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The future of Australia's aviation sector

Engineers Australia response to Issues Paper

November 2020

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Engineers Australia
11 National Circuit, Barton ACT 2600
Tel: 02 6270 6555
Email: publicaffairs@engineersaustralia.org.au

www.engineersaustralia.org.au

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Introduction

About us

Engineers Australia is the peak body for the engineering profession in Australia. With about 100,000 individual members across Australia, we represent individuals from a wide range of disciplines and branches of engineering. Engineers Australia is constituted by Royal Charter to advance the science and practice of engineering for the benefit of the community. Engineers Australia's response is guided by our Charter and Code of Ethics which states that engineers act in the interest of the community, ahead of sectional or personal interests towards a sustainable future. Engineers are members of the community and share the community's aspirations for Australia's future prosperity.

This submission has been developed by members of Engineers Australia's Transport Australia Society (TAs). TAs is an Engineers Australia technical society for transport professionals in Australia. TAs focusses on key transport decisions affecting the wellbeing, productivity and sustainability of our cities and regions. TAs seeks to improve public debate on strategic transport issues, and to provide valuable expert advice to governments making decisions regarding transport policy, reform and infrastructure investment.

Background

Engineers Australia commends the Government on its timely support for the aviation sector with the development and release of this Issues Paper (IP) and broadly supports the aspirations therein.

It is likely that the present situation will structurally and permanently change aviation. That means that consideration of which aviation activities that have occurred prior to the pandemic and which attracted government support, will require re-evaluation.

Several of the questions in the IP relate to policy options for government. Aside from typical reliance on infrastructure funding, subsidies and regulation, several additional options for consideration include:

- Improving asset management and investment decisions,
- Skills development,
- Standards and systems for system management,
- Alternative economic instruments: subsidies, funding, loans, fee deferrals, etc., and,
- Route regulation (where there is a range from light to strong regulation).

Due to the complexity of the aviation sector and the systems which underpin it, clear principles and evidence-based assessment will be required on a case by case basis at various stages of each review. Aviation sector stakeholders are similarly diverse and therefore, collaborative engagement and consultation with representatives across the sector to provide solutions will be essential.

Engineers Australia is thankful for the opportunity to contribute to this discussion and would welcome further consultation to discuss the contents of this submission.

Contact Details

Should you require further information regarding this submission, please contact Sybilla Grady on 02 6270 6195 or via email at SGrady@engineersaustralia.org.au.

Part A: Covid-19 Response

Part A addresses Australian Government support for aviation during the COVID-19 crisis, and seeks feedback on how best to manage, and ultimately withdraw, this support as the economy and sector recovers.

Covid Objective 1: Maintaining essential air connectivity

Providing a minimum domestic network

What constitutes a minimum RPT network in Australia?

The required RPT network is dependent on many factors, particularly the level of demand and the availability of airports. Tourism, health, emergency services, business, education, mining, oil & gas and community access have different requirements and capacity to pay which must all be considered.

For example, the WA Government position in 2015[1] was

> *All communities with more than 500 people should ideally have access to an RPT air service operating a minimum of three services a week, the airport should be located within 250 km of the town and be accessible by a sealed road.*
>
> *The adequacy of the service includes frequency, reliability, quality and affordability.*

Are there options to improve the effectiveness of governments' support for maintaining a minimum RPT network?

As mentioned in the Introduction above there are several options for consideration. Subsidies (often temporary) and route regulation tend to work best for low demand routes (DoT, 2015). It is important to recognise that route regulation is a continuum from light to strong, so an appropriate level is required when calculating subsidies.

Governments should also provide guidance material regarding asset management and standards and support the development and retention of skills, which can be challenging in regional and remote areas.

What is the best way for the Government to scale back support as the aviation sector recovers at a different pace for different routes?

There are many variations across the sector, so each will need to be considered on a case by case basis. This will require clear principles and assessments based on evidence-based information.

COVID Objective 2: Preserving critical aviation capacity

Supporting airlines and airports

What critical components of the aviation sector need support during the COVID-19 crisis?

The parts of the system that require support are those that are essential for the long term, and cannot survive the short term. As noted above, the pandemic has irrevocably transformed aviation operations, and disruptive technologies will continue to pose unprecedented challenges and opportunities for the future of the sector.

These challenges require the sector and the community more broadly to increase efforts to retain and enhance the skill sets of both incumbent and prospective workforce to ensure they have the skill sets appropriate to future demand. A systematic review of the current skill training and education mechanism is recommended as essential to the sustainability and prosperity of the sector.

[1] Dept, of Transport WA (2015). *Review of Regulated Regular Public Transport Air Routes in Western Australia Final Public Report.*

Are there options to improve governments' support for critical aviation connectivity and capacity during COVID-19?

Engineers Australia recommends focussed investment in infrastructure, particularly in regional and remote areas with limited aviation capacity and high non-commercial benefits. For example,

- facilities for emergency services (firefighting, aerial rescue and RFDS), and
- regional airports where the local governments have insufficient capacity and there are significant local tourism, business and community access benefits,
- investment across a range of facilities, such as security, beacons, lighting, air traffic control, fencing, draining and pavements.

Investment in infrastructure provides jobs, retains skills and provides long term benefits.

While COVID-19 hit the aviation sector unexpectedly, it has provided opportunity for all stakeholders to reflect on and challenge the status quo. Perhaps a contingency mechanism can be considered to address any issues or consequences as a result of the pandemic.

In the past, Australia has, to some extent, been relatively immune to external events with public health events, which has provided for a higher propensity to fly high by comparison with many other nations. However, this means that Australia is less prepared than some other countries, which have been consistently impacted by external events.

To address this and to get Australia more prepared for the future, the following can be considered:

1. Establishment of a contingency fund, reserved at federal and state government level. Funding may be provided by industry stakeholders, charges or taxes for flying and other sources.
2. Such a fund would need to be managed independently and used to provide support to those in need as a result of the pandemic or other unforeseeable crises that may affect the industry in future.
3. A mechanism needs to be established to determine what constitutes "critical aviation connectivity and capacity". Evidence is needed to determine the criteria to establish this mechanism.

What is the best way for governments to scale back connectivity and capacity support to allow commercial airline operations to resume as the regional and domestic economies recover?

As above, this will need to be assessed on a case by case basis. The normal approach is to reduce support as demand increases. However, there will be some routes/services/destinations that will remain commercially unviable once the economy recovers. This will prompt a decision for Government on whether to continue or withdraw support to non-commercial airline operations.

While the safe city-pair travel bubbles can be created in the first instance to allow connectivity and capacity to resume, health and safety measures need to be implemented on the ground prior to aircraft boarding. Potential passengers should be vetted for viral health concerns at the booking stage. Therefore booking agencies and airlines will need to work together to provide collaborative solutions such as online screening barriers.

Essential aviation related businesses

How has the COVID-19 crisis and the downturn in passenger movements affected essential aviation-related businesses?

Aviation is a supply and demand business. The downturn in passenger movements results in a reduction in revenue for airlines and hence for airports and associated necessary services.

As aviation-related businesses vary substantially, ranging from big operators such as airlines and airports, to smaller businesses such as catering, ground handling, logistics, manufacturing, tourism and travel trade businesses, this issue has had widespread effects.

A national approach is required to assess the impact of COVID 19 on those businesses.

Are there options that industry and governments could consider to ensure these services are available to support the recovery of the aviation sector?

As above, this will need to be assessed on a case by case basis, and there are a range of initiatives that are possible. Recommendations for consideration are provided in earlier responses.

COVID Objective 3: Maintaining high value freight supply lines

Are there options to improve governments' support for maintaining international air freight capacity during COVID-19?

The Australian Government's International Freight Assistance Mechanism (IFAM) subsidy of international air freight has worked well to maintain capacity on key airfreight routes in and out of Australia. Beyond direct intervention by Government to augment national airfreight capacity by using RAAF assets, chartering cargo aircraft from fleet hires or take up and convert unused Qantas & Virgin Australia passenger aircraft to cargo aircraft, there is not much more that can be done to maintain international air freight capacity.

What is the best way for governments to scale back international air freight support to allow commercial air freight operations to resume as the regional, domestic and international economies recovers?

While recognising that this support must eventually be withdrawn, there is a need to recognise that Government support of international airfreight must continue until international aviation activity returns to sustainable levels.

Part B: Future of Aviation: The Government's Five-year Plan for Aviation

Part B addresses longer-term policy and seeks feedback on reform options, for implementation over five years, to strengthen aviation once COVID-19 restrictions are lifted.

Engineers Australia agrees with the vision position described at the start of Part B for the future of aviation on page 13. In simple terms, any proposals should be aligned with achieving this outcome.

With respect to equitable access in regional areas, we note that governments invest in and subsidise public transport for millions of Australians, particularly long-distance train and coach services in most states.

While subsidies may be undesirable philosophically, they are economically rational if they enable equitable outcomes that cannot be met on a purely commercial basis (i.e. Targeted Assistance or Community Service Obligations).

How can airspace protection balance the needs of the aviation industry with those of landowners and surrounding communities?

The 2010 Senate Committee *Inquiry Into The Effectiveness of Airservices Australia's Management of Aircraft Noise*[2] highlighted that legislation inhibits proper resolution of noise management issues. The Australian Government must put in place safeguards to ensure that Airservices Australia (ASA) meets its obligations, particularly with respect to protecting communities from noise.

State and Local Governments must also ensure that land use policies and planning are complementary to the noise that occurs around airports. Noise is a serious health issue. "At the 20 ANEF level, *it is estimated that approximately 11 per cent of people will be seriously affected by aircraft noise and approximately 45 per cent of people moderately affected*."[3]

Engineers Australia recommends Government uses measures of appropriate aircraft noise that truly considers the effect of aircraft noise on people, particularly during the night when noise is often more noticeable and disruptive.

There are also issues regarding encroachment of the Obstacle limitation surfact (OLS) of airports by inappropriate development in urban areas, particularly for second-tier General Aviation airports in capital cities, but also for the major capital city airports. The Department needs to make greater use of the National Airports Safeguarding Framework (NASF)

[2] https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Completed_inquiries/2008-10/aircraft_noise/index

[3] Dept of Infrastructure, undated. *Supplementary Aircraft Noise Metrics*, https://www.infrastructure.gov.au/aviation/environmental/airport_safeguarding/nasf/files/1.3_Guideline_A_attachment1.pdf

guidelines and educate state and local government planning authorities to better understand their application and use to ensure that airports, and by extension, the aviation industry maintain their social licence to operate, particularly in our major cities.

Reducing the Regulatory Burden: Airline access to domestic and international routes

Are there ways to further liberalise air access arrangements while maintaining Australia's high regulatory standards?

Australia has been applauded for its approach to liberalisation of both domestic and international air services arrangements and has achieved the highest level of liberalisation in the domestic market. Internationally, Australia has also concluded many liberalised bilateral arrangements. However, not all the liberalised traffic rights have been realised by airlines, which takes commercial viability on any individual route as its primary and foremost consideration.

Additionally, safety and security constraints are also in place, which may restrict international carriers seeking to enter the Australian market.

While Australia's airport and tourism sectors are collaborating to entice airlines to establish and maintain routes to increase connectivity, more efforts are needed from destination stakeholders to work more collaboratively.

Establishment of a stakeholder forum is encouraged to exchange of best practices and consider solutions.

Reducing the Regulatory Burden: Facilitating new and emerging technologies

Are there barriers to the take-up of innovative technologies in the aviation sector?

Several initiatives should be considered to enable greater use of emerging aviation technologies. Anecdotally, it is not uncommon to hear complaints from industry about rigid safety constraints, which hinder the growth and development of the general aviation sector, but to what extent and how exactly it has impaired is relatively unknown. Hence a systematic review of regulatory burdens is required. Also, policies and guidelines need to be available to encourage implementation of the new and emerging technologies. Finally, training for skills upscale is essential to enable the adoption of new and emerging technologies.

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