



# **Aviation Green Paper**

**Karratha Airport Submission**

## BACKGROUND

Karratha Airport (KTA) is fully owned by the City of Karratha (City). The airport is a major business undertaking of the City and operates in accordance with the Western Australia Local Government Act 1995 and supporting regulations. Accommodating in excess of 600,000 passengers during 2022-23 Financial Year, KTA is Western Australia's second busiest airport by passenger numbers and Regular Public Transport (RPT) aircraft movements.

The airport directly services five towns within a 60-minute driving time as well as a fly-in fly-out workforce. KTA is currently served by a variety of major RPT and mining charter airlines with Perth the primary origin/destination. Since the terminal redevelopment and other improvement projects, the airport has a modern terminal with upgraded airside infrastructure to provide services to the community.

KTA is a community asset where any return on investment generated by KTA is reinvested into community and airport projects through the City of Karratha. Priority for KTA and the City is to provide better connectivity to the community by increasing the capacity at KTA and introducing new destinations. We also aspire to be Australia's most liveable regional city. Underpinning this goal is provision of adequate air access and affordable airfares to the community.

## INTRODUCTION

The City acknowledges the Green Paper which forms an important step in developing the Aviation White paper that sets the policy direction for the aviation sector out to 2050. We also appreciate the opportunity to contribute to the ongoing dialogue surrounding aviation policies and strategies, and we commend the government's efforts to develop a sustainable and forward-looking framework for the aviation sector.

In the dynamic landscape of Australian aviation, regional airports play a pivotal role in fostering economic growth, enhancing connectivity, and ensuring the vitality of local communities. Far beyond their economic impact, regional airports act as vital hubs, supporting local communities by facilitating a diverse spectrum of aviation services. Regional airports also make a crucial contribution to the social fabric and welfare of their local communities. Though regional airports social contribution can be, in many cases, difficult to quantify in monetary terms, the broader services enabled and supported by airports are highly valued by local communities.

Regional Airports such as KTA enable the connection of individuals, families and industries across the state and throughout the region. Regional airports are crucial for overcoming geographical challenges that are caused by the vastness and remoteness of many parts of Australia especially true in Western Australia. Additionally, airports allow for the efficient delivery of goods and rapid response to emergencies that cannot necessarily be achieved without aviation. While major airports often take centre stage in national discussions, it is crucial to recognize that regional airports are the backbone

of our nation's air transport network, connecting remote areas to urban centres and contributing significantly to regional development.

As we embark on this discourse, our focus is to highlight key areas where policy adjustments and targeted investments can unlock the full potential of regional airports. From infrastructure development and sustainable practices to regulatory frameworks that promote accessibility and affordability, this submission endeavours to present Karratha's view and highlight challenges facing regional airports.

In the subsequent sections, we delve into specific challenges faced by KTA, propose innovative solutions, and emphasize the need for a comprehensive approach that aligns with broader national aviation goals. By fostering a collaborative dialogue between policymakers, industry stakeholders, and local communities, we aspire to create a robust framework that not only addresses current challenges but also positions regional airports as catalysts for inclusive growth and resilience in the Australian aviation sector. In conclusion, this submission invites thoughtful consideration and proactive measures to fortify the role of regional airports in Australia's aviation ecosystem.

## Section 4: Regional and remote aviation services

Regional and remote aviation services play a crucial role in supporting economic development, connectivity, and the overall well-being of communities. Regional airports in Australia play a crucial role in providing essential connectivity, fostering economic development, enhancing access to healthcare and education, and promoting social cohesion - the economic and social benefits of affordable air travel extend beyond convenience, with regional communities relying on air travel for medical appointments, education, and employment opportunities.

### **Higher Fares:**

Elevated regional fares pose a substantial barrier to economic growth and development. Consistently high fares hinder trade, tourism, and investment in regional areas such as Karratha limiting our liveability options and economic activity. The Western Australia government has implemented the Regional fare scheme which is a great initiative for residents but does not support SMEs, Visiting Friends and Relatives (VFR), workers and visitors to the region who find it challenging to secure cost-effective travel options.

The Australian government must support operational subsidies and consider introducing alternative price control measures to address the issues surrounding high regional fares. Exploring operational subsidies and alternative price control measures aligns with the government's commitment to equitable access to essential services, including healthcare, education, and social connectivity. Reducing regional fares can improve access to employment, business and enhanced economic opportunities for SMEs based in the regions to tap into the labour markets and projects in and around metropolitan areas.

### **Net Zero Goals:**

The Australian Government should be focussing on the role regional and remote airports can play in contributing to Net Zero goals. Advanced Air Mobility (AAM), Sustainable Aviation Fuels (SAF), and

hydrogen-electric technologies have emerged as the staple of sustainable aviation. But Karratha Airport like many other regional airports lack the economies of scale to adopt new technologies independently. Some of the initiatives the government could support are:

- Net-zero aspirations must be supported by infrastructure that minimizes carbon emissions. The government should allocate funds for regional airports to invest in energy-efficient and sustainable infrastructure. This includes solar power installations, energy-efficient terminal buildings, and electric ground service equipment. Financial support for the retrofitting of existing infrastructure can also be provided to accelerate the adoption of green technologies.
- Engaging local communities in the net-zero transition is crucial. The government should support regional airports in developing educational programs that raise awareness about the environmental impact of air travel and the steps being taken to mitigate it. Transparent communication about the net-zero transition plan will build community support and foster a sense of shared responsibility.
- Implementing effective carbon offsetting mechanisms is crucial for regional and remote airports that may face limitations in adopting certain green technologies. The government should establish a framework for carbon offset programs and facilitate partnerships between regional airports and carbon offset providers.

Additionally, the government could provide financial incentives for regional airports that proactively implement carbon reduction initiatives. Recognizing and rewarding efforts to reduce carbon emissions will motivate airports to embrace sustainable practices and technologies. Funding programs directed at regional airports can ensure that regional airports and their communities remain at the forefront of sustainable aviation and contribute to the broader national goal of net-zero emissions.

## Section 5: Maximising aviation's contribution to net zero

It is vital for Australia's aviation sector to play its part in achieving the Australian Government's net zero emissions (NZE) target by 2050, particularly to reach the early goal of a 43% reduction in emissions below 2005 levels by 2030.

A range of barriers need to be overcome to support the development and widespread adoption of various systems and technologies to achieve these targets. Some of the barriers include long fleet turnover times, large airport capital investment requirements, uncertain total ownership costs, as well as the successful development of technologies able to operate on a commercially viable scale, powering services on medium and long-range routes and carrying larger passenger and freight quantities.

While electric and hydrogen-powered aviation technologies hold great promise for a more sustainable future, overcoming the associated challenges requires substantial capital, regulatory challenges, operational investment, training and education, and market development. The transition to electric and hydrogen-powered aviation requires substantial investment in infrastructure, including charging or refuelling stations, maintenance facilities, and modifications to existing airports. Regional airports may struggle to secure the necessary funds to upgrade their infrastructure to accommodate these new technologies. In Addition, collaboration between industry stakeholders, governments, and research institutions is essential to address these challenges and drive the successful development

and adoption of these transformative technologies.

The government will need to implement a comprehensive set of strategies and initiatives to maximise aviation's contribution to adopt new transformative technologies:

- Provision of grants and financial incentives to regional airports to invest in and adopt electric and hydrogen-powered aircraft, charging infrastructure, and related technologies;
- Offer financial support for the development and installation of necessary infrastructure, such as electric charging stations and hydrogen refuelling facilities;
- Provide financial assistance or subsidies for operational costs associated with the adoption of sustainable aviation technologies. This can include support for ongoing maintenance, training, and infrastructure maintenance; and
- Ensure long-term funding commitments to sustain the development and adoption of electric and hydrogen-powered aviation technologies.

## Section 8: Role of Government and agencies

In the intricate tapestry of Australia's aviation sector, the role of government and relevant agencies stands as a linchpin in shaping the trajectory of regional airports. As we navigate through the challenges and opportunities, it is imperative to recognize the catalytic influence that strategic policies, regulatory frameworks, and collaborative initiatives can exert in propelling these vital hubs to new heights. It becomes evident that a harmonious interplay of policies, regulations, and strategic investments is essential to address the unique challenges faced by regional airports. We would like to advocate for a collaborative partnership between regional airports, government entities, and regulatory bodies to cohesively navigate the complexities of the aviation sector. But to be able to foster a mutually conducive regulatory environment we need entities like CASA, Airservices and the Department of Home Affairs (CISC) to be well funded and well managed entities.

### **Airservices:**

Karratha Airport like other regional airports is struggling with Airservices' staffing issues which has disrupted and degraded the capacity of the network to operate at its full capacity. On ATC issues, government needs to ensure that in the short term Airservices staffs its ATC towers at airports to the service levels set out in Airservices' EnRoute Supplement Australia.

### **CASA:**

Recent regulatory changes by CASA with the introduction of the MOS 139 reforms has also added significant new compliance costs for airports but the City supports CASA's move towards a risk-based and outcomes-focussed regulation wherever possible, while avoiding prescriptive approaches and ensuring safety remains paramount.

### **Aviation Security:**

The Government's recent implementation of an enhanced security screening framework has resulted in regional airports introducing Body Scanners and advanced X-Ray Systems to maintain screening of passengers and bags. As a result, KTA has had to increase the number of trained and qualified screening staff required to provide the service which has substantially increased the costs. The regulatory cost of aviation security is ultimately borne by passengers through ticket prices. But with

the increase in business and project activity in the state, recruiting of qualified staff has become extremely difficult and expensive which in turn makes providing security services at regional airports more expensive.

The City supports a mechanism that allows any security costs covered under a Government support model to be passed on to passengers through lower airfares. However, it is important to note that under the Aeronautical Pricing Principles, airports do not set the cost of airfares – airlines do. Any savings passed to airlines by regional airports through lower aeronautical fees and charges will not necessarily be passed on to the travelling public in lower airfares. Airports do not profit from security screening charges and a formal agreement would be required between airlines, airports, and Government to ensure any security screening savings are passed on to passengers through lower airfares.

The City supports a model that fully subsidises the cost of security screening at all regional airports, either through direct Government reimbursement or a levy on all domestic airline ticket. The model will incorporate full Government funding of all costs directly connected to the provision, implementation, and maintenance of security screening equipment, as well as the associated operational expenses at regional airports.

**Passenger Facilitation:**

The City supports the increased use of biometrics to aid passenger facilitation and make the process more efficient. The introduction of automated bag drops and online check-in for domestic flights over the last decade have helped to streamline passenger processing however, pressure around facilitation and investment required to implement the technologies and infrastructure at airports continues to grow. The government needs to work with regional airports and provide grants for implementation of these technologies and associated infrastructure.

## Section 10: Future Industry workforce

During the pandemic, the airport sector and the aviation industry more broadly suffered a skill drain as aviation workers either retired or left the industry. Overall, it has been widely reported that airports like many other sectors have faced significant worker shortages across 2022 and 2023. The struggle to secure and maintain a diverse and skilled workforce poses a significant obstacle to the effective operation and development of regional airports like KTA. Additionally, regional airports often face difficulties in offering competitive compensation compared to their urban counterparts.

To address this, the government should consider the following options to assist regional airport attract and retain skilled personnel:

- Explore options for financial incentives or grants to assist regional airports in providing more attractive remuneration packages. This will aid in attracting and retaining skilled professionals.
- Establish funding programs for ongoing training and professional development initiatives for airport personnel. By investing in skill enhancement and career progression opportunities, regional airports can create a more appealing work environment, making it easier to retain talented individuals.
- Develop housing assistance programs to alleviate the challenges associated with finding

affordable housing in regional areas. Access to affordable accommodation is a critical factor in attracting personnel to work at regional airports, particularly in remote locations.

- Foster partnerships with educational institutions to create specialized training programs tailored to the needs of regional airports.
- Implement campaigns promoting the benefits of living and working in regional areas. Highlighting the unique lifestyle, community spirit, and natural attractions of Western Australia's regions can help attract personnel who value a different pace of life.

Net zero workforce transition must also be given a priority which needs dedication from industry, government, and communities to ensure equitable distribution of the advantages stemming from clean energy initiatives. This will involve establishing fundamental and preparatory training programs and constructing a transition framework that centres around the needs of workers. Establishing net-zero workforces and supply chains demands a considerable, sustained, and extended investment commitment from governments, with a focus on expanding current skills within the Australian workforce and supply chains – particularly amidst intense global competition for skilled professionals and specialised equipment.

## Section 11: International Aviation

The Australian domestic aviation market has long been characterised by a limited number of major carriers, resulting in potential challenges related to competition, pricing, and overall market dynamics. Currently, the existing lack of capacity in the domestic sector has been the main factor behind insufficient seat capacity and high airfares. This is mainly driven by lack of effective competition in the aviation sector. This oligopolistic environment may lead to reduced competitiveness, potentially limiting choices for consumers and hindering innovation within the industry.

A feature of the post-pandemic aviation recovery has been the willingness by international carriers to pioneer new routes. While some of this second category or regional airports currently accept regular international flights (Canberra, Gold Coast, Townsville), other airports have infrastructure available to regularly support international flights, border services infrastructure and staff to support regular international flights.

Attracting a greater number of international carriers into Australia has the potential to increase overall capacity, providing consumers with more options and potentially leading to more competitive pricing. International carriers often bring a different set of service standards and innovations which will benefit domestic carriers. Their entry will stimulate competition, encouraging existing carriers to improve their services to remain competitive. Potentially the International carriers may introduce new routes and destinations, this could lead to improved connectivity and economic benefits for regions previously underserved.

'Emerging' airports like Karratha who have the vision and aspirations to be international airports but face significant barriers to achieve an international capability, particularly as the Australian Government's policy advice to emerging ports states that airports must assume the revenue risk for both attracting international carriers and establishing the Australian Government's border services facilities. Government advice states that: "...Port operators are advised they are responsible for costs

associated with relevant infrastructure and facilities required to support international services. This includes any costs associated with establishing or redeveloping a border services capability at the port incurred by the Australian Government”.

This policy decision works against Australian Government efforts to attract international services to new airports by creating significant upfront costs to route development. In terms of operating costs for emerging ports, there are also issues of resourcing by Australian Border Force (ABF) that hold back emerging ports with international facilities from facilitating new routes, particularly in northern Australia.

## SUMMARY

In the journey towards a resilient, thriving, and sustainable aviation sector in Australia, this submission stands to acknowledge the role of regional airports play in connecting our nation, fostering economic growth, and strengthening the social fabric of our diverse communities. As we conclude this submission, it is evident that the prosperity of regional airports is not just a local concern but a national imperative, deserving of strategic attention and concerted efforts.

The insights presented herein underscore the nuanced challenges faced by KTA and regional airports in general, from infrastructure limitations to regulatory intricacies, environmental considerations, and sustainability concerns. However, they also illuminate the immense potential for growth, net zero initiatives, and increased accessibility that can be realised with the right policies and collaborative initiatives.

Crucially, the role of government and relevant agencies emerges as a central theme in this narrative. The effectiveness of regional aviation policies hinges on the commitment to a holistic approach, where governmental bodies work in tandem with industry stakeholders and local communities to shape an aviation landscape that is not only sustainable but also adaptive to the evolving needs of regional airports.

As we advocate for a future where regional airports serve as dynamic engines of economic growth, community connectivity and net zero initiatives, we call for a commitment to targeted investments in infrastructure, streamlined regulatory processes, and sustainable practices. This commitment must be coupled with ongoing dialogue and collaboration to ensure that policies remain agile, responsive, and aligned with the overarching goals of the Australian aviation sector.

Through thoughtful consideration of the perspectives presented here, we believe that the Australian Aviation Green Paper and White Paper has the potential to shape a framework that not only addresses the immediate challenges faced by regional airports but also lays the foundation for a resilient, interconnected, prosperous and sustainable aviation sector.

In conclusion, let this submission serve as a catalyst for positive change in policies and actions that elevate regional airports, ensuring they continue to be the beating heart of Australia's aviation network, contributing to the well-being and prosperity of communities across our vast and diverse landscape.