



AVIATION GREEN PAPER

Brisbane Airport Corporation

Submission | 27 November 2023



INTRODUCTION FROM OUR CEO

Brisbane Airport is Queensland's premier international airport, and Australia's third busiest by passenger volume. Brisbane Airport Corporation Pty Limited (BAC), the operator of Brisbane Airport (BNE), is a private, unlisted Queensland company that proudly takes on the challenge of operating BNE for the benefit of its passengers, staff and the Queensland community.

BNE serves as a key gateway to Brisbane and the rest of Queensland, and for decades, has played a critical role in the connection of passengers and freight across the state, the country and the world.

The current framework for aviation has been in place for over 30 years, fostering a period of unprecedented growth for the sector. As our strategic and operational environment continues to evolve, we need to plan for an aviation sector that can meet both present and future challenges, as well as capitalise on new opportunities.

We believe with the right policy, regulatory and investment settings, we can build on our past and shape a future that will be the most exciting in our history. As a key infrastructure asset that connects our city, state and nation, we believe that our role extends beyond simply providing effective and efficient aviation facilities. It is also about building - and being - a place that reflects the best attributes of our city, state and country. With the 2032 Olympic and Paralympic Games (the Games) secured for Brisbane, the next decade will provide a catalyst to showcase our city to the world, but more importantly, create a legacy for future generations through enhanced infrastructure and economic outcomes for Brisbane, and Queensland.

To deliver on this vision, we need to invest in our infrastructure to ensure that Brisbane Airport remains connected and accessible to all. We need to attract and maintain new markets across regions to drive travel, trade and investment to our region. We need to have policy and regulatory settings that promote innovation while maintaining community confidence in government decision making and oversight. We also need to partner with industry and government to embrace the opportunities of a low emissions future by 2030 and continue our drive towards zero net emissions by 2050.

I therefore congratulate the Federal Government in establishing the Aviation Whitepaper process, a key component of which is the Greenpaper. Our response to the Greenpaper has been developed with input across all facets of BAC's diverse operations, as well as key industry and sector stakeholders. I commend this Greenpaper response to the Government, and look forward to building on the vision of an airport city that will contribute to Brisbane and Queensland's prosperity for decades to come.

Regards,

A handwritten signature in blue ink, appearing to read "Gert-Jan de Graaff".

Gert-Jan de Graaff
Chief Executive Officer
Brisbane Airport Corporation

OUR VISION FOR THE AVIATION SECTOR

Aviation is critical to how Australians connect. In a land characterised by vast distances and highly decentralised populations, aviation plays a pivotal role in connecting people, goods and services across both domestic and international borders.

Aviation is an industry characterised by high levels of capital investment, long planning and delivery timeframes and complex operational demands. Airports, like all major infrastructure operations, are influenced by a range of long-term strategic trends that need to be considered to ensure that they remain fit for purpose and suited to the needs of the regions they serve.

At a broad level, BAC notes that the sector is at a key juncture across manufacturers, airlines, airports, government agencies and service providers. Principally, sustainability is driving a structural shift across all facets of the industry, from the manufacture of aircraft, the development of alternative fuel sources, the construction and maintenance of infrastructure, and the management of flight operations, amongst others. Notably, sustainability is not being solely driven by government, with passengers and the broader community placing clear demands on the sector to take immediate action to address its impact across all aspects of its operations.

Aviation is also evolving, with carriers responding to customer demands for more seamless journeys driving the rise of narrow body point to point services. New aircraft models, boasting higher levels of fuel efficiency and expanded range, will provide more versatility for new city pairings, allowing the development of new route offerings, and in turn potential growth opportunities for regional Queensland locations. Similarly demand for air freight is growing exponentially from domestic consumers who purchase time sensitive and perishable items and Queensland exporters of goods and services. Aviation is an essential service for Australia as an Island Nation, and for States such as Queensland with dispersed and decentralised populations across vast areas.

Specialist services, such as medical and allied health, is often reliant upon aviation to transport patients from their home locations to the place specialist care is provided, for example Queensland's centralised and single Children's Hospital and Health Service.

Connecting families, friends and communities is critical for Queensland social, cultural and economic well-being with aviation services essential to achieving a healthy and vibrant community development.

Embracing digital technologies will continue to positively influence business travel, and the growing proportion of passengers travelling for leisure and visiting family and friends. Digital technology will also continue to drive online retailing, driving greater demand for air freight across a broader range of destinations.

Airport planning and terminal infrastructure will also be required to adapt to this new digital paradigm, with increased passenger and customer demands requiring technology to facilitate more efficient (and less intrusive) movements through arrival, check-in, security clearance and boarding gates. Information will need to be provided to travellers in a more dynamic and personalised manner, across a range of accessible platforms. Passengers are also seeking higher quality (and more accessible) amenities at terminals, with tailored public spaces for differing travel cohorts and a range of food and retail options that showcase the culture and offerings of the surrounding region.

The evolution of the aviation industry is set against increased expectation on governments to address complex policy, planning and service delivery challenges that are progressing at ever



faster rates. Governments are recognising that traditional approaches to regulation, investment and services may no longer be fit for purpose, particularly complex infrastructure environments and transport systems. The need address challenges and capitalise on opportunities requires greater collaboration with industry and shared problem-solving approach. This will require a fundamental re-think of how government engages with the sector, as well as how government works across its own instrumentalities.

It is within the above context that BAC provides its vision for the sector: one that is **Innovative**, **Accessible** and **Sustainable**.

Innovative: we are a sector that embraces innovation to address our challenges and build on new opportunities. Our regulatory environment encourages investment, streamlines regulation and promotes fair competition.

Accessible: we are closely integrated with our regions transport networks, providing a seamless journey between modes and facilitating the efficient movement of goods and services. Our facilities and services accommodate the needs of all passengers, customers and workers.

Sustainable: we develop sustainable, resilient, world-leading airports that future generations trust, through protecting our planet, growing responsibly, and supporting the communities in which we operate.

Our response to the Greenpaper is provided in line with this vision and is structured according to the following three priority areas for BAC:

Competition in the Aviation Sector (Part 1)

Sustainability and Planning; and (Part 2)

Sector Administration and Regulation (Part 3)

1. COMPETITION IN THE AVIATION SECTOR

1.1 Airlines and competition monitoring

BAC believes that the aviation sector should reflect the characteristics of an open, dynamic and competitive transport system. These characteristics provide an environment where airlines invest, innovate, and continually focus on improving services, which in turn, results in more choices and lower prices for passengers and those consumers relying on airfreight to sell or consume goods and services.

The Australian domestic airline market remains one of the most concentrated in the developed world, with two airlines responsible for over 95% of domestic flights. The incumbent operator in particular, continues to dominate key routes, with over 60% of the market. In addition (and as outlined in the Greenpaper), airlines competing in the domestic market do not compete directly for passengers on all routes, with each airline seeking to concentrate on a specific niche across the premium to value spectrum. This development points to structural changes in the industry since COVID., With the exit of Tiger Airways, Virgin Australia no longer operating as a full-service carrier, and new players (e.g., Bonza) are focussing on hitherto unserved routes.

We believe that there are risks to the integrity of the sector – in its current form – without appropriate policy interventions. In our view, the airline sector should be transparent, and consumers should be confident that the regulatory framework is effective in ensuring services reflect competitive market dynamics. Recent and well publicised issues have highlighted conduct from airlines that have negative effects for the entire sector. In particular, it is important that market power is not abused by airlines to restrict competition, inflate fares, and lower customer service standards.

We commend the government for reinstating Airline Monitoring, previously undertaken by the Australian Competition and Consumer Commission (ACCC) under government directive from 2020 to 2023. We presume that the Directive will continue to review capacity, prices, costs, profits and consumer complaints relating to domestic airlines. Reinstating monitoring not only serves as a disincentive to abuse market power, but through a continuous dataset, allows for a better evidence base from which to develop industry policy into the future.

Airports have been subject to an ongoing monitoring regime by the ACCC for over two decades. This monitoring regime covers both financial and quality of service data collected over 12 months across various datapoints. We are of the view that continued monitoring helps maintain public confidence in our conduct as a major infrastructure asset, and to provides regulators better insights into how complex infrastructure assets operate for both commercial and community benefits.

With the obvious benefits of monitoring both airports and airlines, we therefore recommend that airline monitoring remain an ongoing activity, rather than time limited.

Notwithstanding the reinstatement of monitoring, we believe that it is critical for the ACCC to undertake any reviews in a fair and impartial manner. Previous airline monitoring reports, despite evidence to the contrary, have not held airlines accountable to the same standard as airports. It is crucial for the integrity of the process that approaches to monitoring are evidence led, with resultant commentary reflecting a balanced view of insights gained.

BAC also strongly supports the recommendation of the Senate Rural and Regional Affairs and Transport References Committee that the Productivity Commission undertake a public inquiry into the determinants of domestic airfares on routes to and between regional centres in Australia. As

Australia's most regionally connected airport, BNE has a direct interest in contributing to the understanding of airline dynamics within our regional centres. Any investigation into regional services could consider slot use at major airports (and therefore the ability of new entrants to serve underutilised routes), the impacts of state Government subsidies on route costs and revenues, the role of air freight in driving airline revenue, and airline performance (e.g. on time performance and customer satisfaction). As discussed further, below, we would also encourage an analysis of airport charges as a proportion of overall passenger ticket prices.

Recommendation:

Airline competition monitoring by the ACCC should be an ongoing activity to build public confidence in airline accountability.

Undertake an inquiry, through the Productivity Commission, into the determinants of domestic airfares on routes to and between regional centres in Australia.

1.2 Airports and competition monitoring

In privatising major airports in 1997, the Federal Government recognised that market power would move from the public sector to the private sector, requiring appropriate regulatory frameworks to protect the interests of airport users and local communities. The light touch regulatory framework adopted by the Australian Government since 2002 has been structured to provide comprehensive oversight on both financial and quality of service data while allowing market forces to guide negotiations between airports and airlines. Under this regime, BAC has invested over \$4.6b in major infrastructure, including the runway system, terminal upgrades, and parking facilities to improve operations and customer amenity. Through annual monitoring reviews by the ACCC, the light touch regime has proven to meet government objectives by supporting investment in airports whilst detecting and discouraging uncompetitive market practices. However, in over two decades of monitoring, the ACCC has not detected any abuse of market power by BAC (or other major airports), with BNE being consistently ranked highly on the quality of its aeronautical, parking and landside access services.

Similarly, the Productivity Commission, in four separate reviews, has found that the light-handed regulatory regime remains fit for purpose, has delivered benefits for consumers, and seen timely investment in infrastructure. Thus, the Productivity Commission has repeatedly recommended in retaining a light-handed regulatory approach (a recommendation consistently endorsed by successive Governments). From a policy perspective then, the Government's objective of privatising airports to encourage investment, improve efficiency, and deliver services to meet industry requirements has been a success. This position is further supported by BAC's future investment pipeline of over \$5.0b to develop BNE's capacity into the following decade, including the construction of a third terminal, new parking infrastructure, and a push towards increased ground transport investment.

Airlines continue to prosecute an alternative position to the light touch regime, claiming that as monopoly infrastructure, airports leverage market power in an asymmetric manner to airlines. We believe that this claim fails to present an accurate picture of airport and airline dynamics, or how airport charges affect overall ticket prices for passengers. For example:

- As airports are a volume business, it is in their interest to maximise passenger movements through terminals. BAC is acutely aware that any increase in input costs to airlines

(including higher aeronautical charges) which result in higher ticket prices may adversely impact demand.

- Airlines can unilaterally reduce services to airports. Indeed, BNE is unique to the other major Australian international airports in that it is located in close proximity to the Gold Coast and Sunshine Coast airports, each of which can be utilised by airlines to re-route services. This option serves as a countervailing power to airports, with several examples of airlines shifting capacity between Queensland ports in response to price incentivisation.
- BAC, with extensive future aeronautical investments, has a strong incentive to reach agreement with airlines, given that such agreements underpin cashflow and other measures of financial performance that support investor certainty¹.
- The regulatory regime around access means that airlines can continue to access airport services despite the expiration of an agreement (or the inability to negotiate a new agreement). In essence, this means that airlines can simply refuse to pay charges where these are considered excessive or unreasonable (as was the case with the Perth Airport v Qantas case)². Alternatively, airlines can continue to pay existing (or lower) charges and continue to access airport services if an agreement has expired and parties have not yet reached a new agreement.³ BAC has been directly impacted by this type of behaviour, resulting in the need to defer necessary investment to fund this payment shortfall until such time as agreement has been reached.

Recent research undertaken by the Airports Council International (ACI) has highlighted that airport charges comprise a nominal amount of total ticket prices. Furthermore, increases in airfares were not found to correlate with a change in airport charges. In fact, airport charges increased below CPI after COVID in both domestic and international markets, with 3% growth in domestic markets and -4% in international markets (refer to Diagram 1 and Diagram 2, below)⁴ Conversely, airfares have increased on average 6.9% for domestic markets, and 30% for long haul markets.⁵ The largest drivers of increased airfares have included:

- Macroeconomic and global causes, such as inflation, currency fluctuations and fuel (with long haul fuel costs adding 23% to the price of a ticket)
- Airline related causes, including operating costs, market dynamics, sector concentration (with higher concentration leading to higher ticket prices)
- COVID, including travel restrictions, capacity limitations, health and safety measures; and
- Government charges, such as the Passenger Movement Charge and other turnaround costs, including Air Services Australia navigation and Air Rescue Fire Fighting Services (ARFFs) charges.

¹ Productivity Commission, *Economic Regulation of Airports: Overview and Recommendations*, 2019, p.13

² *Perth Airport Pty Ltd v Qantas Airways Ltd* [No 3] [2022] WASC 51

³ *Ibid.*

⁴ *Ibid.* p.22.

⁵ Airports Council International, *Airfare trends in Asia Pacific*, May 2023



Turnaround cost evolution
USD per turnaround, 2014, 2019 & 2022

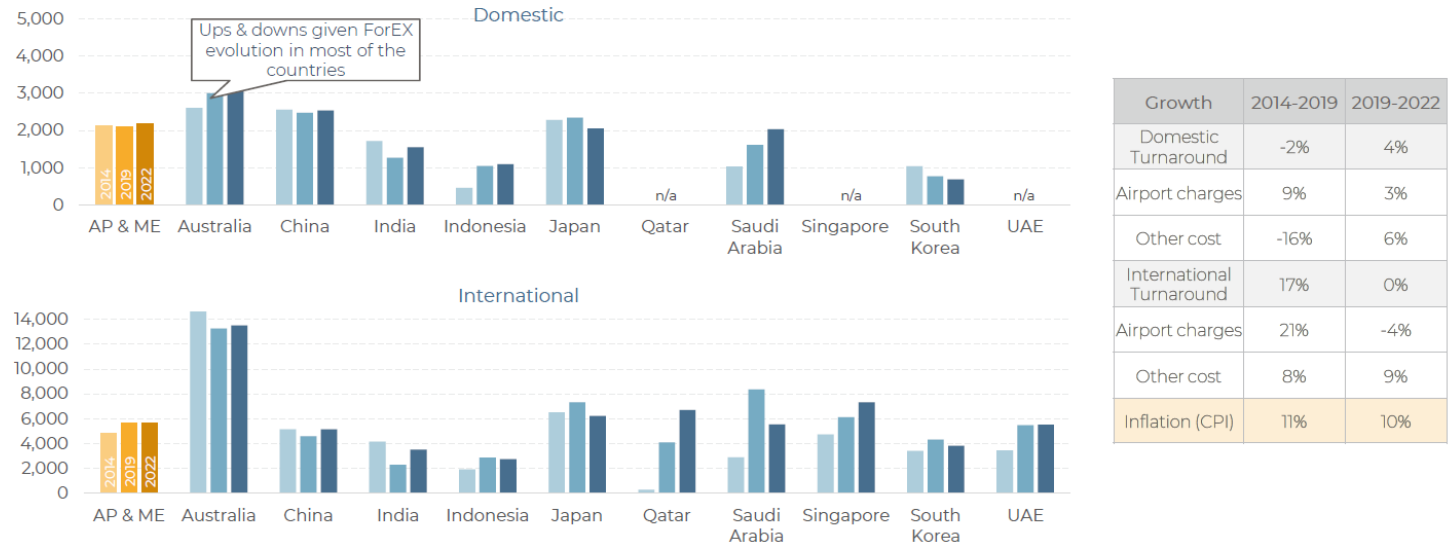


Diagram 1: Airport charges v CPI – airport charges increased below COVID in both domestic and international markets (Source :ACI)

International air fares evolution in Asia-Pacific and Middle East
Air fares vs. selected variables, base 100 (2014-2022 quarterly)

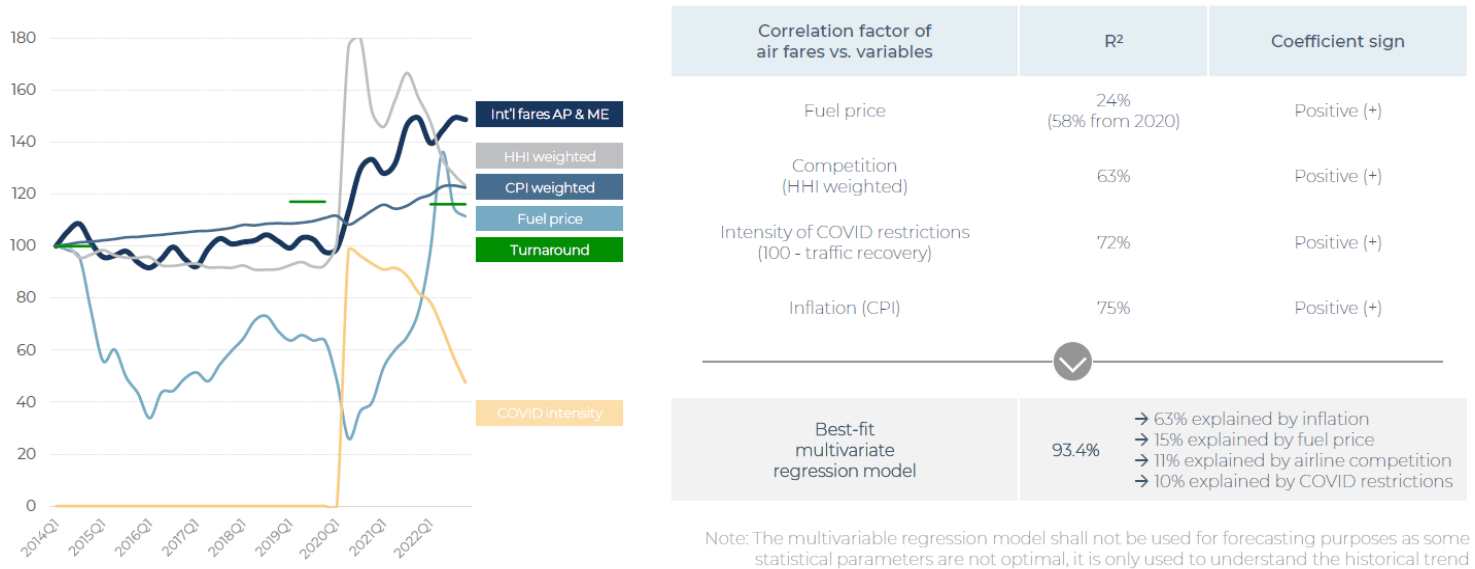


Diagram 2: factors affecting airline ticket prices (Source: ACI)

It is therefore important to not arbitrarily shift regulatory attention away from airlines to other parts of the sector; particularly given the extensive review and monitoring framework already in place. BAC strongly supports the application of the competition framework in its current form, noting that airports continue to be some of the most heavily regulated entities within Australia’s transport system.

Aeronautical Pricing Principles and Building Block Model

The purpose of the current ACCC price monitoring regime is to provide stakeholders with transparent information of airport prices and profits. This information 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.⁶ Aeronautical Pricing Principles (APPs) have guided pricing negotiations between BAC and airlines for over a decade. Our discussions are informed by the Building Block Model (BBM), allowing airlines to thoroughly scrutinise charges based on our expected costs. BAC agrees that negotiations with airlines are complex and may not result in an immediate agreement between parties. However, we have a history of negotiating and constructing Airport Services and Charging Agreements (ASCA) in a timely and transparent manner. For example, our most recent aeronautical charging negotiation included:

- Detailed capital plans being developed and provided to airlines,
- Independent advice from specialist consultants being sought on key metrics, including rates of return, aircraft movements, and passenger growth,
- Indicative prices for negotiation based on the BBM including full visibility over the inputs in the model, and harnessing APPs as guidance; and
- Extensive consultation on all inputs and information provided (including detailed information on our assumptions and methodologies).

BAC questions the utility of mandating the use of APPs, given that these have already been incorporated in our engagement with airlines over many years. Indeed, despite claims made to the contrary by the airline sector, airports have continued to demonstrate adherence to the APPs, as outlined in numerous Productivity Commission Inquiries. We note that the ACCC, in its June 2022 Airport Monitoring Report, acknowledges this fact:

“The PC has the option of recommending reform to airport regulation should it find that an airport operator had breached their APPs in a material way (for example, by setting unduly high aeronautical charges, earning excessive profits or conducting commercial negotiations in breach of the APPs. In each of its 4 inquiries to date, the PC has found that monitored airports have not systematically exercised their market power.”⁷

BAC also rejects the continued push by airlines towards an airport specific arbitration framework that would give airlines direct access to arbitration without first seeking a declaration under the National Access Regime. In line with the Productivity Commission's previous commentary on this issue, such a regime would impose additional obligations on airports despite no evidence that airports have exercised market power or done so to the detriment of the community.⁸ Such an approach would also not include access to administrative and judicial review, available under the National Access Regime. Lastly, the introduction of this proposed regime would likely distort airport investment decisions and could result in a more protracted, time intensive (and ultimately costly) negotiation process. The Productivity Commission stated that as a result, this approach would provide a regulatory imbalance in favour of the airlines, which on balance, could be detrimental, rather than beneficial to the community.

⁶ Australian Government, *Flight Path to the Future: National Aviation Policy Whitepaper*, 2009, p.175

⁷ Australian Competition and Consumer Commission, *Airport Monitoring Report: 2021-22, 2022*, p.27

⁸ Productivity Commission, p.26

Recommendation:

Continue with the current airport monitoring framework and the application of APPs between two commercial entities as appropriate fit-for-purpose approaches.

Increased Transparency and Recommendations 9.4 and 9.5 of the PC

In its 2019 Competition Inquiry, the Productivity Commission recommended improvements to the monitoring regime to enhance transparency over airports' operations and to detect the exercise of market power more readily. BAC has supported these recommendations, noting that these would be a reasonable and proportionate approach to ensure confidence in the light-handed regulatory regime.

The essence of the Commission's recommendations was for airports to provide separate reporting of costs and revenues for domestic and international aeronautical services, car parking, and landside access. Airports were to also disclose any methods used to allocate common costs between domestic and international services. For Quality of Service (QoS) monitoring, aeronautical indicators were also recommended for updating to reflect outcomes valued by airlines and passengers.

The ACCC's recommendations across both Financial Performance indicators pointed to attempts of regulatory over-reach on one hand, or a fundamental misunderstanding of airport operations on the other, as outlined below:

Financial Performance

In the Consultation Paper, *More Detailed Information on Airport Performance*, the ACCC proposed three options for the expansion of the financial reporting requirements for monitored airports to improve the monitoring regime. These options included:

- (a) **Option 1** – Collecting more detailed data for specific services (recommended by the PC) and relying on basic cost allocation principles. The information provided would be provided within Regulatory Accounting Statements and subject to independent audit;
- (b) **Option 2** – Collecting systematically disaggregated data and relying on a detailed cost allocation method developed by the ACCC; and
- (c) **Option 3** – Collecting systematically disaggregated data in accordance with standardised cost allocation method developed by the ACCC and the enhanced powers for the development of 'record keeping rules' to enhance information gathering.

BAC is of the view that none of the options proposed by the ACCC reflected the PC's recommendations, with Options 2 (the ACCC's preferred approach) and 3 representing significant over-reach by the ACCC when set against the intent of light-handed regulation.

It is clear from the PC's recommendations that new reporting was not required to be created, nor new cost allocation or cost mapping methodologies developed. Further, the PC did not recommend that reporting form part of Regulatory Accounting Statements (that in turn are subject to independent audit). Rather, what the PC recommended was that monitored airports provide information on how they allocate costs and provide any cost allocation methodology for

allocating common costs. Alternatively, if a cost allocation methodology is not currently used, airports were to advise the ACCC of this fact. Notably, the PC did not recommend any further allocation of assets beyond what is currently provided between aeronautical and non-aeronautical assets.

Of particular concern to BAC (notwithstanding the attempted regulatory over-reach by the ACCC) is the significant additional regulatory burden that would be placed on monitored airports by the proposed options (particularly Options 2 and 3) – a regulatory burden that the PC evidently sought to avoid in its Recommendations given the limited overall benefit of more regulatory requirements to the light-handed regime.

Quality of Service

In its liaison with the ACCC on QoS measures, BAC highlighted the need for the ACCC to be clear on the application of any new measures against the objectives of the monitoring regime; the importance of understanding the complexity of airport operations; and the need to integrate QoS monitoring across all customer touchpoints at terminals.

To the ACCC's credit, a range of nominated measures (including Flight Information; Terminal Power and Power to Aircraft) have been revised or removed to account for sector feedback on their utility and effectiveness. However, other key measures have continued to be advocated for by the ACCC and continue to highlight the challenges in unilaterally developing measures in a highly complex operational environment.

For example, at Item 4 of its Final Advice, the ACCC states that airports have more direct responsibility for, and control over, some services than others. Therefore, 'users can reasonably hold airports more accountable for performance of a service where the airport – and not the airline – is operating and managing it.' The ACCC continues that it has formed the view that '...requirements the Australian Government imposes on the process are a large factor in how the process is carried out and what equipment the airport uses, the airport operator can still reasonably influence the experience of airport users.'⁹

Respectfully, we believe that these statements reflect a continued lack of understanding of airport operations, with a complex relationship between regulatory requirements, policy determinations by the Department of Home Affairs, and the specific operation of screening equipment endorsed by government authorities. We believe that any measure on security screening needs to account for these elements to provide a true and accurate picture of airport performance.

BAC notes that the ACCC's proposed revised measures on Financial Performance and Quality of Services monitoring have not been adopted. However, we would encourage government to consider alternative approaches to the development of Recommendations 9.4 and 9.5 through the principle of co-development. To date, the ACCC has taken a 'top down' approach to development and engagement with the sector. In an environment as complex as aviation, we believe that better outcomes could be achieved by regulators, airports and contractors working together to enhance transparency in the sector.

Recommendation:

Government establish a consultative framework to develop and implement enhancements to airport and airline competition monitoring. The framework should prioritise the co-development of improvement proposals with subject matter experts across the aviation sector.

⁹ Australian Competition and Consumer Commission, *Airport quality indicators – recommendations to government*. May 2023. p44.



1.3 Bilaterals and international services

BAC notes that the government seeks to maintain a ‘Capacity ahead of Demand’ approach and negotiate ‘Open Skies’ style agreements for where it is in the national interest. This has been the policy of successive governments and supports previous recommendations made to government by the sector.

For some years, BNE has been under-served by Australian carriers on international routes. It has, therefore had to rely on international carriers for most of its international services. Where open skies agreements are in place, capacity limits on key commercial determinants, including routes, frequency and passenger volumes do not apply. This allows commercial agreements between airports and airlines, driven by passenger demand, to dictate capacity. The successful negotiation of open capacity arrangements with New Zealand, China, the United States, the United Kingdom, Japan, India and Singapore has brought with them extensive growth in passenger volumes, and in turn, lower airfares and increased visitor spend.

Notwithstanding the benefits of ‘Open Skies’ arrangements, BAC believes that the review of bi-lateral arrangements is critical to the recovery and continued growth of the airport sector in Australia. Recovery from the pandemic has seen demand far exceed supply by several metrics, including high air fares and above long-term average load factors. High airfares and constrained services in turn, restricts access for passengers from key source and trade markets, particularly in Southeast Asia. The graph below shows the monthly international capacity volumes for the years CY19 to CY23. To date, BNE has recovered to approximately 70% of 2019 international capacity volumes.

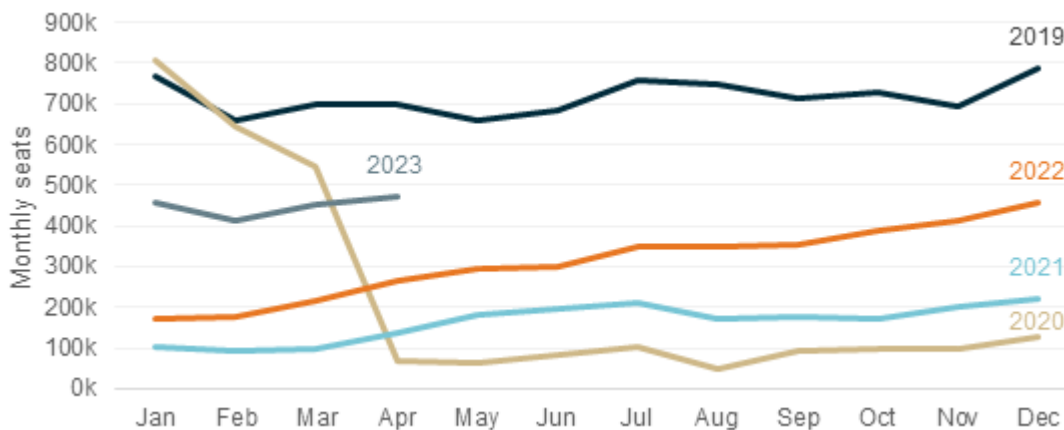


Diagram 3: BNE traffic volume recovery (Source: BAC)

Efforts to secure additional landing rights are a key step to address recovery growth, bringing more tourists to Queensland, and providing additional air cargo capacity to our exporters.

We continue to encourage the department to take a more strategic, integrated approach to bi-lateral arrangements. In particular, it is important to optimise approaches to create supply ahead of time.

This is to be contrasted with the current ‘Capacity ahead of Demand’ approach, with a focus on following an increase in demand, which is largely reactionary in nature, and may not account for the significant lead times associated with the agreement process. Creating supply ahead of demand allows both airlines to plan procurement and deployment of aircraft, and airports to plan

infrastructure and terminal capacity with certainty. In turn, aviation market growth is created through informed capacity and pricing decisions and reduces risk for commercial decision making.

Air Services Agreements should also be considered as part of broader Commonwealth migration, education, tourism, and foreign policies. We note that recent reviews of Australia's migration system and enquiries into the tourism and education sectors provides the opportunity to calibrate Bilateral Air Services Agreements with government priorities in growth markets. A misalignment between key government objectives and policies will only serve to misalign scarce resources, rather than assist in building further opportunities for the sector. Effective co-ordination for negotiations in priority markets between federal and state government is also critical to ensure investment is targeted efficiently and effectively. Of note is the Commonwealth's ability to negotiate slots in bi-lateral agreements and state's ability to offer incentives to airlines serving priority markets. Effective partnership between levels of government could provide greater growth in air services to Australia and reduce unproductive competition by jurisdictions for limited numbers of slots.

Considering the bi-laterals process more broadly, BAC strongly supports measures to promote transparent and consistent decision making, including the range of interests that government has applied to its decision. This allows industry to understand relevant factors in long term market strategy and capacity planning. Increased transparency also promotes greater opportunities for industry to develop proposals that are in line with government and national priorities.

1.4 Consumer protection

BAC notes that as part of ongoing competition monitoring for airports, passenger and customer surveys must be undertaken on an annual basis and provided to the ACCC. These surveys capture passenger satisfaction with airport facilities, emerging trends, and customer requirements into the future. Over the course of these surveys, BNE has rated well on key metrics, with an overall rating of 'Good' within ACCC's Airport Monitoring Reports. Similar monitoring for passenger satisfaction does not form part of airline monitoring, with increased volumes of customers reporting significant issues with airline service and conduct. We believe that QoS monitoring should be included for airlines to independently gauge performance in a highly concentrated market, and to provide a holistic data set for customer satisfaction across the aviation sector.

We understand that under the current consumer protection regime, consumers have rights under *Australian Consumer Law* for redress in instances of delayed or cancelled flights. Customers can seek a refund and compensation for reasonably foreseeable losses if a service cannot be delivered within a reasonable time. Passengers are also subject to carrier Fare Rules and Conditions of Carriage that form part of a ticket (or contract) with the airline. Such rules and conditions, while unable to exclude, restrict or modify passenger rights under ACL nevertheless provide airlines scope to be highly discretionary to consumers impacted by delays and cancellations (e.g. in some instances an airline may offer a refund, whereas in other instances it may offer credits through a 'travel bank', with further terms and conditions of use).

The ACCC, while having extensive powers to monitor and prosecute anti-competitive behaviour at a sectoral level, is not a dedicated complaint resolution body acting on individual customer matters. Consumer complaints to the ACCC are generally referred to state-based consumer protection bodies (e.g. Office of Fair Trading), which, as non-judicial bodies, do not have binding decision making powers. Consumers may also seek to engage with the Airline Consumer Advocate (ACA), funded by airlines to help resolve customer disputes. However, as the ACA is funded and controlled by airlines, it has no enforcement powers, nor can it engage in any form of binding dispute resolution. Airlines are therefore free to accept or reject customer cases at their discretion

– this approach, clearly, is not in the best interest of the consumer. BAC believes that there needs to be a better dispute resolution mechanism – similar to the Telecommunications Industry Ombudsman – an external and independent body empowered to make a range of binding decisions on the provider (including compensation, changing the charge for a service, supplying alternative goods, or providing specific services).

A more comprehensive Ombudsman can be complemented by the ACCC working with the airline industry to provide clearer guidance on consumer rights within the sector (including grounds for compensation). Work should also be undertaken to make Fare Rules and Conditions of Carriage aligned with - and supporting - the intent of the ACL. While some international jurisdictions have legislated (or are seeking to legislate) compulsory compensation schemes, we would caution such an approach due to a number of policy externalities that must be considered, including:

- The potential for airlines to increase ticket prices to cover the cost of compulsory compensation (both substantive and administrative)
- The cost of establishing and administering a scheme could act as a barrier to entry for smaller operators
- The need for a clear understanding of proximity and control vis a vis airline operations (an ongoing issue with current EU arrangements), particularly given the complexity of the aviation supply chain
- The inadvertent increase in administrative burden to government regulators where customers seek to appeal airline determinations of responsibility
- The avenues to enforce such a scheme may highlight existing consumer rights issues: that is, without a dedicated body to enforce airline obligations, customers will need to enforce rights individually via the judicial system, increasing costs and complexity.

Recommendation:

Ensure the scope of Airline monitoring will include data on customer satisfaction and Quality of Service metrics

Consider the introduction of an Airline Ombudsman model with the view to more effectively resolving disputes

Work with the airline industry to update Fare Rules and Conditions of Carriage to more clearly reflect consumer rights.

1.5 Visa Visitor Reform and the Passenger Movement Charge

Australia competes on an international level to attract visitors and skilled labour. Competition in the aviation sector (and therefore ticket prices) are a central consideration for travellers, however, government processes and charges play an equally significant part to our overall value proposition. While visas are integral to screening and controlling the flow of visitors to Australia, improved calibration of the system can better balance security and immigration risks with convenient movement across our borders. Similarly, the funding and resourcing of our security and border force agencies should reflect the true costs of service provision. This will ensure that costs to travellers remain as competitive as possible in an increasingly price sensitive market.

Visa Visitor Reform

A key component of tourism demand is the ease of entry to a destination. Unfortunately, the current policies and regulations around obtaining an Australian visitor visa can be time consuming, bureaucratic and costly, particularly for groups seeking entry from key growth destinations in Southeast Asia. For example, as outlined by the Tourism and Transport Forum, under existing visa requirements, a Chinese independent traveller is required to tender a fee of AUD\$130, produce considerable evidence, complete a 15-page paper-based application, and wait up to 15 days for processing. These onerous requirements can be contrasted with visitors from the United States, who are only required to complete a brief online form and receive an electronic visa for AUD\$20. Similar barriers impact visitors from India, Indonesia and Vietnam. This issue stands in contrast to arrangements in other comparable destinations (e.g. the United States and United Kingdom), where visa regimes have been reformed to simplify and streamline the visa process.¹⁰

Streamlining our visitor visa processing will ensure that Australia remains competitive against its international competition, and in turn facilitate the increased growth of our aviation and tourism sectors. Key priorities include:

- the rapid implementation of online visitor visa processing, with a focus on key growth markets such as China, India, Indonesia and Vietnam
- the introduction of simpler documentation requirements, particularly for repeat visitors who have complied with previous visa requirements. As suggested with the Passenger Movement Charge (PMC) below, BAC recommends that government allocate a portion of over collected revenue from the PMC to be re-invested into visa reform, noting that the move to a simplified, online based visa process provides an opportunity to further reduce costs longer term
- consideration of multiple entry visitor visas over a set period. For example, the United States offers Chinese citizens a 3-year, multiple entry visa for both business and leisure travellers
- the provision of visa information in other languages for a more accessible application process and to facilitate the efficient and accurate processing of visa applications; and
- the introduction of a more equitable fee structure for visitor visa applicants, particularly from growth market source markets. With the move towards online applications, simpler documentation requirements and multiple entry visas, the costs of processing should reduce, and in turn, be passed on to applicants.

BAC acknowledges the work is being undertaken by government to address these priorities. However, given that Australia competes in an international market for visitor numbers, a more aggressive timeline is required to deliver visa reforms as quickly as possible.

Passenger Movement Charge

The Passenger Movement Charge (PMC) is a regressive tax that is levied on the aviation sector, increasing ticket prices and negatively impacting the ability of the airport to attract new airlines and routes. While introduced over two decades ago to recover the costs associated with border processing, security and visa issuance, the revenue generated by the charge has consistently exceeded the costs to the Government of providing these services (with charges being directed to general revenue). In fact, the charge has been increased five times since its inception, with the most recent increase setting the price at \$60 per passenger. This makes the PMC the second

¹⁰ Tourism and Transport Forum, *Visitor Visa Reform: Reducing the Barriers to Travel to Australia*, 2016, p.13

highest departure tax by international standards. While depressed passenger volumes have affected overall revenues associated with the charge, the government will continue to over-collect for the 2023-24 financial year as passenger volumes recover. Further, there remains no direct correlation between this over-collection and any additional investment in aviation security or . BAC believes that under the current circumstances, governments should focus on helping grow inbound and outbound travel and invest in infrastructure to enhance the overall visitor experience. Unfortunately, the PMC, in its current form, remains a charge that does little to support and grow the aviation and tourism industries.

Recognising that departure taxes can serve as a disincentive to stimulating passenger demand, many governments have already reduced or abolished their own charges, including Malta, the Netherlands and the United Kingdom. Pending the removal or reduction of the charge, BAC recommends government allocate a portion of over collected revenue to be re-invested into the aviation sector, and in particular, supporting initiatives aimed at improving passenger screening. Further resourcing should also be considered for Border Force to better facilitate passenger movements at the border, as well as investments to reform visa processing from growth destinations via the adoption of online technologies. This approach will provide a 'net benefit' to passengers through safer travel, more affordable ticket prices and better travel experiences.

Recommendation:

Improve the efficiency of our visa system to help grow target markets

Reduce (or better utilise) the Passenger Movement Charge to promote a better visitor experience for travellers through major gateways

Invest the proceeds from the Passenger Movement Charge in more efficient border processes and technology that enhances safety and security at a reduced cost

2. SUSTAINABILITY AND PLANNING

2.1 Sustainable Aviation Fuels (SAF)

An immediate measure to decarbonise aviation is the development and accessibility of SAF. As has been outlined in the Greenpaper, Australia does not have the capability to blend, refine and distribute SAF at the scale required to supply the entire aviation sector. This is despite natural comparative advantages in the growth and supply of potential feedstock, which at present, is largely exported to be refined offshore. Where domestic costs are high and supply is low, airlines are not transitioning quickly enough to SAF, or are otherwise buying SAF from overseas markets. Smaller regional airlines (with a solely domestic footprint) would be placed at a distinct disadvantage without access to a local SAF supply, inadvertently presenting an additional structural issue to airline competition.

BAC supports representations made by other major stakeholders in the sector in calling for clear government policy to establish a local SAF market, optimise supply chains, and build refining capability. We acknowledge the establishment of the Jet Zero Council (JZC) to help facilitate the aviation industry's transition to net zero. We note that many of the questions raised within the Greenpaper are raised as part of initial JZC discussions.

An effective JZC needs to secure the role of the Australian Government and industry in building long term SAF supply in Australia. We believe that the Australian Government is a system steward and must set an articulated objective for SAF with a comprehensive roadmap for implementation. The setting of a clear objective needs to be supported by co-ordination, support and a range of policy mechanisms calibrated to support Australia's unique SAF challenges. Leading a transition of this scale will require a systems approach to governance, leveraging resources across Government institutions and all JZC's membership to drive action. It is also critical that efforts are co-ordinated across federal and state governments to ensure limited public resources are identified and used as effectively and efficiently as possible. We believe that defined roles and constructive governance are the bedrock from which SAF can be successfully developed and supplied in Australia. In short, without effective governance and management, the intent of JZC cannot be fulfilled.

Immediate focus areas for SAF

Firstly, an immediate action for industry is a statement from federal and state governments to commit to net zero aviation, and the use of SAF. The statement can set aspirational goals of specific volumes and signal future intent to develop SAF policies and investments to meet these goals. Governments (both federal and state) can also signal strong demand for SAF by developing procurement policies that commit to reduce the impacts of air travel and to promote a program of regional development driven by domestic SAF production. This approach has particular relevance for government, military and emergency operations, given the long-term nature of direct purchase agreements and the collective scale of government operations.

Secondly, we recognise that at a broader level, the development and supply of SAF requires a globally recognised standard to facilitate the technical certification of SAF. Given the myriad of pathways that can be used to produce SAF (e.g. Fischer-Tropsch, Hydro-processed Esters and Fatty Acids, Alcohol to Jet), standardised qualities and characteristics for fuel is critical to ensure that it can be safely substituted into existing aircraft. Without a 'drop in' capability, adaptation to engines or fuelling infrastructure will need to be taken to support SAF, thereby creating additional complexities and costs. A consistent standard on SAF – similar to the ASTM D1655 'Standard

Specification for Aviation Turbine Fuels' for current jet fuel – will require consensus from engine manufacturers, government agencies, fuel producers, infrastructure providers and international aviation bodies, amongst others, to prepare industry for the large-scale production and adoption of SAF.

Thirdly, we agree with Government that in addition to robust certification requirements, appropriate accounting mechanisms for tracking the environmental benefits of SAF form a critical foundation to its uptake. To ensure that the sustainability attributes of SAF are appropriately accounted for, traced, transmitted and communicated, an appropriate tracking mechanism is required. We strongly recommend at first instance the development of guidance that outlines a harmonised SAF accounting approach and principles – one that can be harmonised with a global SAF framework.

Finally, public education on SAF is a key component to its acceptance and a willingness to pay a premium associated with its use (at least until such time it reaches price parity). As outlined by the CSIRO, the success of the SAF industry also depends on building higher literacy levels across the value chain.¹¹ Understanding the key aspects of SAF, including its role in decarbonisation, production methods, tracking and reporting, and sustainability criteria, will be important in supporting uptake and acceptance. We welcome the Greenpaper's identification of 'Building industry literacy and social licence' to identify social licence activities (including community awareness and education).¹²

Medium to long term priorities for SAF

Effective public policy for SAF will require a range of mechanisms to scaling its production and supply in Australia. The specific interventions, the extent of these interventions, and their interactions with other policy drivers will require careful sequencing and evaluation to ensure that resources are focussed and leveraged to provide maximum benefit to the sector. Policy development work in this space should consider the efficacy of different combinations of policy interventions, comprising both demand side and supply side incentives, and the interaction between these incentives.

For example, setting a mandate for SAF adoption (e.g. graduated from 1% in 2025, 3% by 2028, 5% by 2030, increasing to 55% by 2050 and so on) will send a clear signal to industry that future SAF demand will warrant market investment in production. This graduated approach will enable the establishment of domestic refining capability without a sharp shock to fuel prices or leading to the importation of SAF.

A graduated mandate will enable the development of and integrated local supply chain that can provide opportunities for regional development and SAF exports (when production capacity allows), at the same time improving emissions for airlines flying to and around Australia. Similarly, any co-investment or capital grants in refining facilities needs to be co-ordinated between federal and state governments to ensure that new facilities are not in conflict for scarce resources. Consideration also needs to be given to 'enablers' of SAF production and supply, including regional freight, workforce planning, skilling and training, and long-term feedstock agreements.

A shared vision, strong governance and a clear role for government is crucial to allow solutions to be investigated, developed and implemented. A similar philosophy and approach is applicable to other power sources and future fuels, including hydrogen and electrification.

¹¹ CSIRO, *Sustainable Aviation Fuel Roadmap*, 2023, p.27

¹² Australian Government, *Aviation Greenpaper*, p.84

Recommendation:

Develop a policy target statement for net zero aviation by federal and state governments

Ensure that the Jet Zero Council is resourced and governed appropriately to drive immediate SAF activities, including technical certification, accounting standards and public education.

2.2 Airport Master Planning

The Master Planning Process

BAC understands the importance of Master Planning to ensure that future developments on airport are complementary, compatible and sustainable. With Brisbane Airport predicted to grow to 30 million passengers by 2032, and 30,000 staff within the same period, careful consideration needs to be given to how developments can serve airport users effectively yet minimise impacts on the environment and surrounding community. As mentioned in the Greenpaper, non-aviation, commercial development is a key pillar of BAC's planning strategy, to fulfil a wider vision of an Airport City – a place where business, education, retail, entertainment and travel can flourish within an aviation precinct. The importance of non-aviation related revenue was acute during the COVID Pandemic, where border closures and travel restrictions decimated aeronautical revenues for airports. In this environment, diversified revenues helped to subsidise aeronautical operations, and in particular, our international terminal to help facilitate repatriations and transport freight. Nevertheless, noting that we are first and foremost a transport infrastructure asset, investments in aviation facilities are central to our ability to serve as an international gateway for Queenslanders. While BAC supports comprehensive oversight of planning and development (particularly for non-aeronautical developments) we believe that regulation and development administration needs to adapt to modern airport and precinct requirements.

In terms of planning regulations, key requirements of the planning approvals process introduced by the *Airports Act 1997* (Cth) included preparation of Master Plans for 20 year planning horizons every 5 years (later increased to 8 for major airports), Major Development Plans (MDPs) for any work over a threshold cost, the designation of building officers for approval of routine development, and environmental strategies also updatable for 5 year planning horizons.¹³ Environmental strategies have also required the concurrence of the Minister administering the federal *Environmental Protection and Biodiversity Conservation Act 1999* (Cth).

Extensive changes to the Master Planning process were undertaken via the previous Aviation Whitepaper in 2009, with Planning Co-Ordination Forums established to ensure State and Local Governments worked closely with Federally Leased Airports (FLAs) on key developments affecting their communities. Planning Co-Ordination Forums also allowed FLAs to liaise with State and Local Governments on the placement of residential developments close to airports (and therefore under aircraft flight paths). Together, the regime, as currently constituted, has sought to better balance the promotion of private investment with extensive checks and balances to protect wider community interests.¹⁴

Given ultimate responsibility for development approval remains with the Federal Minister for Transport, the quality of engagement and input from State governments, local councils, and the wider community forms a critical part of the airport planning process. Particularly in a Queensland context, planning approvals and infrastructure provision outside the airport boundary are the

¹³ Freestone, Robert. 'Managing Neoliberal Urban Spaces: Commercial Property Development at Australian Airports', Blackwell Publishing, 2011, 49(2), pp115-131

¹⁴ Ibid.

responsibility of well resourced, sophisticated State and Local Government. Any disconnect between the planning and approval regimes of each entity can (and does) lead to suboptimal outcomes that negatively effects airport operations and the surrounding community.

From BAC's experience, the current framework of voluntary forums and information sharing between BAC and state/local government is not delivering on the outcomes sought by the Airport Act and the EPBCA. There is an overall lack of engagement from governments for both developments at airport, and developments affecting the airport. A key example of this disconnect is the provision of active transport infrastructure that connects BNE to the wider state and local cycling network. As the north Brisbane cycling network comprises a mixture of state and local cycling paths, BAC must negotiate with these governments to plan, invest and build infrastructure to connect our key activity precincts. While BAC is willing to invest heavily within the airport boundary (comprising of federal land), each separate government entity is bound by its own planning and investment regime. This means that engagement from governments is spasmodic, with no consistent and formalised approach to co-ordinating infrastructure provision across the wider airport region. We believe that federal, state and local governments need to work more effectively to address compatibility in land use planning and investment.

Community engagement is similarly challenging, with some nominated representatives of community groups not having the technical expertise to address complex planning issues on behalf of their constituents. BAC also finds that within larger community forums, certain issues dominate discussions at the expense of others, thereby precluding opportunities for the wider community to advocate on issues important to them, thereby undermining the intent of the current framework.

As discussed further at 3.1, a more active leadership role is required by the federal government on issues of planning and community engagement. As airports are private entities with no regulatory powers, their ability to drive outcomes across all levels of government is limited. A more prescriptive framework with clear roles, responsibilities and accountabilities should be considered to ensure that airports continue to grow sustainably in line with their surrounding communities.

Importance of an integrated transport network

The issues outlined with policy, planning and investment across levels of governments is no more apparent than with mass transit services and freight movements at BNE.

Extensive modelling undertaken on behalf of BAC has highlighted that current and planned road and transport infrastructure will be insufficient to meet this growth in passenger and commuter demand by 2030. Suboptimal infrastructure will have very clear implications for the Airport, and by extension, the wider Southeast Queensland region. While constrained services directly impact international tourism competitiveness, these also negatively affect the ability of industry to leverage the advantages provided by the efficient movement of goods and services within the region. Connective infrastructure is a critical priority to achieve both an internationally competitive visitor economy and further growth industries around freight, logistics, distribution, and property. This is particularly important for BNE given its connection to the National Land Transport Network, and connectivity to and through the key economic hubs of Brisbane, Gold Coast, Sunshine Coast, Ipswich and Toowoomba.

BAC also notes that government strategy – both at a state and federal level – places little focus on airfreight. With around 80% of airfreight in Australia carried in the holds of passenger aircraft, better understanding is needed on how to maximise transport system efficiency to promote high value, just in time movement that characterises airfreight. What's more, given the importance of airfreight during the pandemic, investigations into supply chain resilience need to extend to aviation. Resilience should be considered for both landside road and rail route connections to

airports and the ability of airport infrastructure to maintain key domestic and international freight routes during times of disruption.

The need for efficient and resilient transport networks is further evident by the demands to be presented by the 2032 Olympic and Paralympic Games (The Games). The Games, while putting Southeast Queensland on the world stage, will require reliable, rapid, accessible, and safe transport networks capable of dealing with unprecedented volumes of passengers, goods and services. If BNE is constrained by suboptimal connecting infrastructure, this will have a direct flow-on impact to the wider transport network and will stifle economic and social opportunities for Brisbane and Queensland's regions.

As large-scale infrastructure is complex, resource heavy, and time intensive, detailed investigation, planning and consultation is required across all levels of government as quickly as possible. At present, BAC is not aware of clear objectives for airport transport provision at a federal level. What's more, responsibilities between each level of government remains unclear.

BAC believes that a Ground Transport Strategy is required to support both the National Land Transport Network and the state road and rail networks. This strategy needs to be supported by a governance framework that incorporates BAC perspectives and expertise. A clear program of planning, investment and delivery also needs to be developed to ensure that infrastructure provision is delivered on time, and to the standard required to provide real benefits for the region. Without proactive, co-ordinated planning and investment led by federal government, we risk significant shortfalls in our ground transport system's capacity and connectivity, which in turn stifles growth, employment and prosperity into the future.

Recommendation:

Improve co-operation and co-ordination between federal, state and local governments regarding airport master planning, development and transport connectivity.

2.3 Accessibility and Disability Standards

Brisbane Airport strives to ensure its facilities are compliant with all relevant disability and accessibility standards. However, we acknowledge that there is more work that can be done by the sector to ensure air travel is accessible to all.

Poorly defined responsibilities between multiple interfaces (e.g. landside ground transport, kerbside, terminal check in, security screening and gateside) have been identified as a key driver of a poor traveller experience. Customer feedback at BNE has also highlighted the need to address a range of hidden disabilities (e.g. PTSD or Epilepsy) and for airport infrastructure to cater for these needs. As a minimum, any move towards more accessible infrastructure requires genuine engagement and co-design with a system's users, with a 'whole of journey' approach that addresses all touch points across a passenger's travel journey (including ground transport, airport infrastructure and airlines).

Specific topics and actions that could be incorporated into a co-design process include:

- Universal design principles in infrastructure projects to ensure facilities and layouts are inherently accessible (e.g. whether disabled parking is located as close to the terminals as possible; separate disabled toilets to accommodate a range of mobility devices; check-in counters are provided at a range of heights)

- Co-ordinating with local bus, rail and rideshare providers to ensure seamless travel to and from the airport, with clear communication between parties facilitating the journey (e.g. rail station masters and airline customer service personnel)
- Leveraging technology solutions – e.g. Google Wayfinder across terminals; accessible check-in kiosks; audio beacons to guide passengers to key points; and dynamic display screens displaying geometric shapes and contrasting colours;
- Greater training of personnel across the passenger journey. Industry can work together to develop training programmes and guidelines to provide a consistent approach to addressing disability and access issues
- Endorsed standard of service between airlines, airports and government agencies operating at terminals. This includes the continued monitoring and reporting of complaints and feeding information through to responsible parties; and
- Independent auditing of aviation standards, guidelines and performance to ensure that disability and access requirements continue to evolve with passenger needs.

It is important to consider the utility of further regulation when addressing the above topics and actions. BAC's view is that more can be achieved by the sector when shares responsibility with government to achieve genuine accessibility outcomes, rather than focussing on compliance to a fixed standard.

2.4 Airport Approval Frameworks

Major Development Plans

Major development Plans (MDPs) form a key component of development oversight at airports, together with Airport Master Plans and Building Approvals. Approval for MDPs is conditioned upon the preparation and implementation of a raft of environmental mitigation, transport, construction, noise attenuation, and complaints management plans. A particular focus of MDPs since the 2009 Whitepaper has been on ensuring community liaison and engagement as part of the planning process. BAC agrees with the Government's summary of stakeholder views on the utility of MDPs, namely:

- The current MDP triggers are low given inflationary pressures in the economy and challenges in resourcing across the construction sector
- The MDP process is a 'one size fits all' model, requiring an inflexible assessment process that is both time consuming and costly
- MDPs are not applicable for all projects given limited public impacts and/or interest in development outcomes (particularly aviation projects)

BAC strongly supports proposals to remove the triggers for lodgement of an MDP for specific, routine aeronautical-related developments, noting that all other federal approval frameworks need to be satisfied before construction. For long term aeronautical developments, consideration should be provided to increase MDP validity periods, given some developments (e.g. terminals) take years for final design, procurement and construction.

From a non-aeronautical perspective, we believe that an exemption framework can be further refined to apply to developments based on impacts rather than costs. For example, Government could seek to establish a Preliminary Impact Assessment process – a more expedient way to gather facts and determine whether a full MDP is necessary. The assessment could be guided by

set criteria, covering key strategic considerations for Government based on the objectives of the *Airports Act* and *EPBC*, including:

- Consistency with the Airport Master Plan
- Consistency with Airport Environment Management Plan
- Project cost and scale
- Consideration of impacts on State and Local Government planning regimes
- Consideration of impacts on individuals, surrounding businesses and the community
- Whether the information provided is proportionate to the scale and scope of the development

Based on the balance of considerations, a proposal could be deemed to be exempt from an MDP, or alternatively, required to undergo a full MDP process. This approach not only allows resources to be better utilised for both government and airports, but also allows optimised planning for precinct level developments. The formalised nature of the PDA process also provides industry and the community transparency and consistency in government decision making.

Where MDPs are required, BAC recommends Government consider a risk-based approach to regulatory oversight, whereby FLAs are subject to MDP submissions and conditions based on a clear criterion of risks and an FLA's operational maturity and systems to address these risks. High maturity FLAs with extensive risk management systems and practices (such as BNE) should be able to address information requirements based on pre-existing risk mitigations reviewed and approved by DITRDCA. This approach allows Department officers and Airports to focus on novel or evolving risks; again saving resource time and focussing efforts on those activities with the highest impacts to the environment, airport users and community.

Government could also consider streamlining the MDP approvals process as it relates to submissions from external agencies, including CASA, AsA and DAWE. The *Airports Act* currently requires the Minister to consider the views of external agencies in determining approval of an MDP. While this process is prudent, consideration should be given to the timeframes to consult with Airports and other key stakeholders. We believe that advice should be provided at the start of the process, rather than towards the end of the assessment period. This issue is particularly relevant to DAWE, and the referral of an MDP for assessment, whereby notification of a decision for an MDP (currently 50 days) is reset until DAWE responds. These assessments by both departments should be done in parallel, rather than sequentially, given that the issues relevant to DAWE are likely to be a narrow subset of the overall issues relevant to the MDP itself.

Approaching MDP reform in this manner will maintain comprehensive oversight of airport building activities, whilst also allowing the necessary flexibility for airports to compete in developments with off-airport counterparts.

Early extension of airport lease

A key objective of privatising Brisbane Airport was to secure purchasers with the capability to drive its development and expansion for 50 years, with the option for a 49-year extension. However, as explained below, this leasing arrangement has presented unintended consequences for the aviation sector as it seeks to grow over the medium to long term.

As highlighted in our master planning commentary, Brisbane Airport will require extensive capital investment to plan, build and deliver new infrastructure over the coming decades. For Brisbane

Airport (as with other large scale infrastructure providers) the availability of longer-term debt markets is an essential source of capital to fund infrastructure investment. The issue facing BAC vis a vis its financiers is the “50 year term plus 49 year option” leasing structure, and financial determinations on a return on investment within the lease period. While BAC may intend to exercise its current option to renew the lease 10 years prior to expiry, financiers have no guarantee that this will be the case, given the discretion of the government to exercise acceptance of this option. To address the risk and uncertainty created by this leasing arrangement, financiers must take a conservative view and assume that the lease will expire at the end of the 50-year lease term. This scenario not only has the potential to raise the cost of capital for BAC, but also results in the significant risk of BAC not being able to raise debt funding, particularly where maturity of debt occurs within proximity to the lease option date.

The current lease arrangement therefore inadvertently constrains large scale infrastructure investment at Brisbane Airport, and in turn, economic growth within the region.

BAC strongly supports the early renewal of the current lease as a low to no cost initiative to support investment in critical aviation and transport infrastructure. Indeed, given that 25 years have elapsed since the privatisation of Brisbane Airport, it is both prudent and incumbent upon the Commonwealth to review existing arrangements in light of current and future investment requirements within the region. It should be further noted that Brisbane Airport, as with other major leased airports, remains heavily monitored and regulated through a variety of legislative and regulatory frameworks. The Commonwealth therefore has a range of levers available to ensure that BAC operates in line with government objectives within the airport sector where an early extension of lease is granted.

Recommendation:

Remove the current MDP threshold of \$25m and move to a risk based framework

Extend the current airport lease to allow airport leasing companies to invest in key infrastructure assets to address future growth.

2.5 Managing Growth and Community

We agree with the Government’s comments that for aviation to continue to grow, the aviation industry and government must actively foster a social licence for airport and aviation activity. We also agree that this is a subject of ongoing conversation and engagement.

BNE is unique amongst Australian airports in that it was planned and designed for 24 hour operation - an important competitive advantage that provides a significant economic contribution to the State. The commissioning of a new runway was the completion of long-term planning which accounted for Brisbane’s future growth and opportunities provided by emerging markets. Detailed consultation for the second runway commenced in 2012, driven in part by concerted campaigning by the community and media against flight delays caused by capacity constraints at the airport. Planning for the new runway resulted in BAC’s largest ever stakeholder engagement process, including 3913 information kits, 110 print advertisements, 2237 factsheets, briefings to 33 federal, state and local government representatives, 12 community information sessions and 22,709 visits to the project website.

Nevertheless, commencement of runway operations in 2020 has brought with it political activism on aircraft noise and highlighted a need to better develop and calibrate mechanisms around airport safeguarding, noise measurement, airspace operations, community engagement and complaint management.

Airport Safeguarding

Effective land-use planning is the best way to reduce the impact of noise on the population while managing urban expansion. The National Airport Safeguarding Framework (NASF) was established in partnership with states and territories as a Supplement to the *Airports Act*. NASF was developed by the National Airports Safeguarding Advisory Group (NASAG), comprised of Australian Government, state and territory government planning and transport officials, Department of Defence (Defence), CASA, Airservices Australia, and the Australian Local Government Association. It provides a mechanism for all levels of government to consult on how to balance the objectives of reducing aircraft noise impacts on the community against the need to continue to provide land for development through strategic land-use planning.

Airports have played a pivotal role in implementing NASF guidelines and incorporating these guidelines into airport master plans. Unfortunately, NASF has not been implemented in a similar manner by authorities responsible off airport planning (both at a state and local level). We strongly agree that state and territory governments need to take a leading role in formally adopting NASF and providing capacity for state and local planners to be aware of (and implement) NASF in their planning decisions.

A recent example where partial implementation of NASF Guidelines happened is when the Queensland Government called for community feedback on master planning amendments associated with the Northshore Hamilton Priority Development Area (PDA). This PDA is located under final approach to BNE's new runway. A large proportion of the 330 hectare site falls within ANEF contours and has been identified as the preferred site of the Athletes Village for the 2032 Games. After the Games, the site will become a mix of residential (including social housing), community buildings (including a school) and mixed use (commercial developments). BAC made a submission to state government calling for full implementation of NASF Guideline A as well as a higher standard for building insulation. However, the State Government decision was to apply the ANEF as the sole planning mechanism to consider aircraft noise. Clearly, this outcome is not within the intent of the NASF, and highlights a structural impediment to preventing incompatible developments near airports.

In considering Guideline A of NASF, BAC supports its full implementation by state government and local councils. State and territory governments should report their application of NASF within their planning frameworks according to agreed milestones with federal government. Where the successful implementation of NASF continues to lag, Government should consider a regulatory option for State and local authorities to implement all NASF Guidelines into decisions affecting airport operations. Membership of the National Airports Safeguarding Advisory Group (NASAG) should also be extended to major airports that have a comprehensive understanding of guidelines their implementation.

Recommendation:

Establish stronger mechanisms to implement NASF across federal, state and local government entities.

Current approach to noise complaints

BAC has engaged closely with AsA on addressing community complaints around aircraft noise. In our experience, we believe that the current Noise Complaint Information Service (NCIS) is too generic and does not provide the necessary information to prioritise and address complaints. The generic nature of the NCIS also means that the system can be over subscribed by multiple

complaints from a single individual. This means that each complaint must be separately addressed whilst simultaneously inflating complaint data.

In our view, the NCIS should allow for a more sophisticated approach to complaints management, helping regulators to identify the nature of specific complaints and prioritise actionable data. Clear timeframes for action and response are similarly important, as are processes around engaging with complainants on the status of investigations. Feedback received from community members to BAC is that current timeframes are not being met, communication is not consistent, and responses are taking too long. A solution to this issue includes the use of updated tools for primary complaint management. For example, New Zealand already uses a primarily complaint platform that has the following attributes:

- Allows complainants to provide specific feedback on aircraft (using a radar system)
- Provides better capacity for establishing specific, actionable data rather than general complaints
- A centralised source of truth for data that identifies specific aircraft and locates a residence as a complaint location (rather than entire suburbs); and
- Requires complainants to enter in specific information, including identification and address details.

In addition to the above process of noise complaints, further consideration needs to be given to the placement of the Aircraft Noise Ombudsman. The current structure for the Ombudsman – one located and funded within AsA – does not provide the community confidence that noise complaints will be handled in an accountable and objective manner. Like most administrative review mechanisms, independence can be ensured by locating the review function outside the decision making and implementation body.

Recommendation:

Implement better complaints management systems and processes, including guidelines for best practice.

Reconstitute the Office of the ANO with independence from Airservices Australia.

Assessing and communicating noise impacts

Community members, advocacy groups and the ANO consider the existing use of Australian Noise Exposure Forecast (ANEF) contours to portray the impacts of aircraft noise to be inadequate.

There are two key drivers for preparing information relating to aircraft noise:

- Supply of information about aircraft overflight and associate noise
- Land use planning decisions around airports as part of airport safeguarding.

Currently there is not one set of contours which adequately respond to both drivers. This necessitates preparing and supplying two sets of noise contours, which, often leads to confusion and the perception within communities that airports are trying to hide information.

It is critical to the broader program of airport safeguarding that aircraft noise is considered in planning and development decisions in the vicinity of airports. For many decades, the ANEF has been used as the planning tool to consider aircraft noise by state governments and territories. However, with increasing residential intensification in major cities, and in the case of Brisbane, current and planned intensification in the vicinity of final approach paths, there is a clear need for state governments and territories to fully implement NASF Guideline A which identifies the

need to use a range of metrics to supplement ANEF contours in land use planning decisions off airport.

Preparing ANEF contours involves several assumptions about future aircraft demand, fleet mix and origin/destination. These can each be supplied by airports, however, there are also several assumptions regarding air traffic management including flight path selection and operation, noise abatement procedures and track spread which emanate from AsA. AsA are then required to technically endorse assumptions relating to this data prior to any public comment period. Technically endorsing ANEFs prior to a public comment period limits any change to an ANEF through community feedback. It may be more appropriate for ANEFs to be technically endorsed during Ministerial approval period to allow the community to comment of a draft ANEF.

Full adoption of NASF Guideline A by state and territories for application in off airport land use planning assessments will bring into focus the need for robust and consistent preparation of alternative metrics by Australian airports. In doing so, a nationally consistent approach is needed which establishes the alternate metrics to be produced, the sources of operational data and reasonable timeframes for obtaining that data. A consistent approach is needed, particularly for states such as Queensland where multiple domestic and international airports exist.

A range of alternative metrics could be considered, including the Australian Noise Exposure Concept (ANEC); the Number above 'N' measure, and the maximum noise level single event noise measure (Lamax).

Recommendation:

The ANEF metrics and application be reviewed and a national standard for noise modelling, prediction and reporting be established that is aligned with world's best practice.

The Importance of community engagement

BAC supports the need for clear and consistent community engagement standards across the sector when planning and implementing flight path designs. While AsA should be commended for developing a Community Engagement Standard, there should also be a robust framework for presenting decisions made by AsA, rather than an open-ended process of selecting options. The process should then refine and/or review decisions based on public feedback. This approach avoids an endless cycle of engagement with little buy in from key stakeholders, and keeps communities informed and engaged on flight path changes in a clear and transparent manner.

Government(s) can better communicate with potential purchasers of properties regarding aircraft noise. As an immediate step, the government should mandate aircraft noise and flight path data to be presented with the purchase of properties with a defined noise metric zone. An example of this application in Australia is the Tralee trial in New South Wales, whereby developers were obliged to have property purchasers sign an acknowledgement of Canberra Airport's location and impact prior to purchase. This trial was supported by the former Aircraft Noise Ombudsman as a proactive and practical approach to better balancing residential development with airport operations. A wider, more robust noise contour insulation standard should also be considered for new builds, particularly in high density residential developments.

Recommendation:

The development of a national framework to balance noise and sustainability objectives

Community engagement includes the outcomes of a framework assessment to provide recommended options.

The impacts of caps and curfews

BAC supports the Government's position on not imposing any additional constraints on airports such as curfews or movement caps. In BAC's view, curfews and caps drive a range of policy externalities without adequately addressing the issues at hand. Recent activity to introduce operating restrictions at BNE defined along time and movement boundaries fail to acknowledge a range of other mechanisms to address community concerns on aircraft noise. These mechanisms allow for nuance in how airports can operate in growing international cities.

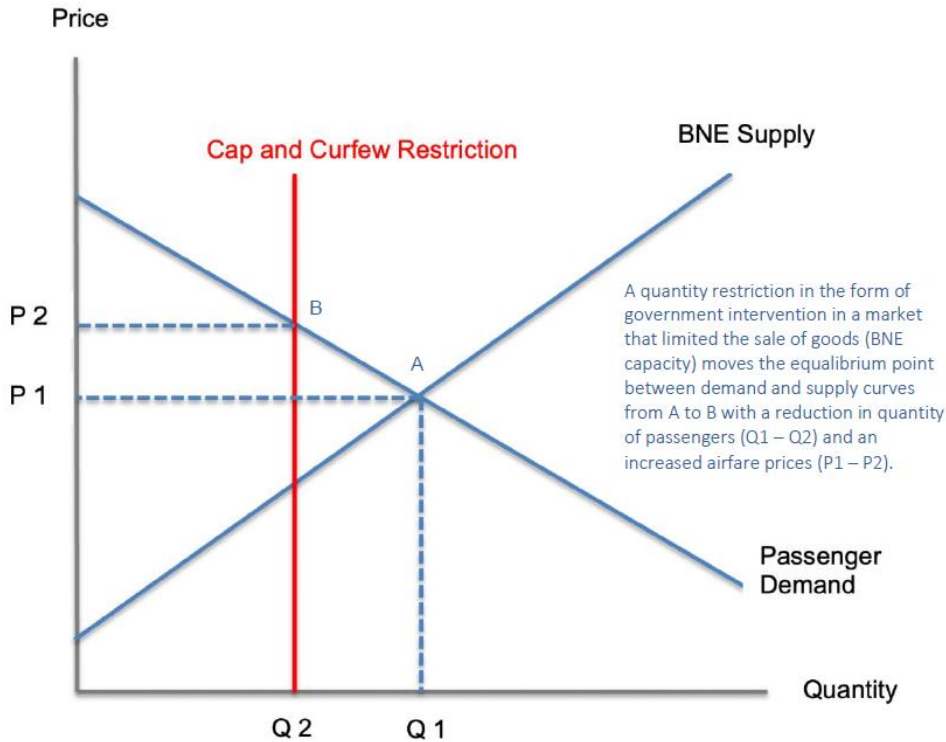
BAC has sought extensive independent modelling and analysis on the impacts of operating restrictions at BNE. Outcomes from this work highlight significant economic and operating impacts for Brisbane, South-East Queensland and regional Queensland where restrictions are imposed.

At a regional level, Brisbane has a major role in facilitating travel movements across both major and smaller regional locations, with nearly 1/3 of flights being intrastate movements. In fact, most regional Queensland airports rely on the availability of services to and from BNE for domestic air travel. For six regional airports, 100 per cent of their passenger movements are to and from BNE (Moranbah, Gladstone, Emerald, Bundaberg, Miles and Biloela). At a practical level, operating restrictions at BNE will result in the following impacts to residents and travellers of regional locations:

- Flight delays – due to limitations on flight scheduling
- Inconvenient travel times – as regional flights are pushed back to allow for higher volume flights on key intercity or international routes
- Reduced connectivity (and therefore longer transit times) - the loss of connectivity will be acute with 3100 reduced flights and 239,000 reduced passenger movements in 2025-26. This will rise to 11,200 flights and 915,600 passengers by 2031-32
- Increased cost of airfares (due to lower passenger volumes) - in the first year of the demand restrictions regional airfares will on average rise by \$16.16 each ticket. However by 2031-32 the increase in regional airfares will have risen to \$51.44. By 2041-42, fares will have increased considerably to \$232.86 per airfare (in 2023 prices).¹⁵ A demand and supply curve highlighting the impacts of reduced supply on ticket prices is provided at

¹⁵ Queensland Economic Advocacy Solutions, *The Economic Impacts of Caps and Curfew on Regional Queensland – Stage 1*, November 2023: p17.

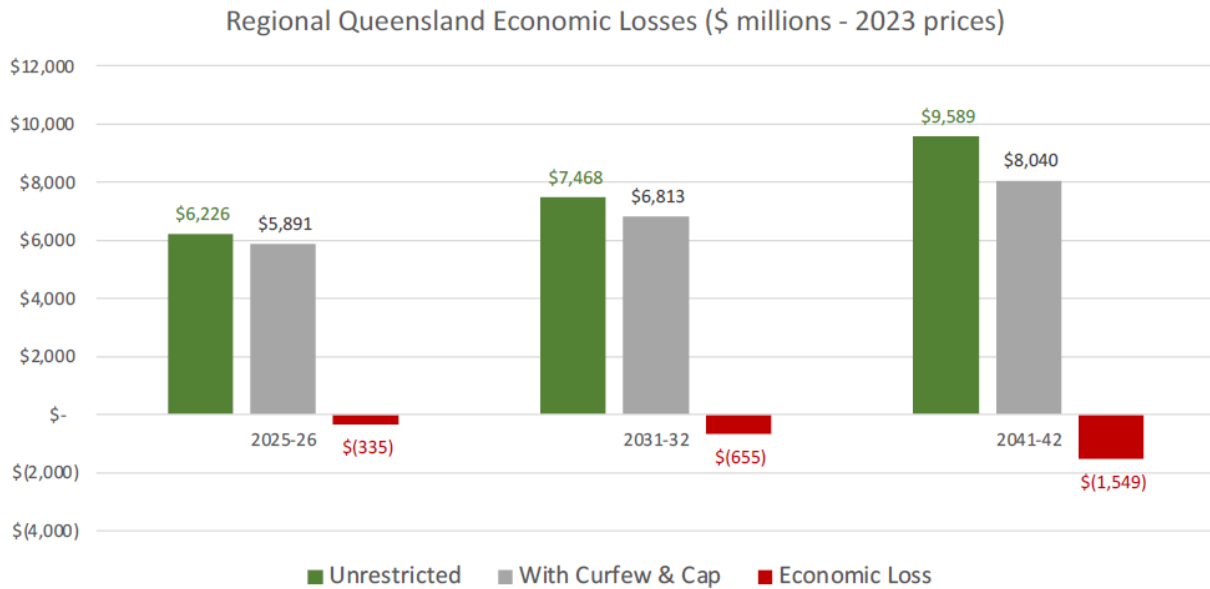
Diagram 4, below:



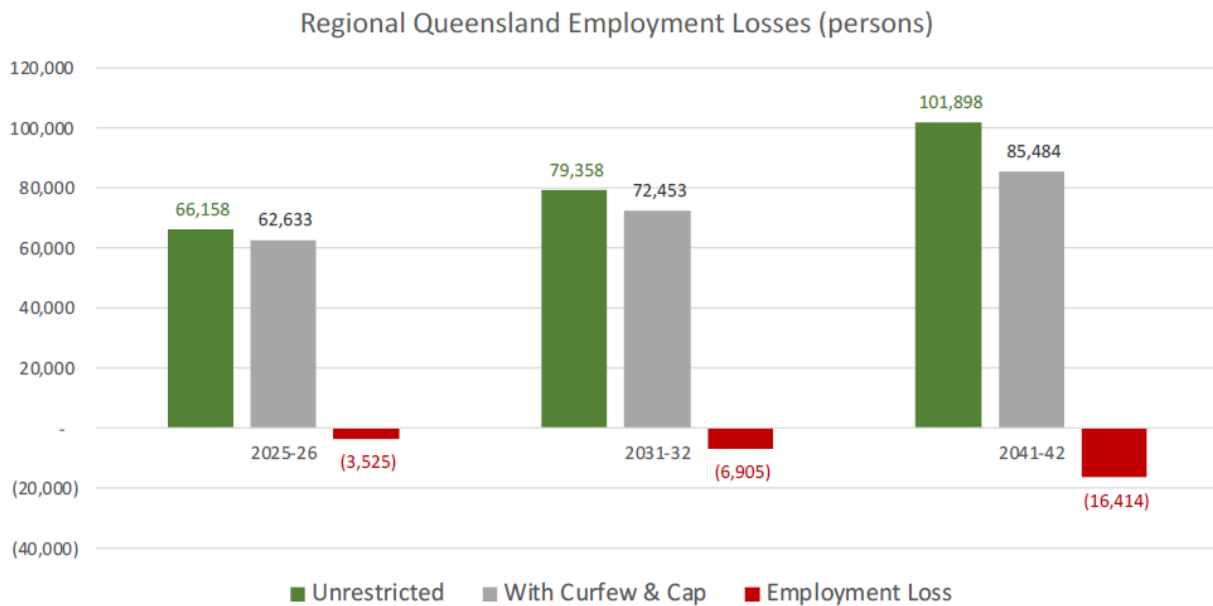
The above mentioned impacts lead to further economy wide implications – both for South East and regional Queensland, including:

- Decreased tourism – due to a lack of connectivity and increased ticket prices
- Decreased ability to send freight overnight both interstate and intrastate – crucial for regional industry inputs
- Decreased export opportunities - and resulting impact on goods, parts and produce
- Resource sector disruption – including impacts on skilling and labour in regional areas (via the Fly In, Fly Out workforce)

A quantitative view of economic and employment losses for regional Queensland are provided at Diagram 5 and Diagram 6 below:



Total economic losses for regional Queensland will be \$335 million by 2025-26; \$655 million by 2031-32; and \$1,549 million by 2041-42.¹⁶



Total employment losses for regional Queensland will be 3,525 by 2025-26; 6,905 by 2031-32; and 16,414 by 2041-42.¹⁷

The greatest economic and employment losses will occur in major regional centres: Cairns, Townsville, Mackay and Rockhampton, regions with extensive tourism, agriculture and mining industries.

Given the above outcomes from operating restrictions, Brisbane Airport strongly supports the ongoing investigation and implementation of alternative noise mitigation measures. BAC also

¹⁶ Ibid, p.5.

¹⁷ Ibid, p.6.



recognises and supports the need for ongoing community dialogue and engagement on aircraft noise.

Recommendation:

Government continue to drive a range of noise mitigation methods with industry, including airports, airlines, CASA and AsA which can be delivered without the need for operating restrictions.

3. SECTOR ADMINISTRATION AND REGULATION

Regulation, agency governance and administration are a critical component of Australia's aviation architecture. The Greenpaper outlines the sheer number of government instrumentalities that have touchpoints with the aviation sector. In many cases, each of these instrumentalities have intersecting and overlapping roles with airports, creating a complex eco-system of administration and regulations. In contrast the current structures appearing largely fit for purpose, our view is that the system, as currently constructed, is not suitable for the continued evolution of the aviation sector and requires a revised approach to ensure it is streamlined, responsive and conducive to the needs of industry and the community.

3.1 A strategic and performance led approach to the sector

As stated by Peter Coaldrake in his review of the Queensland Public Sector, performance of the public sector requires both clarity of purpose (what are we here for?) and clarity about specific public good outcomes sought (what would good look like?).¹⁸ We note that the role of government in aviation is to ensure safety, security, reliability, and efficiency in the aviation system, which is unlikely to be effectively delivered by the market.¹⁹ The government also provides the leadership industry needs to innovate.²⁰ However, given the structure of current arrangements, it is difficult for industry to ascertain what government is trying to achieve for the sector as a whole, given that different departments and agencies have their own unique interpretation of their role and objectives for aviation.

We believe that the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (DITRDCA), as the overall regulator for the airport sector, needs to have a clear leadership and co-ordination role in administering major policy and legislative initiatives. A similar sentiment is provided in the recent Capability Review for DITRDCA, whereby it was stated:

“The department has an opportunity to: maximise its influence on whole of government initiatives by adopting the role of convener for major national priorities...; and incorporate co-design principles into engagement to ensure new policy and regulation better reflects the needs of business and the community”.²¹

The Capability Review also found that the department's capability to leverage its relationships with other public sector organisations as 'developing' – that is, amongst other indicators, the agency demonstrates weakness in gaps in current capability; or identified weaknesses are not systematically addressed.²² This developing capability covers both Government portfolio agencies and state, territory and local governments. It is a fundamental that DITRDCA rebuild its role to lead the sector across portfolio areas, including the ability to direct and influence other instrumentalities

¹⁸ Peter Coaldrake, *Let the Sun Shine In: Review of Culture and Accountability in the Queensland Public Service*, 2021, p.79

¹⁹ Aviation Greenpaper, p.129

²⁰ *Ibid.*

²¹ Australian Public Service Commission, *Capability Review: Department of Infrastructure, Transport, Regional Development, Communications and the Arts*, 2023, p.14

²² *Ibid.*

as required. This requires DITRDCA rebuilding strategic and technical expertise in the aviation sector, and adopting a more proactive, long-term approach to policy, planning and investment.

From a state and local government perspective, BAC has witnessed limited to no interaction between DITRDCA and its state and local government counterparts on airport policy and ground transport planning and investment. Brisbane's growth over the coming decade, and the advent of the Games, will require reliable, rapid, and accessible transport networks capable of dealing with unprecedented passengers, goods and services. As large-scale infrastructure is complex, resource heavy, and time intensive, detailed investigation, planning and consultation is required across all levels of government as quickly as possible. At present, BAC is not aware of clear objectives for ground transport provision at a federal level. What's more, responsibilities between each level of government remains unclear. While the state government may have more specialist engineering and network planning expertise, there are a range of policy and investment levers that can be used by the Commonwealth to lead BNE's transport agenda.

The ability to plan and implement future challenges, including decarbonisation, safety regulation, airspace regulation, security and passenger facilitation will be contingent on DITRDCA's ability to lead, co-ordinate and drive outcomes on behalf of the sector, including with other Australian Government departments and agencies.

Recommendation:

DITRDCA take a more proactive role in the aviation sector as the lead strategic and regulatory agency for all aviation matters.

3.2 Agency funding models and service delivery

BAC understands that new strategic developments and increased service delivery requirements has required the consideration of agency funding models. As a general principle, changes to government cost models should also bring opportunities to review the efficiency and efficacy of administration and service delivery. Attempts at cost model changes to date have sought to justify higher costs to airports by referral to Australian Government Cost Recovery Guidelines (e.g. Airport Building Control and Airport Environment Officer charging reviews). A key component of the Guidelines is providing services at the least possible cost to the end user. In our experience, the application of the Guidelines to date attempt to retrofit cost principles to legacy procedures, processes and systems, without any concomitant review of how to better administer an instrumentalities functions. This increases costs for little to no benefit to airports – entities that are legislatively bound to incur costs by virtue of government's regulation of the sector. Any review of cost models should, at a minimum, seek to balance cost recovery with an investigation of options to drive efficiencies within the regulator or administrator, including, for example:

- Streamlining processes between agencies and regulatory functions within single agencies (e.g. MDP applications the transfer of applications between DITDRCA and DES)
- Focussing regulatory oversight on those functions with the highest risk to government and the community, rather than rigid prescriptions to regulation
- Using data and intelligence to enhance regulatory activity and oversight (e.g. capturing systematic compliance issues across the sector)
- Deploying smart technology to increase operational efficiencies
- Co-developing procedures, processes and guidelines to promote better compliance within the sector

- Taking a holistic approach to regulatory oversight. In particular, understanding existing compliance obligations for airports and the application of new requirements

Governments should also consider the underlying commercial models of airports when administering new charges, including the ability of airports to recover these charges. For example, Aviation Security Screening standards were conferred on airports with a presumption that all capital and operational costs would be recovered through passenger charges (administered via airlines). Airlines however, have claimed that not all costs are applicable to ticket prices (e.g. structural engineering works), and should not be included in airline charges. This situation highlights a structural deficiency in the cost recovery model: two commercial entities are left to negotiate cost recovery arrangements in what is a government mandated initiative. The inability to fully recover the costs of the security mandate in turn, affects the airport's ability to invest in other infrastructure assets.

From a service delivery perspective, government delivery agencies administering services for a fee (cf: regulatory or administration agencies) should be held accountable through a commercial framework. Air traffic control, together with airspace planning and management are two areas that warrant specific attention, given the critical nature of these functions to overall airport operations. To date, notification of considerable increases to service fees have not been followed by a clear and accountable approach to improved performance (e.g. ensuring appropriate skills and resources are at hand to deliver services over the short and long term). There are also no mechanisms for airports to seek recourse for failing to maintain the efficiency and consistency of the aviation network. Inconsistency in the delivery of aviation critical functions has subsidiary effects across airport (and airline) operations, including terminal utilisation, security screening, and resourcing.

Arrangements for Aviation Rescue and Fire Fighting Services (ARFFs) have been in place for nearly three decades, with a complex relationship between legislation, regulations, standards and operating protocols. This complexity has given rise to a patchwork of arrangements between AsA, Airport Leasing Companies and state-based fire and rescue services (namely, Queensland Fire and Emergency Services). From our understanding, AsA's ARFF reform program – the Capability Uplift Program (CUP) - comprises a review of a range of services currently supplied by AsA, including aviation incidents, non-aviation incidents, first aid, fire alarm monitoring and building approvals, amongst others. From an airport perspective, these activities sit across several groups and divisions, including terminal operations, airside operations, airport facilities, approvals and risk and governance. A collaborative approach is imperative to work with airports (including BAC) and other regulators to develop proposals that balance cost recovery with safety and operational effectiveness at aerodromes. It is also critical that any proposed changes to be considered under the CUP program are co-ordinated, integrated and communicated in a clear and transparent manner.

Recommendation:

Develop a funding framework that balances cost recovery with a functional review of agency efficiency

Consider introducing commercial performance management regimes for service delivery agencies

Review ARFF arrangements as a collaborative program with airports and regulators.

3.3 Security and Passenger Facilitation

BAC acknowledges the critical importance of security to maintaining public confidence in aviation. We believe that security regulations, and the administration of the aviation security framework need to be both proportionate and responsive to evolving security threats. Government and industry also need to work towards a more flexible and responsive model – one that adapts to new advances in technology and continually evolving security threats.

Current regulatory environment

BAC does not believe Australia's aviation security regulations are keeping pace with the evolving threat picture. Whilst current security requirements can be achieved under present legislation, there is a misalignment between the objectives of legislation and its practical application in an operational context. This frequently results in discrepancy of interpretation by both regulators and industry participants, and in turn, limits the ability for industry to innovate security operations. Further, the complex, over-lapping nature of the current legislative framework places a considerable compliance burden on industry participants in terms of resourcing and operational costs.

A more flexible approach to security solutions may still result in the same security value being achieved (as per the intent of the legislation/notice), but enable alternate solutions to be explored, trialled, and tested in a timely manner. Alternatively, other funding options should be considered, noting that current cost recovery arrangements between airlines and airports essentially place two commercial entities in an adversarial position in the provision of a public good.

Australia's national AVSEC framework was written in 2004/2005, in response to the immediate post-September 11 threat landscape. Amendments aside, there has not been a significant rewrite since. Meanwhile, threats facing civil aviation have shifted significantly from transnational terrorism towards rapidly evolving threats like cyber security, espionage and foreign interference whilst the existing framework feels supplanted in 2023. What is left is a confused patchwork of regulation that addresses mostly historical threats rather than proactive, threat and intelligence driven framework that considers emerging threats and vulnerabilities. Significant vulnerabilities across the aviation system including inconsistent staff screening, insider threat, cyber security, espionage, foreign interference and screening of cargo and inflight stores remain increasingly exposed.

There has been little consideration for reducing, removing or de-regulating as the threat landscape has evolved. The existing AVSEC framework and risk mitigation does not appear to be supported by tangible threat information. This is evident with the vast contrast between ASIO threat assessments provided to industry and the existing AVSEC framework that mostly addresses historical threats.

BAC considers that the existing framework (and CISC oversight) is overly fixated on regulatory outcomes rather than tangible security outcomes. BAC would propose a more flexible, threat led, risk-based and outcomes focused approach to AVSEC regulation. For BAC, an outcomes, risk-based security management approach would ideally integrate the following:

- Regulations focused on security outcomes rather than purely regulatory outcomes
- A proportionate security framework that supports industry to embrace innovation, technology and progress
- The reduction of frivolous regulatory and administrative burden

- Regulations that support greater levels of risk tolerance and risk acceptance (supported by reliable threat information and intelligence); and
- Ongoing commitments to constantly review security legislation (and de-regulate based on diminished threat where possible).

It is important that legislative frameworks account for the progress of technology across numerous security interfaces – technology that can be used to improve the effectiveness of security operations in a more efficient and cost-effective manner. An example of this is using defined perimeter guard defence technologies, using technologies to alarm and/or control perimeter lines, or biometric capabilities for ID validation, or QR Code complimented VIC systems. Whilst each port will have its own unique current state of technology use, an outcomes based (or performance based) legislative framework (rather than a strict prescriptive approach) will support technology based innovation and efficiency within the industry.

Recommendation:

Review and amend the regulatory framework and its application to provide for flexibility in addressing (and responding to) evolving security needs.

Cyber and Infrastructure Security Centre (CISC)

BAC does not consider Australia's national Aviation Security (AVSEC) Regulator – the Cyber and Infrastructure Security Centre (CISC) - to be fit for purpose. The findings and recommendations contained within the government's wide-ranging review into Australia's aviation and maritime security settings (the Hartland Review) clearly support this view.

CISC has been moved between various federal departments and undertaken several rebrands over the last two decades. The lack of stability has adversely impacted CISC's foundational identity and capacity to deliver competent and strategic regulatory oversight. The threat landscape has shifted away from transnational terrorism to new and rapidly evolving threats like cyber security, foreign interference and espionage. In the aviation context, significant vulnerabilities remain exposed including inconsistent staff screening, insider threat, aviation cyber security and insufficient screening for cargo/inflight stores. CISC's mandate, as its title suggests, is focussed on broad cyber security which is also a priority for the government. BAC is concerned that traditional AVSEC, including aviation specific cyber security is being neglected as a result. Additionally, CISC's internal aviation security and industry knowledge/expertise has declined due to high attrition rates.

To address these issues. BAC would suggest full consideration and implementation of relevant recommendations from the Hartland Review. BAC agrees that 'cyber security is a key and evolving threat'. This priority warrants a standalone agency (CISC), responsible for cyber security oversight in Australia. To avoid dilution, we recommend the Aviation Security regulatory oversight remit, presently delegated to CISC, should be transferred to a dedicated agency focused on transport and or transport security.

Recommendation:

Implement the recommendations of the Hartland Review, including the movement of CISC as a standalone agency, and aviation security given its own transport focussed security entity.

All Hazards regulatory approach

'Acts of unlawful interference' (against civil aviation) were first conceptualised and defined under Annex 17-*Security* to the Chicago Convention in 1974. Contracting States, (including Australia) are required to adopt the Standards and Recommended Practices (SARPs) contained within the 19 technical annexes to the Chicago Convention.

Australia's national AVSEC framework therefore mirrors the Annex 17 definition of acts of unlawful interference, and the fundamental purpose of the Act and Regulations is to 'safeguard against unlawful interference with aviation'. However, the acts of unlawful interference, as defined by Annex 17 and Australian legislation, primarily focus on terrorist related acts like hijacking, sabotage and destruction of aircraft. The threat landscape has evolved considerably over the last twenty years. These defined acts (and the corresponding national legislation) do not adequately encompass new and emerging threats to civil aviation such as cyber-attacks/hacking, foreign interference, unruly passengers and disruptive/violent protest in aviation contexts.

BAC agrees with the Green Paper proposal to consider a wider range of threats. To help achieve this aim, BAC would suggest that the Australian Government consider ratifying the below multilateral Conventions and Associated protocols:

Montreal Protocol 2014

The Montreal Protocol 2014 amends the Tokyo Convention (Australia ratified the Tokyo Convention in 1970) to strengthen states' capacity to address unruly and disruptive passengers.

Beijing Convention 2010

The Beijing Convention modernises and consolidates the Montreal Convention 1971 (which Australia ratified in 2009). The Beijing Convention criminalises the use of civil aircraft for causing death, serious injury or serious damage, or using aircraft to release biological, chemical, or nuclear weapons/substances to cause death or injury. It also criminalises the cyber-attacks against navigation facilities.

Beijing Protocol 2010

The Beijing Protocol supplements the Hague Convention 1970 (which Australia ratified in 1972). The Protocol expands the scope of The Hague Convention to cover different forms of aircraft hijackings, including through modern technological means.

Ratifying the above instruments would help Australia enact the necessary legislation to expand the scope of our national AVSEC framework to better address emerging threats.

BAC also considers the increasing risk posed by insider threats (those who may seek to exploit their privileged access to the aviation environment for criminal purposes) as a major concern that insufficiently considered by the existing national AVSEC framework. BAC supports the Green Paper proposal to enhance 'security obligations to manage risks arising from physical, personnel and supply chain threats'.

Recommendation:

Ratify the above instruments and expand the scope of Australia's aviation security framework beyond the emphasis on terrorism and terrorist related acts.

Security Screening

The practical application of legislation and the introduction of new security measures placed on airports in an operational environment is a consistent area of tension for industry participants. An example of this is the introduction of new screening technologies and the application of the Aviation Screening Notice. While we agree that security is critical for the travelling public, the scope and scale of changes required to be undertaken places considerable financial and resourcing pressure on airports. Given the scale of cost and scope for the latest security upgrades, recovering passenger numbers, the application of the existing model to fund these upgrades places airports in a very difficult position.

Section 8.6 of the Green Paper only mentions the screening of passengers and baggage. The existing AVSEC framework may allow staff to access secure airport areas and passenger aircraft, or handle screened items such as cargo or inflight stores (that are subsequently loaded onto passenger aircraft) without any form of security screening. Examples that occur at Australian airport are detailed below:

- Unscreened cargo personnel who handle and load screened cargo onto passenger aircraft
- Unscreened catering staff who prepare catering uplifts (which are also unscreened) for loading onto passenger aircraft
- Unscreened ground staff, accessing the Security Restricted Area (SRA) (from the airside) who then have direct access to passenger aircraft
- Unscreened personnel with access to the airside from tenant facilities, without any form of screening.

The entire screening regime is undermined if certain persons (staff) are not screened - which essentially defeats the intent of enhanced security screening. Conceptually, current practice is no different to the mixing of screened passengers with unscreened passengers (which is expressly prohibited under the existing framework).

Australia is now at odds with most international jurisdictions which, at a minimum, screen higher percentages of airport personnel to a more consistent standard. In many cases, foreign airports are screening 100% of airport personnel. Australia is also not compliant with the baseline International Civil Aviation Organization (ICAO) standard to *'ensure that persons other than passengers, together with items carried, are screened prior to entry into airport security restricted areas'*.²³

BAC acknowledges the considerable costs, complexities and challenges associated with an expansion of staff screening at Australian Airports. However, BAC remains concerned by the apparent lack of appetite to address the existing staff screening vulnerabilities, particularly as we move towards increased activity leading up to the 2032 Olympic Games.

Recommendation:

Review and expand non-passenger access control and security screening requirements.

²³ ICAO Annex 17, *Security*, Standard 4.2.5

Passenger Facilitation

Security screening, border processing and passenger facilitation are integrally linked elements of passenger facilitation. Brisbane Airport is of the view that to improve passenger facilitation, specific actions can be taken to streamline movements while maintaining the integrity of complementary processes.

Examples of initiatives that can be applied to passenger movements include:

1. Removal of outbound border processing in Australia (similar to US and UK models). Outbound border processing can be achieved by the airlines through the Advance Passenger Information System and Departure Control System, without the need for a physical border (existing e-gate or manual interception with an Australian Border Force Officer). Unlike inwards border processing, the presence of outbound border processing does not address the threat posed to Australia's national security interests by individuals travelling to Australia. Removal of the physical outbound border would allow airports to combine domestic and international operations into a single terminal or concourse. This would greatly improve passenger facilitation by reducing touch points and queuing times. Moreover, it would also avoid the duplication of screening measures by removing the need for airports to install and operate Special International Screening Points, or dedicated screening points for international departures.
2. Allow screening of Liquid, Aerosols and Gels (LAGs) to be performed using the new Explosive Detection System for Cabin Baggage (EDSCB) Standard C3 equipment currently being installed across designated airports in Australia. BAC has invested hundreds of millions of dollars in screening equipment upgrades, due for completion by 2025. The new equipment allows screening of cabin baggage containing portable computers and other large electrical items and LAGs. To date, Home Affairs has not indicated whether the long-standing LAGs restrictions (which are not required under Annex 17) will be reduced once the screening upgrades are completed. It is BAC's understanding that LAGs restrictions would be lifted in line with security upgrades, allowing passengers to carry LAG items up to 3 litres (once screened and cleared).
3. Introduction of automated machine decision, using Explosive Detection System for Cabin Baggage (EDSCB) Computed Tomography (CT) technology.
4. Expansion of One-Stop-Security arrangements: One-Stop-Security agreements are a key example of how the Australian government can improve international passenger facilitation. To avoid unnecessary duplication of security controls and increase global sustainability of the aviation security system, a OSS agreement allows States to recognise other States' aviation security systems where determined to be equivalent. The European Union (EU) adopted OSS for most intra-EU flights several decades ago. Several other States including Singapore, Qatar and UAE and most recently, the USA have also developed OSS agreements. Once implemented, OSS improves facilitation, reduces airline minimum connect times, saves resources and reduces screening overheads. Most importantly, OSS improves the passenger experience and negates the need for passengers to undergo transit screening multiple times across a single journey.



Recommendations:

Consider the removal of physical outbound border processing to improve passenger movements and queuing times

Remove restrictions to LAGs as Standard C3 technology is implemented across Australia's aviation network

Consider the implementation of new technologies for explosive detection to increase the efficiency and effectiveness of cabin baggage screening

Commence the review of OSS with key Australian partners, including the EU, SIN and USA.

Reinstating the Facilitation Rate of 95% of passengers within 30 minutes target

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