

7/12/2023

Director, Aviation White Paper Project Office
Aviation White Paper
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
GPO Box 594
CANBERRA ACT 2601

Dear Director,

Re: AustralianSuper submission to Aviation Green Paper Consultation

AustralianSuper welcomes the opportunity to provide an investor perspective on elements of the Aviation Green Paper and to inform the development of the Aviation White Paper.

AustralianSuper is Australia's largest superannuation fund, with over 3.3 million members, and over \$300 billion in member assets under management. Our purpose is to help members achieve their best financial position in retirement. Around half of the retirement savings managed is invested in Australia. This includes Australian companies, infrastructure and property, including \$20 billion in Australian infrastructure assets.

AustralianSuper is a direct owner of Sydney and Perth airports, and an indirect owner of Melbourne, Brisbane, Adelaide, Darwin, Launceston, Parafield, Alice Springs and Tennant Creek airports, on behalf of superannuation members. The long-term investment horizon for unlisted infrastructure assets such as airports is perfectly aligned with the investment horizon of superannuation funds. Our focus on building long-term value in these assets is aligned with the financial interests of members while also delivering good outcomes for the travelling public, airport workers, the community, the environment, and the Australian economy.

As investors across the Australian economy, AustralianSuper understands that the sustainable growth of sectors such as aviation underpins broader economic growth. Pre-COVID, the aviation sector accounted for approximately 5.5% of Australia's national GDP, contributing significantly to broader economic activity including through tourism and trade.

Australia's airports are entering into a period of growth, with major infrastructure investments planned to meet future capacity needs, implement sustainability and net zero initiatives, and deliver continually improving passenger outcomes. This investment, in turn, will support and create jobs in aviation and tourism.

Ensuring the regulatory environment enables ongoing investment in Australia's aviation sector

A stable, fit-for-purpose regulatory environment is fundamental to encouraging ongoing investment in Australia's airports and aviation sector. The regulatory approach should include:

- *Retaining the Aeronautical Pricing Principles (APPs) in their current non-mandated form.* The APPs are fit-for-purpose, supporting commercial negotiations between airports and airlines and providing an effective framework for investment. The APPs in their current form provide investors in Australia's airports with the confidence to invest in long-term projects, while ensuring the flexibility to respond to economic or aviation industry change.
- *Improving the Major Development Plan (MDP) process to ensure a proportionate and efficiency-based approach to airport planning and development.* Efficient and predictable development processes support ongoing investment in airport infrastructure, which is vital to service the needs of all airport users. The current Major

Development Plan process is complex and involves long and uncertain timeframes. Bringing the approvals process for on-airport developments in line with off-airport developments – including by increasing or removing the MDP monetary threshold mechanism – will facilitate efficient airport planning and development alongside the other protections in the Airports Act which are more pragmatic and responsive to community, industry and environmental needs.

- *Improving coordination and planning for land use around airports.* Long-term, integrated outcomes should be considered in planning decisions on the use of land around airports. Ensuring the best use of this land supports Australia's long-term infrastructure and transport needs, provides certainty for assets and investors, and improves outcomes for airport stakeholders and local communities.

Supporting aviation's contribution to net zero

AustralianSuper is committed to achieving net zero emissions in our portfolio by 2050¹. Our net zero target will be achieved primarily by supporting our portfolio companies to set and deliver their own net zero plans. To that end Australia's airports are implementing initiatives to reduce emissions within their control, such as operational energy efficiency measures and onsite renewable energy generation projects, and turning their focus to aviation industry decarbonisation.

We recognise that decarbonisation will not be possible with existing technologies, and that the aviation sector's net zero transition requires an ambitious policy framework. We welcome the Government's intention to develop this framework, including through the Australian Government's Net Zero Plan, the Transport and Infrastructure Net Zero Roadmap, and the establishment of the Jet Zero Council. We would welcome opportunities to engage in these and other forums as this work progresses.

Specific near-term actions Government can take to support emissions reduction in the aviation sector include:

- Engaging with airports to ensure that emissions impacts are considered and addressed across regulatory settings that guide airport operations.
- Maintaining the current stable pricing environment delivered by the APPs to enable long-term investment in decarbonisation, including the technology required to address airside Scope 3 emissions.
- Undertaking further work to assess the commercial feasibility of a domestic sustainable aviation fuel industry, and the required enabling policy measures.

Thank you for considering our submission. We would welcome ongoing engagement through the Aviation White Paper process. Should you have any questions, please contact Nick Coates, Head of Government Relations & Public Policy via email at: ncoates@australiansuper.com.

Regards,



Paula Benson AM
Chief Officer, Strategy & Corporate Affairs

¹ <https://www.australiansuper.com/investments/how-we-invest/climate-change>