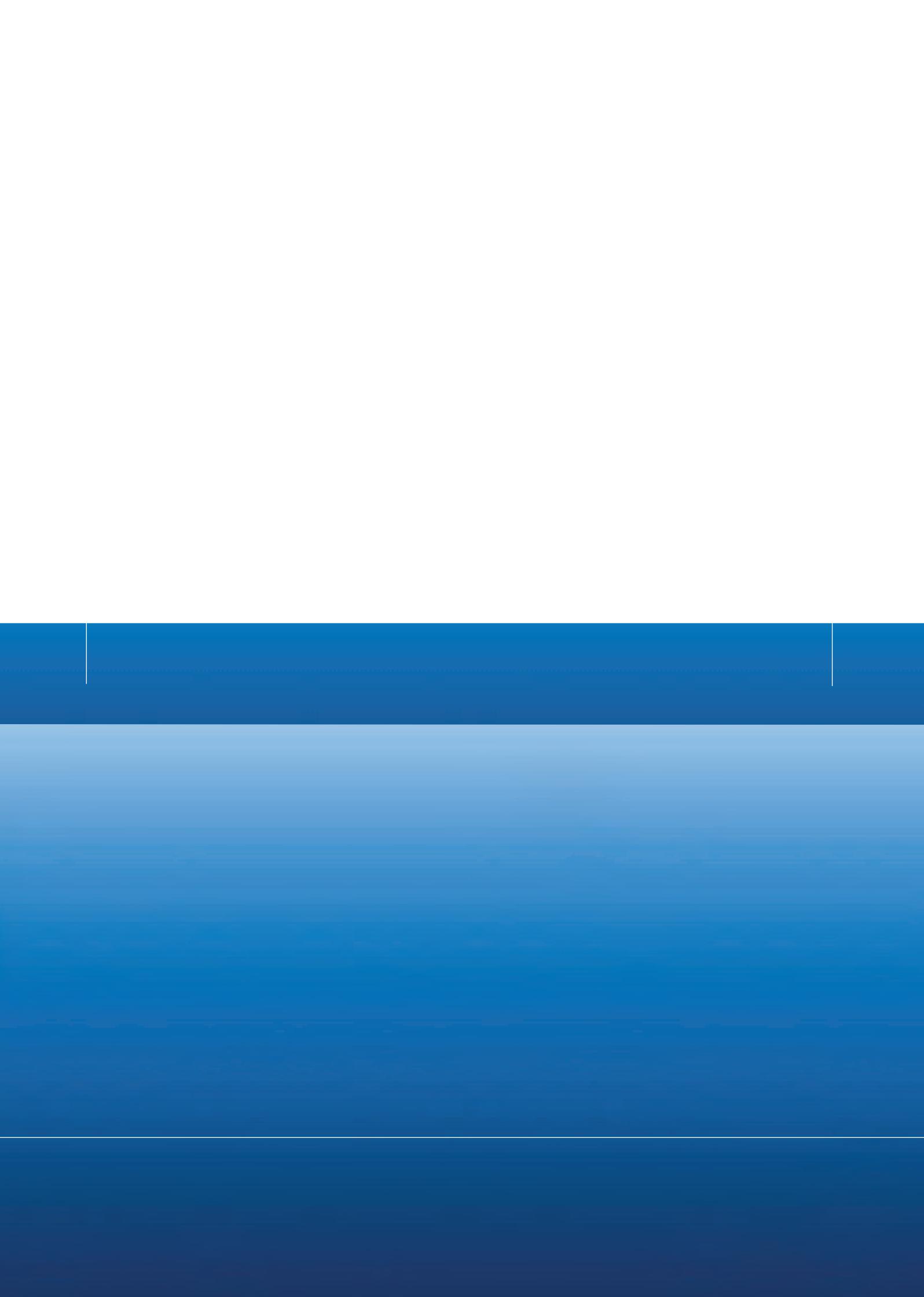
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## SECTION FOUR

### AVIATION AND SUSTAINABILITY





## CHAPTER THIRTEEN



### Aviation's role in reducing global carbon emissions



# Aviation's role in reducing global carbon emissions

## POLICY GOAL

Ensure the Australian aviation industry plays an effective role in the reduction of aviation's contribution to climate change.

## BACKGROUND

All forms of transport – air, rail, road and sea – contribute an estimated total of 13 per cent to global greenhouse gas emissions. Civil aviation contributes about two per cent of global carbon dioxide (CO<sub>2</sub>) emissions.<sup>41</sup> In recent decades aviation activity has grown at approximately five per cent per year. Over this time, the aviation industry has progressively introduced fuel saving measures which have delivered efficiency gains of about two per cent per year. Consequently, the carbon footprint of aviation has been growing at a rate of about three per cent per year. While recent demand for aviation has been significantly impacted by the global financial crisis, history shows the aviation industry is resilient and quick to bounce back after a downturn. Unless appropriate action is taken, the net carbon footprint of aviation will continue to grow. Leaders of the G8 countries have identified the need for at least a 50 per cent reduction in total global emissions by 2050.

The airline industry has always had strong incentives to improve fuel efficiency, with consequential improvements in emissions intensity. The International Air Transport Association (IATA) estimates that new aircraft are 70 per cent more fuel efficient than 40 years ago and 20 per cent better than 10 years ago. According to IATA, airlines are aiming for a 25 per cent fuel efficiency improvement across the system by 2020 compared to 2005 levels.

In the area of air traffic control, Australia's air navigation service provider, Airservices Australia, has introduced a number of operational procedures which reduce CO<sub>2</sub> emissions for individual flights. These include the use of flexible flight tracks, improving aircraft air traffic control sequencing, and using continuous descent approaches to runways. The Asia and Pacific Initiative to Reduce Emissions (ASPIRE) Partnership involves the air navigation service providers of Australia, the United States, New Zealand and Japan working closely together to improve efficiencies on key Asian and Pacific routes. To trial the various fuel efficiency measures, four test flights between the US and Australia/New Zealand/Japan have been undertaken by Air New Zealand, JAL, Qantas and United Airlines, with positive results.

Australian airlines are introducing new more fuel-efficient aircraft. The latest generation models of the Boeing 737 aircraft, an aircraft type in common use on domestic routes throughout Australia, are about 20 per cent more fuel-efficient than the earlier B737 models they are replacing. Australian airlines are among the first operators in the world to introduce the latest major new aircraft types – the Airbus A380 which came into service with Qantas in 2008 and the Boeing B787 which is due to commence operations in Australia in 2013.

Qantas, Jetstar and Virgin Blue have introduced voluntary carbon offset schemes which are designed to reduce the industry's net carbon footprint by enabling individuals to purchase carbon offsets for their flights. Jetstar and Virgin have reported more than 10 per cent of passengers buying offsets – a figure that is high by international standards.

Consistent with its 2007 election commitment, the Australian Government is working to develop Carbon Offsets Standards for the generation and sale of voluntary carbon credits outside of the Carbon Pollution Reduction Scheme. These will build consumer confidence in voluntary carbon offset products.

Australia's airports are putting in place a range of measures to manage their contribution to climate change issues. In particular, programs include green star rated commercial developments on airport, use of alternate energy sources carbon accounting, energy and water audits, recycling, sustainable water management and the creation of biodiversity zones.

41. International Panel on Climate Change, 4th Assessment Report 2007, Technical Summary



Under the United Nations Framework Convention on Climate Change (UNFCCC), international and domestic aviation are treated separately. Domestic aviation emissions are counted as part of country targets. International aviation is dealt with separately by the International Civil Aviation Organization (ICAO) because no agreement was reached within the UNFCCC on how CO<sub>2</sub> emissions from an international flight should be ascribed to individual countries.

For Australia in 2008, about 40 per cent of emissions related to domestic aviation and 60 per cent to international aviation, based on fuel sales data for each category.

## POLICY ISSUES

Along with other major world economies, the Australian Government is committed to addressing climate change and recognises the scientific view that the increase in global average temperature above pre-industrialised levels should not exceed 2°C. This involves setting a path to stabilise greenhouse gas emissions concentrations at 450 parts per million CO<sub>2</sub>-equivalent or less. Achieving this in practice means that global emissions need to peak as soon as possible and decline thereafter. Every sector, including aviation, must therefore play its full and fair part.

A key pillar of the Government's policy on climate change is a commitment to reduce Australia's greenhouse emissions by 60 per cent of 2000 levels by 2050. Part of the Government's strategy for achieving this goal is the Carbon Pollution Reduction Scheme (CPRS), an economy-wide scheme for capping and trading emissions. Legislation to establish the CPRS will be re-introduced to the Parliament in 2010.

### Domestic emissions

The Government confirmed in its White Paper on the proposed CPRS released in December 2008 that domestic aviation emissions will be included in the scheme.

As a precursor to the CPRS, the *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) introduced a single national framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production by corporations. The first annual reporting period began on 1 July 2008. The NGER Act will underpin the CPRS, providing the emissions data on which obligations under the CPRS will be based. The NGER legislation will require amendments to allow for reporting under the CPRS.

Responsibility for the purchase and acquittal of permits under the CPRS will rest with the body that provides the fuel or is directly responsible for the emissions. For example, airlines will be required to pay, either directly or indirectly, for the carbon costs associated with the fuel they use.

While payment of carbon charges through the CPRS will be the core strategy in the management of domestic aviation emissions, it is likely that there will be increasing public expectation for the key players in the industry – airlines, air navigation service providers and airports – to publicly report on the actions they are taking to manage their carbon footprints. It is therefore important that the industry make efforts to meet community expectations through initiatives such as developing and publishing carbon management action plans and having in place associated transparent reporting regimes which demonstrate trends in the size of carbon footprints.

### International emissions

The Australian Government believes the emissions from international aviation activity, like all sectors, need to be effectively covered by global climate change action. The international aviation sector is globally integrated and operates as a highly competitive market with carriers from a range of countries operating across interconnected networks. Efforts to address emissions will require a concerted global effort without discrimination on the basis of place of origin or destination of passengers or cargo, or the national origin of the carrier.

During 2008 and 2009, Australia — along with fourteen other Member States of ICAO — actively participated in the ICAO Group on International Aviation and Climate Change that was charged with developing a program of action for the reduction of international aviation carbon emissions. An initial program, supported by all participating States, was presented to ICAO in June 2009 and endorsed by a high level meeting of all Member States in October 2009.

A key element of the program is an agreement by Member States to work through ICAO to achieve a global goal of a fuel efficiency improvement of 2 per cent per annum until 2050. The global fuel efficiency goal imposes no specific obligations on individual Member States and it will be up to each State to determine its contribution based on its circumstances and respective capabilities.

The ICAO high level meeting recognised that a 2 per cent annual fuel efficiency improvement is unlikely to deliver the level of emissions reduction necessary to stabilise and then reduce aviation's contribution to climate change, and that more ambitious goals will need to be considered to deliver a sustainable long-term path for aviation. The high level meeting also agreed further actions to address emissions from international aviation in the lead up to the ICAO Assembly in 2010 and beyond. This includes further work on medium and long-term goals, the development of a framework for market-based measures and encouraging the development of action plans by Member States. The Government will ensure that Australia remains fully engaged in ICAO's work and plays an active and constructive role in working towards a more comprehensive strategy that is effective in addressing emissions from international aviation without unduly restricting international aviation operations.

The consideration of emissions issues in ICAO has been constrained by the need to reconcile the UNFCCC principle of 'common but differentiated responsibilities and respective capabilities' (CBDR) of countries and the ICAO Chicago Convention principle of non-discrimination and equal and fair opportunities among air carriers. Based on the CBDR principle, developing countries expect developed (Annex 1) countries to take the lead in addressing emissions from international aviation and some have resisted any proposal that would involve obligations on their carriers. This raises issues of competitive distortion given that a number of the top ten international air carriers are from non-Annex 1 countries.

For this reason Australia has proposed that the UNFCCC set indicative global emissions reduction targets for the international aviation sector, and to help meet these targets, that new global agreements be negotiated under the UNFCCC. ICAO would maintain a strong role in delivering on these sectoral agreements.

## Improving efficiency through new technology

### Air traffic management

To help reduce aviation carbon emissions, Airservices Australia will continue to work with airlines to implement fuel saving measures on individual flights. This includes working in consultation with the community, expert advisors Naverus, and other stakeholders, to develop Required Navigation Performance procedures (a form of Performance Based Navigation) for arrival and departure flight paths at up to 28 major Australian airports over the next five years. Based on the flight trial experience at Brisbane, these procedures have the potential for a reduction of 122,000 tonnes of CO<sub>2</sub> emissions, and a saving of 39,000 tonnes of fuel, per year — an efficiency gain of approximately one per cent.

Airservices Australia will also work with airport owners to ensure that emissions savings — particularly from long haul flights — are not lost in lengthy holding patterns and tarmac delays at busy airports.

To date, four test flights between the US and Australia/New Zealand/Japan have been undertaken by Air New Zealand, Qantas, JAL and United Airlines under the ASPIRE program. These flights demonstrated how significant savings in time, fuel and emissions can be achieved through greater collaboration among air navigation service providers. Further initiatives are planned including the involvement of more air navigation service providers in the Asia region.

#### **Airport operations and infrastructure improvement**

Activities directly under the control of airport operators are not a major source of aviation emissions, but even these emissions can be reduced by more energy-efficient designs for airport buildings and by airports switching to alternative lower carbon fuels where possible. Airport operators do have a key role to play in working with aircraft operators and air navigation service providers to improve the efficiency of gate to gate operations. Airports will be strongly encouraged to take a cooperative role in helping to achieve these efficiencies.

This process has already begun with some airports moving to establish programs such as green star rated commercial developments on airport, use of alternate energy sources (such as tri-gen and solar plants), carbon accounting, energy and water audits, recycling, sustainable water management and the creation of bio diversity zones. The Government will encourage airports to include Carbon Reduction Strategies in future Airport Environment Strategies. Further, Airport Environment Strategies will be required to form part of the airport's Master Plan, ensuring environmental planning is incorporated into the primary planning tool for the airport.

#### **Biofuels**

Biofuels are being examined for their potential to make an important contribution to reducing the net carbon footprint of aircraft operations. Over the past year, a number of trials have demonstrated that biofuels can safely and effectively be used to fuel aircraft. The air transport industry is expecting that a new jet fuel will be certified before 2011. However, at the present time there is great uncertainty over the availability, commercial viability and timing of introduction of these alternative aviation fuels. In particular the environmental and social acceptability of these fuels will need to be clearly demonstrated before they can be accepted for widespread use.

The Australian Government recognises the importance of developing sustainable aviation fuels. Significant research, development and demonstration efforts are taking place around the world to develop sustainable jet fuel. While there are no specific programs in Australia targeted at the development of sustainable aviation biofuels, the Government's second generation biofuels research and development program (Gen 2) is aimed at encouraging the development of sustainable transport fuels, including aviation fuels.

#### **Balancing management of aircraft noise with carbon emission reduction initiatives**

New air traffic management procedures designed to increase aircraft operational efficiency and reduce emissions may have implications for the management of aircraft noise and noise sharing. These new navigational capabilities often involve introducing changes to existing flight paths which have been designed to minimise noise impacts. Historically, noise abatement procedures have generally been implemented fully recognising that they will require aircraft to travel greater distances (for instance, to fly around rather than over a community), resulting in the burning of more fuel and increases in emissions. However, some procedures, like continuous descent approaches, have the potential to deliver both fuel burn and noise benefits.

The Government is committed to ensuring a fair balance is maintained between aircraft noise and emissions. To this end the Government will:

- > require consultation with affected communities on proposed new fuel saving procedures with likely adverse noise impacts;
- > demand rigorous analysis of any noise/emissions trade-offs in environmental assessment processes; and
- > continue to monitor research in this area working through the ICAO Committee on Aviation Environmental Protection (CAEP) to establish approaches which provide for acceptable tradeoffs between the two competing forms of pollution.

### Monitoring and reporting the nation's aviation carbon footprint

Robust transparent carbon footprint reporting for aviation is essential if the industry is to publicly demonstrate that it is making its proper contribution to managing climate change and to clearly show the progress it is making toward achieving emission targets.

In order to generate transparent carbon footprint reports, and to underpin environmental analysis and assessment, the Government is developing a widely accessible tool for carrying out carbon footprinting of aviation. This tool builds on the internationally recognised ICAO Carbon Calculator.

Anticipated specific applications of the tool include:

- regular reporting of trends in total carbon emissions and in the efficiency of the Australian network;
- carbon footprint assessment in Environmental Impact Assessment processes;
- computation of voluntary personal and corporate offsetting; and
- provision of advice on route specific carbon charges.

The tool will also allow separate computation of domestic and international CO<sub>2</sub> emissions to facilitate disaggregated reporting. It is anticipated that in future all ICAO Member States will be required to submit carbon footprint reports to ICAO on a regular basis as part of agreements on the management of emissions from international aviation.

## CONCLUSION

Aviation contributes two per cent of total global greenhouse gas emissions but this contribution is growing. Action needs to be taken to ensure the aviation industry's growth is sustainable and its contribution towards global climate change is minimised.

The Australian Government has demonstrated its commitment to addressing climate change, especially through Carbon Pollution Reduction Scheme (CPRS) legislation in which the domestic aviation industry will be included. The Government will pursue the CPRS legislation in 2010.

The Government will also:

- > continue to work through ICAO and other forums to ensure measures to address carbon emissions from international aviation are non-discriminatory and do not disproportionately affect Australia's international airlines;
- > press ahead with the application of improved air traffic management technology and enhanced operational procedures to optimise the efficiency of aircraft operations to and from Australia and in Australian airspace;
- > establish a regime which facilitates improvements to airport operations and infrastructure and gate-to-gate efficiencies; and
- > ensure that a robust transparent regime for monitoring, assessing and reporting aviation carbon footprints is implemented.

## CHAPTER FOURTEEN



### Minimising the impact of aircraft noise



## Minimising the impact of aircraft noise

### POLICY GOAL

Recognition of the economic importance of airports needs to be balanced with better management of the impact of aircraft noise in the vicinity of airports and near flight paths.

### BACKGROUND

Aircraft noise is an inevitable by-product of aviation activity. While airports are essential economic assets that provide cities, towns and regions with great benefits, the residents living in the vicinity of those airports or under busy flight paths are exposed to the ongoing impacts of aircraft noise. The impact of aircraft noise should not be underestimated. While to some people it may be barely noticeable, to others the impact ranges from different levels of annoyance to a real, measurable effect on health and life style.

The Government recognises the adverse impacts of aircraft noise and the need to manage these impacts in a balanced and transparent manner. To that end, previous Australian governments have been active in managing aircraft noise with the introduction of the *Sydney Airport Curfew Act* in 1995, the Sydney Airport Noise Amelioration Program for those residences within the high noise impact zone, and the noise-sharing initiative at Sydney Airport through the Long Term Operating Plan (LTOP) for aircraft arrivals and departures. Australia is recognised as a world leader in the management of aircraft noise.

The Sydney noise management initiatives were followed by the introduction of night time curfews to limit the movement of certain aircraft at Coolangatta Airport in 1999, Adelaide in 2000 and at Essendon Airport in 2001. The Aircraft Noise Insulation Program from Sydney was adopted for Adelaide in 2001. In Sydney, a total of 4,083 residential dwellings and 99 public buildings in high noise areas were insulated against aircraft noise. Under the Adelaide program, 648 homes and six public buildings in high noise areas have been insulated.

During this period, the aviation industry has been working to reduce noise emissions through better designed and quieter aircraft. New technology and air traffic management procedures have also helped reduce the noise levels experienced by many.

As the industry has evolved and become more accessible to greater numbers of travellers, the impact of noise has also changed. Community pressure for operational constraints at airports is coming increasingly from residents living outside the conventional high noise exposure zones near airports. Although individual aircraft may be much quieter, the number of aircraft movements has increased substantially and the source of complaint is now more often about the higher number of over-flights and lack of respite rather than individual noise events.

The Government remains strongly committed to ensuring the impacts of airports and aircraft noise are minimised and to finding balanced and practical solutions to limit those impacts on communities.

There are a number of practical measures the Australian Government can take to manage the impact of aircraft noise. For example, since its election in 2007, the Government has reinforced its policy position for maintaining existing curfew arrangements at Sydney, Adelaide, Gold Coast (Coolangatta) and Essendon airports. In considering the construction of the Runway End Safety Area at Sydney Airport, the Government took strong steps to ensure the noise impacts would be minimised and managed in a way that would maintain noise sharing for Sydney residents to the greatest possible extent.



### Essendon Airport Noise Working Group

As part of the consideration of the Essendon Airport Master Plan in 2008, the Government established a high level Working Group to report directly to the Minister for Infrastructure, Transport, Regional Development and Local Government on practical measures available at Essendon Airport to assist in the management of aircraft noise and its impact on surrounding residents.

The Working Group comprised representatives from the airport, the Department of Infrastructure, Transport, Regional Development and Local Government, Airservices Australia and Federal Members the Hon Bill Shorten MP and Mr Kelvin Thompson MP representing the local community. The Terms of Reference required the Group to report to the Minister on ways to better monitor and manage noise aircraft impacts at Essendon and to identify the most effective options to reduce noise impact on nearby residents while maintaining the viability of the airport.

The Group met regularly over a number of months, examined in detail the causes of noise complaint, and made sixteen recommendations to the Minister in its detailed report of April 2009. Key outcomes included an examination of changes to procedures for helicopters which were found to be the chief source of complaint from the community. Improved monitoring of night time movements at the airport has been established with Airservices and CASA developing a Fly Neighbourly Agreement template for Essendon Airport by the end of December 2009. Based on community input, the airport is in the process of establishing a Community Consultation Forum with an independent chair and responsibility for, among other things, negotiating the content of the Fly Neighbourly Agreement with airport users and targeting in particular, the owners and operators of the older noisier aircraft at the airport.

The Minister reserved his endorsement of two proposals relating to shortening the north south runway and exploring the feasibility of its future closure. Based on concerns regarding traffic displacement and possible future restrictions on aviation operations, the Minister has asked the airport to come back to him with the outcome of proposed modelling on the potential noise reduction and details of the associated impact of a runway closure.

The full report will be posted on the Department's web site and will be available on the Essendon Airport's community web page.

In recognition of community concern about aircraft noise, the Minister's approval of the Canberra Airport Master Plan was accompanied by the announcement of a review to be conducted by Airservices Australia in 2010, of ways to minimise noise impact. The review will consider options to concentrate aircraft noise away from existing residential areas, especially at night.

Further, in his approval of the Brisbane Airport Master Plan in September 2009, the Minister detailed the steps Brisbane Airport Corporation would be taking to improve the way it engages with nearby communities and responds to their concerns, particularly in relation to aircraft noise. The Minister also committed to the periodic review of the need for a curfew at the Airport.

The Minister has also approved strengthening regulations to provide a clearer framework for adventure flight and historic aircraft activities. The amended regulations require adventure flight operators to engage with the community on the potential noise impact of their operations.

There are however, limits to what the Australian Government can achieve on its own. While Australia's major airports come under Commonwealth planning control, state and local governments are primarily responsible for ensuring complementary development outcomes on land in the vicinity of airports and under busy flight paths. Of particular concern to the Australian Government is the need for an effective national land use planning regime for land near airports and flight paths, both to avoid noise sensitive developments being located in these areas and to protect communities from excessive levels of aircraft noise.

## POLICY ISSUES

### Roles and responsibilities

Globally, responsibility for aircraft noise management is shared between a number of key industry stakeholders:

- › airlines and aircraft operators, who are responsible for using noise-compliant aircraft, implementing noise-abatement principles for flight operations, and contributing to noise-reduction initiatives;
- › air navigation service providers, which are responsible for flight track, noise-sharing and traffic management components, and noise monitoring and complaint reporting;
- › airports, with a responsibility for community engagement, development of noise management plans, and participation in noise-reduction programs and noise monitoring;
- › federal government agencies, which can assist in providing improved noise information to home owners, communities and councils; reviewing the current approach to noise measurement and assessment; identifying best practice noise management options, assisting with programs where necessary to address high levels of noise exposure; continuing regulatory responsibilities, including managing curfews and slots, and accelerating the phasing out of noisy aircraft;
- › state and local governments which need to work in partnership with airports to ensure zoning is consistent with noise exposure information, in addition to introducing appropriate land-use planning around airports and under flight paths; and
- › residents, who should be adequately informed of their aircraft noise exposure near airports and under flight paths and able to contribute effectively to debate about management of noise issues affecting their locality.

#### Aircraft operators

Airlines and other aircraft operators have the potential to significantly improve noise outcomes in affected communities through the use of modern, less noisy aircraft. Continued investment in aircraft compliant with up-to-date ICAO noise standards will reduce the noise impact of individual aircraft movements. However, with continued growth in the number of aircraft movements at major airports, overall noise impacts will not necessarily offer the same improvements. Airlines need to continue to work with Airservices to explore operational improvements which have the capacity to reduce noise in the vicinity of airports and near flight paths.

### Airservices Australia

Airservices' primary role is the provision of safe air traffic management services. However, it also plays an important role in the effective management of aircraft noise and in distributing information about its incidence and effects.

Airservices operates a Noise and Flight Path Monitoring System (NFPMS) at Australia's major airports (Brisbane, Cairns, Canberra, Coolangatta, Sydney, Melbourne, Essendon, Adelaide and Perth) to collect noise and flight path data.

The NFPMS is the world's largest, most geographically spread system of its type and collects noise and flight path data 24 hours a day, seven days a week. Specifically, it records the identity, flight path and altitude of each aircraft operating to and from the airport, the noise levels produced by individual aircraft, weather data, and the general background noise.

The information collected is used to:

- > determine the contribution of aircraft to overall noise exposure;
- > detect occurrences of excessive noise levels from aircraft operations;
- > assess the effects of operational and administrative procedures for noise control and compliance with these procedures;
- > assist in planning of airspace usage;
- > validate noise forecasts and forecasting techniques;
- > assist relevant authorities in land use planning for developments on areas in the vicinity of an airport; and
- > generate reports and provide responses to questions from the Government, industry organisations, community groups and individuals.

Airservices also operates a noise enquiry service and monitors complaints about aircraft noise.

Airservices' role in monitoring and distributing information about aircraft noise and dealing with community concerns is critical and the Government has decided to strengthen this role and the processes that support it. Airservices will establish an Aircraft Noise Ombudsman within the organisation to oversee the handling of aircraft noise enquiries and complaints, conduct independent review of noise complaints handling and make recommendations for improvements where necessary. The Aircraft Noise Ombudsman will also monitor Airservices' consultation arrangements and presentation of noise information with a view of continuing to improve the flow of information to the affected communities. The *WebTrak* initiative has been a major step forward in improving the presentation of aircraft noise information to the general public and the Government sees potential for further improvements in this area.

### Airports

Australian airports currently have very little direct involvement in managing aircraft noise or decisions relating to the land use and development of noise sensitive buildings around the airport and under flight paths. Airports do have a broad scope of influence and it is in their best interests to work with governments, local communities, aircraft operators, regulators and air navigation service providers to help develop practical solutions to minimise noise impacts on communities. The Government is looking to airport operators to work constructively in this area.

### Governments

The Australian Government's capacity to manage the impacts of aircraft noise is somewhat limited in that it only has direct policy and legislative environmental control over the 21 leased federal airports. Many of the airports which are the source of noise complaints — particularly those associated with training circuits and helicopter use — are under the control of state and local governments. However, the noise management policy framework and in particular an enhanced land use planning strategy to avoid incompatible development near leased federal airports and under flight paths can serve as a useful model for other Australian airports.

The Australian Government is committed to working with state and territory governments on improved arrangements for planning and development on leased federal airports. In return there is an expectation that state and territory governments will work with the Commonwealth to ensure off-airport planning complements the future growth of Australia's airports, recognising their strategic and economic local and regional importance.

### Effective basis for planning in aircraft noise-affected areas

The Australian Noise Exposure Forecast (ANEF) System was established in the early 1980s to provide a system to guide land use planning around airports. The ANEF is produced to forecast areas around an airport which are likely to be impacted by higher levels of aircraft noise. It can then help to ensure planning approvals are not granted for inappropriate, noise-sensitive developments that might either expose residents to unacceptable levels of aircraft noise or restrict the operations of the airport. ANEFs are based on average daily community noise exposure levels calculated by reference to the anticipated volume and pattern of aircraft movements at a particular airport. The ANEF is portrayed on a map as a contour around airports. The higher the ANEF value (for example, 20, 30, 40) the greater the average daily noise exposure. As an example, Figure 14.1 illustrates the ANEF around Sydney Airport, Australia's busiest airport.

As a means of safeguarding the future development capacity of Australia's airports and providing guidance for state, territory and local government planning decision makers, the ANEF system remains a useful technical tool.

In particular, long range ANEFs — which in the case of some airports may represent the airport operating at its 'ultimate practical capacity' — are used to depict the forecast noise exposure levels beyond the Airport Master Planning period of 20 years. Many of Australia's leased federal airports provide long range (or ultimate practical capacity) ANEFs in their Master Plans. For example, this approach has been used successfully by both Melbourne and Perth airports for a number of years.

However, the effectiveness of ANEFs as a tool to assist good planning outcomes depends on the way that state and territory governments apply ANEF contours and other aircraft noise measures in planning controls and the extent to which those controls recognise the potential impact of noise-sensitive developments on future airport operations. Not all jurisdictions use the ANEF and associated acoustic building standard AS2021 as a basis for planning decisions.

Stakeholder feedback on the Aviation Green Paper and recently released Discussion Paper: *Safeguards for Airports and the Communities Around Them* identified a number of areas where the application of the ANEF system can be improved. While some supported no change to the current system, other submissions suggested:

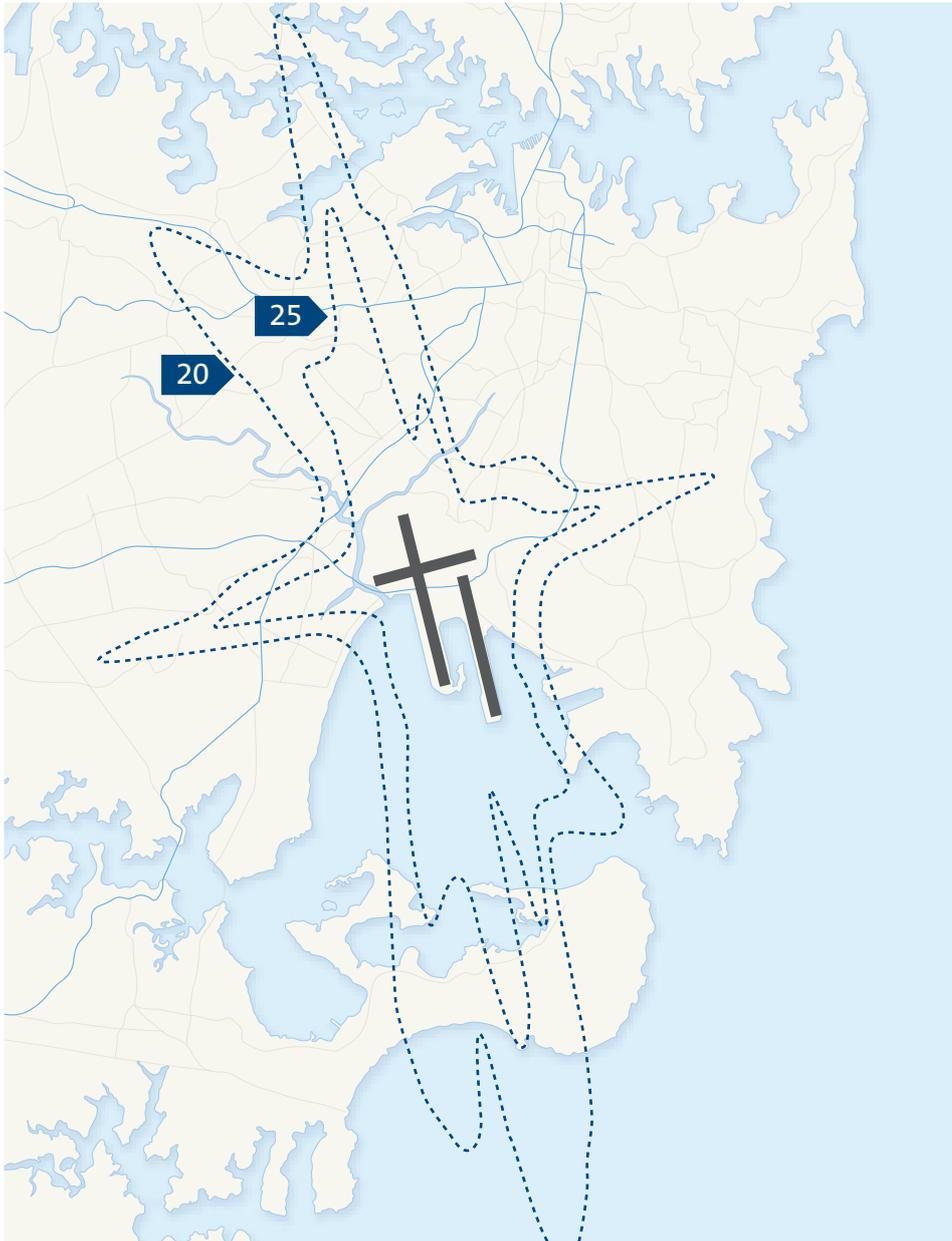
- > There is a need for all jurisdictions to incorporate the ANEF system (and associated acoustic building standard AS2021) into state and local government planning regimes.
- > There is a need for greater clarity on the purpose and use of the ANEF system — as a forecast of future airport operations, as a planning tool, or as a noise descriptor.
- > The system of planning controls needs to make greater allowance for local circumstances. For example, land use decisions in already built out (brownfield) areas around airports and under flight paths may differ from those in greenfield sites or around smaller airports.
- > The highly technical nature of ANEFs means contours do not easily correlate to a publicly understandable decibel noise level, nor portray the numbers of aircraft movements or periods of respite.
- > There should be greater independent assessment of ANEFs produced by airports.
- > ANEFs should be augmented with other useful tools.

History and experience has shown that aircraft noise does not stop at a contour, and aircraft noise complaints are coming increasingly from areas well outside the 20 ANEF value.

Best practice land use planning around airports and flight paths should ideally take into consideration the range of noise information relevant to the local community including the

**Figure 14.1:** Illustrative Australian Noise Exposure Forecast 2029 – Sydney Airport

Source: Sydney Airport Master Plan 2009.



location of flight paths, types of aircraft activity, numbers and timing of aircraft movements, the intensity of noise events from those movements and the comparison to ambient noise levels. The ANEF and the current building standard AS2021 should not be applied by planners in isolation or without merit-based judgement.

A number of alternative information tools have proven effective as noise descriptors. Single event contours show the loudness of individual aircraft operations and can be accumulated across all operations at an airport to generate the N70 measure – contours showing the number of single noise events in excess of 70 decibels. Experience has shown these measures to be effective in providing a more useful illustration of the impact of aircraft noise in particular areas.

Experience has also shown that describing aircraft noise in terms of where aircraft fly, the times and numbers of overflights, the loudness of individual noise events, etc is likely to provide better quality information about aircraft noise exposure patterns. Conventionally disaggregated information of this type has not been readily available — aircraft noise has commonly been described using noise contours which aggregate and average out the various noise components. The Department of Infrastructure, Transport, Regional Development and Local Government has developed the Transparent Noise Information Package (TNIP) to better describe disaggregated aircraft movement information. The information provided by TNIP allows users to more accurately access information about the location and frequency of flights in their localities. Residents can then use their own judgement to assess the likely impact of this activity in their circumstances.

Figure 14.2 shows the information on aircraft movements around Sydney Airport produced by TNIP.

### Improving the current ANEF system

The Australian Government recognises there is scope to improve the current strategies for assessing and managing aircraft noise around airports and under flight paths. The Government therefore will:

- > retain the current ANEF system in Airport Master Plans as a land use planning tool around leased federal airports;
- > work to have all jurisdictions reflect the ANEF system in local planning regimes around airports and under flight paths;
- > improve the technical processes and independence associated with assessment and scrutiny of ANEFs;
- > work to improve planning controls for land use around airports to supplement the ANEF system with additional tools such as flight path location and activity diagrams, and single event contours based on decibels to assist planners and the public to better understand and take account of aircraft noise exposure patterns; and
- > work closely with state and territory planning agencies to prevent noise sensitive developments, including schools and residences, in the vicinity of airports and under flight paths with increased focus on the preservation of existing greenfield sites and scrutiny of rezoning proposals for industrial and rural lands impacted by aircraft noise.

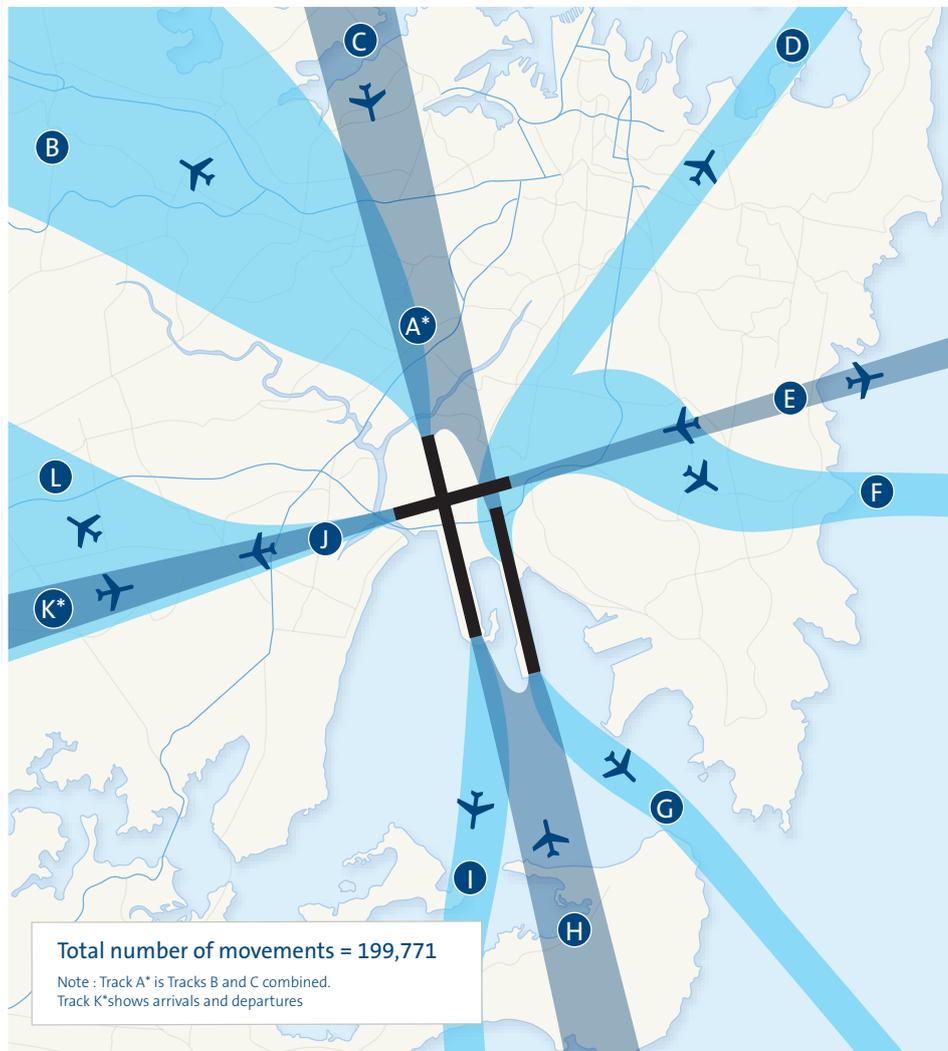
It is essential that airport operators work closely with state, territory and local governments in relation to the impacts of aircraft noise to ensure the optimum outcome is achieved in the community's best interest.

It is also important to recognise the different nature of military aircraft and operations in assessing aircraft noise and the Department of Defence will continue to work with the Department of Infrastructure, Transport, Regional Development and Local Government on improving the current system to reflect current and future military aircraft and operations.

### Limitations on the operation of noisy aircraft

Aircraft operating in Australia are required to meet noise standards specified by the International Civil Aviation Organization (ICAO). Some older aircraft are significantly noisier than their modern counterparts. Most have been 'hush kitted' and are referred to as 'marginally compliant' (ICAO) Chapter 3 aircraft. Chapter 3 refers to the standards set out in ICAO Annex 16, adopted in 1977. These have been updated to the more stringent Chapter 4 standards in 2004. While the numbers of marginally compliant aircraft on the Australian Register are relatively small (around 7) there are a large number of foreign operated marginally compliant aircraft (around 40) approved to operate into Australia. They are predominantly used in the air freight industry and have been an ongoing source of concern for both communities and airports.

**Figure 14.2:** Sydney Airport: Jet Flight Path Movements  
1 January 2007 – 31 December 2007, all jets.



Flight Path	Flight Path type	Average daily jet flights on path	Minimum and maximum numbers of jet flights on path	Percentage of Sydney Airport's total jet flights on path	Percentage of days with no jet flights on flight path
A*	Arrivals/Departures	149	41-293	27%	0%
B	Departures	49	0-131	9%	33%
C	Arrivals	100	0-293	18%	30%
D	Departures	29	0-80	5%	35%
E	Arrivals/Departures	20	0-186	4%	48%
F	Departures	36	0-102	7%	35%
G	Departures	39	0-104	7%	22%
H	Arrivals	134	0-301	24%	5%
I	Departures	102	0-288	19%	2%
J	Departures	39	0-168	7%	18%
K*	Departures	9	0-105	2%	48%
K*	Arrivals	24	0-175	4%	49%
L	Departures	7	0-66	1%	48%

ICAO has adopted a Balanced Approach for aircraft noise management globally that involves:

- > reducing aircraft noise problems through reduction at source;
- > land use planning and management;
- > noise abatement operational procedures; and
- > aircraft operating restrictions.

Some Australian airports have been frustrated by their inability to influence carriers to move to newer generation, quieter aircraft. The Government strongly believes the time has come for industry to move away from the use of aircraft which fail to meet Chapter 4 noise standards. The Government will — consistent with the Balanced Approach principles — introduce regulations to restrict the operations of marginally compliant Chapter 3 aircraft, particularly at noise sensitive times. The regulations will be developed in consultation with stakeholders and will allow the Minister to:

- > restrict the operations of marginally compliant aircraft to certain less sensitive hours;
- > limit operations to certain runways; or
- > prevent operations unless supported by a fully developed business case including community support.

### Maintaining existing curfew arrangements

Airport curfews are one way of managing night time aircraft noise and providing communities around airports with some respite. Australia's reliance on aviation for police support, emergency services, medical evacuations, essential freight, and transport of fresh produce means that some aircraft activity needs to occur during night time hours. A limited number of shoulder movements of passenger aircraft on a quota basis are also allowed during curfew periods to address the time differences during northern hemisphere summer and to fit in with international flight schedules and other international airport curfews.

The Government is committed to maintaining the existing curfew arrangements at Sydney, Adelaide, Gold Coast (Coolangatta) and Essendon Airports. Dispensations will continue to be granted only in exceptional circumstances and will be assessed against the existing 'exceptional circumstances' criteria.

For the purposes of transparency, details of all curfew dispensations for these airports are now being made publicly available.

The Government is conscious of the value of a network of curfew-free airports and has no current intention to introduce additional airport curfews. The government expects the industry to continue to make improvements in the management of aircraft noise including in the implementation of good neighbour operating arrangements for night time movements around airports. It is also important that state and territory governments take full account of the potential impacts of night-time operations at airports in their planning and development approvals, to avoid exposing prospective residents to undesirable levels of aircraft noise.

In the recent review of the Brisbane Airport Master Plan, the airport's management of noise issues was a key focus. The Airport will strengthen its approach to noise management and community engagement on noise issues.

The Government has committed to a formal review of the need for a curfew at Brisbane Airport to inform its consideration of the next Airport Master Plan in 2014.

The review will commence in early 2012 and be completed later that year to allow Brisbane Airport to incorporate its conclusions into the development of its draft Master Plan. The preparation of airport Master Plans requires considerable time and preparation so it is important the review is concluded to allow work on the Master Plan through 2013 and 2014 to be informed by the review's findings.

The review will be led by a high level steering committee with broad-based representation from the aviation industry, business community, state and local government and community representatives. The steering committee will be required to consult widely with the community.

In the interim, the Government will monitor the implementation of the airport's initiatives and collect data about the levels and patterns of night-time aircraft noise around Brisbane.

### Noise disclosure

Readily available and easily understood aircraft noise information is a key noise management tool. Access to comprehensible and up-to-date noise information around airports and under flight paths helps communities understand the impact of aircraft operations and can help avoid unwelcome surprises in experience of aircraft noise a long way from the airport. With recent advances in flight tracking, and the growth of home computing, it is relatively simple to provide ready access to effective aircraft noise information by showing the location of flight paths and the numbers and times of aircraft movements, as well as noise levels for single events.

Broad community support for airports requires community confidence that all options for managing aircraft noise have been examined and an equitable outcome adopted. Airports are encouraged to provide their communities with ready access to information concerning airport operations, flight paths and noise management strategies. This can be done through mechanisms such as airport community consultation committees, airport web sites and open days, thereby enhancing community understanding of noise impacts.

The Government is committed to continuing Airservices' Internet-based information tool *WebTrak*, which provides near real time information of aircraft movements at Australia's major airports.

The Government will also develop an interactive web based application for non-experts utilising the highly successful TNIP computer software already used by many airports in gaining an understanding of the noise exposure patterns around airports over time.

State, territory and local governments are encouraged to use these and other appropriate tools to ensure full disclosure of aircraft noise information to prospective home builders, buyers and sellers in the vicinity of airports and under flight paths.

### Noise insulation program

Nationally coherent land use planning will assist in directing future incompatible land use — such as schools and residences — away from airport environs, but may not address those established communities already living near major civil airports in heavily built-up areas.

The Aircraft Noise Insulation Programs implemented in Sydney and Adelaide, funded by an industry levy, have ensured that noise sensitive buildings in high noise exposure zones around the airports have been insulated against the impacts of aircraft noise. The Sydney program is complete, with Adelaide likely to be completed in 2010.

The Government recognises the possibility that future major civil airport operations and air traffic changes may place some residences into high noise exposure zones. The Government will develop a framework, in consultation with the industry, for an industry-funded program for civil airports that ensures future insulation projects will be assessed and delivered against world's best practice attenuation initiatives. This will be consistent with the approach taken at Sydney and Adelaide in introducing their noise insulation programs which has provided for insulation measures for public buildings in the 25 Australian Noise Exposure Index (ANEI), for houses in the 30 ANEI and for voluntary acquisition above the 40 ANEI. An improved framework would incorporate, but not be limited to, these measures.

## CONCLUSION

The Australian Government will continue to work with the aviation industry to ensure the impacts of aircraft noise are minimised and to find practical solutions for noise amelioration.

To help all stakeholders understand their respective roles and responsibilities in relation to the management of aircraft noise impacts on the community, the Government will:

- > ensure future airport operations and their economic viability are not constrained by incompatible development and protect existing and future communities from undue exposure to aircraft noise by working through COAG and other forums to put in place an effective national land use planning regime for land near airports and flight paths.

The Government will also:

- > regulate to restrict the operations of marginally compliant Chapter 3 aircraft, such as hush-kitted Boeing 727s, where they contribute to unacceptable levels of noise;
- > maintain the existing curfew regime at Sydney, Adelaide, Gold Coast (Coolangatta) and Essendon airports, where communities have grown in expectation of these arrangements continuing;
- > monitor the noise impact of future airport growth at Brisbane where significant new development and activity is planned over the next decade and establish a review process on any need for a future curfew;
- > establish within Airservices Australia an Aircraft Noise Ombudsman to:
  - independently review noise complaints handling procedures and make recommendations for improvements where necessary; and
  - improve Airservices' consultation arrangements and the presentation and distribution of aircraft noise –related information to the general public;
- > ensure ready access for stakeholders to easily understood information, including through the development of an interactive web based application for non-experts to access aircraft noise information using the Transparent Noise Information Package (TNIP); and
- > develop a framework in consultation with stakeholders for an industry funded noise amelioration program where future major civil airport operations and air traffic changes place residences into high-noise exposure zones.



## Appendices and glossary



## Appendix A: The Principles and Guidelines to assess the provision of Government services at new Australian international airports

### Principle 1

New airports should be developed in alignment with the national interest including economic benefits and the Government's regional development, border security, air services and tourism policies.

Guideline:

Proposals should detail the benefits to be derived or delivered from a new international airport including economic benefits (market, tourism and employment growth) regional development benefits, and alignment and support of contemporary aviation and tourism policies.

Guideline:

Consideration will be given by relevant Government agencies to the potential impacts of the new international airport, in particular on border protection, national security, Government investment and bio-security, and on regional development and tourism.

Guideline:

The associated costs (of processing passengers) at new airports should not be greater than those currently in place at existing airports. Where costs are greater, the Government may consider either to absorb the costs on the basis of national interest, or put in place a mechanism to recover the additional costs.

### Principle 2

New international airport proponents provide the Commonwealth with an evidence-based business case to demonstrate viability.

Guideline:

Proposals are to detail the airline/s involved, the number of flights per day and the expected timing of those flights, and the expected passenger loading. These operational details are to be outlined for a projected five year period.

Guideline:

Proposals are to incorporate evidence that demonstrates viability, for example the financial status of the new airport operator, the commitment by the airline/s, and sustainability of the proposed business model or method of operation.

Guideline:

Proposals are to incorporate advice about other regulatory approvals, in particular state and local government approvals, required for the operation of new international airport, incorporating the status of those approval processes. Proponents should also advise if a proposal requires involvement from the Minister of Defence.

### Principle 3

Proponents not face unreasonable barriers to entry into the market.

Guideline:

Unreasonable in this context would be, for example, unsubstantiated or artificial requirements that would apply to that proponent or proposal.

**Principle 4**

The establishment of a new international airport should not of itself produce a diminution of Commonwealth service standards at existing airports.

## Guideline:

Consideration of border agency and policing service provisions will take account of factors including the geographic location of the new international airport, intelligence reporting, security assessments, proximity to other border agency locations, the costs associated with attracting and retaining staff in remote regional locations, start up costs for provision of equipment and, at some locations, for staff accommodation.

**Principle 5**

New international airport proponents pay for infrastructure and capital start up costs consistent with the 'Guide to Airport Operators'.

## Guideline:

Proposals are to outline the proposed development of the new international airport and detail how border agency, security and policing accommodation and infrastructure requirements will be met. In that context new airport operators should refer to the 'Guide to Airport Operators'.

**Principle 6**

The approval process for new Australian international airports be efficient, equitable and transparent.

## Guideline:

The consideration of proposals including decision making and border agency and policing costs will be determined through an efficient, equitable and transparent process. Proposed new operators will be advised of the reasons for a decision within a set timeframe.

## APPENDIX B: Civil Aviation Safety Authority Board membership

### Chair

**Dr Allan Hawke** has been Secretary of a number of Government departments including the Department of Transport and Regional Services. He is currently the Chair of two other Boards – the Motor Trades Association of Australia Superannuation Fund Trustee Board and the Defence Science and Technology Organisation Board. Dr Hawke is a Director of Datacom, a member of the Board of the Canberra Raiders, and was the High Commissioner to New Zealand from 2003 to 2006.

### Deputy Chair

**Mr David Gray** was managing director of Boeing Australia for 11 years until 2006. Among other Board memberships, Mr Gray is the Chair of Queensland Motorways and Chair of the Australian Research Council for Aviation Automation. Mr Gray is a Fellow of the Royal Aeronautical Society and has been awarded the Centenary Medal for his contribution to the aviation industry.

### Members

**Ms Helen Gillies** is the general manager of Risk and Compliance and Corporate Counsel with Sinclair Knight Merz. Ms Gillies has been practising law for 20 years and in 2008 completed a six year term as Director of Sinclair Knight Merz Management Pty Ltd. Ms Gillies won the ACLA (Australian Corporate Lawyers Association) Australian Corporate Lawyer of the Year award in 2008.

**Mr Trevor Danos** is currently a Partner with Corrs Chambers Westgarth. Among other current Board memberships, Mr Danos is President of the Science Foundation for Physics (University of Sydney) and Deputy Chair, Human Research Ethics Committee (University of Sydney). He has practised law for over 25 years and specialises in the areas of banking and finance as well as Federal and State government procurement.

**Mr John McCormick** is an *ex officio* member of the Board for the duration of his appointment as the Director of Aviation Safety. He retains responsibility for the day-to-day management of CASA.

# APPENDIX C: Civil Aviation Safety Authority Board Statements of Expectations and Intent

## Statement of Expectations

For the Board of the Civil Aviation Safety Authority  
1 July 2009 to 30 June 2011

Safety is the Australian Government's first priority in aviation and our system of safety regulation must be robust, efficient and effective. The Civil Aviation Safety Authority (CASA) has the central role in working with industry to ensure Australia maintains its strong safety record.

The strategic direction and guidance in this Statement is given in accordance with my powers under section 12A of the *Civil Aviation Act 1988* (the Act) and is intended to clarify the broader Government policy framework in which the Board and CASA operate. The Board reports directly to me as the responsible Minister.

This Statement of Expectations replaces the Statement of Expectations dated 12 March 2007.

### Governance

The functions of the Board under the Act are:

- > deciding the objectives, strategies and policies to be followed by CASA;
- > ensuring CASA performs its functions in a proper, efficient and effective manner; and
- > ensuring CASA complies with directions given by the Minister under section 12B.

I expect the Board to meet its responsibilities under the Act through direction and support to the Director of Aviation Safety and CASA's senior management, liaison with other Australian Government agencies with responsibility for safety, and effective and appropriate relationships with the aviation industry.

The Government's intention is that the Board will operate at a strategic level, with the Director of Aviation Safety carrying responsibility for regulatory decision making. The Board will have particular focus on the governance of the organisation and the effectiveness of its performance.

### Government priorities – the National Aviation Policy Statement

As I announced in releasing the Aviation Green Paper last year, safety must underpin everything else in aviation and the safety of passenger carrying operations should remain CASA's highest priority. I look forward to receiving the Board's advice on its priorities for CASA's work, including what the Board sees as key emerging safety risks in Australian aviation and its approach to the relationship CASA should have with industry. I would also appreciate the Board's input to the Government's development of the policy framework for the management of Australian airspace and as we implement a long-term funding arrangement for CASA.

I would ask that the Board as a priority address the reform of the aviation safety regulatory system. Industry is rightly concerned that Australia's safety regulatory system has taken too long to be reviewed and updated to align with best practice international safety requirements. The Board needs to set in place an effective and timely process for the completion of the regulatory reviews now underway and determine a long-term best practice review process to ensure Australia's safety regulations are regularly updated in consultation with industry.

### Safety oversight and service delivery

I expect CASA to be a firm regulator focused on legislated safety related functions and responsibilities, and delivering a consistent message to industry on safety and related regulatory matters. Aviation safety is critical to the viability of the aviation industry. CASA must be clear about the need for industry to remain attentive to safety, especially in the current economic circumstances. At the same time, CASA needs to be mindful of the need to achieve regulatory outcomes without adding unnecessarily to industry costs.

I would like the Board and the Director of Aviation Safety to consider the regulatory development activities CASA is undertaking and provide me with a prioritised action plan, based on relative safety impact and importance. Core work on reform of the civil aviation regulations needs to proceed promptly, in accordance with the timetable I outlined in the Green Paper.

#### **Portfolio and other relationships**

I expect CASA to work closely with my office, the Department of Infrastructure, Transport, Regional Development and Local Government (the Department) and other Australian Government agencies, including the Australian Transport Safety Bureau (ATSB) and Airservices Australia, to deliver integrated and comprehensive safety regulatory advice. In particular, CASA should maintain a close and constructive working relationship with the Department and keep my office and the Department informed of all key issues and strategies. CASA should also seek to ensure its involvement in other investigation processes, including coronial inquiries, continues to be constructive.

In addition to the agreed operational priorities set out in CASA's Corporate Plan, I expect CASA to engage constructively in processes where it can provide information, assistance or advice for the purposes of policy formulation, implementation and regulation being undertaken by Government agencies, both within and outside my portfolio. This may include issues such as airport developments, airspace protection, ATSB investigations, and any other government processes that can benefit from CASA's expertise.

#### **Parliament**

CASA has a responsibility to provide advice on its operations to me, the Parliament and, through the Parliament, the Australian public. Timely and accurate advice in response to requests for input to ministerial representations, parliamentary questions and other information and briefing should be given high priority. The Department will continue to take the lead in the portfolio in meeting these responsibilities.

#### **International**

It is important that Australia continues to advocate aviation safety objectives through active membership of the International Civil Aviation Organization (ICAO) and participation in other international forums. Through targeted engagement in ICAO panels and other activities, CASA can play an important role in maintaining Australia's strong record of participation and support to the organisation. I expect CASA to maintain its commitment to this framework, in accordance with the Memorandum of Understanding between CASA, the Department and Airservices Australia on the management of Australia's ICAO responsibilities. I also encourage the continuation of CASA's bilateral safety agreements, arrangements and consultations, and CASA's constructive participation in the Government's safety initiatives in Indonesia, Papua New Guinea and the Pacific island countries.

#### **Industry liaison**

As set out in the Green Paper, CASA's relationship with the aviation sector is critical to achieving safety outcomes. Good communication and consultation, backed by a common understanding that CASA's ultimate responsibility is the safety of the travelling public, should inform all CASA's regulatory and public information activities.

#### **Conclusion**

I look forward to working with the Board and the Director of Aviation Safety as you confront the challenging times ahead. I am confident I will receive your support and cooperation in achieving the goals outlined in this Statement.

I ask that you provide me with a statement of intentions within two months, outlining your program for meeting these expectations, including your performance milestones.

## Statement of Intent

Civil Aviation Safety Authority Board

1 July 2009 to 30 June 2011

The CASA Board acknowledges safety as the Australian Government's first priority in aviation and will work to ensure a robust, efficient and effective system of regulation. CASA's central role is to work with industry and other stakeholders to ensure Australia maintains its strong aviation safety record.

### Governance

The Board will report directly to the Minister for Infrastructure, Transport, Regional Development and Local Government in accordance with this Statement of Intent, which covers the broader Government policy framework that the Board and CASA operate under.

The *Civil Aviation Act 1988* (the Act) sets out the Board's functions as:

- > deciding the objectives, strategies and policies to be followed by CASA;
- > ensuring CASA performs its functions in a proper, efficient and effective manner; and
- > compliance by CASA with Ministerial Directions under Section 12B.

To this end, we will provide strategic direction and support to the Director of Aviation Safety and through him to CASA's senior management. We will also facilitate close cooperation with other Australian and international agencies with aviation safety responsibilities and appropriate industry relationships.

The Board will operate at a strategic level, with the Director of Aviation Safety retaining full responsibility for regulatory decision making. CASA's governance and effectiveness in carrying out its functions under the Act will receive particular attention.

### Government Priorities – the National Aviation Policy Statement

The Board believes safety must underpin every consideration in aviation; CASA's highest priority being the safety of passenger carrying operations.

We will progress the civil aviation regulatory reform program as a priority so that our standards align appropriately with best practice international safety requirements. We are cognisant of and share concerns about the inordinate length of time that this program has taken. The Board will, accordingly, put in place an effective and timely process for completion of the regulatory reviews now underway and develop a long term process to ensure that Australia's aviation safety regulations are regularly reviewed and updated in consultation with the aviation industry so that regulatory outcomes are achieved without adding unnecessarily to industry costs.

The Board will ensure the National Aviation Policy Green Paper initiatives and relevant requirements of the National Aviation Policy Statement (the White Paper) are implemented effectively and efficiently.

Once the White Paper is handed down, we will be in a position to advise the Minister on CASA's work priorities, including key emerging safety risks in Australian aviation and the relationship we are seeking with the industry. We are already working on our input to the Government's development of the policy framework for managing Australian airspace and a long term sustainable funding arrangement for CASA, in concert with the Department.

### Safety Oversight and Service Delivery

Safety is critical to the ongoing viability of the aviation industry. Australia is a global leader in aviation safety and has an enviable record. Fatal accident rates for both high and low capacity regular public transport services are low in Australia. CASA must not be complacent about this and industry needs to remain especially attentive to safety in the current economic circumstances.

The Board will give priority to its core regulatory function and the other important safety related functions and responsibilities outlined in the Act, aligning CASA's resources to ensure the best possible aviation safety outcomes. We will deliver a consistent message to the aviation industry that CASA will be a firm regulator focussed on its legislated safety and related regulatory matters. Whilst the Board will ensure CASA is clear about the need for industry to take ownership of achieving safety outcomes, the safety framework also needs to be flexible enough to deal with technological developments and cost structure changes in the aviation industry. Accordingly, CASA commits to facilitating high quality safety outcomes while avoiding unintended industry impacts from unnecessary regulatory constraints.

#### **Portfolio and other Relationships**

The Board expects CASA to work closely with the Minister's office, the Department and other portfolio agencies, including the Australian Transport Safety Bureau (ATSB) and Airservices Australia, to deliver integrated and comprehensive safety regulatory advice and outcomes. We will ensure CASA maintains its close and constructive working relationship with your Department and office, informing them of key issues and strategies.

To strengthen better working relationships across the agencies involved in aviation policy, regulation and service provision, CASA will inter alia use the Aviation Policy Group and Aviation Implementation Group to work closely with the Department, Airservices Australia and RAAF on aviation issues and to maintain open communication channels between the four bodies.

CASA will provide information, assistance and advice for the purposes of policy formulation, implementation and regulation being undertaken by Government agencies, within and outside your portfolio. This will include airport developments, airspace protection, and continuing constructive involvement in coronial inquiries and ATSB investigations.

#### **Parliament**

As a Commonwealth Statutory Authority, CASA is committed to being publically accountable for its actions. CASA will provide timely and accurate advice in response to requests for input to Ministerial representations, parliamentary questions and other information and briefings. We understand and accept the Department's lead role in meeting these responsibilities.

#### **International**

The Board recognises the importance of Australia continuing to advocate aviation safety objectives through active membership of the International Civil Aviation Organization (ICAO) and participation in other international forums. CASA will maintain its commitment to the Memorandum of Understanding between CASA, the Department, and Airservices Australia on the management of Australia's ICAO responsibilities. CASA will continue to progress the establishment of bilateral aviation safety arrangements that aim to reduce regulatory duplication and provide greater market access opportunities for Australian manufacturers.

CASA will participate actively in the Government's safety initiatives in Indonesia, Papua New Guinea and the Pacific island countries. CASA will also provide technical support to the Australian representative on the Council of the Pacific Aviation Safety Office and continue to engage in Papua New Guinea Aviation Interagency Implementation Working Group meetings.

As a member of the Universal Safety Oversight Audit Program Working Group, CASA will monitor the outcomes of ICAO audits of Australia's overall safety oversight capabilities and will fully respect the ICAO comments relating to CASA. CASA will continue to provide valuable input, together with other members of the Working Group.

#### **Industry Liaison**

The Board views CASA's relationship with the aviation industry as critical to the achievement of safety outcomes. Good communication and consultation, backed by a common understanding that CASA's highest priority is the safety of the travelling public, will guide all CASA's regulatory and public information activities.

**Performance Milestones**

Following release of the White Paper, the Board will finalise its Corporate Plan for Ministerial consideration. This will articulate how CASA is to meet the commitments outlined in this statement and the White Paper. The Corporate Plan will also comment on CASA's operational environment, strategies and performance measures, review performance against previous corporate plans, and analyse the risk factors likely to affect safety in the aviation industry.

The Board will also provide the Minister with a prioritised action plan for the regulatory reform process, based on safety impact and performance.

**Conclusion**

The Board recognises its statutory role of setting the objectives, strategies and policies to be followed by CASA. We will ensure that CASA performs its functions in a proper, efficient and effective manner.

While acknowledging the White Paper is close to finalisation, the Board has placed particular emphasis on the following areas in the interim:

- > the need for CASA to focus on its core activity, the regulation of aviation safety;
- > strengthening governance arrangements;
- > ensuring CASA's staff are trained and deployed to provide the best possible oversight and surveillance; and
- > completion of the regulatory reform program in an appropriate and timely manner.

These four key drivers are an important part of our planning process and will be reflected in detail in CASA's Corporate Plan.

## APPENDIX D: Australian Transport Safety Bureau Commission membership

### Chief Commissioner

**Mr Martin Dolan** was appointed Chief Commissioner of the Australian Transport Safety Bureau on 1 July 2009.

Prior to this, Mr Dolan was Chief Executive Officer of Comcare. He had joined Comcare as Deputy CEO in March 2006.

Before joining Comcare, Mr Dolan was Chief Executive Officer at the Australian Energy Market Commission, and was responsible for setting up the organisation that sets the rules for the operation of Australia's electricity and gas markets.

From 2001-2005 he was the Executive Director, Aviation and Airports, at the then Department of Transport and Regional Services, with responsibility for airport sales and regulation, aviation security, aviation safety policy and international aviation negotiations.

Previously, Mr Dolan had undertaken various corporate management roles in the Department of Agriculture, Fisheries and Forestry, including Chief Finance Officer and then Head of Corporate Management. He started his public service career in 1980 with AusAid, managing aid projects in developing countries.

### Commissioner

**Mr Noel Hart** has over thirty years experience in the shipping industry, including thirteen years at sea in senior deck officer positions. His qualifications include a Master Mariners Degree, and Business Administration and MBA certificates.

Mr Hart joined BP Australia in 1985 and has since held management positions with BP Shipping in Melbourne, London and Chicago, including Asia Pacific Regional Shipping Manager, Liquefied Natural Gas and Shuttle Tanker Fleet Manager, Marine and Technical Assurance Manager in the UK, and Regional and Commercial Manager in the USA.

He was appointed to the position of General Manager of North West Shelf Shipping Service Company from April 2006 to August 2009, based in Perth and responsible for the safe shipping of Liquefied Natural Gas to customers in Asia and beyond.

Whilst based in London, Mr Hart was Chairman of the General Purposes Committees of both the Oil Companies International Marine Forum and Society of International Gas Tanker and Terminal Operator's. He has also been a Director of the Middle East Navigational Aids Service, and an alternate director of the Alaskan Tanker Company, the Marine Preservation Society in the USA and the Marine Oil Spill Response Centre in Australia.

In November 2008, Mr Hart was elected as Chairman of the Australian Shipowners Association, and in July 2009 was appointed as a Commissioner of the Australian Transport Safety Bureau.

## APPENDIX E: Proposed new Prohibited Items list

The following is a list of Australia's new proposed Prohibited Items list

### BLUNT INSTRUMENTS

#### New proposed Australian prohibited items list

Objects capable of being used to cause serious injury when used to hit, including:

- > Baseball, softball, and cricket bats and any similar thing used in sport
- > Hockey and lacrosse sticks and any similar thing used in sport
- > Billiard, pool or snooker cues
- > Golf clubs
- > Any other piece of wood, metal or any other substance big enough to threaten a person with

### GUNS, FIREARMS and OTHER DEVICES

#### New proposed Australian prohibited items list

Devices capable or appearing capable of being used to cause serious injury by discharging a projectile, including:

- > Firearm of any kind
- > Petrol and other flammable liquid
- > Fireworks
- > Toy caps
- > Aerosol container (unless it is for personal or medical uses)

Things capable of being used to restrain a person including:

- > Handcuffs
- > Cable ties

## OBJECTS WITH SHARP POINTS OR SHARP EDGES

### New proposed Australian prohibited items list

Objects with a sharp point or sharp edge capable of being used to cause serious injury including:

- > Items designed for chopping such as axes, hatchets and cleavers
- > Bodkins
- > Box cutter
- > Crampons
- > Darts
- > Hypodermic needles (whether or not attached to syringes) unless medical proof is provided for its use
- > Ice axes and ice picks
- > Ice skates
- > Knives
- > Letter opener
- > Martial arts equipment with a sharp point or sharp edge
- > Meat cleavers
- > Razor blades and open razors (excluding safety razors)
- > Rock climbing equipment such as pitons, hooks, hammers and bolts
- > Saws
- > Scalpels
- > Pointed metal scissors
- > Ski poles

## APPENDIX F: Glossary

Accredited Air Cargo Agent (AACCA) Scheme	The AACCA Scheme enhances the security of cargo to be carried on an aircraft. It extends the Regulated Air Cargo Agent (RACA) Scheme to cover smaller operators with less complex business operations, such as couriers and contract drivers. Both Schemes apply to cargo to be carried on an aircraft domestically and internationally from anywhere in Australia.
Advanced Surface Movement Guidance and Control Systems (A-SMGCS)	A system providing routing, guidance and surveillance for the control of aircraft and vehicles in order to maintain the declared surface movement rate under all weather conditions within the aerodrome visibility operational level while maintaining the required level of safety.
Aerodrome Local Ownership Plan (ALOP)	A program established by the Commonwealth in 1956 to provide assistance to regional aerodromes under a local ownership structure. The Plan also oversaw the transfer of local aerodromes to local owners, predominantly local councils, in the early 1990s.
Aero medical operators	Air services that provide medical assistance/medical services such as the Royal Flying Doctor Service and rescue helicopter services.
Aeronautical uses	The use of an airport for aviation related purposes, including aircraft movements and maintenance and any facilities at an airport to enable people to travel.
Aeroskills Training Package	A Training Package is an integrated set of nationally endorsed competency standards, assessment guidelines and Australian Qualifications Framework (AQF) qualifications for a specific industry, industry sector or enterprise. The Aeroskills Training Package specifies these standards for a range of competencies in the aviation and aerospace industry.
Airborne Collision Avoidance Systems (ACAS)	A new technology for air navigation that provides the pilot with the position of their aircraft in relation to other aircraft in the area.
Aircraft Collision Avoidance Systems (ACAS)	An ICAO standard specified in Annex 10 Vol IV which provides pilots with a system independent of air traffic control to detect the presence of other aircraft which may present a threat of collision.
Airport Master Plan	The principle planning document required under the <i>Airports Act 1996</i> setting out a twenty year plan for each leased federal airport.
Airservices Australia	The Australian Government agency providing air traffic control management and related airside services to the aviation industry.
Airservices Australia Noise Enquiry Unit	A toll-free enquiry line operated by Airservices Australia to provide the public with information on noise levels at major airports.
Approach with Vertical Guidance (APV)	An instrument approaches that give pilots vertical guidance, providing significant safety, operational and environmental benefits over traditional non precision approaches. These new approaches are known as APVs and generally require the use of augmented satellite navigation systems. Advantages of APVs include safer approach path guidance, simpler approach procedures and lower minimum descent altitudes in adverse weather.
The Australian Advanced Air Traffic System (TAATS)	The air traffic management system controlling Australian airspace based around two major city centres at Brisbane and Melbourne.

Area Navigation (RNAV)	Part of the broader Performance Based Navigation concept, a method of navigation that permits aircraft operation on any desired course within the coverage of station-referenced navigation signals or within the limits of a self contained system capability, or a combination of these.
Australian Airspace Policy Statement (AAPS)	A statement providing guidance to the Office of Airspace Regulation (OAR), in the Civil Aviation Safety Authority (CASA), on the administration of Australian airspace noting the functions of, and exercise of powers by, the OAR as set out in <i>the Airspace Act 2007</i> and the Airspace Regulations 2007.
Australian Noise Exposure Forecast (ANEF)	A system developed as a land use planning tool aimed at controlling encroachment on airports by noise sensitive buildings. The system underpins Australian Standard AS2021 'Acoustics – Aircraft noise intrusion – Building siting and construction'. The Standard contains advice on the acceptability of building sites based on ANEF zones.. ANEFs are the official forecasts of future noise exposure patterns around an airport and they constitute the contours on which land use planning authorities base their controls.
Australian Noise Exposure Index	Contours developed under the ANEF framework showing historic noise exposure patterns used in environmental reporting and benchmarking.
Australian Quality Training Framework (AQTF)	The national set of standards which assures nationally consistent, high-quality training and assessment services for the clients of Australia's vocational education and training system.
Australian Strategic Air Traffic Management Group (ASTRA)	A collaborative group of aviation and airport organisations to assist Australia's aviation community in identifying and planning future air traffic management needs.
Australian Transport Safety Bureau (ATSB)	An independent Australian Government statutory agency governed by a Commission, the ATSB is separate from transport regulators, policy makers and service providers. The ATSB's function is to improve safety and public confidence in the aviation, marine and rail modes of transport through excellence in: independent investigation of transport accidents and other safety occurrences; safety data recording, analysis and research; and fostering safety awareness, knowledge and action.
Automatic Dependent Surveillance-Broadcast (ADS-B)	A satellite-based air traffic surveillance technology that enables aircraft to be accurately tracked by air traffic controllers and other pilots without the need for conventional radar.
Aviation Implementation Group (AIG)	A group within the Aviation Policy Group (APG) supporting the APG in the implementation of cross agency air traffic policy strategies.
Aviation Policy Group (APG)	A CEO-level interagency group that includes the Department of Infrastructure, Transport, Regional Development and Local Government, Airservices Australia, CASA and the RAAF. The APG was formed to establish better working relationships across the four agencies involved in aviation policy, regulation and service provision.
Aviation Security Identification Card (ASIC)	An identification card issued, after a background check, to persons requiring unescorted access to the secure areas of airports.

Aviation Training Package	A Training Package is an integrated set of nationally endorsed competency standards, assessment guidelines and Australian Qualifications Framework (AQF) qualifications for a specific industry, industry sector or enterprise. The Aviation Training Package specifies these standards for a range of competencies in the aviation industry including pilots, air traffic controllers and ground-based support staff.
Bureau of Infrastructure, Transport and Regional Economics (BITRE)	The Bureau of Infrastructure, Transport and Regional Economics (BITRE) provides economic analysis, research and statistics on infrastructure, transport, regional development and local government issues to inform both Australian Government policy development and wider community understanding.
Bilateral air services agreements	Government-to-government arrangements that regulate the operation of international air services between two countries.
Cabotage	The right of an airline of one country to carry domestic traffic within the territory of another country.
Carbon Pollution Reduction Scheme (CPRS)	An emissions trading scheme developed by the Australian Government's which uses a cap and trade mechanism to reduce Australia's greenhouse gas emissions.
Chapter 3 aircraft	Standards for noise certification of aircraft are set out in ICAO Annex 16. In 2004, Chapter 4 standards were adopted, replacing the previous, less stringent standards of Chapter 3 established in 1977.
Chicago Convention	The Convention on International Civil Aviation (also known as Chicago Convention), signed on 7 December 1944, established the framework for regulatory oversight of international air services.
Civil Aviation Safety Authority (CASA)	An independent statutory body responsible for regulating aviation safety in Australia and the safety of Australian aircraft overseas.
Controlled airspace	Airspace of defined dimensions within which air traffic control services are provided in accordance with airspace classifications.
Curfews	A restriction on certain flights taking off or landing from specified airports at designated times.
Enroute Charges Rebate Scheme	The Payment Scheme for Airservices Enroute Charges provides assistance with the payment of en route air traffic control charges to airlines providing eligible regular public transport and aeromedical services operators in regional Australia.
Export Market Development Scheme	The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters.
General Aviation Aerodrome Procedures (GAAP) airports	Airports operating under a set of procedures in Australian Class D airspace, designed to cater for high density air traffic operations in Visual Meteorological Conditions. GAAP airports are Archerfield (Qld), Bankstown, Camden (NSW), Moorabbin (Vic), Parafield (SA) and Jandakot (WA).
Global Navigation Satellite Systems (GNSS)	The generic term for satellite navigation systems that provide autonomous geo-spatial positioning with global coverage.
Global Positioning System (GPS)	The US-based system which provides the only fully functional GNSS.
Indonesia Transport Safety Assistance Package (ITSAP)	An Australian Government assistance measure to enhance the safety of Indonesia's aviation and marine transport network.

Industry skills councils	The 11 national Industry Skills Councils (ISCs) cover the skills needs of most Australian industry. In general terms these organisations work to involve industry with the development of nationally applicable vocational education and training. ISCs are privately registered companies run by industry-based boards of directors, but whose funding is provided substantially by the Australian Government through the Department of Education, Employment and Workplace Relations. ISCs give all industries, peak bodies, enterprises, unions, training organisations and governments a voice in Australia’s vocational education and training system through a national system of industry advisory arrangements and a structure based on industry-led boards of directors and standing committees.
International Air Transport Association (IATA)	An international organisation representing and serving the airline industry world-wide.
International Civil Aviation Organization (ICAO)	A United Nations specialised agency which is the global forum for civil aviation, working to achieve safe, secure and sustainable development of civil aviation through cooperation amongst its member States.
Leased federal airports	The 21 airports privatised under the <i>Airports Act 1996</i> where the airport operators lease the airport land from the Australian Government.
Major Development Plan	A requirement under the <i>Airports Act 1996</i> for airport lessee companies to provide information to the Australian Government and the public about significant planned development on leased federal airport sites
Montreal Convention	The Montreal Convention is a treaty adopted by ICAO. It amended provisions of the Warsaw Convention’s regime concerning compensation for the victims of air disasters.
Non-aeronautical development	Non-aviation commercial developments, such as retail outlets and office buildings, on airport sites.
Obstacle Limitation Surfaces (OLS)	A series of surfaces that define the volume of airspace at and around an aerodrome to be kept free of obstacles in order to permit the intended aeroplane operations to be conducted safely and to prevent the aerodrome from becoming unusable by the growth of obstacles around the aerodrome.
Office of Airspace Regulation (OAR)	An office in CASA responsible for determining the safest and most efficient use of Australia’ air space.
Performance Based Navigation (PBN)	A framework for defining performance requirements in “navigation specifications.” PBN framework can be applied to an air traffic route, instrument procedure, or defined airspace. PBN provides a basis for the design and implementation of automated flight paths as well as for airspace design and obstacle clearance. The two main components of PBN framework are Area Navigation (RNAV) and Required Navigation Performance (RNP). Once the required performance level is established, the aircraft’s own capability determines whether it can safely achieve the specified performance and qualify for the operation.
Procedures for Air Navigation Services – Aircraft Operations (PAN-OPS)	A set of ICAO rules for designing instrument approach and departure procedures at aerodromes.

Registered Training Organisation (RTO)	Training organisations registered by state and territory training authorities to deliver nationally recognised training under the Australian Quality Training Framework.
Regular public transport (RPT)	Commercial airline services operating to a regular schedule
Regulated Air Cargo Agent (RACA)	Businesses who security clear, handle or make arrangements for the transport of Australian international and domestic air cargo that has been security cleared must become a Regulated Air Cargo Agent.
Remote Aerodrome Inspection (RAI) Program	Provides annual aerodrome inspections to 59 indigenous community aerodromes located above the 19 <sup>th</sup> parallel.
Remote Aerodrome safety Program (RASP)	A cooperative Commonwealth/state and territory funding scheme for improving the safety and accessibility of airstrips in remote and isolated communities.
Remote Air Service Subsidy (RASS) Scheme	A An Australian Government funded subsidy scheme to provide remote and isolated communities with regular weekly air services.
Remote Aviation Infrastructure Fund	A fund established by the Australian Government in the 2009–10 Budget to improve the safety of a number of air strips operating under the RASS Scheme.
Required navigation performance	Part of the broader Performance Based Navigation concept, a statement of the navigation performance necessary for operation within a defined airspace.
Safety Management System	A systematic approach to managing safety, including the necessary organisational structures, accountabilities, policies and procedures.
Satellite-Based Augmentation Systems (SBAS)	A system that supports wide-area or regional augmentation through the use of additional satellite-broadcast messages. Such systems are commonly composed of multiple ground stations, located at accurately-surveyed points.
Skills Australia	Skills Australia has been established by the Australian Government to provide expert and independent advice on matters relating to Australia's current, emerging and future workforce skills and workforce development needs.
Strongim Gavman Program	A program established by the Australian Government with the Papua New Guinea Government to work together to strengthen PNG's financial and economic management, public sector reform, governance including a broad anti-corruption focus, law and justice and border security. The Program provides assistance to the PNG Government in these areas through the placement of Australians in in-line and advisory roles within PNG Government agencies and departments.
Terrain Avoidance Warning Systems (TAWS)	Terrain Awareness and Warning Systems (TAWS) are recent technology advances introduced internationally to reduce the risk of aircraft accidents involving controlled flight into terrain. TAWS provides advantages over earlier ground proximity warning systems in the capability to warn flight crews of terrain hazards ahead of the aeroplane, thus giving much earlier aural and visual warning to aid in preventing inadvertent controlled flight into terrain.

<p>United Nations Framework Convention on Climate Change (UNFCCC)</p>	<p>The object and purpose of the UNFCCC is to stabilise ‘greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous [human-induced] interference with the climate system’. Under the UNFCCC, it is envisaged that ‘such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that production is not threatened and to enable economic development to proceed in a sustainable manner’. Australia is a party to the UNFCCC which came into force on 21 March 1994 and now enjoys near universal membership, with 192 Parties.</p>
<p>VET FEE HELP</p>	<p>An Australian Government program assisting eligible students undertaking certain vocational education and training (VET) courses of study (diploma, advanced diploma, graduate certificate and graduate diploma courses) with an approved VET provider, to pay for all or part of their tuition costs.</p>
<p>WebTrak</p>	<p>An innovative web-based system established by Airservices Australia providing the community with information on where and how high aircraft fly around major airports, as well as noise levels of these operations.</p>
<p>Wide Area Multilateration (WAM)</p>	<p>Multilateration is a system whereby multiple ground stations use triangulation to work out the position of an aircraft. In wide area multilateration the stations are spread significantly further apart to increase the surveillance area of the application.</p>

## APPENDIX G: Legislation

*1944 Convention on International Civil Aviation (Chicago Convention)*

*Air Navigation Act 1920*

*Air Services Act 1995*

*Airports Act 1996*

*Airspace Act 2007*

*Civil Aviation Act 1988*

*Disability Discrimination Act 1992*

*Environment Protection and Biodiversity Conservation Act 1999*

*Financial Management and Accountability Act 1997*

*Higher Education Support Act 2003*

*Infrastructure Australia Act 2008*

*National Greenhouse and Energy Reporting Act 2007*

*Public Service Act 1999*

*Qantas Sale Act 1992*

*Trade Practices Act 1974*

*Transport Safety Investigation Act 2003*

## APPENDIX H: Acronyms and abbreviations

AACA	Accredited Air Cargo Agent
AAPS	Australian Airspace Policy Statement
AAT	Administrative Appeals Tribunal
AAWG	Aviation Access Working Group
ACAS	Airborne Collision Avoidance System
ACAS	Aircraft Collision Avoidance System
ACCC	Australian Competition and Consumer Commission
ADF	Australian Defence Force
ADS-B	Automatic Dependent Surveillance-Broadcast
AFP	Australian Federal Police
AIG	Aviation Implementation Group
ALOP	Aerodrome Local Ownership Plan
AME	Aircraft Maintenance Engineer
ANEF	Australian Noise Exposure Forecast
ANEI	Australian Noise Exposure Index
ANIP	Aircraft Noise Insulation Program
AOC	Air Operator's Certificate
APAF	Airport Planning Advisory Forum
APEC	Asia-Pacific Economic Cooperation
APG	Aviation Policy Group
APV	Approach with Vertical Guidance
AQTF	Australian Quality Training Framework
ARFFS	Aviation Rescue and Fire Fighting Services
ASAS	Airborne Separation Assistance Systems
ASCs	Airport Security Committees
ASIC	Aviation Security Identification Card
ASIC	Australian Securities and Investment Commission
A-SMGCS	Advanced Surface Movement Guidance and Control Systems
ASPIRE	Asia and Pacific Initiative to Reduce Emissions
ASTF	Aviation Security Training Framework
ASTRA	Australian Strategic Air Traffic Management Group
ATC	Air Traffic Control
ATM	Air Traffic Management
ATP	Aviation Training Package
ATSB	Australian Transport Safety Bureau
AusAID	Australian Agency for International Development
AVI08	The National Aviation Training Package
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CAEP	Committee on Aviation Environmental Protection (ICAO)
CASA	Civil Aviation Safety Authority
CBS	Checked Baggage Screening

CCG	Community Consultation Group
COAG	Council of Australian Governments
CPI	Consumer Price Index
CPRS	Carbon Pollution Reduction Scheme
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
CTFR	Counter Terrorism First Response
DDA	Disability Discrimination Act
DEEWR	Department of Education, Employment and Workplace Relations
EMDG	Export Market Development Grants
ETD	Explosive Trace Detection
EU	European Union
FAA	Federal Aviation Administration (USA)
FAC	Federal Airports Corporation
FIR	Flight Instructor Ratings
FIRB	Foreign Investment Review Board
FoH	Front-of-House
G20	Group of 20 leading industrial nations
GA	General Aviation
GAAP	General Aviation Aerodrome Procedures
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GNSS	Global Navigation Surveillance System
GPS	Global Positioning System
HCD	Hardened Cockpit Door
HECS-HELP	Higher Education Contribution Scheme – Higher Education Loan Program
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
IMF	International Monetary Fund
ISC	Industry Skills Council
ITSAP	Indonesia Transport Safety Assistance Package
LAGs	Liquids, Aerosols and Gels
LAME	Licensed Aircraft Maintenance Engineer
LGRF	Local Government Reform Fund
LTOP	Long Term Operating Plan
MDP	Major Development Plan
MODL	Migration Occupations in Demand List
MoU	Memorandum of Understanding
MSA	Manufacturing Skills Australia
MTOW	Maximum Take-Off Weight
NOC	National Operating Committee
NPFC	National Passenger Facilitation Committee
NTAAC	National Tourism and Aviation Advisory Committee
OAR	Office of Airspace Regulation

OLS	Obstacle Limitation Surface
OTS	Office of Transport Security
PANS-Ops	Procedures for Air Navigation Services Aircraft Operations
PASO	Pacific Aviation Safety Office
PBN	Aircraft Performance Based Navigation
PC	Productivity Commission
PCF	Planning Coordination Forum
PIASA	Pacific Islands Air Services Agreement
PMC	Passenger Movement Charge
RAAF	Royal Australian Air Force
RACA	Regulated Air Cargo Agent
RAIF	Remote Aviation Infrastructure Fund
RASP	Remote Aerodrome Safety Program
RASS	Remote Area Services Subsidy Scheme
RNAV	Area Navigation
RNP	Required Navigational Performance
RPT	Regular Public Transport
RTO	Registered Training Organisation
SAO	Sport Aviation Office
S-BAS	Satellite-Based Augmentation System
SCOCA	Standing Committee of Officials of Consumer Affairs
SMS	Safety Management System
TAAATS	The Australian Advanced Air Traffic System
TAWS	Terrain Avoidance Warning Systems
TLISC	Transport and Logistics Industry Skills Council
TNIP	Transparent Noise Information Package
TSP	Transport Security Program
UAVs	Unmanned Aerial Vehicles
UNFCCC	United Nations Framework Convention on Climate Change
UPM	Unified Policing Model
USOAP	Universal Safety Oversight Audit program
VET	Vocational Education and Training
WAM	Wide Area Multilateration
WTO	World Trade Organization