



AUSTRALIAN
AIRPORTS
ASSOCIATION

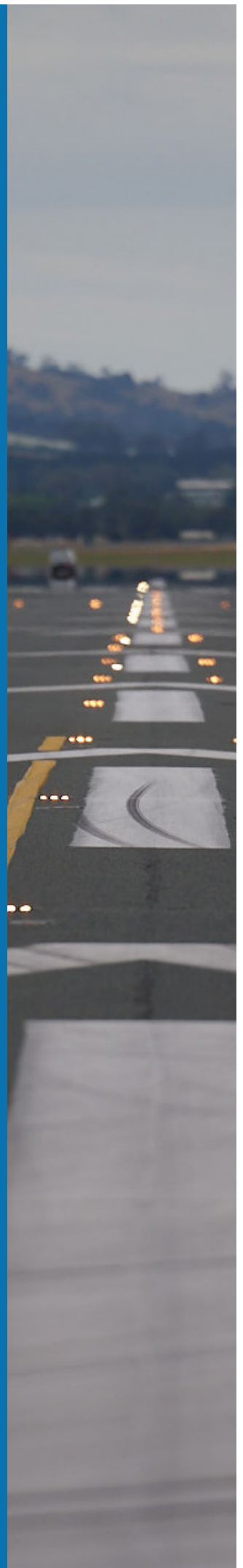
Federal Budget Submission

AUSTRALIAN AIRPORTS ASSOCIATION (AAA)



CONTENTS

Airports are critical national infrastructure	3
The aviation industry was already slowing down before COVID	4
Recovery is likely to be longer and slower than in previous shocks	6
Airports receive less than 5 cents in every dollar of Government support	9
Putting airports on a pathway to recovery	10
Major airports	10
Mid-sized airports	12
Regional and remote aerodromes	13
Whole-of-sector measures	14
Environmental measures	16
Skills and workforce development	17
Technology	18



Airports are critical national infrastructure

The Australian Airports Association (AAA) is the national voice for airports, representing the interests of more than 330 airports and aerodromes across Australia. It also represents more than 120 corporate members supplying products and services to airports.

Airports are vital to the economic and social wellbeing of all Australians. Airports continued to provide essential transport services during the pandemic, keeping domestic and international air routes open for passenger and freight, facilitating the return of Australians from overseas, moving medical and other essential personnel to where they are needed most and anchoring a minimum national and international air network.

Our international gateway airports keep communities connected to essential services and maintain access to world markets.

Australia's regional airports support export-oriented agribusiness, assist in medical evacuation and bushfire fighting operations and are gateways to world-renowned tourist destinations. Regional and remote airports often provide the only public transport links between regional and remote Australia and the educational, medical and professional services in larger towns and cities.

Many Australians have an abiding interest in the economic viability of airports, either through their superannuation funds, their share portfolios or as local government ratepayers. While the largest, international gateway airports are owned mostly by superannuation funds many Australia's airports are owned and operated by local governments.

A viable airport sector adds depth and diversity to Australia's economy. Prior to the COVID-19 pandemic, the Australian airport sector provided employment for more than 206,000 Australians, including 8,700 people directly employed by airports.

Airports added \$34.6 billion (around two per cent) to Australia's Gross Domestic Product, consisting of \$4.9 billion in direct economic activity from core aviation activities plus a further \$29.7 billion of indirect and value-added airport-related activities.¹



¹ Australian Airports Association (2018), Connecting Australia – The economic and social contribution of Australia's airports, Deloitte Access Economics, Sydney.

The aviation industry was already slowing down before COVID

The aviation industry was one of the first parts of the Australian economy to feel the pandemic's effects and will also be among the last to recover. In the last financial year before the pandemic (FY18/19), year-on-year passenger growth of 1.1% was already below the five-year (2.2%) and 10-year (2.9%) average annual growth rates due to low wages growth, a softening Australian economy and mature travel and tourism markets.²

The pandemic has severely affected the aviation industry

While the decision in March 2020 to close Australia's international borders was undoubtedly the right choice from a public health perspective, it also hastened the aviation sector's rapid decline to the situation it finds itself in today.

The pandemic's effect on Australian airports during 2020 has been catastrophic. Numbers of both passenger and aircraft movements plunged dramatically in 2020 and 2021 to levels last seen during the early 1990s, as shown in Figure 1.

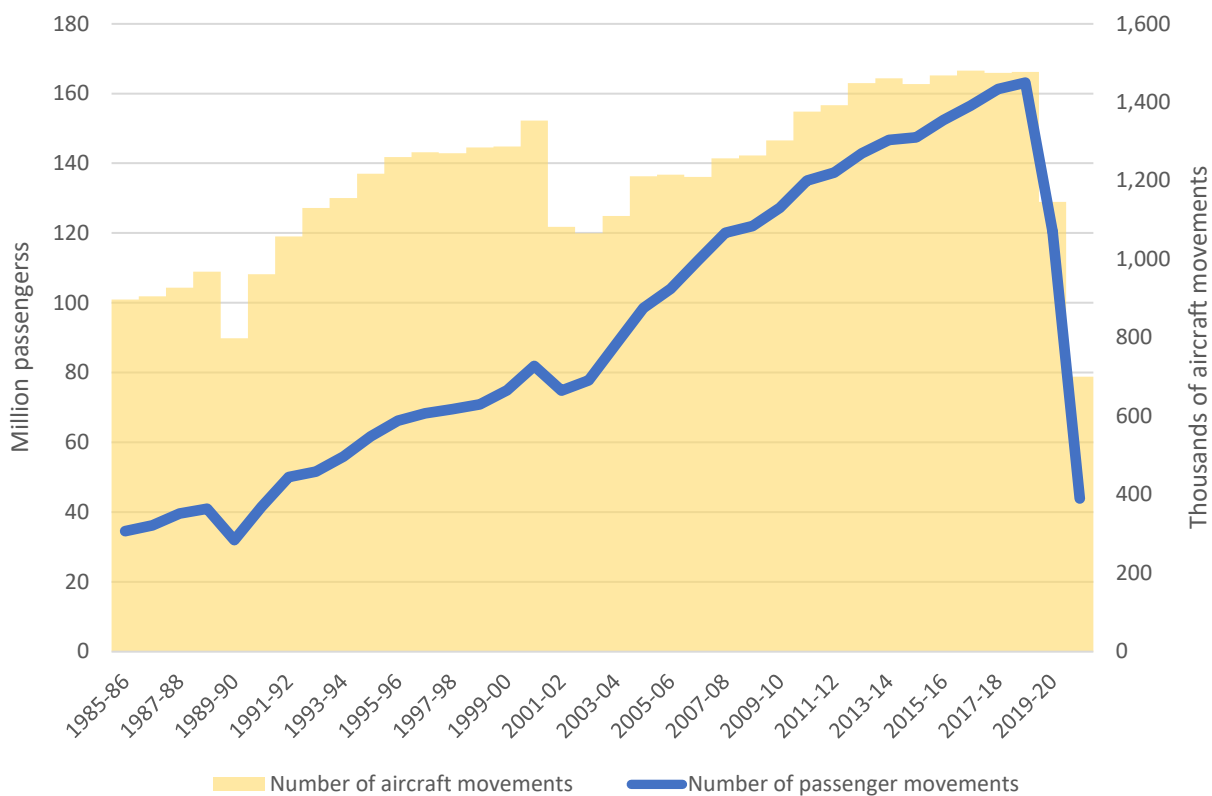


Figure 1: Movements of passenger and aircraft at Australian airports 1985-86 to 2020-21
(Source: AAA analysis of BITRE data)

²Source: AAA analysis of Bureau of Infrastructure, Transport & Regional Economics (BITRE) data.

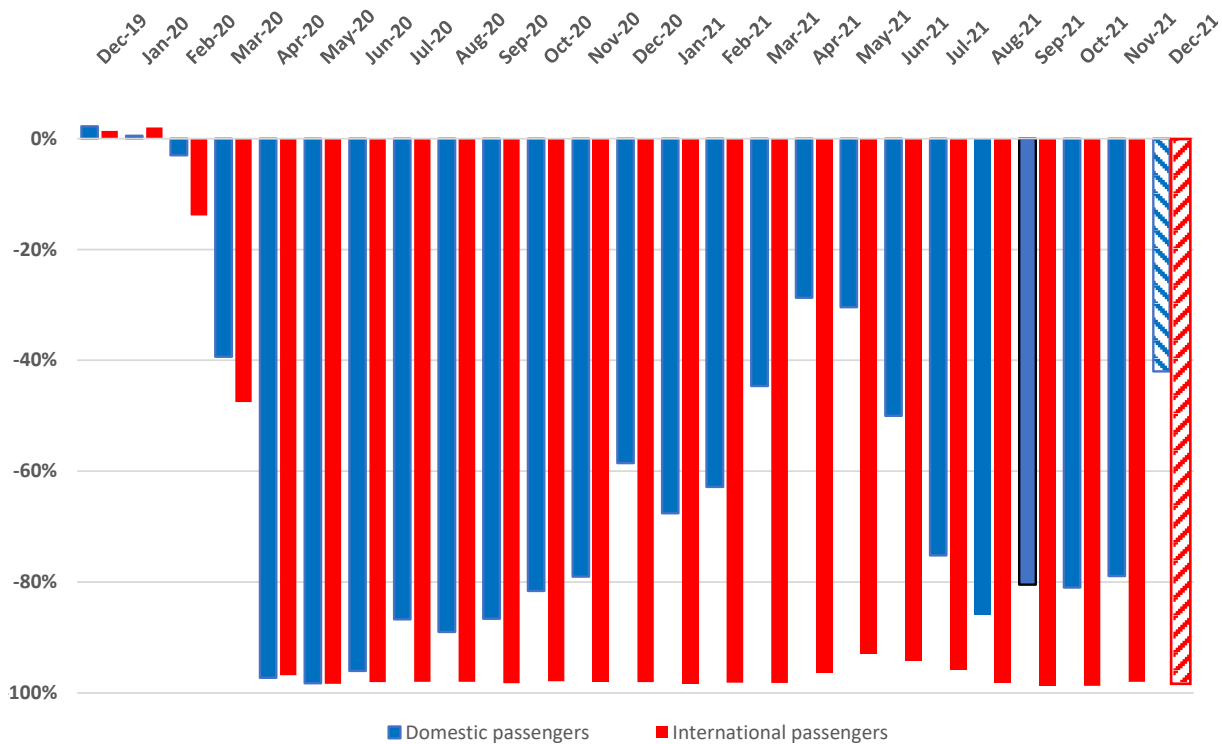


Figure 2: Monthly percentage change in domestic and international passenger numbers at Australian airports December 2019-December 2021 compared to the monthly 5-year average. (Source: AAA analysis of BITRE and airport data)

Figure 2 above shows the monthly percentage change of passenger numbers in 2020 and 2021 compared to the 5-year average monthly passenger numbers from 2015-2019. Australia's closed borders have meant that international passenger numbers have stayed consistently between 97-98% below pre-pandemic levels since April 2020, with a notable exception during the two-way Trans-Tasman travel bubble between April-July 2021.

Domestic passenger numbers dropped to 98% below pre-pandemic levels at the height of the national lockdown, recovering to a peak of 29% below pre-pandemic numbers in April 2021 before falling back to around 80% of pre-pandemic passenger movements in November 2021.

Recovery is likely to be longer and slower than in previous shocks

Globally, the pandemic has dealt a major blow to the aviation industry, wiping out 30 years of growth in a few short months during 2020.

The aviation industry's recovery from the pandemic is likely to be lengthy, with tentative recoveries reversed by outbreaks of new variants of the virus and continued passenger uncertainty around closed borders.

This makes the post-COVID recovery a 'W' shaped pattern, with demand moving up and down before full recovery, unlike the sharp 6-month 'V' shaped recovery from the SARS pandemic in 2003 or the similarly short 'U' shaped recovery from the 9/11 terrorist attacks.³

Figure 3 below shows the levels of domestic and international passenger movements during the pandemic. The 'W' shaped pattern of recovery, particularly for domestic travel is clearly seen, while international movements in 2020 and 2021 were flatlined from closed borders and inbound passenger caps.

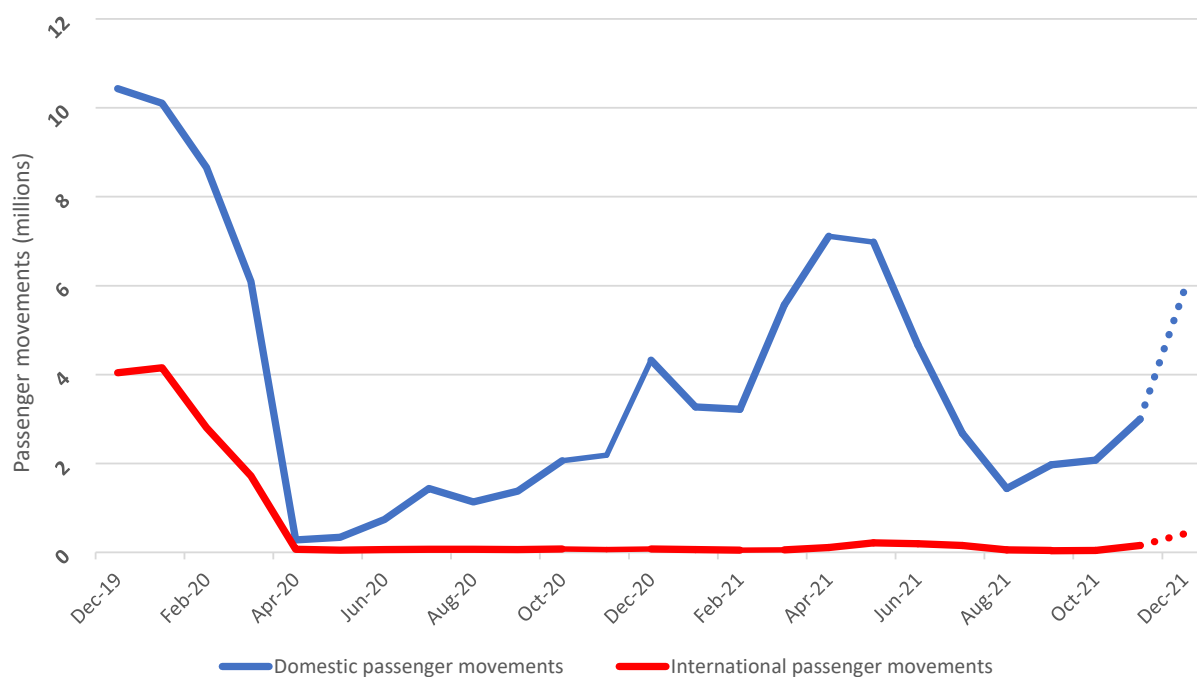


Figure 3: Domestic and international passenger movements at Australian airports December 2019 – December 2021. (Source: AAA analysis of BITRE and airport data)

³ International Civil Aviation Organisation (2022), Effects of Novel Coronavirus (COVID-19) on Civil Aviation: Economic Impact Analysis. Accessed on 18 January 2022 from: https://www.icao.int/sustainability/Documents/Covid-19/ICAO_coronavirus_Econ_Impact.pdf

Modelling developed by the International Civil Aviation Organisation (ICAO) provides a range of scenarios for recovery of aviation in the Asia-Pacific, with optimistic scenarios forecasting return to pre-pandemic traffic levels by late 2022 for domestic aviation and internationally by early 2023. Other scenarios forecast a more subdued recovery, with domestic traffic returning to pre-COVID activity in 2023 and during 2024 for international traffic.⁴

The long-term effects on Australia's airports of the slower restart of the global aviation industry will be felt through delays in re-hiring skilled airport operating staff, deferment or cancellation of capital investment and the continued impacts of reduced airport activity on local and national economies.

Airports need support to continue providing essential services

The costs of keeping airports open and operating as essential infrastructure during the pandemic are high and largely fixed, whether there is one aircraft or 100 aircraft using the airport.

This has imposed significant cost pressures on the sector. At the height of the pandemic in 2020, the AAA calculated the sector faced lost revenues of more than \$320 million a month and by the end of 2020 faced total revenue losses of over \$3.5 billion. With the sporadic and limited recovery of aviation in 2021, revenue losses reduced somewhat, but the combined losses of revenue in 2020 and 2021 were expected to be more than \$6 billion.⁵

The AAA has identified the cost of keeping the national airport network open for business at approximately \$4 million a day.

This includes the fixed costs of providing domestic and international security screening, airfield safety and increased public health measures – all government-mandated requirements.



⁴ Ibid.

⁵ Internal analysis of AAA member surveys in 2020 and 2021.

Like many businesses, airports rely on the volume of customers coming through the doors to offset the high fixed costs. During 2020, where passenger numbers dropped to 71% below 2019 levels, the high fixed cost base of airports was being spread across greatly reduced numbers of travellers.

As a result, Australia's major airports saw their operating revenues fall by \$1.656 billion (36%) in Financial Year (FY) 2019-20, but their operating costs fell by only \$155 million (5.3%) in the same period.⁶

Airports were forced to absorb most of the financial losses from the pandemic, with minimal support from the Australian Government – a financial burden that fell particularly hard on local government owned and operated airports.

[This burden was compounded by the unintended consequences of some Australian Government airline support policies which increased airport operating costs of airports.](#)

At the major international airports, closed borders and passenger caps meant the fixed 'turnaround' costs for inbound flights and security screening costs for outbound flights were spread across significantly lower passenger volumes; while at domestic airports, turnaround costs, along with reduced passenger numbers being carried on the Australian Government-subsidised Regular Public Transport (RPT) airline network was also a significant cost pressure.

A further limitation on recovery at many airports came from the sporadic and sudden domestic border closures of by state and territory governments in response to outbreaks of COVID-19 in the community during 2020 and 2021.

Apart from the effects on airports on the Brisbane – Sydney – Melbourne 'golden triangle' and airports with direct services to Adelaide and Perth, airports with strong exposure to interstate travel were also affected, including:

- Queensland's Gold Coast, Sunshine Coast and Hamilton Island airports, all dependent on interstate travellers for more than 90% of their traffic and heavily affected by that state's closed borders;
- Tasmanian airports, largely reliant on flights 'hubbed' out of Melbourne and affected by the Victorian government's rolling series of lockdowns;
- Regional Victorian airports such as Avalon suffered from closed domestic and international borders, while Mildura faced rolling border closures affecting connections to its nearest capital cities of Adelaide, Melbourne and Sydney;
- The Northern Territory's major tourist focused airports at Darwin, Alice Springs and Uluru were all affected by both closed borders and the 'hub and spoke' structure of the national air network

[While the commitment by state and territory leaders at National Cabinet to keep borders open in 2022 will alleviate some of these pressures, airports will still need support from the Australian Government to continue providing essential transport services.](#)

⁶ Airline Intelligence & Research (2021), Economic Impact of Security Screening Upgrades Funding: Major Australian Airports - Research commissioned by the AAA.

Airports received less than 5 cents in every dollar of Government support

Of the \$5.1 billion in aviation industry support funding provided by the Australian Government during 2020 and 2021, only \$220 million, or 4.3% went directly to airports, mostly as rebates of government-mandated security screening charges.

The remaining \$4.85 billion in government support flowed mostly to airlines, with \$3.2 billion (63.5%) allocated to a range of airline support programs, another \$1.04 billion (20.5%) flowing to freight forwarders under the International Freight Assistance Mechanism, with a further \$591 million (11.7%) topping up revenues at the Civil Aviation Safety Authority (CASA) and Airservices Australia from foregone fuel excise and regulatory charges. This breakdown is shown in Figure 4 below.

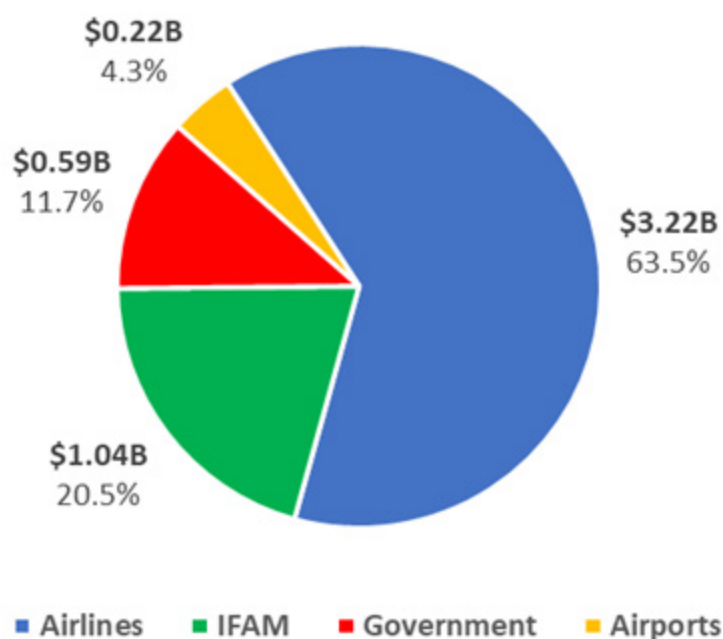


Figure 4: Australian Government support to aviation industry by sector 2020-2021. (Source: AAA analysis of Australian Government data)

Unlike airlines, airports did not fully benefit from the Government's range of broader economic supports. As local governments were ineligible for Jobkeeper, most of Australia's airports (owned by local councils) were unable to fully sustain and maintain their key operational and safety-critical personnel. This was also true for many third-party service providers to airports, particularly aviation security screening and ground handling firms.

Although airports tried their utmost to avoid wholesale job losses during the pandemic, it is estimated more than 75% of Australia's airport workforce were affected, with AAA data indicating more than 25% of the core workforce lost their jobs in 2020 and 2021, with another 50% being put on reduced hours or furloughed. These workforce effects were also observed in third party workforces, particularly the contracted security screening workforces.

Putting airports on a pathway to recovery

Given the aviation industry's recovery from the pandemic is likely to take at least another 12 months, the Australian Government should continue to provide a level of support to the aviation industry. This support should aim to support airports who ensure our national aviation network operates safely and securely in the present but is also well maintained and in a state of good repair for the future.

The AAA has developed a comprehensive plan for how the government can support the airport sector's recovery into a post-COVID environment, dividing the measures up firstly with measures by airport type (major, mid-sized, regional and remote), then the whole of the airport sector.

Major Airports

In May 2018, the Australian Government mandated measures to strengthen Australia's aviation security screening regime after the disruption of an alleged aviation terror plot in July 2017. The ten major airports committed to these upgrades so Australia can remain a trusted destination in the global aviation network and a world-leader in aviation and national security.

The size, scope and scale of this upgrade, combined with the effects of the pandemic has compounded the complexity of this a once-in-a-generation update to aviation security infrastructure. Australia's ten largest airports are now at a critical juncture, seeking the Australian Government's support over the next five years to offset the costs of delivery, which is estimated more than \$2 billion in capital and operating costs.



The COVID-19 demand shock has disrupted the high passenger volumes the industry relies on to generate the necessary capital to deliver security screening upgrades.

Given the scale of cost and scope of the upgrades, the current industry condition with low passenger numbers and the industry's prospects of a slow and uneven recovery, application of existing funding models is unsuitable.

With the current circumstances facing the airport sector, the AAA's view is that increasing ticket prices will affect passenger volumes, further impeding the airport sector's recovery efforts. Previous major airport security upgrades were funded either publicly with direct Australian Government investment; or a privately by major airports, recovering the upgrade costs through commercial arrangements between airports and airlines.

Given these circumstances, the AAA proposes a co-contribution funding solution where government and airports would work together to ensure the mandated upgrades can be delivered and keep Australia's aviation network secure. For the ten largest airports, this co-contribution model means the Australian Government would cover a proportion of essential capital costs via a grant funding program to procure and install new security screening equipment. It is estimated the full cost of the upgrades would be \$1.3 billion. Eligible costs could include:

- acquisition and commissioning of approved screening equipment
- acquiring and commissioning items directly associated with screening equipment

- essential services works to accommodate new screening equipment, and;
- relevant project management costs incurred in commissioning screening equipment.

Airports would cover non-essential capital upgrading costs such as capital works to strengthen terminal infrastructure and expand terminal and baggage halls from their own finances.

Operating costs of the new equipment would be recovered through a combination of an extended DASCS and IASCR program (see p. 14) to cover the gap between existing commercial arrangements between airports and airlines and the higher actual costs of screening created by low passenger volumes.

Research undertaken for the AAA identifies real and significant costs to the aviation industry and the broader economy if the Australian Government does not support co-funding of the security upgrades.

Over the next five years, the potential economic costs of an airport-funded solution could be as high as 6.5 million fewer domestic and international passengers, \$4 billion in foregone tourism spending, and 2,400 fewer tourism jobs.⁷

Despite the pandemic, the threat of terrorism to the aviation industry has not changed. Major airports now find themselves in the middle of a 'perfect storm' where the ongoing terrorist threat and the implementation dates for security upgrades coincide with a severe and prolonged downturn in passenger numbers. This affects the ability of airports to raise capital and sustainably recoup the costs of delivering an upgrade of such size, scope and scale in a commercially viable timeframe.

⁷ Airline Intelligence & Research (2021), Economic Impact of Security Screening Upgrades Funding: Major Australian Airports - Research commissioned by the AAA.

The airport sector appreciates the support already provided to help mitigate the significant logistic and financial pressures of these mandated upgrades. For the ten major airports, extensions of completion dates were given, allowing staging of upgrades across multiple years; while regional airports have received \$116 million in financial support to purchase screening equipment and do necessary capital works.

In requesting support from the government, it is important to outline this is not a contribution that improves the bottom line for major airports. Rather, it is a contribution from government to deliver its own mandated program that improves Australia's national security at a time when Australia's major airports are under significant financial and operational pressure.

Mid-Sized Airports

Australia's 'middle-tier' of airports consists of 24 airports in two groups:

- 17 regional Regular Public Transport (RPT) airports serving high productivity, economically diverse regions in the Northern Territory, NSW, Queensland, Tasmania and Western Australia. In 2019, these airports moved over 11.5 million passengers, collectively making them the fifth highest patronage airport in Australia; and
- Seven 'metro' airports that provide valuable capital city access for general aviation, charter and emergency services operations. Airports such as Essendon Fields and Moorabbin in Melbourne, Bankstown in Sydney are the often-overlooked gateway airports for passenger charter flights, also providing significant urban bases for flight training, emergency services and firefighting aircraft.

The AAA has already identified 21 shovel-ready projects at mid-sized airports in four states worth \$100 million to either upgrade or expand critical aeronautical infrastructure.

These projects include airfield lighting, pavements and drainage, taxiways and fuel storage as well as other aviation-related infrastructure. Initial project evaluation by the AAA indicates at least 900 direct jobs would be created during the construction phase, up to 10,000 ongoing jobs would be supported and \$14 billion in economic benefits generated across the life of the 21 projects. Most jobs and economic benefits would be generated in regional Australia.

The diverse range of ownership models and activity levels at mid-sized airports make them either ineligible for existing regional infrastructure grant programs or constrain their access to long term capital for investment in essential infrastructure maintenance and upgrading. These projects could be brought forward and new projects developed through a targeted infrastructure grant program of \$160 million over four years from FY2022-23.

Regional and Remote Aerodromes

Australian Government support from the Remote Airstrip Upgrade Program (RAUP) and Regional Airports Program (RAP) have been valuable in ensuring regional and remote airports can maintain aeronautical infrastructure in a state of good repair and meet modern aviation safety standards.

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As funding for both programs are due to expire in 2022, the AAA recommends topping up the RAP and RAUP programs by \$100 million and \$40 million respectively over four years from FY 2022-23 to place regional and remote airport funding on a more certain footing. Certainty will help bring forward projects and unlock matching investment from airports to create jobs and other wider economic benefits in regional and remote Australia. The AAA also recommends the government provide access to an interest-free loan facility to help fund the 50% co-contributions to RAP and maintain its commitment to fully fund future RAP and RAUP project proposals costing less than \$300,000.

In 2017, AAA research indicated the declining state of regional airport infrastructure was compounded by an annual \$17 million maintenance 'deficit', equating to a \$170 million shortfall in essential infrastructure and maintenance funding at regional airports over the next 10 years.⁸ The Australian Local Government Association's National State of the Assets 2021 report indicates that the value of local government airport assets in Poor condition have increased from \$155 million (or 5% of the total council airport asset base) in 2017 to \$414 million (13%) in 2021.⁹ The pandemic has accelerated the airport maintenance deficit as local governments have deferred or reprioritised spending for maintaining and upgrading aviation assets.



⁸ ACIL Allen Consulting (2016), Regional Airport Infrastructure Study – A report to the Australian Airports Association.

⁹ The Institute of Public Works Engineering Australia (2021), National State of the Assets 2021 – A report to the Australian Local Government Association.

Whole-of-sector measures

Aviation Security

Given the continued effects of the Omicron strain of COVID-19 on Australia's domestic and international aviation industry, the AAA recommends renewing the DASCS and IASCR programs out to 30 June 2023.

At an estimated cost of up to \$471 million (or 9.3% of Australian Government support to the aviation industry in 2020 and 2021), an extension of both the DASCS and IASCR programs to June 2023 will help airports manage the high fixed costs of maintaining government mandated security screening of passengers, crew and baggage by closing the gap between the actual costs of screening and commercially negotiated arrangements between airports and airlines as the domestic and international aviation sectors gradually return toward pre-COVID passenger levels in 2023.

If extension of DASCS and IASCR is unachievable, the aviation industry's recovery will be compromised by the higher costs of aviation security being factored into airfares. Together with the costs of funding aviation security upgrades, higher airfares will provide a significant disincentive to travel from price-sensitive domestic tourism and leisure travellers.

Regulatory Reform

Modernising Airport Regulations: The AAA supports the Government's recently announced proposal to reform the regulations under the *Airports Act 1996* (the Act).¹⁰

Sensible and proportionate reform is low-to-no cost action for Government to assist the airport sector's recovery from the pandemic, including:

- Regulatory reform by the Australian Government of the airport planning and development approvals processes in the Act would be a straightforward process to help drive an infrastructure-led construction and jobs recovery at Federally leased airports by bringing forward on-airport developments.
- Similarly, the AAA recommends the Australian Government takes a strong leadership role through National Cabinet's Infrastructure and Transport Ministerial Meeting (ITMM) to drive national adoption of the eight recommendations of the 2021 National Airspace Safeguarding Framework (NASF) Review into state and territory government land-use planning systems.¹¹
- The AAA also recommends allowing federally leased airport operators the opportunity for early exercising of the second half of their 99-year leases. As planning, development and delivery of infrastructure requires long lead times and returns on investment span multiple decades, the early exercise of lease extensions will provide confidence for long-term investment in airport infrastructure to support future needs.

¹⁰ Department of Infrastructure, Transport, Communications and Regional Development (2021), 'Modernising Australia's Airport Regulations'. Accessed on 19 January 2022 from: <https://www.infrastructure.gov.au/have-your-say/modernising-australias-airport-regulations>

¹¹ DITCRD (2021), 'Review - National Airports Safeguarding Framework implementation'. Accessed on 20 January 2022 from: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/aviation-safety/aviation-environmental-issues/national-airports-safeguarding-framework/implementation-review>

However, some of the government's proposed regulatory reforms are viewed by airports as poorly considered and motivated by factors other than good policymaking, including:

- The proposal in the Government's Aviation Recovery Plan to focus airport Master Plans on aeronautical development is short-sighted, revealing the lack of government understanding of the economics of airport operations.¹² The commercial intent behind non-aeronautical on-airport development is to diversify income streams to account for the volatility of aviation revenues. In the current COVID environment where aviation revenues have been decimated for close to 2 years, this is a significant concern.
- The Government's decision to withhold the adjustment of the MDP threshold from \$25 million to \$35 million in 2021 (reflecting real cost escalations in the civil construction industry since 2018) transfers significant time and money costs on operators of Federally leased airports for preparation and public exhibition of MDPs.

There is concern that pandemic-related 'health security' measures at airports could become a permanent feature after the pandemic ends. Maintaining these measures would continue to impose significant costs on airports.

The AAA recommends the Australian Government work with state and territory governments to 'sunset' pandemic-related 'health security' measures imposed on airports and the industry more broadly during 2022.

Remotely piloted aerial systems

Regulating Remotely Piloted Aerial Systems (RPAS) to ensure safe operation of large RPAS systems in controlled airspace and at airports will be vital in supporting the development of vertiports in urban, regional and remote areas. The AAA recommends that the ITMM endorse the development of a regulatory regime to support the safe deployment of RPAS in Australian skies, similar to efforts currently underway at the National Transport Commission to support the safe deployment of connected and automated vehicles on Australian roads.

Competition monitoring

The Productivity Commission review should be postponed to 2024 or 2025 to enable the airport sector to return to a more normal, post-COVID operating environment and provide the Commission with a better opportunity to assess the regulatory impact of a once-in-a-century pandemic on airports and the aviation industry. The pandemic has meant none of the previous 2019 Review's recommendations have had time to be introduced by Government. This further supports the case to postpone the next Review to 2024 or 2025.

The Airline Competition Monitoring regime overseen by the Australian Competition and Consumer Commission (ACCC) should be continued beyond June 2023 so the ACCC can maintain effective, long-term oversight of competition between airlines at a level equal to its existing airports monitoring regime.

¹²DITCRD (2021), Aviation Recovery Framework – Flying to Recovery, p.19. Accessed on 20 January 2022 from: <https://www.infrastructure.gov.au/sites/default/files/documents/aviation-recovery-framework-final.pdf>

Environmental measures

PFAS remediation: Contamination of soil and groundwater with Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) remains a significant environmental issue at many Federally leased airports in Australia.

Identifying and managing PFAS contamination is a significant cost impediment to on-airport development.

While Defence has investigated, assessed and begun remediation of PFAS contamination at RAAF bases and joint civilian/military airports, Airservices and the Department of Infrastructure, Transport, Communications and Regional Development (DITCRD) has made slow progress at civilian airports.

Following on from the \$130 million already allocated to DITCRD for PFAS investigation at airports in the 2021-22 Budget, the AAA recommends an \$20 million, 2-year pilot program to test new technology solutions for on-site PFAS treatment and destruction at airports. This program would be a useful complement to DITCRD's investigation work and trial PFAS remediation action civilian airports.

Net zero

Support domestic aviation's Net Zero by 2050 transition: The Australian Government's Long-Term Emissions Reduction Plan (the Plan) released in October 2021 sets out a pathway to achieving a target of Net Zero emissions by 2050. The aviation industry has an important role to play in Australia's greenhouse gas (GHG) emissions reduction plans.

In an airport context, GHG emissions are divided into three 'scopes, namely:

- 'Scope 1' emissions directly owned or controlled by airports such as heating and cooling systems, terminal and runway lighting and airport vehicle fleets;

- 'Scope 2' emissions from off-site energy supplies purchased by airports, and;
- 'Scope 3' emissions from on-airport activities including aircraft operations, retail and commercial, 3rd party ground support equipment, ground transport (cars, buses, trains), aviation fuel, construction activities and offsite waste management.

As the greatest contribution airports can make in reaching the Plan's Net Zero by 2050 target is by reducing Scope 1 and 2 emissions, a \$200 million, 4-year grant program for mid-sized, regional and remote airports to drive significant Scope 1 and 2 GHG reductions would help airports achieve Net Zero by 2050 target by delivering more energy and water efficient building systems and aeronautical infrastructure, through:

- retrofitting high energy and water efficient appliances, lighting and equipment to existing airport buildings and aeronautical infrastructure,
- increasing environmental efficiency of new buildings to reduce water, heating and cooling costs;
- investing in on-site renewable energy and rainwater/wastewater harvesting infrastructure at airports to reduce overall energy and water usage.

There would also be opportunities at airports to drive down Scope 3 emissions from airline operations through a program that equips terminal aprons with fixed electrical ground power and air systems for aircraft and requiring the use of electric vehicles for ground handling tasks.

Sustainable aviation fuels

The AAA also supports airline efforts for domestic deployment of sustainable aviation biofuels to reduce airport's 'Scope 3' emissions from aircraft operations. Biofuels have significant potential to reduce airline emissions but come with potentially significant costs to airports in reconfiguring their fuelling, storage and supply chains, particularly during a transition period where parallel fuel supply chains will operate. Government support will be required to bring biofuels into the aviation fuel market at scale and manage the transition. A program to fund emissions reduction projects at airports will be particularly important for remote and regional airports where the ability to raise capital for these projects may be constrained in the post-COVID environment.

Skills and Workforce Development

During the pandemic, the airport sector and the aviation industry more broadly has suffered a skills drain as aviation workers either retired or left the industry for other parts of the economy. While the Australian Government has invested heavily in the retention of skilled airline workers, airports have lost a significant skills base, particularly in operational roles that ensure safe flight operations and regulatory compliance.

To ensure a sustainable skills and workforce pipeline for the aviation sector, the AAA recommends the Australian Government:

- commissions an inquiry into the specific skills needs at airports. This inquiry would follow on from 2018's Report of the Expert Panel on Aviation Skills & Training, which focused almost exclusively on pilot and aviation engineering skills.¹³
- ensure that aviation is considered as a specific industry skills cluster under its VET Skills Reform program. This would help address the pandemic-related workforce disruption and the longer-term challenges to the aviation industry workforce and skills base.
- better promote careers for women in the broader aviation industry, by extending DITCRD's Women in the Aviation Industry initiative to provide funding support for the AAA's Women in Airports (\$300,000) and Young Airport Professionals (\$200,000) programs, particularly targeting aviation careers to women and girls in rural and regional communities.

The AAA also recommends training and recruitment regimes at the aviation industry's regulatory bodies (Airservices Australia, CASA, Home Affairs, Infrastructure) provide staff with the necessary skills and expertise to meet current and emerging regulatory challenges.

¹³ Department of Infrastructure, Transport, Communications and Regional Development (2018), Report of the Expert Panel on Aviation Skills & Training. Accessed on 20 January 2022 from: <https://www.infrastructure.gov.au/media-centre/publications/report-expert-panel-aviation-skills-and-training>

Technology

Satellite Based Augmentation System (SBAS)

To support better management of airspace, particularly in regional and remote Australia, the AAA recommends resourcing CASA, Geoscience Australia, Airservices and the Department of Infrastructure to deliver SBAS in a safe, integrated and timely way.

The prompt implementation of SBAS would allow aviation network controllers to better manage Australian airspace, while general aviation (GA) aircraft and remotely piloted aerial systems (RPAS) would be enabled to continuous vertical guidance for safe landings at airports without the Government or airports needing to install and maintain expensive fixed Instrument Landing System (ILS) infrastructure.

The AAA recommends the Australian Government works with the airport sector to identify and fund opportunities for 'specialisations' at particular airports.

Airport Specialisation

This would allow airports to diversify beyond Regular Public Transport and GA operations to serve other key sectors of the aviation industry such as aeromedical and emergency services, flying training, military aviation and agribusiness.

To some extent, specialisation is already happening at airports:

- many large regional and capital city metro airports host Royal Flying Doctor Service (RFDS) bases;
- similarly, regional and metro airports provide good environments for flight training schools in developing the next generation of domestic and overseas pilots.

New opportunities to encourage specialisation among airports could include basing and supporting a sovereign aerial firefighting fleet of fixed and rotary wing aircraft, a recommendation from 2020's Royal Commission into National Natural Disaster Arrangements. This would require appropriate basing and forward support arrangement at metro, regional and remote airports.





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