



BARA

Board of Airline
Representatives
of Australia Inc



**BARA RESPONSE TO THE
Australian Government Aviation Green Paper**



ABOUT BARA

BARA (the Board of Airline Representatives of Australia) is an industry association established in 1989 that focuses on supporting the practical operational needs of international airlines operating in Australia. BARA has 40 current international airline members (Appendix 1) and collectively they provide around 60% of the total international airline capacity operating to Australia.

BARA is authorised by the ACCC (Authorisation A91466) to undertake collective bargaining negotiations for the acquisition of Essential Aviation Services, namely with the operators of international airports and other monopoly service providers such as Airservices Australia.

BARA undertakes these negotiations in order to better represent the collective scale of international airlines to the relevant parties. Even a large international carrier with multiple daily services to an airport is a small fraction of that airport's total aeronautical activity. Notwithstanding, the outcomes that BARA may achieve in negotiations with these suppliers are non-binding upon the participants with each airline required to agree an individual contract for the provision of services.

BARA provides an important role in communicating airline and airport requirements collectively between the parties, thereby facilitating more genuine dialogue and collaboration. BARA also acts as a more centralised point of contact for Government agencies to communicate and consult with the international airlines over aviation procedural, regulatory and policy matters.

As such, BARA is a pragmatic and operational association at the junction of policy and operations. This submission to the Aviation Green Paper is therefore to be understood in this context. BARA's submission refers to recommendations and positions made by other associations such as IATA or A4ANZ, where these organisations more comprehensively discuss the details of policy settings or provide recommendations for mechanisms to implement changes that BARA supports.





EXECUTIVE SUMMARY

- International carriers are critical to the Australian economy and are a growing proportion of total aviation capacity. By the mid 2030s international aviation may exceed domestic and be the most significant contributor. International aviation services to Australia are highly competitive.
- BARA supports aviation policy outcomes that will encourage better passenger experience service delivery, more cost-effective investment in passenger facilitation technology, and appropriate investment in sustainability initiatives for the industry overall.
- BARA supports the government's approach to bilateral access agreements but would suggest adapting the approach towards greater liberalisation.
- Operating international services to Australia as a long-haul destination with a well-developed local aviation market is a challenge for all carriers. As gateways for virtually all international arrivals, the four major international airports are critical infrastructure assets for which there are no alternatives. The current light-handed economic regulation of Australian airports is not delivering optimal outcomes for airlines or their consumers, and in BARAs view if unchanged will result in costs that restrict future growth in international aviation.
- BARA recommends the Government mandate the Aeronautical Pricing Principles, appoint an external mediator or arbitration body, and add airport performance metrics related to the passenger experience to the ACCC's airport monitoring responsibilities to help improve the outcomes of commercial negotiations between airlines and airports.
- Customers of international airlines are broadly satisfied with the services they receive. Australian Consumer Law provides for appropriate remedies to all consumers including those of international airlines, although there are both government and industry initiatives that could improve the communication, understanding and access to fulfilling these rights for customers.
- BARA recommends that the Government develop and introduce a more responsive and inclusive system of reporting to regulators, to gain a better understanding of the key drivers of delays and cancellations so these can be directly addressed to improve the customer experience, and work with the industry to address the identified drivers of delays and cancellations.
- BARA supports IATA's recommendations to introduce both a UK-style Air Passenger Travel Guide to improve communication for consumers, as well as a government initiated cross-industry task force to develop a comprehensive model of shared accountability across the aviation ecosystem.
- To better handle the complaints and issues that do occur, BARA supports the proposal put by A4ANZ to update and modernise the ACA.
- BARA supports recommendations to establish industry taskforces to better communicate and provide solutions to ensure air travel is an accessible and enjoyable experience for passengers with disabilities.
- International airlines are already committed to sustainability goals to reach net-zero by 2050. BARA recommends the Government develop policies and funding streams that will incentivise and accelerate the investment in and growth of the SAF industry within Australia, to increase supply of SAF to meet the needs of the aviation industry.
- Aviation is a complex global business and its operations interface with multiple government agencies and Departments. The UK Aviation Council may provide a model that could be tested in Australia to accelerate the ability of government and industry to implement changes and respond to more rapidly to changing circumstances.
- As aviation traffic generally and international traffic specifically, continues to increase, the importance of embracing new technology to improve passenger (and cargo) flow across borders is imperative. BARA supports the development and application of frameworks such as IATA OneID to deliver these required outcomes with an internationally recognised approach.



KEY POINTS

- International aviation is a critical and growing component of Australia’s aviation ecosystem, with international traffic expected to surpass domestic in the mid 2030s.
- International aviation is vital to ensure Australia’s continued prosperity; air transport makes a major contribution to Australia’s economy.
- For international airlines however, operating services to Australia is challenging to operate in a commercially viable manner.
- Given the challenges of Australia’s geographic location, Australia’s aviation policy must be designed to enable commercially and environmentally sustainable growth while raising customer experience standards to the equivalent of other world class destinations.

The importance of International Aviation to Australia’s economy

The Green Paper clearly states that ‘Australia relies on the aviation sector to enable many other sectors of the economy’¹. In chapter 11 ‘International Aviation’ reference is again made that ‘International aviation is an integral part of the Australian aviation landscape, maintaining connectivity with the rest of the world and attracting visitors from abroad to our shores’².

The international airlines represented by BARA currently provide 60% of Australia’s total international passenger air capacity³. In CY 2022 the Qantas Group provided 28%, with an additional 8% market share attributable to Emirates (recognising the current close commercial relationship between Emirates (EK) and Qantas (QF)).

Australia’s border closures were amongst the most restricted globally during the Pandemic. In addition, the differing rules between States within Australia added further complexity. The uncertainty as to when international borders were to be re-opened by the Australian government required many international airlines to take decisions favouring other markets which were more open.

International airlines were still therefore very much rebuilding their capacity to Australia in 2022 – and the Asia Pacific region overall was (relative to pre-Covid traffic) the slowest region to recover, not least as North Asia (including China) were more cautious in lifting Covid restrictions than many other regions. Whilst overall traffic levels are not yet - in totality for Australia – at 2019 pre-Covid levels, 2023 has nonetheless, been a year of significant capacity rebound for Australia by international airlines. Melbourne Airport will be the first Australian major to surpass pre-Covid international traffic⁴.

For 2023 therefore, the relative contribution of international carriers will rise further. For July YTD 2023 (latest BITRE data available) the total for international carriers (excluding QF Group and EK) is 65%. BARA members represent over 90% of this total.

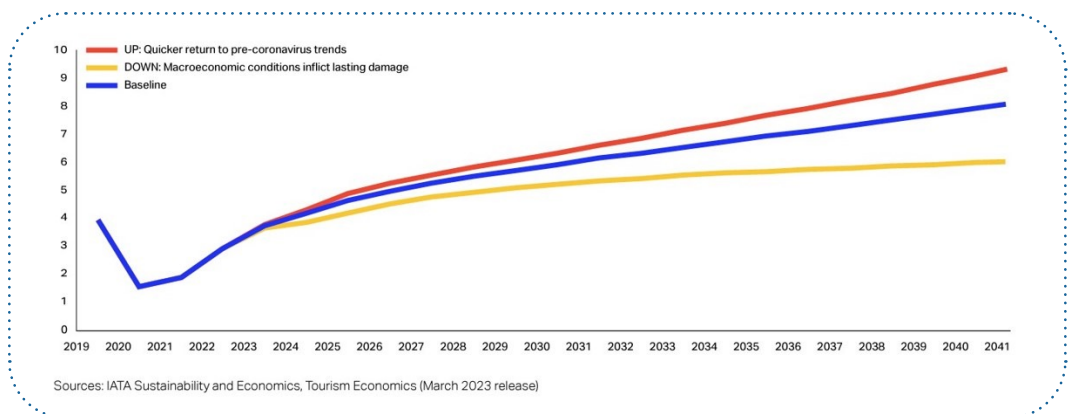
International airlines in totality are therefore, already the majority providers of international capacity to/from Australia, and this proportion will only grow. IATA’s recent March-23 forecast suggests global air travel passengers will double through to 2040 (Figure 1). The Asia-Pacific region, including Australia, is the most dynamic and is expected to contribute more than 50% of this growth. This forecast is consistent with the range of scenarios provided in the LEK Scenario paper that accompanies the Aviation Green Paper⁵.

These trends imply that Australia’s aviation ecosystem needs to be ready for strong growth from the Asia Pacific region, for which the right aviation-related policy settings and investment in technology to improve existing infrastructure and processes will be required.

FIGURE 1

AIR TRAVEL NUMBERS TO INCREASE BY ~4 billion by 2040

Asia Pacific is anticipated to contribute to more than half of the forecast growth





The value of International Aviation to Australia’s economy

Every additional international air service to Australia provides a net positive economic value add. The Green Paper again confirms this in reference to the Visitor economy⁶:

“A strong and competitive aviation industry is a prerequisite for growing Australia’s visitor economy, which is vital for Australia’s national prosperity.”

International airlines are the conduit through which not only the leisure and tourism visitors reach Australia, but also visiting friends and relatives (VFR), business, education, health and every sector that relies on interactions with international markets to prosper.

Whilst the profile of passenger type may vary based on individual countries and airlines mix of inbound versus outbound traffic and other characteristics, there is no disputing that there is a strong economic incentive for Australia to grow international aviation. The Green Paper again confirms this⁷:

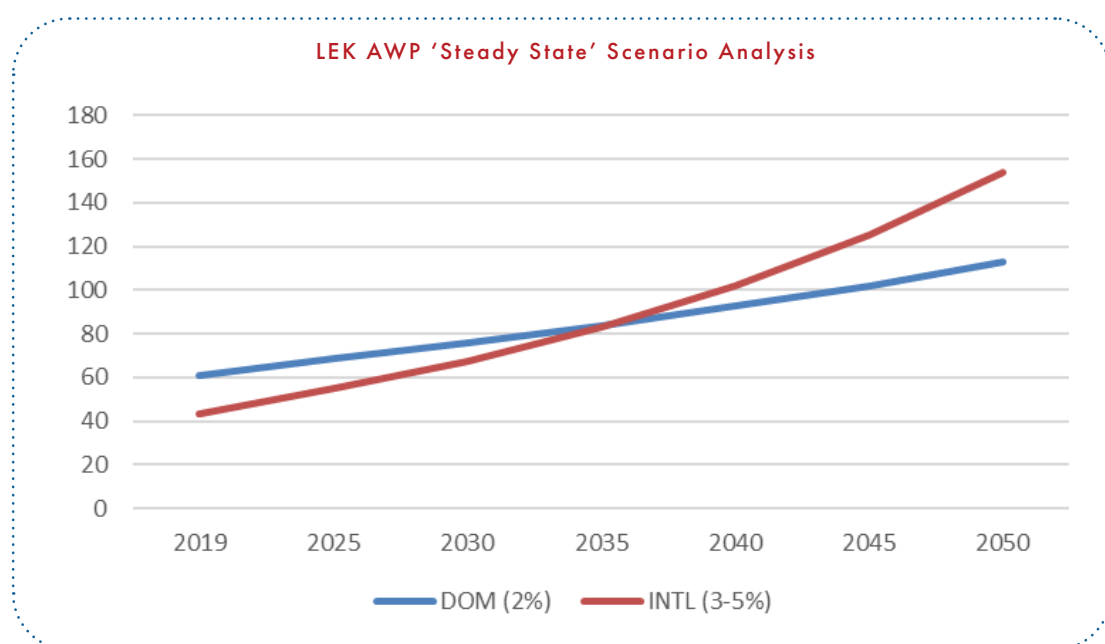
“Domestic and international visitation generates jobs, investment, and growth in communities throughout Australia. Prior to COVID-19, the visitor economy contributed over \$166 billion to our economy, was our fourth largest export sector and, directly and indirectly, supported over 1 million jobs.”

International Aviation to become the largest aviation sector for Australia

The LEK scenario analysis report which accompanied the Green Paper provides a range of perspectives on future levels of aviation activity in Australia, from pessimistic through to highly optimistic growth scenarios⁸. These are useful exercises for consideration of options for the Government, however BARA is not commenting on these scenarios specifically save to observe some underlying metrics which are most relevant – namely that international aviation capacity (INTL) and passengers’ volume is expected to grow faster than Australian domestic traffic (DOM) under most of the scenarios through to 2050.

Taking a rough approximation of the LEK ‘steady state scenario’⁹ with DOM aviation at a compound annual growth rate (CAGR) of around 2% vs INTL aviation CAGR of 3-5%, INTL traffic will equal DOM by around 2035, and from then on surpass it as the major source of aviation activity (Figure 2). Whilst potentially Advanced Air Mobility (AAM) movements could exceed international movements, as these are expected to have a more material impact on domestic and regional aviation rather than international (with a correspondingly significant impact on Air Traffic Management which must be managed), BARA is not commenting further on AAM.

FIGURE 2 LEK INTERNATIONAL VS DOMESTIC PASSENGER FORECAST (STEADY STATE)





AUSTRALIA – a long-haul, commercially challenging market to operate

For international airlines flying to Australia, there are additional challenges to overcome in order to operate successfully¹⁰.

By dint of geography Australia is a mostly long-haul, or from Europe 'ultra long-haul', pure O&D (origin & destination) market. Ultra long-haul flights between Europe and Australia are expensive and difficult to sustain, which is why most destination Australia travel is routed via hubs in Asia and the Middle East.

Passenger demand from both domestic and other international markets is aggregated by international airlines through their own gateways or hubs onto Australian-bound services, but a relatively low percentage of those passengers then travel onward from the arrival airport in Australia to other destinations, either domestically or internationally. The Australian major airports are therefore operating within local captive markets.

From overseas, Australia is predominantly a long-haul, leisure and VFR destination market, although premium (business) traffic is still an important part of international airlines passenger mix. The local corporate travel market ex-Australia however is challenging for international carriers, as the national carrier Qantas is able to leverage its large frequent flyer program base and domestic operation to secure a high share of the corporate travel market, which foreign airlines are unable to enjoy.

Importance of implementing aviation policy settings to enable the desired outcomes

In summary, whilst Australia is an attractive destination for international airlines to serve, it is not without some unique challenges. BARA members also perceive shortcomings in Australia's delivery of airport customer service standards and overall preparedness to meet international aviation sustainability objectives.

As this submission aims to illustrate, international carriers will need to weigh these challenges and the opportunity that Australia represents against other destinations and alternatives. It is important therefore, that Australia's overall aviation policy settings enable and encourage improvements in the overall aviation ecosystem regulation and performance to facilitate the international aviation growth through to 2050 that the Australian government wishes to encourage.

CHAPTER 1 ENDNOTES

¹ Australian Government Aviation Green Paper Sept 2023, page 42

² Australian Government Aviation Green Paper Sept 2023, page 124

³ BITRE <https://www.bitre.gov.au/statistics/aviation CY2022>

⁴ 20-Nov-23 <https://simpleflying.com/melbourne-airport-first-beat-pre-covid-international/>

⁵ LEK Aviation White Paper Scenario Analysis of the Future of Australian Aviation Sept 2023, page 20

⁶ Australian Government Aviation Green Paper Sept 2023, page 30

⁷ Australian Government Aviation Green Paper Sept 2023, page 30

⁸ LEK Aviation White Paper Scenario Analysis of the Future of Australian Aviation Sept 2023, page 16

⁹ LEK Aviation White Paper Scenario Analysis of the Future of Australian Aviation Sept 2023, page 21

¹⁰ BARA members expressly do not discuss individual airline commercial issues or airfare pricing, with adherence to an agreed compliance statement tabled at every meeting.



The Aviation Green Paper Chapter 3 poses a range of questions covering competition, consumer protection, disability access and economic regulation of airports.

BARA's response in this section refers to the Aviation Green Paper's sections 3.1 (A Competitive Aviation Sector), 3.4 (Economic Regulation of Australian Airports), and Chapter 11 (International Aviation). Consumer protection and Disability access are covered in BARA's response in section 3 of this document.

This section is drafted with a view to helping the Australian Government better understand the issues facing international carriers, who provide the majority of international air capacity operating to and from Australia, and ensure Australia's aviation ecosystem is able to meet long term objectives in expanding air connectivity globally.

KEY RECOMMENDATIONS

- International aviation to Australia is highly competitive but a more forward-thinking approach to opening bilateral access to Australia could yield further benefits.
- The current light-handed regulation of airports adopted since airport privatisation is systemically imbalanced, resulting in sub-optimal outcomes for customers and may lead to slower growth of Australia's international connectivity over the longer term, if not addressed.
- BARA recommends the Government mandate the Aeronautical Pricing Principles (APPs), appoint an external mediator or arbitration body, and add airport performance metrics related to the passenger experience to the ACCC's airport monitoring responsibilities to help improve the outcomes of commercial negotiations between airlines and airports.
- These recommendations are proposed to enable enhanced coordination between the major aviation ecosystem stakeholders which will facilitate the necessary investment in technology and infrastructure required to support the expected future growth of Australia's international connectivity.





Importance of Australia's global connectivity

Australia has long been a desirable destination for overseas visitors and tourism. Australia's encouragement of immigration, with approximately 30% of Australian's currently born overseas¹, and relative openness in a bilateral context have clearly helped facilitate the growth of international airline services.

International airline services to Australia are already extremely competitive with 53 passenger airlines operating to Australia² providing a wide range of choice for consumers for airline services both to and from Australia.

Consumers can choose services based on their own perception of carriers' brands, service offerings, elapsed time, number of stops, aircraft type and many other factors including price. This demonstrates a highly open and competitive marketplace for both Australian consumers seeking to fly overseas, as well as for international visitors to Australia.

Some bilateral agreements with countries have however, reached their limits of permitted capacity and it would benefit Australia's economy and the traveling public to provide greater opportunity for expansion. Moving forward, BARA recommends the Government adapt its policy to expand capacity well ahead of demand.

More open aviation bilateral agreements would provide direct benefits to the economy and for consumers, regardless of whether those services are provided by international or Australian-based carriers.

Potential role of cabotage for foreign carriers

The Aviation Green paper suggests that more flexibility to provide opportunities for cabotage (domestic services operated by a foreign carrier) might encourage increased competition within the Australian domestic market.

The international airlines represented by BARA have not expressed interest in operating Australia domestic routes and BARA does not perceive cabotage as an effective solution for increasing domestic aviation competition.

More open aviation bilateral agreements would provide direct benefits to the economy and for consumers, regardless of whether those services are provided by international or Australian-based carriers.





ECONOMIC REGULATION OF AUSTRALIAN AIRPORTS

The critical role of the major Australian airports

Australia's major international airports tend to serve distinct markets and hence cannot be considered as substitutable with each other once an international airline has established ongoing service operations.

Even where more than one airport exists to service a catchment area, as in the case of Melbourne (Tullamarine and Avalon), there is limited real competition between the two airports, particularly for international services. In Sydney, the competitive dynamics with respect to Sydney Kingsford Smith may change once Western Sydney (WSI) is operational, although it will be a number of years before any outcome can be properly determined. Australia's other major gateways including Perth, Brisbane and Adelaide all serve separate markets.

BARA acknowledges that there is some level of competition between airports in the situation of a new airline entrant. This competition is usually concentrated in the business development phase, revolves predominantly around the level of initial incentives that an airport may offer to an airline to help establish a new route, but quickly become less relevant to an airline in terms of the success or failure of a route. This type of competition, however, does not impact the overall balance of negotiating power between airports and international airlines.

With 94% of all international traffic concentrated through the four major airports Brisbane, Melbourne, Perth and Sydney, and with this proportion remaining consistent for over 20 years, these four international gateways have a profound impact on Australia's long-term connectivity to global markets.

Excessive airport profits at the expense of customer service levels

The cost of operating to Australian airports and their profitability amongst the highest of airports worldwide has been highlighted in reports provided by A4ANZ, QF, BARA and others to the 2019 Productivity Commission inquiry³. The COVID-19 pandemic has not changed this position.

As commercial entities, operating within monopoly markets with a lack of regulatory oversight, it is not unexpected that Australian airports seek to provide increasing levels of return to their shareholders.

Absent external regulation, the privatised Australian airports are therefore systemically incentivised to continually seek higher financial returns. This creates a primary focus on meeting the financial expectations of their shareholders, with less incentive to raise the level of customer service through investment in new technologies and infrastructure.

The increasing cross-ownership of the Australian airports (as detailed within the A4ANZ submission) further entrenches the systemic profit maximization behaviour, as the major shareholders adopt similar strategies across their airport portfolio.

Service level accountability by airports

Even where BARA has been able to agree with airports a Service Level Rebate Mechanism scheme (SLRM), which provides some recompense to airlines if core airport infrastructure for which the airport is responsible fails (such as an aerobridge), these do not adequately address a range of key customer experience service level metrics such as baggage mishandling, security queues, waiting times, or contact gate availability which impact customers on a daily basis and would generate true accountability for airports.

BARA considers the combination of the light-handed regulatory regime and a lack of focus on customer service levels will eventually lead to Australian airports falling further behind their counterparts internationally and constrain the growth of Australia's international connectivity.

To be clear, BARA is not suggesting that the airports should not be profitable. BARA acknowledges the role that privatisation has played in attracting capital to the sector and enjoys generally constructive relationships with all the major airports.

As critical infrastructure assets for the nation, BARA is recommending that regulatory mechanisms be introduced to ensure the airports deliver much greater value-for-money and improved services for customers.



Imbalance in Risk sharing between airports and airlines

BARA acknowledges that investments in airport infrastructure are not simple exercises and that there is both risk and complexity (including regulatory) for the airports in managing for this growth.

However, airlines also bear the significant risk of investing in aircraft orders ahead of demand. Considering normal business cycles and seasonal demand, there is an obvious variation in risk sharing between airlines and airports which creates an imbalance in relative negotiating power.

Airlines are more directly impacted by business cycles and typically need to regularly discount fares at the expense of profitability to stimulate demand and keep load factors close to breakeven levels. This is particularly so during low demand seasons which creates periods of intense competition when the supply of seats exceeds the demand for travel. This is a similar practice across full-service airlines and low-cost airlines.

Airports, however, do not vary their charges according to business cycles but instead benefit from airlines' discounting to stimulate markets as demand for travel is kept relatively stable, contributing to airport's much less volatile earnings from aeronautical and non-aeronautical revenue. As highlighted, whilst airports do provide discounts to attract new flights, these discounts tend to disappear after a brief introductory period.

Dual till practice in Australian Airports

For Australian airports, retail (non-aeronautical) revenue is kept separate from aeronautical revenue under a 'dual till' practice. An increase in passenger flow directly translates to increased retail, car-parking and other volume-related commercial enterprises which airports keep separated from aeronautical revenues.

Airports typically exclude non-aeronautical revenue in negotiations with airlines, and all necessary investment in aeronautical related assets is recovered from aeronautical customers (ie: airlines), implying that returns from non-aeronautical assets do not go towards aeronautical assets. This is in contrast to the statement in the Aviation Green Paper⁴ that the "expansion of commercially operated airports is underpinned by their ability to draw income from non-aeronautical commercial development. This development further enables investment in aviation infrastructure and provides a necessary return on investment for the airports."

BARA members are concerned that Australian airports practice of 'dual tills' results in airport revenue being diverted from aeronautical investments and does not incentivise airports to adequately invest in improving the passenger aeronautical experience.





Characterisations of negotiations

BARA is authorised by the ACCC (Authorisation A91466⁵) to undertake collective bargaining on behalf of members over aeronautical charges with the major Australian airports.

These are always challenging, complex and long negotiations with the balance of power firmly skewed to the 4 major airports. The following are issues consistently encountered during negotiations with airports: -

- 1 Opening claims from airports with proposed rates of return, far in excess of comparable infrastructure assets, or what would be deemed as 'reasonable' rates by an external evaluation of the relative commercial risk. Airports typically provide limited information to justify their claims of rates of return.
- 2 Airports typically assume conservative estimates of future passenger traffic growth to determine charges, without an offer of commercial volume risk sharing, thereby establishing an advantageous low bar for the airports to generate further returns. The result is high airport charges which are not adjusted when actual traffic is higher than the conservative estimates, translating into high revenues for airports but also higher costs for airlines and passengers.
- 3 Airports do not incorporate mechanisms to share the risks associated with business cycles and seasonal variations in demand.
- 4 Airports are unwilling to commit to service level targets which contribute to improved passenger experience at airports.
- 5 Airports typically work on truncated timelines for new charges, putting pressure on airlines to agree, without which the default higher charges published under their standard "Conditions of Use" would apply.
- 6 Given the nature of negotiations, a late agreement on charges (before an existing agreement expires) results in airlines being out-of-pocket as tickets are sold up to a year in advance and airlines are unable to recover increased charges from tickets already issued. This places even more pressure on airlines to compromise over charges.

Aeronautical Pricing Principles (APPs)

The APPs currently provide an over-arching guidance of the ideal airport-airline negotiating approach but are inadequate in their current form as they are not mandatory and there is no designated external dispute resolution mechanism.

BARA takes issue with the following APPs: -

- APP a) ii) that "a return on investment in tangible (non-current) aeronautical assets [should be] commensurate with the regulatory and commercial risk involved"
- APP c) i) that prices should "be established through commercial negotiations...and utilising processes for resolving disputes in a commercial manner (for example, independent commercial mediation/ binding arbitration)

Where airports and airlines disagree, there is currently no recourse for airlines, and in order to reach a compromise, airlines have to accept unreasonably high return on assets which then feeds into higher charges.

There is no viable or practical dispute mechanism open to international carriers with respect to airport charges. Consequently, should BARA be unable or unwilling to reach a negotiated compromise with an airport over charges, the outcome would be that each individual airline would then have to evaluate the worth of:

- a) jeopardizing the current cost of their ongoing operation to the airport in question; and
- b) the time, expense and uncertainty of outcome of a court process.

Litigation is an unrealistic course of action for an individual international airline operating a daily or potentially even less frequent service. Even for larger foreign carriers who may operate several services a day to an individual airport, they recognise that they represent only a small fraction of the services provided to that airport and have no leverage.

BARA therefore, strongly recommends a mechanism to establish agreed benchmarks on 'return on investment for aeronautical assets' as well as an independent referee to mediate should the need arise. Without established benchmarks and an independent referee, operating costs for airlines could become untenable as airlines would be forced to accept high charges, or resort to litigation, which for international airlines are undesirable and impractical respectively.



Peak pricing

The APPs as drafted, also contain reference to airports being permitted to levy peak pricing (clause g). BARA objects to this principle, as it would only provide another mechanism for the airport to further increase charges. Due to Australia's geography, many long-haul services are required to operate on similar schedules which airlines acknowledge does contribute to the challenges of managing capacity during peak periods. However, to provide the necessary global connections to their networks for customers, most international airlines are therefore committed to these schedules. Peak pricing, and its corollary, off-peak pricing, will not change these realities of geography, and many carriers would therefore, be unable to consider significant changes to their schedules. Furthermore, peak pricing would penalise carriers who built the traffic flows to Australia which resulted in the peak windows in the first place.

BARA does not believe that peak pricing would drive the desired outcome of re-distributing airport or airfield demand throughout the day, but instead could result in additional aeronautical charges for those airlines that have spent many years establishing both their and the airports' market positions in Australia.

Precedent of Aeronautical charges disputes

The experience of Qantas in their challenge to Perth Airport over 2018 charges is relevant here.

As Vanessa Hudson, then Qantas CFO and now CEO is quoted⁶: -

"When our pricing agreement with Perth Airport expired in 2018, they wanted a 40 per cent price increase. We obviously couldn't agree to that. After some frustrating negotiations, the airport took us to court for underpayment instead of accepting our suggestion of an independent arbiter.

Given the Court's conclusions about Perth Airport having monopoly power, this whole process shows the real issue here is that the light touch approach to airport regulation isn't working. Three years in court to determine five months of pricing shows why the industry needs an expert umpire to resolve stalemates quickly when they occur."

It is notable that the proposal to go to independent arbitration was refused and it required extensive legal fees and three years for the national carrier in Australia, which has significant volume and market share, to obtain an outcome through the courts. The alternative could be something straightforward such as through expert mediation and arbitration.

It is clearly not realistic for international airlines to collectively or individually engage in this form of dispute resolution. That is why international airlines argue that the APPs must be mandated and must include an external arbitration mechanism.

International airlines access to slots at Australian airports

As previously noted, BARA members are also IATA members, and as such all BARA members fully support the WASG for the purposes of establishing appropriate slot rules to access Australia's level 3 airports. BARA also fully supports the functioning and independence of the slot coordinators (ACA at Australian airports) to appropriately manage the slot rules and access criteria. Whilst there are always local variabilities airport by airport, (including the application of the Sydney Airport Demand Management Act 1997) Australian Level 3 airports are otherwise no more complex or in need of further special consideration than their overseas equivalents.

BARA therefore, fully endorses the IATA submission in this regard which provides a full explanation of the need for global consistency and the purpose of the global slot rules. As outlined earlier in this submission, operating long-term commercially sustainable operations to Australia is a challenge for any airline, given the long-haul and end-of-line geography of the country. To help build the necessary market awareness certainty, with respect to the ability to operate via slots that have been agreed through a detailed and well-overseen process, is paramount for international carriers. The globally accepted 80/20 rule provides BARA members with the ability to cope with planned and unforeseen events and is critical for the reliability of their services in operating to the slot constrained Australian airports.





Recommendations and a path forward

BARA recommends the following to facilitate a more effective, efficient and ultimately more balanced relationship between airlines and airports enabling them to work collaboratively to deliver Australia's 2050 vision: -

- 1 Make the APPs mandatory and insert these formally into Australia's aviation policy framework.
- 2 Formalise an external dispute resolution mechanism, and develop a shared industry code of conduct.
- 3 Establish an appropriate benchmark for return on capital to guide negotiations between airports and airlines. IATA in their submission provides a reference to their best practice papers on establishing the appropriate cost of capital for airports⁷, and also refer to the approach in New Zealand whereby the NZ Commerce Commission provides external and publicly available, but non-binding, advice on what is regarded as an acceptable or reasonable return for airports⁸.
- 4 Introduce key customer service level metrics for airports, agreed with airlines and ground service providers, to be measured and published on a regular basis.



CHAPTER 2 ENDNOTES

¹ Australian Bureau of Statistics <https://www.abs.gov.au/census/find-census-data> census data to June-22

² BITRE <https://www.bitre.gov.au/statistics/aviation> - Jul-23

³ <https://www.pc.gov.au/inquiries/completed/airports-2019/submissions>

⁴ Australian Government Aviation Green Paper Sept 2023, page 57

⁵ <https://www.acc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/board-of-airline-representatives-of-australia-inc-revocation-and-substitution-a91466>

⁶ <https://www.qantasnewsroom.com.au/media-releases/qantas-welcomes-decision-on-pricing-principle-in-perth-airport-court-action>

⁷ <https://www.iata.org/contentassets/fa95ede4dee24322939d396382f2f82d/cost-of-capital.pdf>

⁸ <https://comcom.govt.nz/regulated-industries/input-methodologies/input-methodologies-for-electricity-gas-and-airports/cost-of-capital-guidelines-and-determinations>



This part responds to parts 3.2 and 3.3 of the Aviation Green Paper and the questions raised by the Australian Government about the need to strengthen consumer protections and improve complaints handling processes in the airlines sector.

SUMMARY OF BARA FINDINGS

Aviation is a complex ecosystem with any one flight requiring multiple partners working in concert, including ground handlers, airports, and air traffic control. There are also factors such as weather which are beyond the control of these parties, and the ecosystem's lack of spare capacity to recover from such disruptions quickly.

The most effective way to improve air travellers' experiences in Australia is to minimise the root causes of delay & disruption and introduce operational resilience by improving coordination across the overall aviation ecosystem.

BARA recommends the Government work with industry to assess what needs to be done to address complaints related to airline disruptions instead of introducing new regulation which may not address the root of the problem.

BARA RECOMMENDATIONS

- Develop and introduce a more responsive and inclusive system of reporting to regulators, to gain a better understanding of the key drivers of delays and cancellations so these can be directly addressed to improve the customer experience.
- Work with the industry to address the identified drivers of delays and cancellations.
- BARA supports IATA's recommendations to introduce both a UK-style Air Passenger Travel Guide to improve communication for consumers, as well as a government initiated cross-industry task force to develop a comprehensive model of shared accountability across the aviation ecosystem.
- To better handle the complaints and issues that do occur, BARA supports the proposal put by A4ANZ to update and modernise the ACA.





Australia has strong consumer protection laws but lacks effective communication channels to seek redress.

In Australia, while there is no specific legislation which deals with rights of airline customers who are affected by disruptions, customers are nevertheless protected under the Australian Consumer Law (ACL), consumer guarantees¹. Airlines must avoid unfair contract terms and make sure their terms and conditions are consistent with consumer guarantees. The consumer guarantees require that services must be:

- 1 Provided with acceptable care and skill or technical knowledge and taking all necessary steps to avoid loss and damage.
- 2 Fit for the purpose or give the results that the consumer and the business agreed to.
- 3 Delivered within a reasonable time.

These consumer guarantees apply automatically (they cannot be contracted out of) and apply irrespective of anything an airline may say on its website or in policies. The guarantee that services will be provided within reasonable time, is particularly relevant where a flight has been delayed or cancelled. Consumers may be entitled to a refund if a travel service is delayed or cancelled, in circumstance where they cannot be rebooked on another flight within a reasonable time.²

Australian Consumer Law therefore provides considerable options and protections for air travellers today, and as IATA has observed, can be regarded as global best practice. The challenge within Australia is about communication to passengers of these rights and avenues to seek redress if passengers believe that their rights have been infringed.

Overview of complaints

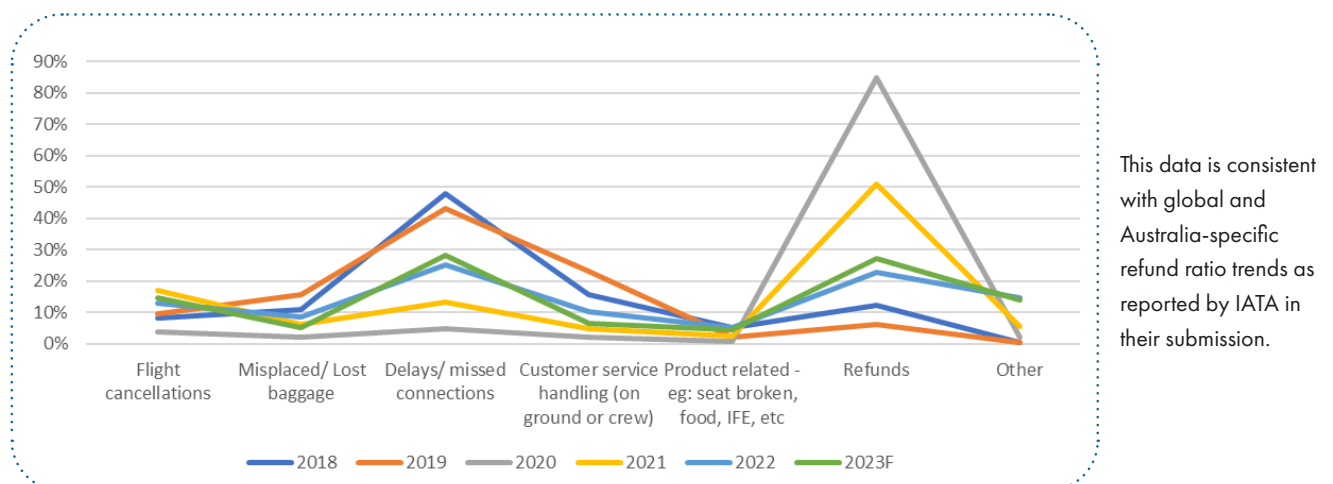
A large number of complaints in the recent 18 months are due to covid-related shortcomings in the industry. The overnight closure of international borders and the variable schedule of their re-opening (and re-closing) in the early days of recovery created an unprecedented range of challenges for airlines, one of which related to the managing and processing of airfare refunds.

Data compiled from a number of BARA members illustrates both the uniqueness and unprecedented scale of the Covid-induced refund issue for Australian consumers. Figure 3 represents the sample of data received³ from BARA members in relation to their Australia operations. Refunds, as the primary source of complaint, peaked at 85% of all contacts in 2020, but are rapidly returning to average levels as travel continues to normalise. The complaints related to refunds includes various travel components such as tours, hotels, car hire and are not confined to airline fares.

The next major category of complaints relates to delays/missed connections, followed by flight cancellations, with both showing improvement in 2023 compared to previous years.

Complaints regarding refunds peaked in 2020 and are now returning to more normal levels in the context of low overall levels of dissatisfaction. A recent survey conducted for IATA, of passengers (48% had experienced a severe delay or cancellation in the previous 12 months) revealed that 96% of travellers surveyed reported they were 'very' or 'somewhat' satisfied with their overall flight experience and 72% said that in general airlines do a good job of handling delays and cancellations.⁴

FIGURE 3 INTL AIRLINES (IN AU) COMPLAINTS BY CATEGORY 2018-2023F (Set = 0.23% of total pax)





Compensation regimes in other jurisdictions

The compensation regimes adopted in Europe and Canada are frequently used as examples. These are explained briefly below:

EUROPE

In Europe airlines (full service and low-cost carriers) are required to compensate passengers for flight delays, cancellations, denied boarding and missed connecting flights. How much a passenger can claim will depend upon flight distance. In addition to compensation, passengers are entitled to 'care' which includes free food and drink, phone calls, messages, email and hotel accommodation if their flight is delayed overnight. If a delay is over five hours a passenger can opt for a refund if they choose not to fly and a free return flight to their original departure airport. Where a flight is cancelled due to the fault of an airline a passenger is also entitled to a full refund, alternative flight or right to compensation.

Extraordinary Circumstances • An airline may avoid paying compensation when a flight is cancelled due to extraordinary circumstances which includes bad weather, air traffic control or airport strikes, acts of terrorism and civil unrest. Unexpected technical faults with an aircraft are not considered extraordinary circumstances.

Information • An airline is also required to provide written information to passengers affected by any type of disruption.

CANADA

Air Passenger Protection Regulations (APPR) • The APPR requires an airline operating a flight that is delayed or cancelled for reasons within its control to; offer alternate travel arrangements or a refund; pay compensation (up to \$1,000) for inconvenience and provide assistance (care) ie. free food drink, communication and accommodation if delayed overnight.

Within an airline's control • At present whether an airline is subject to the obligations depends on whether the disruption is within the control of the airline, within the airline's control, but required for safety, or outside the airline's control. Generally, any decision made for day-to-day operations that cause disruptions will be regarded as within in airlines control. For example, staffing issues, decisions to consolidate flights due to low demand and addressing maintenance issues are considered within an airline's control. A disruption will be regarded as within an airline's control but required for safety, where an airline is following rules put in place to make sure the flight and people on board are safe.

Information • An airline must also provide disrupted customers with key information, including the reason for the delay or cancellation.

Sourced from Canadian Transportation Agency – Flight delays and cancellations: A guide





There is no evidence to suggest that the compensation regimes in place in Europe and Canada have reduced the number of disruptions and delays.

An analysis of European data for 2022 shows that less than 55% of flights were on time during the peak of the summer season due to congestion and supply chain issues and again in mid-December due to weather.⁵

Furthermore, the European Commission's 2020 study into EC261, raised concerns about the steadily increasing costs of the program, and whether it was achieving its original objective of incentivising improved resilience and performance across the aviation ecosystem.⁶ In 2018 the cost of EC 261 totalled AU\$8.9 billion, equivalent to approximately AU\$7.5 per passenger.

In Canada, out of nearly 199,000 delays that occurred during 2022, just over 87,500 (44%) were considered to be within an airline's control (not due to a safety issue so triggering compensation under APPRs) and almost 83,000 or 42% were due to factors outside airlines' control including air traffic control (22%), weather and security.⁷

As the data shows, disruptions are rarely solely attributable to the actions of airlines and are frequently caused by circumstances beyond an airline's control. It is thus important to understand the extent to which some events are in and outside an airlines control and the challenges involved in restoring normal services. 'Air travel is a complex, interdependent ecosystem involving chains of interactive service providers and governmental agencies. When links are strained or broken, disruptions occur.'⁸

The European and Canadian compensation schemes illustrate that it is not that easy to categorise and delineate with legal precision, what is within and outside the control of an airline, and hence it is not logical to ascribe all delays to airlines.

If only airlines are made solely accountable for poor customer experiences, airlines will necessarily have to pass on these costs to customers. While some may believe that the increased costs are acceptable if they are accompanied by less delays, inconvenience and stress, such compensation schemes themselves do nothing to address the underlying issues of delay and disruption, and hence add to costs and fares without resolving the core problem.

An effective solution must include efforts to prevent the causes of disruption and delays to improve the overall customer experience. For this reason, all service providers across the aviation ecosystem need to be held accountable for the quality of their service delivery.⁹

Unintended consequences of poorly designed regulation

An examination of the evolution of frameworks adopted in Europe and Canada to promote greater consumer protection demonstrates the need for careful consideration of what outcomes the Australia Government is really seeking to achieve. For example, Europe's EC 261 was originally introduced to address cancellations for commercial reasons and overbooking policies adopted by many airlines at that time.

Over the twenty years since its introduction the grounds upon which customers are entitled to compensation have grown as the courts have made decisions interpreting the regulation so as to reduce the scope of exemptions for airlines to pay compensation. This occurred as a result of a lack of precision and clarity in the EC 261 provisions and resulted in a proliferation of claims agencies and legal actions which has contributed to the increased costs of claims for customers and airlines with no appreciable improvement in delay and cancellation rates.





ENHANCING COMPLAINTS MANAGEMENT COMPLIANCE AND ENFORCEMENT

Customer Complaints – Assessing the extent of the problem

The Green Paper has asked whether a stronger complaint handling body should be established, such as an ombudsman, in light of rising ‘contacts’ reported by ACCC, noting at the same time that a contact does not mean that a customer was making a complaint. This suggests that far greater information must be sought to assess the actual level and nature of complaints from aviation customers to determine an appropriate and proportionate response.

Airline Customer Advocate (ACA)

The Airline Customer Advocate has been heavily criticised for its complaints handling particularly since the end of the COVID-19 pandemic.

To be eligible to approach the ACA the customer must have sought to resolve the complaint directly with the airline and the decision must have been internally reviewed. This is entirely appropriate as most airlines will try to resolve complaints and most complaints are resolved following this initial contact.

The COVID 19 pandemic, caused a sharp rise in complaints about airlines, particularly around flight delays and cancellations and about the terms and conditions of refunds and travel credits.¹⁰ This has put significant pressure upon airline’s internal customer complaints management systems, but also those external complaints bodies, irrespective of whether they are Government agencies or independent of Government.¹¹ The sheer volume of complaints has stretched existing resources and pushed out the time taken to finalise the complaint from months to years in some instances.

Australia is not alone in this situation. Recent media have claimed that the Canadian Transport Agency (CTA) has a backlog of 57000 complaints stemming from the COVID-19 pandemic and that on average 3,000 more complaints are being added to this number, per month.¹² The CTA was given specific responsibility for handling aviation complaints and when doing so operated as quasi-judicial tribunal with powers of a superior court to issue binding decision. It is notable that CTA process is being reviewed to clear the backlog and that there will be greater emphasis on ‘informal facilitation and mediation’.¹³

Airlines are keenly aware of the reputational harm they may suffer as a result of public disclosure of mishandling of customer complaints and potential for escalation and possibly legal challenges. Most airlines are already strongly incentivised to improve their service, adjust policies, or provide additional training to staff as a result of reviews and analysis of their customer complaints processes.¹⁴

Expanding the ACA’s remit

BARA has noted the proposal made by A4ANZ to update and modernise the ACA and extend its remit to international airlines.

BARA has no objections to this approach, but would recommend a thorough review of all current complaints channels available to passengers as there are other state-based channels such as the NSW Civil and Administrative Tribunal which passengers are eligible to approach for airline related complaints.

Improving Consumer Communications

Claims of inadequacy of the existing customer protection framework may stem in part from a lack of understanding on the part of customers as to their rights to redress. BARA recommends enhanced communication and explanation to airline customers of their rights.

While the ACCC does educate consumers and businesses about their general rights and obligations under the Australian Consumer Law (this would be relevant to air travellers who are seeking redress for delays and cancellations) it is clear that there is still more to be done to make Australian air travellers aware of how the consumer guarantees apply. Part of this education must be about providing practical advice about how to complain effectively with relevant information to an airline, and what they need to support their complaint such as receipts or other records showing losses.

Gathering greater data about customer complaints may enable a better analysis of the customer complaints behaviour which could inform options to better address the causes of these complaints. There has been very little analysis of airline customer complaints in Australia. This is likely due to a lack of information publicly available about these complaints. This needs to be done when the problems that have beset the industry due to the impacts of COVID-19 pandemic have been worked through and the situation is ‘normalised’.



DISABILITY ACCESSIBILITY

The Australian Government has asked how travellers living with disability could be better served in their interaction with the aviation sector and is testing ideas about how this can best be achieved.

It is integral to providing accessible services that physical infrastructure will need to be improved over time and staff must be appropriately trained to address the needs of people with a disability to prevent discrimination in the provision of aviation services. For this reason, it is not the intention to deal with these in the following discussion, not because they are not important but because they have been comprehensively addressed elsewhere.

Summary of BARA Response

While it is essential to make people with a disability aware of their rights and empower them to assert their rights, this alone will not ensure that their air travel is without challenges. It is equally important to provide practical information which empowers people with a disability to communicate and interact with aviation service providers to get their needs met and give them the best possible services and experience. The knowledge acquired by the existing Aviation Access Forum which has been involved in encouraging major airlines and airports to develop Disability Access Facilitation Plans (DAFPs) will provide a useful foundation for developing materials that can provide this practical information.

RECOMMENDATION

- That better and comprehensive guidance and information about air travel be made available for all passengers including specific parts for travellers with a disability.
- That a taskforce be established that includes membership from across the aviation sector, airlines, airports, government and representatives of peak disability bodies to develop the content and publication, distribution, formats and update.
- That the Government engage with other national regulators and anti-discrimination experts to consider consistent rules and need for standardisation and harmonisation recognising aviation's global operations.

Improving the experience of travellers with a disability having regard to the unique requirements of air travel

For the reasons expressed in the previous section of BARA's submission it is important that passengers and all service providers and participants along the chain of service delivery understand the factors that positively and negatively impact a customer's experience and access requirements and collaborate to deliver the best customer experience.

Integral to a good travel experience is knowledge and understanding about the processes and requirements for progressing through each stage of travel, gained before travel is undertaken. For example, security screening processes can be difficult and stressful, if there is a lack of awareness of how these are undertaken and what a passenger can do to increase the ease of this process.

Currently within Australia there are disparate and fragmented sources of information available to air travellers whether they have a disability or not, across Government and regulatory agencies websites.¹⁵ This makes it more difficult for people to easily gather complete and practical information specifically about air travel, despite the emphasis on adopting a people centred approach in the provision of services.

*Integral to a good travel experience
is knowledge and understanding about the processes
and requirements for progressing through
each stage of travel*



SOURCES OF INFORMATION ABOUT TRAVELLING AS A PERSON WITH A DISABILITY

- **The Civil Aviation Safety Authority** - provides advice for people with a disability or who have reduced mobility about the safety aspects of their travel such as travel planning, wheelchairs and mobility aids, assistance dogs, and boarding a flight.
- **The Department of Infrastructure, Transport, Regional Development and Communications** - provide information nested under the Aviation Access Forum. This provides guidance and templates for airlines and airport operators to assist with the preparation of a Disability Access Facilitation Plans (DAFP.)
- **Airlines and Airports** - DAFPs are an important means of communication between passengers with a disability and the airline and a way of providing practical information that enables the passenger to prepare for and plan their air travel. DAFPs explain the services and support that airlines are able to provide at each stage of their journey and what the person can do to better access the services provided. For example, alerting the airline to their specific needs and within sufficient time for the airline to ensure the necessary services can be provided.
- **Disability Support Guide** - provides helpful information about accessible travel, and specifically about air travel.

Centralising and making these sources of information available and accessible for air travellers and service providers and creating two-way links between information provided by the Government, government regulators and service providers should be facilitated.

This is in marked contrast to information provision about air travel in the US and UK. The US Department of Transport website includes all information about aviation regulation, policy and guidelines under clear headings.¹⁶ Information relevant to the whole aviation industry and ecosystem is included so that airlines, airports and passengers and the community can easily avail themselves of current information about aviation.

The UK Department of Transport has developed a guide in partnership with the aviation sector, travel industry, disability and consumer groups. The guide, published on the Department's website provides comprehensive information for all passengers (including people with a disability) when travelling by air.¹⁷ It provides useful information to aid and inform a traveller rather than setting out enforceable rights. BARA supports IATA's recommendation that a similar guide be developed for Australia.



Balancing competing obligations and reducing barriers for accessibility

While airlines are committed to delivering services for people with a disability that recognise the principles enshrined in the International Convention on the Rights of Persons with Disabilities and the Australian Disability Discrimination Act 1992 (DDA) that they have the same rights to equality and the same fundamental rights as the rest of the community, it must be clear that airlines have many responsibilities and obligations, such as providing:

- safe, secure and comfortable travel for all passengers¹⁸
- sustainable travel – reducing their emission and environmental impact upon communities¹⁹
- efficiency and connectivity across regions and international borders
- profitable services that provide returns for shareholder and investors

For international airlines the complexity of delivering on all these competing obligations is compounded where requirements and expectations are not uniform and consistent. Although BARA members have not reported significant issues with carriage of assistance animals, the recognition of assistance animals provides a clear example of the challenges presented for airlines by a lack of uniformity in scope of this requirement (ie. its application to all animals rather than just dogs) and the lack of universally recognised certification that they have been trained by accredited training organisations.

Global Harmonisation of Disability Access Rights

The costs of resourcing, training staff and providing necessary equipment and managing compliance across of multitude of jurisdictions with differing accessibility provisions, will increase exponentially reflecting the growing numbers of people with a disability choosing to travel internationally.²⁰

BARA endorses IATA's recommendation that the Australian Government considers opening dialogue with other regulators and ICAO to develop universal definitions and rules to promote consistent or at the very least complimentary arrangements across jurisdictions and prevent growing divergence of requirements.

CHAPTER 3 ENDNOTES

- ¹ ACCC 2023 <https://www.accc.gov.au/consumers/buying-products-and-services/consumer-rights-and-guarantees>
- ² ACCC, (2023) *Travel Delays and Cancellations* at <https://www.accc.gov.au/consumers/specific-products-and-activities/travel-delays-and-cancellations>
- ³ Data provided by BARA members was provided on a confidential basis.
- ⁴ IATA 2023 MOTIF
- ⁵ Eurocontrol, *2022 Annual Network Operations Report 2022*
- ⁶ European Commission. *2020 Study on the current level of protection of air passenger rights in the EU- Final Report*. Steer
- ⁷ CBC News Major D, *2023 Almost half of all flight delays in 2022 were airlines' responsibility, government data suggests*, Oct 09,
- ⁸ National Airlines Council of Canada, *Enhanced Accountability, Shared Responsibility and Service Standards in Canada's Air Travel Ecosystem*, May 2023, p3
- ⁹ IATA. 2023. *Aviation Consumer Protection Regulation Should Address Shared Responsibilities* Press Release No: 32, 5 June At: <https://www.iata.org/en/pressroom/2023-releases/2023-06-05-06/>
- ¹⁰ ACCC. *2020 ACCC and ACL Regulators best practice guidance for the Travel Industry for COVID-19 related travel cancellations*
- ¹¹ Simple Flying, June 2020 *Loh C Canada's Transport Agency Is Dealing With A 2 Year Complaint Backlog* at <https://simpleflying.com/cta-complaint-backlog>
- ¹² The Canadian Press, Sept 2023, Reynolds C, *Canada's air passenger complaints' backlog tops 57,000, reaching new peak* at <https://globalnews.ca/news/9968347/air-passenger-complaints-backlog-canada/>
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- ¹⁴ Cxalli L and Cxalli, F *Understanding Airline Passengers during Covid-19 Outbreak to Improve Service Quality: Topic Modeling Approach to Complaints with Latent Dirichlet Allocation Algorithm* Transportation Research Record 2023, Vol. 2677(4) 656–673
- ¹⁵ Australian Government Civil Aviation Safety Authority, <https://www.casa.gov.au/operations-safety-and-travel/travel-and-passengers/passengers-disability-and-reduced-mobility/> and Department of Infrastructure, Transport, Regional Development and Communications <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/aviation-access-forum-aaf>, *Disability Support Guide*, <https://www.disabilitysupportguide.com.au/information/article/tips-for-travelling-with-disability>
- ¹⁶ US Department of Transport at <https://www.transportation.gov/airconsumer>
- ¹⁷ United Kingdom Government, Department of Transport, *Air Passenger Travel Guide Summary of Passenger Rights* at <https://www.gov.uk/government/publications/air-passenger-travel-guide>
- ¹⁸ See the Australian Civil Aviation Act 1988 and Civil Aviation Safety Regulations 1998, Aviation Transport Security Act 2004
- ¹⁹ See *Aircraft Noise Regulations, National Greenhouse and Energy Reporting Act 2007*
- ²⁰ Travel Weekly, 2022 at <https://www.travelweekly.com/Travel-News/Travel-Agent-Issues/State-of-accessible-travel-2022-part-1> reported that MMGY Global, "Portrait of Travelers with Disabilities: Mobility and Accessibility," had found approximately 12.5 million people with a disability travelled in 2018-19



This part responds to Chapter 5 of the Aviation Green Paper and the questions raised by the Australian Government about Australia's initiatives to support decarbonisation of the domestic aviation industry and in particular how policy and regulatory settings can support the development of a domestic SAF industry and investment in low emissions technologies and associated infrastructure.

OUTLINE

The airline industry has largely mapped out the path to achieve emissions reductions which includes various initiatives including Sustainable Aviation Fuels (SAFs), and new technology to reduce carbon emissions, supplemented by carbon offsetting.

The Australian Government's active participation is needed to create policies that will incentivise and accelerate the growth of a SAF industry within Australia, and build the infrastructure needed to enable widespread use of SAFs.

RECOMMENDATIONS

BARA recommends the Australian Government:

- Develop policies and funding streams that will incentivise and accelerate the investment in and growth of the SAF industry within Australia, to increase supply of SAF to meet the needs of the Australian aviation industry.
- Supports policies that will ensure ongoing confidence in offsetting and availability of high-quality offsetting projects that can effectively contribute to the removal of CO₂ from the atmosphere, while the SAF industry grows, and as more direct emissions reduction measures become available to the aviation industry.

INTERNATIONAL AVIATION STRATEGIES TO MEET SUSTAINABILITY GOALS

The International Energy Agency has forecast that net-zero will not be reached without SAF accounting for 75% of aviation fuels globally by 2050. Current SAF supply volumes are estimated at over 300 million litres¹, however with the predicted tripling of air travel over the coming decades, global demand for SAF could be expected to exceed a supply requirement of 66.2 billion litres by 2050.²

Increasing aircraft efficiency and new propulsion technologies

Many airlines have or are currently renewing their fleets to gain the benefits of lightweight aircraft and more fuel-efficient engines. However, the emissions reduction gains from this measure have obvious limits, particularly once new fleet is acquired. New propulsion technologies such as those powered by batteries and fuel cells while demonstrating their potential will likely be limited to operation on short haul flights.³ New fuels such as hydrogen that might have the potential to fuel long haul flights have many technological and supply chain and cost hurdles to overcome and are unlikely to be available for many years.

There will also be benefit, of a more limited nature from greater operational efficiencies and air traffic management enhancements. Airlines are already using offsets to reduce their carbon footprint. Scenario analysis has shown that offsetting by way of carbon removals will always be required, particularly in the near term to make up shortfalls in emissions reductions.⁴



Sustainable Aviation Fuels (SAF)

SAF⁵ has almost identical properties to conventional aviation fuel making it a 'drop in' fuel, avoiding the need for aircraft modification or major airport infrastructure overhauls. The ease with which it can be adopted makes it the most important building block in the airline industry's commitment to reduce CO₂ emissions to net zero by the year 2050.

Today, SAF is blended with conventional kerosene to ensure compatibility with aircraft, engines and fuelling systems. Commercial flights are currently permitted to fly with a blend of SAF and conventional fossil-based kerosene.⁶ Trials have shown that engines and aircraft can be operated using 100% SAF. Efforts are underway to enable the adoption of 100% drop in SAF, which does not require blending with conventional jet fuel.⁷

International Policy Initiatives Supporting Aviation Decarbonisation

Many countries are accelerating their transition to renewables, some building on foundational policies introduced to support biofuels (biodiesel and ethanol) production and supply for land transport some time ago.⁸ More recently they have turned their attention to encouraging SAF production and offtake enabling their airlines to set ambitious targets for SAF use. In many cases they are importing, or are looking to, Australian feedstocks to support their transition.⁹

For example, airlines in the United States have set ambitious targets to buy 3 billion gallons of SAF by 2030 – well over 10% of total usage.¹⁰ This has been supported by ambitious policy frameworks and enormous funding initiative such as the Sustainable Aviation Fuel Grand Challenge and Inflation Reduction Act 2022 aimed at driving the production and uptake of renewable fuels as part of the overall policy to accelerate the transition of the US energy and transport sectors¹¹.





EUROPE

The European Commission has adopted the "Fit for 55" Legislative Package which includes the ReFuelEU Aviation proposal. The ReFuel EU Aviation Regulation will oblige aircraft fuel suppliers at EU airports to gradually increase their share of sustainable fuels (The regulation excludes the use of crop-based fuels). All airlines departing from EU airports will need to uplift jet fuel prior to departure regardless of their ultimate destination. Airlines departing from EU airports will need to uplift SAF but only with sufficient fuel necessary for the flight to avoid tankering.¹²

Airports will need to guarantee the necessary infrastructure. A SAF mandate will require all aviation fuel at EU airports to contain SAF, including a portion of synthetic fuel. In 2025 aviation fuel will contain 2% of SAF. Five-year increases will be imposed to reach the minimum volume requirement of 63% by 2050, (consisting of 28% synthetic aviation fuels).

Australia is a major exporter of canola seed to Europe. Much of this is converted into biofuels.

THE UNITED KINGDOM

The UK Government has implemented the Renewable Transport Fuel Obligation (RTFO) Order applying to fuel suppliers who supply more than 450,000 litres in an obligation year. Fuel suppliers gain an RTFC for each litre of renewable fuel they produce, and use it to fulfill their obligations, failing which they would have to pay the penalty for each litre of fuel they wish to buy out.¹³

In June 2021, Heathrow launched its SAF incentive programme becoming the first UK airport to integrate SAF into its fuel distribution system successfully and the first airport to link airport charges with SAF usage. The first year of the incentive was designed around a £10 million fund aiming to cover 50% of the cost premium of using SAF. It resulted in approximately 0.5% of SAF use in 2022 (a small percentage but a saving 55,000 tonnes of CO₂).

THE UNITED STATES

The Sustainable Aviation Fuel (SAF) Grand Challenge aims at accelerating the production, innovation, and adoption of sustainable aviation fuels to meet ambitious goals for the aviation industry's contribution to addressing climate change. The goal is to produce 3 billion gallons of SAF per year by 2030. Additionally, it is directed at enhancing energy security by diversifying the sources of aviation fuel.¹⁴

The recently introduced Inflation Reduction Act 2022 (IRA) directs nearly \$400 billion in federal funding to clean energy, with the goal of substantially lowering the nation's carbon emissions by the end of this decade. The funds will be delivered through a mix of tax incentives, grants, and loan guarantees. Clean electricity and transmission command the biggest slice, followed by clean transportation, including electric-vehicle (EV) incentives.



Airline Commitments and Use of SAF

Many BARA members are working to accelerate the development, production, and adoption of SAF by working collaboratively with fuel suppliers, airports, Government regulators and agencies and international experts. Initiatives include conducting feasibility studies on SAF supply chains, entering procurement agreements and operationalising the use of SAF. Many BARA members have trialled SAF in their aircraft, committed to use SAF and in some cases adopted voluntary targets for blending SAF with conventional jet fuel. Some examples are provided below.

BARA MEMBER	ACTIONS	COMMITMENT
All Nippon Airways (ANA)	<ul style="list-style-type: none"> In 2020, ANA began a strategic alliance with Finland-based SAF manufacturer NESTE for medium- to long-term supply, purchasing and importing SAF on a commercial scale for use on scheduled flights departing from Haneda and Narita airports. In December 2022, the ANA Group and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) signed a memorandum of understanding (MOU) to collaborate to manufacture and procure SAF overseas. During fiscal 2023, ANA plans to procure SAF produced by LanzaJet in the U.S., produced using exhaust gas from steel mills and oil refineries, for use on flights departing from the U.S. In January 2023, the ANA Group signed a memorandum of understanding with a US supplier to procure SAF produced from municipal solid waste and other waste materials, ANA is considering purchasing this SAF for use on flights departing the U.S. after 2025. 	<ul style="list-style-type: none"> Committed to replacing 10% jet fuel with SAF by 2030
Air New Zealand	<ul style="list-style-type: none"> In September 2022, Air NZ imported 1.2 million litres of SAF to Aotearoa New Zealand to test the supply chain and understand the true cost of importing SAF In June 2023, in partnership with the New Zealand Government, Air NZ announced the second phase of a detailed feasibility study considering the viability of domestically produced SAF using woody biomass and municipal solid waste as feedstocks and committing funding in excess of \$1.5 million to the studies. 	<ul style="list-style-type: none"> Committed to helping accelerate the supply and use of SAF to reach the goal of 10% by 2030
Cathay Pacific	<ul style="list-style-type: none"> Launched Asia's first major Corporate SAF Programme with support from eight launch customers, to send a strong signal that there is firm interest in SAF. The programme provides corporate customers the opportunity to reduce their carbon footprint from business travel or airfreight by contributing to the use of SAF uplifted from Hong Kong International Airport (HKIA) on Cathay Pacific flights 	<ul style="list-style-type: none"> Committed to 10% SAF consumption by 2030
Singapore Airlines	<ul style="list-style-type: none"> In July 2022 conducted a pilot with the Civil Aviation Authority of Singapore (CAAS) and GenZero, an investment platform wholly owned by Temasek, the Group bought 1,000 tonnes of neat SAF that was blended with refined jet fuel. The SAF was used on SIA and Scoot flights departing from Changi Airport. This is the first time that SAF has been used on commercial flights out of Singapore Actively participates in discussions convened by CAAS to develop a Sustainable Air Hub Blueprint for the country 	<ul style="list-style-type: none"> Pledged to achieve net zero carbon emissions by 2050 in May 2021, and was the first airline to sign the Global Sustainable Aviation Fuel declaration in February 2022
United Airlines	<ul style="list-style-type: none"> In 2016, United became the first airline globally to use SAF in regular operations on an ongoing basis by using a SAF-blend from World Energy for flights out of Los Angeles. In May 2022, United signed an international purchase agreement for the right to buy up to 52.5 million gallons of SAF, produced from 100% sustainably sourced renewable waste and residue raw materials. In February 2023, enabled its customers to see an estimate of each flight's carbon footprint in their search and an option to contribute to supplement United's investment in the UAV Sustainable Flight Fund before check-out. <p><i>Sourced from the Airlines' Sustainability Reports</i></p>	<ul style="list-style-type: none"> In December 2020, announced new goal to be 100% Green by 2050 without relying on traditional carbon offsets.



OFFSETTING

CORSIA Carbon Offsetting and Reduction Scheme for International Aviation

In view of the lack of supply of SAFs on a commercial scale in the short term, ICAO Assembly adopted CORSIA in 2016 as a transitional and complementary solution. Under CORSIA, aeroplane operators can claim emissions reductions from fuels that meet defined sustainability criteria and are certified to be CORSIA eligible under a sustainability certification scheme. The "CORSIA eligible fuels" include SAFs, which are renewable or waste-derived fuels, as well as "lower carbon aviation fuels", which are fossil-based fuels.

CORSIA is to be implemented in three phases, a pilot phase from 2021-2023, a second phase from 2024 to 2026 and a third phase from 2027 – 2035. For the first two phases participation is voluntary, but from 2027 onward participation will be mandatory for countries according to the international aviation Revenue Tonne-Kilometres (RTKs).

KEY CHALLENGES FOR INTERNATIONAL AVIATION TO DECARBONISE

Costs of SAF for Airlines and Consumers

The main impediment to SAF uptake is cost. The current cost of SAF is high (2-5 times the price of petroleum jet fuel) and for SAF use to increase, costs need to reduce. The main cost drivers for SAF are feedstock costs, yields, and plant capital recovery. With a high share of SAF likely to come in the medium term from the power-to-liquid production pathway, enormous investments in renewable electricity generation will be required.

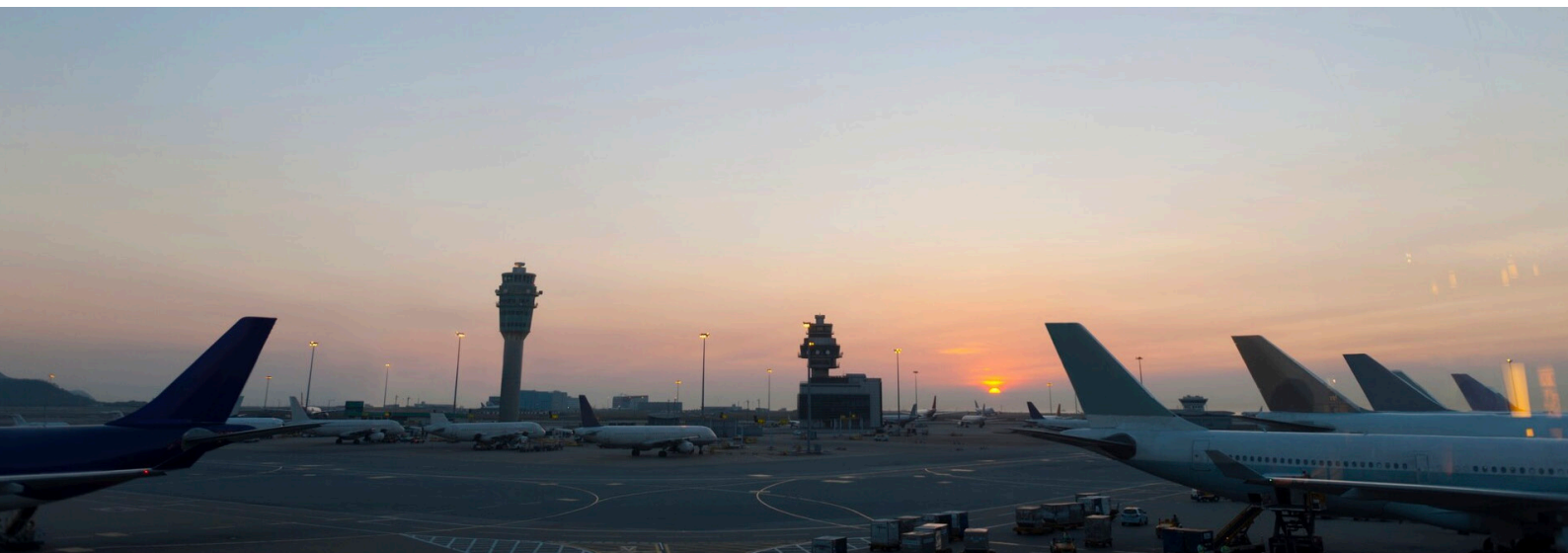
It is estimated that the investment required to meet a 20 gigalitre annual production target by Australian production facilities would be between \$25 billion and \$30 billion.¹⁵ Support from a range of quarters will be necessary to achieve this level of production and to drive down the cost of production so that biofuels are competitive with petroleum fuels.

Governments need to implement policies that incentivise and reduce the risks associated with the substantial additional investment required to build production capacity.¹⁶

While costs are a major inhibitor of offtake by some low-cost carriers it must be remembered that the way that the cost of SAF compares with fossil fuels may change over time, as the correct externalities associated with fossil fuel production and transportation are built into its price.¹⁷ In this scenario SAF use may present a competitive advantage for carriers.¹⁸

Adequate Supply

Production of SAF is still too low, limiting uptake of SAF by airlines who are committed to using SAF. This is due to uncertainty about feedstocks technologies and costs which are discouraging investment.¹⁹ Despite this, more international airlines are signalling their intent to purchase SAF.





AUSTRALIA'S INITIATIVES TO DECARBONISE AVIATION

Establishment of Jet Zero Council

It is noted that the Australian Government has recently established a Jet Zero Council (JZC) to provide leadership and promote and mobilise industry efforts to decarbonise aviation. The JZC will coordinate advice to the Australian Government on the appropriate policy and regulatory settings with a particular focus on the development of the SAF industry and other net zero capabilities. BARA commends this initiative as a vehicle to harness the benefits of diverse industry knowledge and collaborative effort.

A regional approach

It is noted that the Green Paper recognises that the Asia-Pacific region is expected to be the predominant driver of international economic development up to 2050 and that this necessitates a focus on how constraints upon supply of SAF in the region can be forestalled and addressed. Emissions reduction needs to be considered at the global level and efforts coordinated with a 'sector-based approach' to reduce 'the risk that these emissions simply move to other jurisdictions in response to individual countries taking unilateral action.'²⁰

Countries with SAF feedstock limitations, and their airlines, are currently seeking to secure stable future supplies of SAF. Australia has the potential to be a leader in the development of SAF technology and production within the Asia Pacific region and should leverage this to ensure a strategic approach to SAF deployment that will support regional decarbonisation efforts, whilst supporting its domestic airlines to be sustainable and resilient.²¹

Australia has been reliant on gateway airports such as Sydney and Melbourne but with more 'point to point' travel expected in the future, direct travel to non-traditional gateways will also need to be considered. Construction of SAF facilities and installations at and near key regional international airport hubs should be encouraged as this will reduce transport emissions and reduce logistics costs. It would also alleviate the cost impacts on long haul flights operating out of regions where SAF offtake is mandated reducing disincentives to operating to Australia given its remoteness from major European and US aviation hubs. This should be a focus of collaborative effort between regional national Governments.²²

The Singapore Government is working on a Sustainable Air Hub Blueprint with the objective of establishing targets and pathways to achieve a sustainable air hub at Changi Airport. The Civil Aviation Authority of Singapore (CAAS) formed a public-private partnership with SIA, Temasek, CAG, ExxonMobil and Neste to conduct SAF pilot at Changi Airport to assess supply chain readiness for SAF; understand demand for SAF credits by customers and understand end-to-end cost components of SAF deployment at Changi Airport. An international advisory panel has been established to support the development of the Blueprint.





AUSTRALIA'S INITIATIVES TO DECARBONISE AVIATION

SAF Mandates and impacts upon International Carriers

Mandates have been and are being introduced in some countries to create demand signals for SAF production. For example, the ReFuel EU Aviation Regulation will require all aviation fuel at EU airports to contain SAF.

Mandates requiring the use SAF and escalation of those quantities over time are likely to increase costs for airlines and for their passengers and the shippers of air cargo. Airlines subject to mandates understandably have fears that increasing costs could affect their competitiveness. Increasing blending quotas may also present technological challenges. Mandates will inevitably affect long haul carriers the most and those that do not operate to ports that currently supply SAF or that are supply constrained.

There are different ways that mandates can be implemented and apply to different entities along the fuel supply chain. Badly conceived SAF mandates could produce the following results:

- greater complexity for international airlines to understand and analyse the impacts upon their networks and planning;
- encouraging some SAF production pathways over others (backing winners) and deterring other more strategically important pathways;
- decentralisation of SAF production reducing the benefits of economies of scale,
- increased transportation of SAF to various airports reducing the environmental credentials and emissions reduction potential of SAF.
- market distortions and cost increases if they are not supported by a comprehensive policy framework to incentivise cheaper production and more flexible rules of supply

International airlines' SAF commitments and participation in CORSIA are sending strong international demand signals for SAF. Policies such as mandates directed at compelling offtake of SAF by airlines are not needed, but policies and funding initiatives are needed to overcome the challenges and costs associated with SAF production and supply and to promote the most sustainable SAF production pathways over time, for example to allow transition away from HEFA²³ to power-to-liquid fuels.

Monitoring and Verification Frameworks

Early consideration must be given to a monitoring and verification framework, or SAF will not supply the emissions reductions needed to meet commitments and reduce environmental impacts. Harmonization with international verification and certification methods must be a key area of focus.

Investors need confidence that producers and SAF purchasers will be able to reliably capture environmental premiums from lower carbon intensity fuels, and that SAF carbon intensity and other sustainability data, is auditable, traceable and can be consistently reported.²⁴

Well-designed protocols for SAF chain of custody throughout the supply chain life cycle, are needed to allow for product and transaction tracing, verification of relevant data, and the appropriate accounting or claiming of environmental benefits.²⁵





AUSTRALIA'S INITIATIVES TO DECARBONISE AVIATION

Book and Claim

While the SAF industry in Australia is established and able to scale consideration must be given to policy and regulatory settings that allow airlines to use Book and Claim²⁶ so that they can claim the sustainability attributes of SAF by purchasing SAF that is supplied to airports elsewhere. This would also allow them to transfer the sustainability attributes to their corporate clients. Any mandates introduced before the industry can supply enough SAF and ensure continuity of supply to Australia's major airports, should be supplemented by Book and Claim to address these supply constraints.²⁷

BARA appreciates that there are a few concerns around the use of Book and Claim systems that need to be addressed. For this reason, it is supportive of the work that the recently established Australian Jet Zero Council is undertaking to ensure the benefits of SAF use can be accounted for.

Offsetting

In view of the lack of supply of SAFs on a commercial scale, in the short term there is a need for Governments to support policies that will ensure availability of high-quality, high integrity offsetting projects that can effectively contribute to the removal of CO₂ from the atmosphere.

BARA is aware that the Australia Government recently conducted a review of the integrity of the Australian Carbon Credit Units (ACCU) Scheme and that it has accepted the recommendations of the Independent Review of ACCU's (Chubb Review)²⁸ and that implementation of these is underway. BARA welcomes initiatives that will facilitate positive carbon offsetting project outcomes, improve transparency, and enhance confidence in and the integrity of the ACCU Scheme.²⁹





CHAPTER 4 ENDNOTES

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- ² S&P Global Commodity Insights, Dimitriadou E, Lavinsky C, Long-term demand for SAF could run into supply constraints at <https://www.spglobal.com/commodityinsights/en/market-insights/blogs/oil/032222-sustainable-aviation-fuel-saf-2050#Commercial%20Commitments>
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- ⁵ SAF, as defined by the International Civil Aviation Organization (ICAO), is an alternative aviation fuel that '(i) achieve net GHG [greenhouse gas] emissions reduction on a life cycle basis ; (ii) respect the areas of high importance for biodiversity, conservation and benefits for people from ecosystems, in accordance with international and national regulations; and (iii) contribute to local social and economic development', and 'avoid competition with food and water' (ICAO 2018).
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- ⁷ United Airlines operated first experimental flight using 100% SAF
- ⁸ CAAFI, Overview of Policies Relevant to Sustainable Aviation Fuels. Research and Development Team White Paper Serious: Policy Impact
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- ¹⁰ Airlines for America (2021) U.S. Airlines Announce 3-Billion-Gallon Sustainable Aviation Fuel Production Goal at <https://www.airlines.org/news/>
- ¹¹ United States Environment Protection Agency at EPA.gov
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- ¹⁶ International Energy Agency (2021) Are conditions right for biojet to take flight over the next five years? Fuel report, at <https://www.iea.org/articles/are-conditions-right-for-biojet-to-take-flight-over-the-next-five-years>
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- ¹⁸ Air Transport Action Group. (2021) WayPoint 2050 2nd Edition
- ¹⁹ Cabrera Eduardo, Melo de Sousa Joao (2022) Use of Sustainable Fuels in Aviation—A Review, *Energies* 15(7):2440
- ²⁰ UK Department of Transport Decarbonising Transport: A Better, Greener Britain https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1009448/decarbonising-transport-a-better-greener-britain.pdf
- ²¹ CSIRO, (2023) Sustainable Aviation Fuel Roadmap
- ²² IATA Position Paper on CAAF/3 at https://www.icao.int/Meetings/pre-CAAF3/Documents/IATA%20Position%20Paper_CAAF3_20230913_final.pdf
- ²³ HEFA refines vegetable oils, waste oils, or fats through a process that uses hydrogen (hydrogenation) from Technology Basics, SKYNRG.com
- ²⁴ IATA Policy SAF Deployment, at <https://www.iata.org/contentassets/d13875e9ed784f75bac90f000760e998/saf-policy-2023.pdf>
- ²⁵ IATA Position Paper on CAAF/3
- ²⁶ The Book and Claim system in the aviation industry allows airlines to purchase sustainable aviation fuel (SAF) credits, representing a quantity of SAF that has been produced and used elsewhere, rather than physically filling their aircraft with SAF at the airport.
- ²⁷ IATA (2023) Statement on Refule EU Proposals Press Release, [iata.org](https://www.iata.org)
- ²⁸ Chubb, I., Bennett, A., Gorring, A., Hatfield-Dodds, S., 2022, Independent Review of ACCUs, Department of Climate Change, Energy, the Environment and Water, Canberra, December. CC BY 4.0. at <https://www.dcceew.gov.au/climate-change/emissions-reduction/independent-review-accus>
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In this part BARA responds to Chapter 8 of the Aviation Green Paper - Fit-for-purpose agencies and regulation.

BACKGROUND

BARA's comments in this section are provided in the context of the challenges that will face the industry into the future and what it believes the industry will need from Government agencies. In keeping with the intent of the Aviation White Paper process, these are to ensure that the Australian aviation ecosystem:

- Maximises its contribution to meeting sustainability goals
- Is well positioned to adopt new technologies to increase efficiency and throughput at Australian airports
- Is resilient to future shocks
- Has the appropriate workforce and skills out to 2050.

KEY POINTS

- BARA hopes to provide Government agencies with a better understanding of the challenges faced currently and in the future.
- BARA wishes to see greater cooperation, collaboration and exchange of information between Government, regulators, air navigation service providers and industry to support the planning and delivery of very complex projects.
- BARA hopes to see more transparency and accountability of projects undertaken by Government agencies which are aimed at improving service delivery in Australia's aviation ecosystem.

Australian Government aviation industry oversight

BARA notes that the current Australian government oversight of aviation is structured so as to separate out policy, regulation, service delivery and investigation functions reflecting the need to ensure accountability, maintain focus and avoid conflicts of interest. In this way it aligns with international best practice. BARA considers this separation of functions as appropriate but does not believe that this structure alone can deliver the best outcomes for industry and passengers.

BARA reiterates the concerns already expressed by industry that there are many Government departments and agencies concerned with different aspects of aviation policy, compliance and regulation and that this can be confusing at times for airlines who are not familiar with administrative arrangements and demarcations of responsibility. International Airlines without dedicated resources struggle to identify the appropriate contacts within Government. It would help for Government to have a clear single point of contact supported by a more streamlined approach for industry.





Regulation - Safety and Security

BARA does not dispute that existing legislative and regulatory arrangements have worked well facilitating the aviation industry's growth and competitiveness and with high standards of safety and security, but believes that it must be recognised that they were developed at times when the industry was experiencing relative stability and uninhibited growth and there is a need to evaluate whether they 'remain current, achieve balance, and weigh the needs of stakeholders, both in the short term and into the future'¹

The challenges of the future require more than just changes at the margins. The complex causes and effects due to interrelated and highly dependent systems need to be borne in mind and the industry must identify and address key areas of vulnerability, if it to be able to adapt to the challenges of the future.

...the regulatory system has to be better equipped to identify and mitigate safety risks, in a quicker and more effective manner. This can be achieved by introducing a risk and performance based approach to safety regulation and oversight, by closing existing safety gaps and by integrating other technical areas of regulation connected to safety more deeply, such as aviation security. While safety is crucial, it cannot be looked at in isolation²

The complexity of the challenges needs specialisation and expertise, and these will inevitably be spread across of number of different government departments and agencies. All of this points to a need to ensure that there is more effective planning, closer collaboration, effective communication and importantly, coordination of effort and lack of duplication of resources. Additionally, there needs to be oversight, clear lines of accountability and reporting.

BARA notes that various safety and security reforms are underway. It endorses the development of a strategic transport security reform agenda with a view to adopting an "all hazards" approach which will consider a wide range of threats and enhanced security obligations that will manage risks to physical infrastructure, personnel, supply chains.

Airspace regulation and management

BARA members appreciate the challenges associated with managing Australia's vast airspace and the productivity benefits and emissions reduction potential associated with the introduction of new technologies. However, at present there is a perception that agencies are pursuing very important, highly complex and worthy initiatives, but without the necessary level of oversight, coordination and cross agency and industry collaboration. The Australian and International Pilots Association has expressed concern that Airservices current 'Airspace Modernisation Program lacks cohesion and needs proper consideration of operational implications when transiting the various classes of airspace'.³

The delays with some of the airspace management projects suggest that more could be done to hold agencies to account. It would appear that there needs to be further performance monitoring and examination of why some projects are regarded as priorities but are failing to deliver.

A key example of ongoing delays in delivery is Airservices Australia's OneSKY project. The initial date for replacement of the system was 2015. The current date for acceptance of the replacement air traffic management system is 2026. Delays with the conduct of the tender, tender evaluation and contract negotiations contributed to this more than ten-year delay and have been the subject of Performance Audit Report by the Australian Audit Office.⁴ This delay with the implementation of OneSKY has meant that the life of Airservices' existing air traffic management systems has had to be extended and the future cost-benefit of OneSky is unclear.





Service Delivery

The impact of the COVID-19 epidemic and the awareness of the likelihood that such major disruptive events may occur more frequently highlights the critical need for there to be sufficient financial reserves to allow the sector to respond to and recover from such events.

There is also a need to ensure that planning and decision making is sound and not driven by imperatives to cut costs at the expense of the provision of critical safety, security, navigational, regulatory and investigative functions. This applies not only to industry but to government agencies and services.⁵ BARA is aware that there are concerns about stretched resources and funding requirements for the increasing number of internationally designated airports. Resolution of these resourcing issues requires collaboration with industry to find solutions that are flexible and adaptive. From a funding perspective, international aviation contributes significantly through the collection of the Passenger Movement Charge, which as noted in the Green Paper falls into Consolidated Revenue. Greater transparency with the industry in respect to the costs and benefits of these multiple agency challenges will be important to achieve the most cost-effective and flexible solutions.

The Government and Government agencies must be able to take the lead, and to do this must also be sufficiently resourced and have a workforce with the skills and expertise needed to perform existing critical functions and able to anticipate future industry needs and requirements and adapt as necessary. As Air Services state 'Government, regulators, air navigation service providers and industry need to collaborate and innovate to support the recovery, maintain safety, and ensure resilience and security.'⁶

Passenger Facilitation

As aviation traffic generally and international traffic continues to increase, the importance of embracing new technology to improve passenger (and cargo) flow is imperative. As is clearly recognised in the Green Paper a seamless passenger experience will require adoption of new biometric technology and will rely heavily upon the automated collection and sharing of passenger and other data. While this affords the prospect of more efficient and effective processes for passengers and cargo it is recognised that the risks of systems failure and data breaches need careful management of contingency and continuity planning. The evaluation and mitigation of these risks, however, must not be allowed to further delay implementation or progress. Air passengers have already indicated their willingness to embrace biometric technologies. IATA's Global Passenger Survey 2023 revealed that 75% of passengers prefer using biometric data over traditional passports and boarding passes for a more convenient travel experience. Airlines' responses to COVID-19 requirements demonstrates their ability and willingness to adapt to new requirements for data collection, sharing and protection.⁷

IATA's OneID (and One Record for Cargo facilitation) represent the future path for dramatically improving passenger facilitation outcomes and ensuring that Australia's physically constrained airports (with respect to expanding facilities) will be able to handle tomorrow's passenger volumes efficiently and effectively. Building ever larger airports and facilities is simply not possible and would only exacerbate many of the infrastructure cost issues previously highlighted in this submission.





Conclusion

The future challenges for aviation require close cooperation, collaboration between industry and government, drawing on the expertise of agencies within the sector and beyond. A4ANZ have suggested that the UK Aviation Council may provide a model that could be tested in Australia to accelerate the ability of government and industry to implement changes and respond to new situations. Such a body would allow Government and Industry to ‘voice their opinions and provide advice and recommendations on how to address challenges facing the sector, as well as how best to embrace opportunities’ but would have to be carefully managed so as not to become a forum for lobbying to meet specific interests of participants.⁸ BARA is supportive of this suggestion.



CHAPTER 5 ENDNOTES

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LIST OF BARA MEMBERS WITH IATA CODE

AIRASIA X (D7)	INDONESIA AIR ASIA (QZ)
AIR ASIA Berhad (AK)	JAPAN AIRLINES (JL)
AIR CANADA (AC)	LATAM AIRLINES GROUP (LA)
AIR NIUGINI (PX)	MALAYSIA AIRLINES (MH)
AIR MAURITIUS (MK)	NAURU AIRLINES
AIR NEW ZEALAND (NZ)	PHILIPPINE AIRLINES (PR)
AIR VANUATU (NF)	PHILIPPINES AIR ASIA (Z2)
AIRCALIN (SB)	QATAR AIRWAYS (QR)
ALL NIPPON AIRWAYS (NH)	ROYAL BRUNEI AIRLINES (BI)
AMERICAN AIRLINES (AA)	SCOOT (TR)
ASIANA AIRLINES (OZ)	SINGAPORE AIRLINES (SQ)
CATHAY PACIFIC AIRWAYS (CX)	SOLOMON AIRLINES
CHINA EASTERN (MU)	SRILANKAN AIRLINES (UL)
CHINA SOUTHERN AIRLINES (CZ)	THAI AIR ASIA (FD)
DELTA AIR LINES (DL)	THAI AIR ASIA X (XJ)
ETIHAD AIRWAYS (EY)	THAI AIRWAYS INTERNATIONAL (TG)
EVA AIRWAYS (BR)	TURKISH AIRLINES (TK)
FIJI AIRWAYS (FJ)	UNITED AIRLINES (UA)
GARUDA INDONESIAN AIRWAYS (GA)	VIETNAM AIRLINES (VN)
HAWAIIAN AIRLINES (HA)	VIRGIN AUSTRALIA (VA)