

Hobart International Airport

Green Paper Submission

Aviation White Paper 2023

Contents

Hobart Airport: Introduction and Background.....	2
Summary of Hobart Airport recommendations:.....	4
Competition, consumer protection, and disability access settings.....	5
Regional and remote aviation services	9
Maximising aviation’s contribution to net zero.....	12
Airport development planning processes and consultation mechanisms	13
General Aviation.....	14
Fit-for-purpose agencies and regulations.	15
Emerging aviation technologies	15
Future industry workforce	15
International aviation.....	16

Hobart Airport: Introduction and Background

Hobart Airport is the ninth busiest domestic airport in Australia and the busiest curfew-free airport in Tasmania. It is the principal aviation gateway to the city of Hobart and the Southern Tasmanian region and a critical piece of state infrastructure. As one of the world's five Antarctic Gateway cities, Hobart Airport provides a critical aviation link to the Southern Ocean and East Antarctic territories for both Australian and international polar research operations.

The airport (as shown in Figure 1) has operated on the same site for over 60 years and is strategically located to serve the greater Hobart area and the fastest growing residential and business areas in Tasmania. Hobart Airport delivers significant economic and social benefits to Tasmania by providing services to airlines, moving passengers, and transporting cargo.

Since privatisation in 1998, the number of passengers using the Airport has grown from 900,000 to 2.8 million passengers expected in 2023. This growth supports the Tasmanian economy in key sectors including tourism, business, freight, and research. In terms of economic impact, in 2018 Hobart Airport provided a direct economic contribution of \$145 million to the Tasmanian economy¹.



Figure 1 - Hobart Airport context map

¹ Acil Allen, Economic and Social Benefit Assessment, Hobart Airport, May 2019

Looking forward, Hobart Airport finds itself in a significant phase of growth. By 2042, it is forecast that more than 5.5 million passengers will pass through our airport.

Hobart is Australia's Antarctic Gateway and a global gateway to the East Antarctic. Hobart is the location of the world's largest single concentration of Antarctic and Southern Ocean research, as well as co-located logistics operations. Hobart Airport is the base for the Australian Antarctic Division's aviation operations. The development of Hobart Airport's infrastructure to support future Antarctic and Southern Ocean operations of Australian and other Antarctic programs is essential for the growth of these sectors.

Hobart Airport is about to enter a phase of significant investment in infrastructure and facilities to ensure that the forecast growth in aviation through our airport is able to be efficiently accommodated.

The Australian Government is contributing \$60million toward a \$100million upgrade of the runway to support Hobart Airport to service long-distance freight and wide-body international passenger flights, to:

- expand international freight capability to non-stop flights to Asia;
- enable long-haul wide-body international passenger flights from Asia;
- increase the aviation capability of the Australian Antarctic Gateway; and
- cater for future Australian Defence air operations from Hobart

Hobart Airport plays an important role in the economic and social context of Tasmania, participating in a range of partnerships with the state government to ensure the airports infrastructure meets the current and future needs of the island state. Of note are Hobart Airport's contribution to the Hobart City Deal, and participation on the Tasmanian Antarctic Gateway Committee.



Figure 2 - C17 at Wilkins Aerodrome

Summary of Hobart Airport recommendations:

	Recommendation	Page
1	Hobart Airport supports the Australian Government’s direction to the ACCC to continue monitoring of domestic passenger services to help ensure Australians see the benefit of a competitive airline sector.	6
2	Hobart Airport strongly supports the Australian Government’s competition framework for airports in its current form, noting that airports are among the most heavily regulated entities in Australia’s transport system.	7
3	Hobart Airport recommends that the Australian Government standardise DAFP templates and guidance notes for use in the aviation sector, developed in line with the principles of codesign.	9
4	Australian Government’s Regional Investment Framework should consider special provisions for the funding for privately owned airports and aerodromes where majority of benefits are accrued by the local communities and economies.	11
5	Hobart Airport recommends that the Government fast track and incentivise the establishment of a domestic SAF industry as a priority, focussing investment in regional areas.	11
6	Hobart Airport recommends that the Australian Government develop a training program for land use planners or as continuous professional development for existing planners.	13
7	Hobart Airport recommends that the referral triggers between the Airports Act and the EPBC Act should be streamlined or minimised.	13
8	Hobart Airport recommends that the Australian Government look at the present and future composition and resourcing of bodies regulating the aviation sector to ensure they are fit-for-purpose and strategically planned to meet capital and operational investment cycles and emerging regulatory requirements.	15
9	Hobart Airport recommends that the Australian Government consider review of establishment requirements for Australian Border Force facilities and services; reflecting the unique characteristics of the airport and routes serviced.	16

Competition, consumer protection, and disability access settings

Competition - aviation

In recent years, Australia’s aviation market has become one of the most concentrated markets across all sectors. Qantas Group and Virgin Australia account for 95% of market share across the domestic aviation network. When compared to other sectors in the economy, aviation stands out as being highly concentrated.

- Australia’s two largest banks, CBA and Westpac, control 47.3% of the mortgage lending market,
- Coles and Woolworths control 64% of market share for food and groceries
- Telstra and Optus control 81% of the telecommunications market.

Unsurprisingly, in the context of Hobart Airport, the market is dominated by Qantas Group (QF and JQ), followed closely by Virgin Australia (VA) as per Figure 3 below.

The ACCC concluded that for major routes such as Sydney and Melbourne, increased competition from market entrants such as Rex Airlines and investment in the face of capacity constraints results in lower fare prices.² Ongoing monitoring of airline capacity, prices, costs, profits, and consumer complaints will serve as a disincentive to abuse market power and create a longitudinal dataset to help underpin future policy settings for the aviation industry moving forward.

Passenger Volume by Carrier

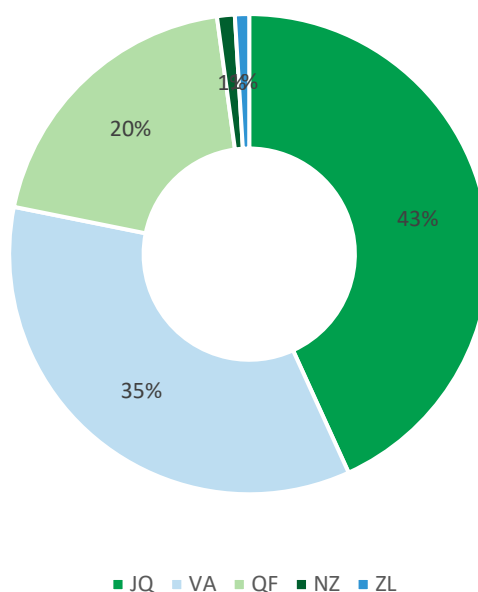


Figure 3 - Passenger numbers by carrier, HBA

² ACCC Airline Monitoring Report June 2023

On the 18th of October, the Australian Government announced the resumption of the ACCC monitoring of domestic air passenger services. It is important for all air passengers, especially those in locations such as Tasmania who have no alternative to air travel, to be assured of healthy competition in the sector, which will result in greater choice, lower airfares, and better outcomes for consumers.

Recommendation 1:

Hobart Airport supports the Australian Government's direction to the ACCC to continue monitoring of domestic passenger services to help ensure Australians see the benefit of a competitive airline sector.

What should the Australian Government take into account in designing the terms of reference for the proposed Productivity Commission Inquiry?

Elevated airfares pose a barrier to economic growth of island economies such as Tasmania. Consistently high fares hinder trade, tourism, and investment in our state, limiting our economic potential. An economic analysis into the precise impacts of high fares on regional and island communities by the Productivity Commission would provide valuable insights and help inform state level subsidies and price control measures to ensure equitable services. If led by the Productivity Commission this will ensure an objective and unbiased evaluation and can provide an appropriate dataset from which policy and decision-making can occur.

Airport market behaviours

The regulatory frameworks informing the investment, ownership, operation, and activities of an airport are informed by;

- *The Airports Act 1996*
- *The Competition and Consumer Act 2010*
- *The Civil Aviation Act 1998*
- *The Civil Aviation Regulations 1998*
- *The Civil Aviation Safety Regulations 1998*
- *The Environments Protection and Biodiversity Conservation Act 1999*
- *The Security of Critical Infrastructure Act 2018*

There are also additional regulatory requirements on foreign ownership, and cross-ownership of major airports covered in the Airports Act 1996, and other requirements included under the head-lease between the Commonwealth and airport operator.

This framework has developed over time since the airports were deregulated during the 1990's. After a period of price regulation, an inquiry in 2000 by the Productivity Commission recommended that the economic regulation of airports move to a 'light-handed' approach. Subsequent PC inquiries in 2006 and 2011 confirmed the appropriateness of the light-handed regulatory settings.

In the case of Hobart Airport, a Tier 2 airport under the monitoring regime, a high proportion of leisure travel creates a higher elasticity of demand, which reduces the scope for airport to raise prices. In addition, as a federally leased airport, there are additional requirements that must be upheld. These requirements stipulate that airports must supply service to air transport operators, invest in infrastructure to meet demand and obtain ministerial approval for major developments.

Airport operations generate income from a variety of sources, including;

- Airlines, charging landing fees (aeronautical prices)
- Travellers, charging for services such as parking, and
- Tenants, charging for in-precinct leases.

Airlines have a substantial amount of countervailing power in negotiations with airports to ensure that the prices charged for landing fees are not excessive. In addition, the complementarity of airport services can influence the suppression of aeronautical prices. If landing fees are high, this will result in higher airfares, reducing the number of passengers moving through the airport, leading to lower revenues for other non-aeronautical revenues for the airport, such as parking or retail.

Further to this, the setting of aeronautical fees is based around the ‘building block model’, which calculates aeronautical rates on expected forecasts cost of building and maintaining aeronautical capital such as runways and terminals. The inputs of the building block model and approach to pricing negotiations by airports are consistent with the Airport Pricing Principles that were established by the Australian Government.

The current light-handed regulatory approach has enabled investment in airports to meet the growing demand for services, and in Hobart Airport’s case will see both the airfield upgraded to Code E compliance and a doubling of the terminal size. Both investments are aligned to support the forecast demand for aviation services in Tasmania that will enable community connectedness and economic development.

An Infrastructure Australia Audit found that;

“the direct economic contribution for airport infrastructure in Australia is expected to grow faster than GDP over the period to 2031. Airports will play an increasingly vital role in supporting the business and leisure activities of Australians, as well as supporting the tourism sector as the gateway for growing numbers of international visitors.”³

Light-handed regulation has enabled sufficient investment to be secured across Australian airports, and implementation is underway to meet the growing needs of Australian and international travellers. Any proposed changes to the airport regulatory framework must be mindful of the risk it may create for future investment should the commercial return on investment be constrained.

Recommendation 2:

Hobart Airport strongly supports the Australian Government’s competition framework for airports in its current form, noting that airports are among the most heavily regulated entities in Australia’s transport system.

What types of data and analysis should the Australian Government produce to support aviation competition outcomes?

The Australian Government produces an excellent suite of data through the Bureau of Infrastructure, Transport, and Research Economics (BITRE), however much of this data is not published until 3-4 months after the reporting period. (i.e., figures for the month of January are not published until March)

³ Australian Infrastructure Audit, May 2015

The lag in publishing this data means that consumers are not well informed about the market conditions for aviation in Australia.

In the past, BITRE has produced a long-term aviation forecast for air passenger movements through capital and non-capital city airports, with the latest report released in 2012. To better inform aviation infrastructure investment by both the public and private sector, an updated forecast of this type would assist with the efficient allocation of capital over the long term that will meet the needs of future aviation requirements.

Are the Aeronautical Pricing Principles fit-for-purpose? How could they be improved? Should the Australian Government mandate use of the Aeronautical Pricing Principles? Why? Why not?

Aeronautical Pricing Principles have guided negotiations between Hobart Airport and airlines for over a decade. As noted in previous sections, the building block model (BBM) allows airlines to thoroughly scrutinise charges based on our expected costs to provide aeronautical infrastructure.

While commercial negotiations are complex, on the whole Aeronautical Service Agreements are agreed to by both the airline and airport in the majority of cases. In the case of the aviation sector, there is no imbalance of market power between airlines and airports, and in some cases our domestic airlines appear to have considerable counter-veiling power over airports.

As such, Hobart Airport believes that the mandating of aeronautical pricing principles is of little utility, given that they are demonstrably and successfully used by airports in their negotiations with airlines.

Disability Access

Hobart Airport supports the Australian Government's commitment to safe, equitable and dignified access to aviation transport for people living with disability and acknowledges that further investment and collaboration will be required to meet this goal.

As an airport serving the southern region of Tasmania, our facilities and services are developed to meet the needs of our population. Of all the states, Tasmania has the largest proportion of people living with disability at 26.8%, which is considerably higher than the Australian average of 17.7%⁴.

As such, Hobart Airport has invested in accessibility measures to meet our customer requirements. Enhancing aviation accessibility is a key objective of Hobart Airport, encompassing not only compliance with the Disability Standards for Accessible Public Transport (DSAPT), but enabling interventions that fall outside its scope. There are a range of activities undertaken at airports that are above and beyond the base level provisions outlined in the DSAPT and the Disability Standards 2010, including:

- The Hidden Disabilities Program which provides tailored suit of support for individuals to enable a more seamless journey.
- Incorporating universal design principles in infrastructure and facilities that the consider the needs of all passengers, to ensure access is enabled through the built form.
- Trained personnel present in the terminal to support those living with disability, or in need of assistance such as Hobart Airport's Chaplaincy service.
- Collaboration and information sharing between airports and airlines on programs and systems such as Hobart Airport's Social Stories series developed with Autism Tasmania and domestic airlines.

⁴ Australian Bureau of Statistics (2018), [Disability, Ageing and Carers, Australia: Summary of Findings](#), ABS Website, accessed 16 November 2023.

As an airport operator Hobart Airport has influence only over the ‘kerb to gate’ stage of a passenger’s journey. The traveller’s journey through the aviation network involves many steps; from drop-off to the terminal, onto the aircraft and through to the next airport, and this involves services from airports, airlines, Australian Border Force, and ground handling companies. Collaboration between airports on the network of routes, the ground handlers, and airlines is essential to ensure the entire journey is accessible. Without national coordination of service levels across these aspects of the passenger journey, there may continue to be inconsistencies in service quality and scope that result in poor outcomes for passengers with disabilities.⁵

Hobart Airport works closely with the Hobart Airport Access Advisory Group, providing first-hand advice on our airport’s systems, processes, and designs. The insights from this group are regularly brought to Hobart Airport’s on-precinct and in-facility stakeholders to provide opportunities for collaboration and improvement to services, facilities, equipment, and infrastructure.

How can Disability Access Facilitation Plans by airlines and airports be improved?

Disability Access Facilitation Plans (DAFPs) in the aviation sector are a critical component of ensuring equitable access to air travel for passengers living with disability.

The DAFPs are intended to be a communication tool between airports and airlines and the travelling public on the range of accessible services and facilities, intended to cover the entire journey from reservation to arriving in at the destination.

Airlines and airports must apply the principles of codesign in the development of DAFPs, engaging airlines, airports, disability advocacy representatives and organisations. This will ensure that the DAFPs are compliant with regulations, and more importantly address the specific travel planning needs of people living with disabilities.

The development of these plans would benefit from the issue of guidance notes and a template from the Australian Government, as this would ensure a level of consistency throughout the aviation network. The standardisation of a DAFP structure means that individuals and organisations can more effectively and efficiently gain an understanding of the plans for each location in the network.

Recommendation 3:

Hobart Airport recommends that the Australian Government standardise DAFP templates and guidance notes for use in the aviation sector, developed in line with the principles of codesign.

Regional and remote aviation services

Regional airports play a vital role in sustaining regional economies and communities, enabling access to specialist health services, education, scientific research, commercial and recreational needs and facilitating social cohesion. Regional airports also facilitate tourism activities, which are often a significant driver of economic activity.

Tasmania, as an island, has unique aviation requirements. Hobart Airport is categorised as an ‘inner regional’ airport, with:

- 82% people travelling interstate to and from Tasmania are doing so by air.

⁵ Why Accessibility is Essential for Air Travel, International Air Transport Association (IATA), 2022

- Tourism sector contributing 5.1% of total state output; contributing \$3.07 billion,⁶
- 5.9% of Tasmania's resident workers are employed interstate or overseas⁷
- Hobart Airport is Australia's Antarctic and Southern Ocean Gateway for aviation.

Airports such as those in Tasmania afford residents timely, reliable transportation to access the mainland of Australia. During the period of COVID lockdowns aviation was highlighted as a critical need for the state, with daily flights in/out of Hobart Airport required to keep the economic and social wellbeing systems functioning.

Population growth and connection

Tasmanian population growth is largely driven by interstate and overseas migration. Of the 78,607 person increase in Tasmania's population between 2006 and 2021, just 32.3% was due to a natural increase, while 67.7% was attributable to overseas and interstate migrants⁸.

While Tasmania has benefitted from positive population growth in recent years, the state continues to be the oldest in the country. Long-term sustainable population growth including critical factors such as a stable or increasing working age population, is a key driver of wellbeing for Tasmania's people.

Tasmania's geographical isolation is diminished by the capacity of aviation routes that connect migrants, and indeed the Tasmanian diaspora, to family and community in their region of origin. An example of this is that between the 2016 and 2021 Census periods, the Nepali-born population in Tasmania saw the largest increase of all international birthplaces. In concert with this cohort's growth, travel between Hobart-Singapore-Kathmandu increased faster than other routes originating from Hobart via Singapore, beating London-Heathrow and Paris for the period between June 2022 and December 2022.⁹

Antarctic and Southern Ocean access

In 2020, it was estimated that the Australian Antarctic and Southern Ocean (ASO) sector had a total expenditure of \$386 million, of which 47% (\$183 million) was in Tasmania¹⁰. The Hobart Airport is a key piece of infrastructure in supporting Antarctic and Southern Ocean operations, alongside the proposed Antarctic Science Precinct and the Port of Hobart.

Engagement with stakeholders in the sector highlighted the growing importance of aviation for the ASO sector, allowing researchers and time-critical equipment and supplies to get into Antarctic territories faster, complementing the bulk-cargo carrying role of shipping through the Port of Hobart. The infrastructure and services provided through Hobart Airport are critical to the Antarctic endeavours and rely on continued provision of services by Australian Border Force.

The factors outlined above highlight the critical role that aviation plays in the Tasmanian context, and the unique setting in which Hobart Airport operates. The lower volume of passengers through non-

Recommendation 4:

Australian Government's Regional Investment Framework should consider special provisions for the funding for privately owned airports and aerodromes where majority of benefits are accrued by the local communities and economies.

⁶ National Institute of Economic and Industry Research (NIEIR) 2022.

⁷ Australian Bureau of Statistics (ABS) – Census 2016 & 2021 – by place of work

⁸ *National, state and territory population and Births, Australia*, Australian Bureau of Statistics

⁹ IATA Airport I.S. – accessed February 2023

¹⁰ Contribution of the Antarctic and Southern Ocean Sector to the Tasmanian Economy 2021- 22, Tasmanian Department of State Growth

hub airports such as Hobart's means that income generated in support of critical infrastructure can be marginal, however the positive economic impacts for the region are often significant. The upgrade of the Hobart Airport runway to enable Code E flights illustrates this point as the estimated \$100million investment is expected generate an additional \$122million of GDP for the Tasmanian economy annually, while the income generated for the airport is a negative ROI.¹¹

What opportunities do emerging aviation technologies present for regional and remote Australia?

The most efficient means of realising the potential is allocation of government funding, policies and strategies that encourage 'crowding-in' of emerging aviation technology sector investments in the regions. Advanced Air Mobility, Sustainable Aviation Fuels, and hydrogen-electric technologies represent promising areas for the Australian Government to focus on in the pathway to net zero.

Facilitating these emerging industries to establish in regional areas, especially where they are proximate to bio-feedstocks such as forestry waste or have access to renewables, enables regional economic development. As outlined in the ARENA Bioenergy Roadmap:

*Bioenergy sector offers regional development opportunities. Many of the bioenergy feedstocks come from agricultural activities, such as from sugarcane waste and the livestock industries. As a majority of these industries are regional, bioenergy investment will support long-term regional employment, provide additional revenue streams for farmers and ultimately national economic growth.*¹²

Recommendation 5:

Hobart Airport recommends that the Government fast track and incentivise the establishment of a domestic SAF industry as a priority, focussing investment in regional areas.

¹¹ Economic Impact Analysis of an Airfield Upgrade. KPMG 2021

¹² ARENA Bioenergy Roadmap, November 2021.

Maximising aviation's contribution to net zero

The aviation industry collaboration under the Jet Zero Council is focussed on the decarbonisation of the sector, developing industry led targets and initiatives. It is vital that aviation is properly reflected in the Government's Transport and Infrastructure Net Zero Roadmap and Action Plan, and that any inclusion is consistent with the work of the Jet Zero Council.

How can the Australian Government ensure all emitters in the aviation sector play a role in meeting Australia's emissions reduction targets?

In order for Australia's aviation sector to meet its emissions reduction targets all participants will need to contribute. Hobart Airport is committed to sustainability, obtaining the Airports Council International Carbon Accreditation Level 3+. What this means is that as an airport we reduce emissions from activities under the airport's direct control, such as administration and terminal facilities, and offset those emissions that cannot be removed. Importantly, Hobart Airport uses high quality local carbon offsets from the Tasmanian Land Conservancy.

However, the airport operates as a system of systems meaning that emissions reductions for all of operations requires the commitment of tenants, airlines, ground handlers, and ground transport services. Hobart airport engages closely with on-airport partners to facilitate emissions reductions where possible, as CO2 emissions will increasingly affect airport's social licence to operate.

As noted in the previous section, the most efficient means of realising the potential contribution to emission reductions in aviation is allocation of government funding, policies and regulations that encourage 'crowding-in' of emerging aviation technology such as SAF investments in the regions.

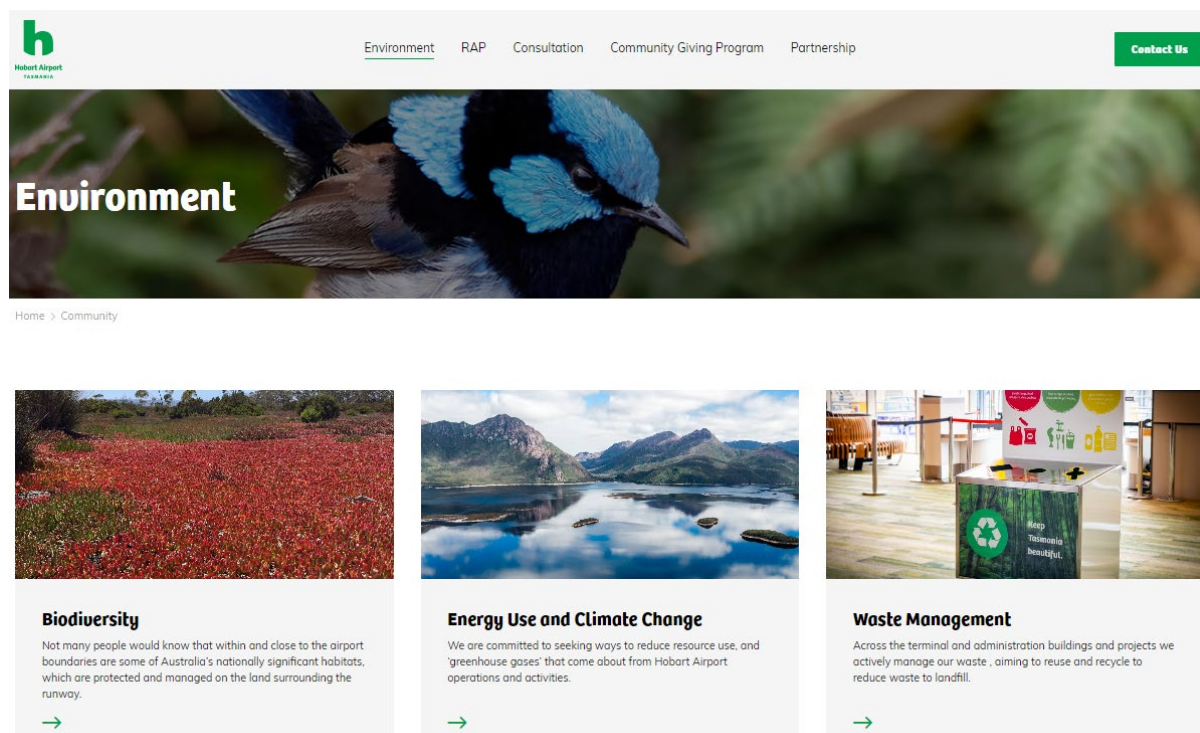


Figure 4 - Hobart Airport's environment website

Airport development planning processes and consultation mechanisms

Airports are already one of the most heavily regulated parts of the Australian economy. As the Australia grows, balancing the operations of airports and the highest-best-use land proximate to airports is increasingly challenging.

Hobart Airport commends the statement in the Green Paper outlining '*The Australian Government is not considering imposing any additional constraints on airports such as curfews or movement caps*'.¹³

Hobart Airport is fortunate in that the Tasmanian Planning Scheme now integrates with the National Airspace Safeguarding Framework (NASF), however implementation of the framework would benefit from greater government support. In the Tasmanian context, the local council-based land use planners would benefit from training or advisory assistance when assessing development applications according to the NASF as these skills are atypical and highly specific.

Recommendation 6:

Hobart Airport recommends that the Australian Government develop a training program for land use planners or as continuous professional development for existing planners.

Airport development planning

The Green Paper proposal to lift the Major Development Plan (MDP) threshold to \$50million in 2024 is sufficiently forward looking to ensure the MDP threshold is fit for purpose to at least 2030. Additionally, Hobart Airport recommends indexing this threshold to account for future inflationary pressures. An example of this is the Council Cost Index utilised in infrastructure planning in local governments.

In addition, reducing the complexity and cost of MDPs for proponents is also critical. The MDP process can take up to 18 months from lodgement to approval. This is significantly out of step with off-airport approvals processes in Tasmania and elsewhere. This means that on-airport developments are at a disadvantage compared to identical developments nearby.

Hobart Airport highlights the lack of contiguous processes when developments are assessed against the *Airports Act 1996*, and the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In the instance where the Minister for Infrastructure refers the draft MDP under the EPBC Act, the draft MDP is required to be exhibited and assessed again, duplicating the process and effectively 'stopping the clock' under the Airport Act approval process. These delays are costly to proponents and increase project delivery risks for critical airport investments.

In addition, longer planning approval pathways can mean that the time-lag between engagement and delivery is such that impacts once implementation is complete may be felt by a different cohort of stakeholders (especially nearby community members) than those originally consulted with. This a poor outcome for communities affected and impacts on airport's social licence to operate.

Recommendation 7:

Hobart Airport recommends that the referral triggers between the Airports Act and the EPBC Act should be streamlined or minimised.

¹³ Green Paper, p.8

How can governments better communicate with potential purchasers of properties which will be affected by aircraft noise in the future?

Communication to noise affected property owners will always be challenging, particularly with new property owners. Despite the existing range of tools, including real estate websites, notices on property titles, online planning scheme maps, and signage in housing developments, noise complaints still occur. Community outreach on aircraft noise is important for both existing and new developments, and collaboration between all levels of government, Airservices Australia and airports is critical.

Is the monetary threshold still an appropriate mechanism for determining a 'major airport development' requiring a Major Development Plan (MDP)? What other significance tests could the Australian Government consider?

The Major Development Plan (MDP) process is acknowledged to be overly complex, time-consuming, and expensive. The MDP process involves preparation of four (4) versions, taking at least 18 months for completion. This extended timeline, coupled with additional approvals required under the *Airports Act*, creates a significant disparity compared to the exhibition and consultation timeframes of state and local governments, which typically range from 21 to 28 days for many major developments. This discrepancy poses a competitive neutrality issue between on-airport and off-airport developments.

To address these challenges, a proposed short-term solution involves increasing the monetary trigger to \$50 million, ensuring that only genuinely significant airport developments undergo the MDP process. Additionally, longer-term reforms are suggested, such as

- managing MDPs on a 'precinct' basis,
- increasing triggers for passenger terminal floor areas,
- clarifying triggers for environmentally significant areas,
- expanding the Minister's ability to exempt airports, and
- streamlining approval timeframes.

These reforms aim to simplify the MDP process, making it more efficient and aligned with the timelines commonly observed in other government approval processes.

Hobart Airport also suggests replacing the "substantial completion" test in MDPs with a "substantial or physical commencement" test, extending the relevant period from 5 to 10 years. This change seeks to bring clarity and certainty to the process, aligning it with well-established tests under state planning laws.

Lastly, Hobart Airport recommends a more straightforward process for withdrawing approved MDPs. The current requirement for "exceptional circumstances beyond the airport's control" is too onerous, and it is recommended that a more reasonable standard be applied for issuing a withdrawal notice.

General Aviation

No comment

Fit-for-purpose agencies and regulations.

What should the Australian Government consider when determining cost recovery arrangements to ensure a safe, equitable and accessible aviation system?

Hobart Airport has concerns regarding the drivers for cost recovery by Airservices Australia to fill its revenue shortfall from reduced 'airways charges'. During 2021-22 these charges were half of pre-pandemic revenues and required a government top-up to maintain Airservices' operating budget. Airservices' recently announced its draft 3-year pricing schedule, proposing an 18% increase in charges for enroute navigation, terminal navigation and aviation rescue and fire-fighting services to take effect from April 2024.

Further concern has been raised with the recent DITRDCA proposals to move toward full cost recovery for providing Airport Building Controller (ABC) and Airport Environment Officer (AEO) services to federally leased airports such as Hobart Airport. The provision of these services are unable to be procured elsewhere in the market. The pricing reform for the ABC proposes significant increases for projects below \$3 million of between 40% and 319%, while for projects above \$50 million, proposed increases are between 9% and 59%.

The relatively weak linkages between increased government charges and the benefits to airports will be an ongoing issue as technological change and new or emerging threats to aviation both undercut existing forms of revenue, but also require government to mandate or deliver new services and facilities on the aviation industry.

Recommendation 8:

Hobart Airport recommends that the Australian Government look at the present and future composition and resourcing of bodies regulating the aviation sector to ensure they are fit-for-purpose and strategically planned to meet capital and operational investment cycles and emerging regulatory requirements.

Emerging aviation technologies

No comment

Future industry workforce

No comment

International aviation

Emerging international prospects at Hobart Airport:

Amid the aviation recovery post-pandemic, international carriers are venturing into new routes, notably establishing 'point-to-point' connections to Australian destinations from key travel hubs in North-east, South-east, and South Asia. Route development of this type is often supported by aviation attraction funding from state or territory governments. Hobart Airport, being an 'Emerging' airport, faces challenges in developing international capabilities, in terms of both border services infrastructure and staff.

Unlike Australia's seven 'Major' international airports, which offer border services for all scheduled and non-scheduled flights, Hobart Airport falls under the category of 20 'Restricted Use'.¹⁴

A key challenge for Hobart Airport's international aspirations is the Australian Government's policy, placing the responsibility on port operators to bear the costs of prescribed infrastructure and facilities for international services. This includes expenses related to establishing or upgrading border services capabilities. Such a policy poses upfront financial challenges for emerging airports, countering the government's efforts to attract international services.

In the Tasmanian context, the current ABF facilities were established to support and trans-Tasman Hobart – Auckland flight and is considered 'temporary' as it does not meet the full requirements for establishment, despite being operationally tested and proven to meet current and forecast needs.

Operational challenges for Hobart Airport also stem from resource limitations within the Australian Border Force (ABF). Tasmania has no permanent ABF staff in the state, with officers flown in from interstate to service the current three day per week service between Hobart and Auckland, flights between Hobart airport and Antarctica, and other cruise related activities at the Port of Hobart.

Recommendation 9:

Hobart Airport recommends that the Australian Government consider review of establishment requirements for Australian Border Force facilities and services; reflecting the unique characteristics of the airport and routes serviced.

¹⁴ List of 'Restricted Use' and 'Alternate' airports derived from Department of Infrastructure, Transport, Regional Development, Communications, and the Arts (n.d.), 'Designated International Airports in Australia'. Viewed on 25 October 2023 at: <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/aviation/international-aviation/multilateral-forums/icao/international-airports>

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