

## Victoria Tourism Industry Council (VTIC)

### *Submission to the Australian Government's Aviation Green Paper*

## ABOUT VTIC

### Victoria Tourism Industry Council

The Victoria Tourism Industry Council (VTIC) is the dedicated peak body and leading advocate for Victoria's \$36 billion tourism and events industry. Our purpose is to influence and shape the state's vibrant visitor economy.

As Victoria's peak industry body representing the interest of our state's vital visitor economy, VTIC is the leading advocate singularly committed to championing the issues and challenges facing Victoria's tourism and events industry.

With a diverse membership of over 1,100 businesses across the state, VTIC provides opportunities for members to connect and keep informed on the latest research, policy development and impacts affecting the Victorian visitor economy.

VTIC works to develop and support a professional, profitable, and sustainable visitor economy. By improving the business environment, we make it easier for our industry to deliver high quality experiences, products, and services to all visitors to Victoria.

VTIC's role is to provide leadership for the tourism and events industry and support our members through:

- Policy development, advocacy, and representation
- Industry development initiatives
- Business development and support services.

More information can be found at [www.vtic.com.au](http://www.vtic.com.au)

### Australian Tourism Industry Council (ATIC)

VTIC is a member of the national representative body of state and territory tourism councils, the Australian Tourism Industry Council (ATIC).

This collectively comprises 10,000 operators, primarily small to medium-sized enterprises. ATIC, a not-for-profit organisation supported wholly by industry, is governed by the CEOs of each state and territory Tourism Industry Council or accredited body. VTIC is a member and Director on this Board.

VTIC supports the nine key reforms recommended by ATIC in its own submission to foster competition and lower airfares on domestic routes and also support regional airlines and airports.

The intersection of tourism and Australia's domestic and international aviation markets and aeronautical sector is so significant for our visitor economy and warrants our industry-led inputs.

Our VTIC submission however goes into specific aspects for the state of Victoria. This includes the role aviation plays as being the critical driver of combined interstate and international visitation and

spend for Victoria. These visitors are overwhelming funnelled through our two major domestic and international airports – Melbourne Airport and Melbourne Avalon Airport.

## Overall Performance & Insights of Victoria's Visitor Economy

### Victoria's Visitor Economy

The release of Tourism Research Australia's (TRA) latest visitation statistics, the IVS/NVS data (IVS – international and NVS – domestic) to end-June 2023 (FY23 year), heralded another period of growth for Victoria's visitor economy, which has out-performed even the most optimistic projections for recovery that were set back in 2022 post the receding impact of the global COVID-19 pandemic.

The impact of this once-in-a-century pandemic stripped over 80 per cent of Victoria's visitor economy value inside two years, closing thousands of tourism businesses and removing over 200,000 direct jobs from one of our State's largest economic sectors.

Moving forward, total tourism spend in Victoria hit the projected target of \$35 billion by the end of the March quarter 2023, which was 18-months ahead of targeted projection, reflecting progressive recovery, albeit in a high inflation environment.

Total spend has now officially climbed to set another new annual record of \$36.1 billion by end-June 2023. Key highlights included that:

- Melbourne, retained top spot in the nation as the preferred interstate overnight leisure destination with 3.6 million annual visitors spending \$5 billion in our city;
- All of Victoria's tourism regions saw significant increases to their visitor expenditure when compared with pre-pandemic performance, with real standouts in the Grampians, (up 63%); Greater Geelong and the Bellarine (up 62%); Phillip Island (up 61%); and High Country (ahead by 59%) over the last year (to June 2023).
- Victoria's international performance has continued to improve with overseas visitors spending \$4.8 billion from June 2022 to June 2023. China and India have emerged as our top two leading long-haul markets to the state, with Chinese visitors spending \$920 million and India close behind with a value of \$566 million to our visitor economy. The recovery of the Indian and New Zealand markets has been the most prominent in the post-COVID international recovery.

### Recent Performance

In all, these are very strong results when we consider how far Victoria had fallen, (including our reputation given long-standing COVID lockdowns), with the value of our state's tourism economy plummeting to just \$9.8 billion in March 2021.

Despite the rebound, as an industry we need to keep a watchful eye and continue to work hard in what has become an ultra-competitive market.

Post-COVID, Victoria lost its number two ranking for total visitor spend in Australia to now sit in the number three position (\$36.1 billion) nationally, behind New South Wales (\$47 billion) and Queensland (\$40 billion).

In recent months, beyond the 'positive' TRA lag data of past periods, we are now seeing a real slowing in overall growth of visitor spend performance. Victoria's trend of total tourism spend, quarter on quarter since June 2022, has averaged \$4-\$5 billion in increases per quarter.

To end-June 2023, however, we have only increased \$1.1 billion, from \$35 billion (at end-March 2023) to \$36.1 billion (at end-June 2023).

Domestic visitation and spend (supported overwhelmingly by air and drive transport) remains the workhorse of Victoria's visitor economy performance. We are also seeing more and more Australians (and Victorians) flying overseas, and we're not seeing a commensurate exchange of incoming international visitors.

As such, this outbound lumpiness over inbound visitor attraction, continues to impede our local international visitor spend performance. However, it also underpins the critical importance of our major gateway airports being Melbourne Airport and Melbourne Avalon Airport to our State.

Here in Victoria, international visitor spend only increased from \$4.2 billion in March 2023 to \$4.8 billion to end-June 2023 and represents only 56% of our pre-2020 (pre-pandemic) performance.

Victoria's slower recovery in the international inbound visitor arena is directly affected by and correlates with the lack in return of frequency and capacity since the hiatus of the COVID-19 pandemic. This is putting pressure on the cost of flying to and from Australia, including from Melbourne's international gateways.

This issue has implications nationally, not just in Victoria. But our state is particularly predisposed to this issue given our high reliance on inbound visitation, and in particular from the once predominant Chinese and South-East Asian inbound markets, which have been traditionally strong for Victoria.

## **ITEM 1: Supporting our Gateway Airports. The critical current and future 'duality' of Melbourne Airport and Melbourne Avalon Airport**

The outcomes from this current Aviation Green and White Paper process will have critical consequences for the longer-term performance of Victoria's visitor economy from the Melbourne CBD to its regions right across the state. For many, there is an increasing reliance on aviation's sustainable outputs, both domestically and internationally servicing the state.

This is particularly the case around the State's two major (and well-established) Airports and their sustainable projections for the future – being Melbourne Airport and Melbourne Avalon Airport.

### **Melbourne Airport**

Based on current projections, by FY2032, Melbourne will become Australia's most populous city which will be supported by Melbourne Airport growing its infrastructure, future services, and critically retaining its 24/7 operational and curfew free status.

In FY23, Melbourne Airport welcomed over 30 million passengers (excluding transits), of which 22 million were domestic and 8 million were international travellers. Additionally, 205 million tonnes of freight worth \$22 billion in value also transited through the Airport.

Melbourne Airport now also expects to be the first Australian airport to surpass pre-COVID international passenger traffic as its overall operations nears a full international recovery. International traffic in October 2023 was at 95 per cent of comparative 2019 levels. Domestic volumes remain effectively steady at 90 per cent of 2019 levels.

Under its future planning, total passenger numbers at Melbourne Airport are forecast to grow to 76 million per year by 2042, enabled by the proposed new third runway.

By its own figures, Melbourne Airport now delivers \$17.7bn in annual value directly into Victoria's economy. This includes 18,000 direct jobs, a 150,000 jobs multiplier, along with supporting a returning 140,000 annual international students for the state and its world leading tertiary institutions.

Melbourne Airport's major role in tourism has also become well identified and understood by both the Victorian tourism industry and the Airport's Board and Management.

Perhaps the most telling economic statistic is that each single, daily return international flight at Melbourne Airport is now worth \$154 million per annum to Victoria's visitor economy.

Melbourne's international flight network today supports 36 international airlines, servicing 75 destinations and at least 8 million annual international travellers.

The Airport's future projected growth will also be facilitated by an ambitious capital works plan of around \$1 billion in capex per year for the next decade, which is unprecedented for the asset.

The critical infrastructure projects proposed during the next decade include a new third runway, an airport rail link proposed to operate underground into the Airport, and ongoing, improved road access to the terminals.

Together these projects and associated terminal developments, if delivered with optimum benefit for both airline travellers and airport operations, will transform the precinct and help facilitate future exponential growth, possibly even above these strong forward projections.

### **Strategic Asks of Melbourne Airport**

VTIC fundamentally endorses Melbourne Airport's primary priorities out of this Aviation Green Paper process.

These back liberalising and red-tape reducing reforms, which collectively are critical enablers towards Melbourne Airport (and other major Australian airports for that matter) being able to best meet the market, their future forecasts, evolving customer expectations, and helping underpin one of Victoria's largest economic pillars – our tourism and visitor economy.

These are in summary:

- **Adopting a broad 'open skies approach' to international airline attraction to Australia, including Victoria's gateway airport at Melbourne.**
  - Generating capacity ahead of demand is key to driving forward aviation growth in both Melbourne and wider Australia.
  - Moving away from the current just-in-time policy approach and instead providing certainty in aviation routes (capacity) ahead of time (demand) allows both airlines and airports to plan more strategically and undertake additional investment across Australia.
  - An open skies approach will increase competition within the sector and provide traveller's more choice, driving far more competitively priced airfares than what are currently available.
  
- **Modernising airport planning regulation through the removal of the Major Development Plan (MDP) monetary threshold, along with a more frequent use of 'precinct' MDPs.**
  - Delivering regulatory change in this area will be a critical springboard to Melbourne Airport being able to achieve timely delivery of its exciting plans for Precinct and Terminal expansion, which is necessary to meet existing and forward growth projections for the Airport. The current situation is simply not workable.
  - The current MDP threshold applying to any development over \$25 million is impeding critical development at Melbourne Airport, delaying vital enhancements to the passenger experience.
  - The current threshold is no longer fit for purpose and urgently needs to be removed to help unlock the growth of Australia's airports.
  
- **Reviewing the operating model of the Airport Building Controller (ABC) to more effectively manage the growing volume of building permits on major airport precincts such as Melbourne.**

- Reform is drastically needed to adopt a more common-sense approach to avoid unnecessary and long-winded third-party approvals for basic implementation and activity, which the Airport repeatedly experiences.
- The current lack of resources to manage this process effectively and expeditiously for Melbourne is seriously impeding critical development projects that will allow the airport to service the projected capacity demands.

### **Melbourne Avalon Airport**

Greater Melbourne and Geelong has supported two sustainable Airports for the past two-decades.

Since 2004, Melbourne Avalon Airport has supported sustainable regular daily domestic passenger services, and subsequently some international services from its gateway, west of the Melbourne CBD and to the adjacent east of the greater city of Geelong.

Melbourne Avalon has come to directly and conveniently serve a range of regional communities, headed by Geelong, as well as being a competitive option for Melbourne travellers residing in the east.

At pre-COVID peaks, Melbourne Avalon Airport operations had risen to 1.5 million(+) domestic passengers per annum, principally through Jetstar's multiple route operations and being the inaugural carrier at Avalon.

Alongside daily interstate flights, international services commenced with peak passenger volumes achieving 500,000 per annum through the then combination of Air Asia X and Citylink services, before the onset of the COVID-19 pandemic.

In 2023, Melbourne Avalon has reverted back to around 900,000 passengers per annum (100% domestic) and has fostered new competitive operations with both Jetstar and new low-cost entrant Bonza.

Interstate flights from Melbourne Avalon now presently service Sydney, Gold Coast, and the Sunshine Coast.

Discussions around the return of international flights continue between Melbourne Avalon management and carriers are now understood to be quite advanced.

A sustainable operating future around aeronautical operations is sustained by a 2.3 million population catchment area directly accessible to Melbourne Avalon Airport. Further, this also includes greater Melbourne with customers looking for a competitive option to Melbourne Airport.

### **Strategic Asks by Melbourne Avalon Airport**

VTIC also fundamentally endorses Melbourne Avalon Airport's primary priorities out of this Aviation Green Paper process. In summary these include:

- **Retaining and sustaining for Melbourne and surrounds a competitive two-airport strategy**
  - Australia's aviation market, unlike many international destinations, has few 'global' capitals with at least two competing airports. Fundamentally Australia's aviation legislation and regulations should encourage more of this for the benefit of our major visitor economy.
  - What is in place since 2004 for greater Melbourne and Victoria needs to be sustained and built upon out of any resulting White Paper reforms. A not dissimilar example is London Heathrow and Luton in the UK and how these two airports compete effectively and drive improved traveller flows.
  - Having multiple airports in the one city catchment (such as Melbourne Avalon / Melbourne Airport) delivers clear consumer and business travel opportunities.
  
- **The future role of bilaterals and open skies to more evenly distribute capacity**
  - It is vital that future bilateral and open skies arrangements don't distribute and consolidate most additional capacity into either Melbourne Airport and/or Sydney Airport.
  - To retain competitive airports, future international capacity needs to be more evenly distributed to other international airports across the nation.
  
- **Equivalency by Government agencies around Fire and Rescue Services and Air Services Australia arrangements**
  - There needs to be equivalency of major airports by Federal Government agencies around Fire and Rescue Services, in addition to Air Services Australia arrangements. This is not currently the case around comparisons between Western Sydney International Airport and Melbourne Avalon Airport.
  - Like Western Sydney International and Sydney Airport in the Sydney basin, Melbourne Avalon Airport competes with Melbourne Airport in the greater Melbourne basin.
  - In areas of Fire and Rescue Services and wider Airport Services Australia arrangements, Melbourne Avalon Airport should have the same support levels on federal regulatory matters as is planned for the future Western Sydney International Airport.
  - In this Green Paper, Western Sydney International Airport has greater policy and regulatory leg-ups in comparison to other established Airports, but in particular Melbourne Avalon, given its direct comparison as a competing second international and domestic airport in the capital city basin.
  
- **The return of international operations to Melbourne Avalon Airport**
  - Regulatory considerations should be facilitated through further reforms that can help encourage and deliver a more fair and equitable distribution of airline capacity into and around Australia, in particular international capacity.

- Melbourne Avalon Airport has well-documented past experience and infrastructure capacity and capability to again welcome international flights.
  
- **Improved transport connectivity to Airports such as Melbourne Avalon**
  - Melbourne Avalon Airport requires much improved rail and intermodal access to realise its full potential in servicing the aviation requirements for greater Melbourne and Geelong/Bellarine region.
  - A future rail connection of Melbourne Avalon to Geelong and a future electrification of rail between Werribee and Avalon would evolve the Melbourne Avalon Airport precinct, as well as being a major social and economic boost for the broader Geelong and Bellarine region, which is among some of the fastest growing population bases in Australia.



## ITEM 2: Tourism Positions and the Resulting White Paper

### Reforming domestic aviation policies in Australian tourism industry is in the national interest

VTIC supports the nine key reforms recommended by ATIC in its own submission to this Green Paper process to foster competition and lower airfares on domestic routes and also support regional airlines and airports.

In unison with ATIC's submission, VTIC co-endorses the ATIC position that *'an updated Aviation White Paper, specifically focused on reforming domestic aviation policies, is crucial for the Australian tourism industry and national interest'*.

Aviation plays a pivotal role in supporting Australia's tourism sector, including Victoria, both today and increasingly for tomorrow.

This is because post the major impact of the COVID-19 pandemic, similar to pre-COVID, domestic air travel nationally for overnight trips strongly accounted for a major percentage of overall domestic visitor spending across Australia. In national terms, nearly 45% of existing total domestic spending involved air travel by visitors.

Thus, given the Australian tourism industry's heavy reliance, in particular on domestic aviation, a greater responsiveness to tourism industry needs is essential. Past aviation policies have detrimentally impacted the tourism sector.

VTIC has provided response to select sections of the Paper which we believe are most relevant and fundamental to the Victorian (and by default Australia's) tourism and visitor economy.

These being:

- **Chapter 3 - Competition and Competitor policy and planning**
- **Chapter 6 – Airport Planning Reform**
- **Chapter 8 – Fit for Purpose**
- **Chapter 11 – International Aviation**

### CHAPTER 3 - Competition and Competitor policy and planning

Under Chapter 3, VTIC outlines these primary public policy priorities out of the Aviation Green Paper process.

#### Retain a light-touch regulatory environment for Australian Airports

For all Australian Airports, including Melbourne Airport and Melbourne Avalon Airports, improved efficiencies in delivery of regulatory and policy oversight must be driven out of this process.

#### Adopting a broad 'open skies approach' to international airline attraction to Australia, including Victoria's air gateway at Melbourne.

Generating capacity ahead of demand is key to driving forward growth, including to both Melbourne Airport and Melbourne Avalon Airport.

Melbourne Airport continues to evolve as a national aviation gateway for Australia and as a destination in its own right. Significant markets are now demanding this in both inbound and outbound flights, including the underpinning factor that Melbourne will become the nation's largest populated city by the turn of this decade.

Each single, daily return international flight at Melbourne Airport is now worth \$154 million per annum to Victoria's visitor economy, which speaks to the criticality of a broader open-skies arrangement (including key consideration for Victoria's requirements and market and consumer demand).

*Implement ACCC Recommendations from June 2023 final report into Airline competition in Australia.*

In alignment with our national peak body, ATIC, VTIC reinforces specific support around key recommendations from this 2023 Report. We highlight in the interests of Victorian aviation:

- Reform of the demand management scheme at Sydney Airport
- Establishment of an independent dispute resolution ombudsman and introduction of specific consumer compensation entitlements for delayed or cancelled flights
- Further ACCC monitoring of domestic air passenger services in the same way that airports are being scrutinized.
  - This process was in place for the past three years, but the policy was recently allowed to expire.

*Retaining and sustaining for Melbourne and surrounds a competitive two-airports strategy.*

VTIC places critical emphasis on future strategic public policy requirements and actions that continue to support dual, sustainably competing domestic and international airport operations at both Melbourne Airport and Melbourne Avalon Airport.

Australia's aviation market, unlike many international destinations, has few 'global' capitals with at least two competing airports. Greater Melbourne has led the way here in Australia alongside what's evolved in Southeast Queensland and in the near future, Sydney.

Fundamentally, Australia's aviation legislation and regulations moving forward needs to encourage this further, through our largest gateways, led by Melbourne.

The emphasis on Melbourne Airport becoming the largest operating airport in Australia prior to 2030 cannot be lost by this Aviation Green Paper process and also needs to be better reflected in the final outcomes of the resulting White Paper.

Melbourne Avalon Airport should have regulatory and policy parity against Western Sydney International Airport including in areas of Air Services Australia arrangements alongside Fire and Rescue services.

*An enhanced role for tourism in aviation public policy is needed over this next phase and out to 2050*

In VTIC's considered view, this White Paper and the final outputs requires far greater emphasis around the integration of tourism and the visitor economy into Australian aviation's future vision out to 2050.

The present Paper provides limited references to 'tourism' which should be rectified in the final report.

Greater recognition and the emergent strategic role of Victoria as the aviation hub and major catchment and gateway, already existing, but that will further expand to 2030 and beyond, needs improved capture.

As VTIC has advocated and urged the Victorian Government for Melbourne Airport and Melbourne Avalon Airport to be well-resourced to compete effectively in re-attracting greater international direct services back to the state, this needs to also be reflected in federal aviation policy development. This should include open skies and bilateral arrangements, to help meet growing consumer demand for greater flying to and from these two key Melbourne-based gateways.

Further, the clear and existing ties and threads between Australian aviation and the performance of our national visitor economy, including here in Victoria, must be better reflected in any final Aviation White Paper. This includes a more effective integration of THRIVE 2030 and the cross pollination of key aviation and aeronautical targets and strategic intent.

The Green Paper makes little mention of the Passenger Movement Charge (PMC) and the cost of visas, and the elasticity impacts of both. The industry has for a long time continued to call for some hypothecation of the funds collected from the PMC to be redirected back to the industry that has over decades driven this financial windfall to consolidated revenue, which currently generates in excess of \$1 billion each year.

In an environment where Tourism Australia's annual budget continues to languish without any significant increase, some hypothecation from the PMC to this agency would assist in driving demand for the very air services that this White Paper process is looking to address.

A final, pertinent public policy point is for a genuine role for tourism at the International Air Services Commission (IASC) table around traffic rights / bilateral discussions. We believe a select representative for tourism (numbering up to 2 individuals, of which one is from Tourism Australia and the other a respected figure from the tourism industry) should be represented on the IASC.

This is presently not the case and needs rectification.

Events such as the recent decision to not award Qatar Airways additional traffic rights, had no counter voice on the clear benefits for Australian tourism and visitor economy from states, including Victoria, which would have benefited from additional, sustainable capacity which the carrier was targeting for Victoria (i.e., Melbourne Airport).

## **Chapter 6 – Airport Planning Reform**

Under Chapter 6, VTIC outlines these primary public policy priorities out of the Aviation Green Paper process.

Our position is framed from our own perspective and that of the legitimate positions outlined by Melbourne Airport and Melbourne Avalon Airport around respective Airport Planning reform, over and above our collective support for a continued light touch regulatory environment.

### **Airport development planning processes and consultation mechanisms**

VTIC supports the modernising of airport planning regulation through the removal of the Major Development Plan (MDP) monetary threshold, along with a more frequent use of 'precinct' MDPs.

The MDP process is now out of step and more onerous compared with planning provisions for similar developments off-airport, particularly the \$25 million development costs trigger (i.e., developments costing above this amount require an MDP, increasing the planning burden).

The present regime is a 'hand-brake' on the full recovery of Victoria's visitor economy post-COVID and the opportunity cost and loss of accretive growth which the market could provide into the near future for greater Victoria. Our State has continued to lag in post-COVID recovery behind New South Wales and Queensland.

The current monetary threshold is simply too low and prohibitive to undertake timely activity. The situation is only exacerbated in the current high inflationary and constraints in building services across the wider economy.

Delivering much-needed and modernised regulatory change in this area will be a springboard (to the likes of Melbourne Airport, but also other commercial airfields around the nation) of being enabled to better deliver timely and cost-effective infrastructure, including customer-facing initiatives.

The current situation faced by Melbourne Airport and their significant upcoming Precinct and Terminal expansion plans, is not workable under the current regulatory regime. It is also ignorant of the future passenger projections, to which the Airport remains on target to achieve, and which are understood and approved within Melbourne Airport's existing Master Plan.

A not dissimilar situation is faced by Melbourne Avalon Airport based on any future precinct and terminal plans.

*Land-use planning framework, which is contained in the Airports Act, does not reflect modern land-use planning practice or equivalent state/territory requirements.*

Reiterating much of the above-mentioned points, modern land-use planning practice and alignment with State/Territory requirements is presently absent from the *Airports Act*.

VTIC reinforces its support of the positions of Melbourne Airport and Melbourne Avalon Airport in regard to this matter and seeks reform and improved operational efficiencies that will also deliver a better outcome for flying customers.

## **Chapter 8 – Fit for Purpose**

Under Chapter 8, VTIC outlines these primary public policy priorities out of the Aviation Green Paper process.

*Implement ACCC Recommendations from June 2023 final report into Airline competition in Australia.*

In alignment with our national peak body, ATIC, VTIC reinforces specific support around key recommendations from this 2023 Report. We highlight in the interests of Victorian aviation with respect to this Chapter:

- Establishment of an independent dispute resolution ombudsman and introduction of specific consumer compensation entitlements for delayed or cancelled flights.

- Further ACCC monitoring of domestic air passenger services in the same way that airports are being scrutinized.

#### Conduct a Productivity Commission Inquiry

In alignment with our national peak body, ATIC, VTIC reinforces that the Australian Government should commission a separate public inquiry by the Productivity Commission into the factors influencing domestic airfares on routes to and between regional centres in Australia.

#### ACCC Publish Monthly Airline Route Data

In alignment with our national peak body, ATIC, VTIC reinforces the position that the ACCC should publish monthly data collected by airlines for domestic routes, including the number of passengers carried, average revenue (comprising seat, baggage, and food/beverage charges for better comparisons), reliability performance (cancellations and average delays), and the key influences on airfares, like the cost of jet and aviation turbine fuel and route distance.

Public access to this data is crucial for better travel mode decision-making and identifying routes with unusually high average airfares.

#### Back ACCC Airline Data Collection with Regulation

In alignment with our national peak body, ATIC, VTIC reinforces the position that the ACCC's monthly collection of airline data (including separate data for Qantas and Jetstar) and monitoring of domestic air passenger services should be supported by regulation.

#### Passenger Facilitation – Pursuit of Innovation, Pursuit of greater accessibility

VTIC has been a long-standing advocate in the visitor economy sense around improved visitor facilitation and experiences in Victoria and across Australia.

This improved customer experience delivery also needs to translate through to our airports and airline operations in the most efficient and cost-effective way.

The future outcomes of this Green Paper / White Paper process need to help drive a step-change for Australian Airports and Airlines in improved passenger facilitation and technology support.

We support a real regulatory push and capital injection in this critical arena.

Australia also has the technology, with leading entities such as Elenium who are based in Melbourne, now providing the latest in state-of-the-art passenger facilitation technology (including biometrics) to a series of major airports and airline groups around the world.

Biometric and seamless passenger transfer experiences are mandatory for a first-world destination and high-cost and high-yielding visitor market like Australia.

Tourism advocates can play a role in informing and illustrating the consumer case for this change, which brings inevitable efficiencies and improved safety and security at the Airport level.

Equally our Airport infrastructure will remain increasingly constrained as air passenger volumes have effectively returned to and ultimately surpassed pre-COVID levels, whilst airport terminal refurbishment upgrades lag demand and will inevitably require a longer lead time to meet growing performance levels.

Greater accessibility (for airline passengers with a disability or mobility issues) is advocated for by VTIC and, like the Federal Government, we support the seamless removal of barriers to enable affected people to exercise full choice in their lives, including accessing air travel.

One of our consistent policy pillars at VTIC has been the advocacy to encourage and drive future investment around greater accessibility for travel experiences and in related transport.

Improved disability and accessibility outcomes at our major airports and regional gateway airports must be a clear goal coming out of this White Paper process, but with due recognition to cost vs. benefit analysis and the need to allow for transition.

We note the efforts of both Australian Airports and Airlines to make the necessary extra investment in infrastructure, systems and processes (including staff training and standardisation of approaches) to best meet the needs of people travelling with disability.

By example, efforts by Melbourne Airport, to meet the direct needs of a surge of wheelchair customers flying inbound into Melbourne and requiring assistance upon arrival (such as from markets in India), has resulted in consideration of how the Airport can best meet the needs of its 'customer airlines' and the future passenger mix.

Under our light touch regulatory environment, we would posit that there is an increasing role for Airports to take over (for a commercial fee) such passenger facilitation, given both the cultural drivers of elderly and infirm persons travelling from such markets as India, and the awareness and sensitivity issues of dealing with sometime complex assistance needs. A move such as this would mitigate the current challenge of responsibility for passengers travelling with accessibility needs to be managed by three different entities from the airlines, to the airport precinct, to ground transfers.

In line with a need for greater integration of federal public policy and strategic outputs between transport and tourism sectors, there is also an opportunity via marketing, promotion, and public information services to match the new standards of the *Disability Standards for Accessible Public Transport 2002 Act* with Australia's marketing message to our visitors. Through these channels, we can communicate to both our domestic and international visitors that Australia is an 'accessible' and 'inclusive' travel destination welcoming people of all abilities.

### Customer and Passenger Relations

In this important area, VTIC supports a continued light touch regulatory outcome towards improved complaint handling and strengthened consumer protections.

The application of *Australian Consumer Law* should be at the basis of sound customer relations for airline customers and specifically travellers.

In alignment with our federated body, ATIC, VTIC also supports the establishment of an independent dispute resolution ombudsman and introduction of specific consumer compensation entitlements for delayed or cancelled flights.

We also suggest the development of an industry Code of Conduct – capturing Airports, Airlines and key Airport and Aviation customer-facing entities – as an immediate, facilitated, first step.

This could be co-facilitated through the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, in collaboration with Austrade, to provide a specific visitor economy voice and insight.

As an overarching principle, the facilitation of conditions that drive competition will also drive better outcomes for aviation customers where experience and service offering become commercial drivers.

## **Chapter 11 – International Aviation**

Under Chapter 11, VTIC outlines these primary public policy priorities to result from the Aviation Green Paper process.

### Open Skies

Adopting a broad ‘open skies approach’ to international airline attraction to Australia, including Victoria’s air gateway at Melbourne Airport as well as future services to Melbourne Avalon Airport.

Generating capacity ahead of demand is key to driving forward growth in both Melbourne and wider Australia. Melbourne must evolve as a destination and arrivals gateway as the market demands this.

A broadening open skies approach will increase competition within the sector and provide travellers with more choice and result in more affordable and equitable pricing of flight options.

Melbourne Avalon Airport has past experience and infrastructure capacity and capability to again welcome international flights. A broad open skies approach can precipitate a return of services to this important gateway to regional Victoria and ultimately deliver a domino effect of demand for further international services to Melbourne Avalon.

### Bilateral Service Agreements (Bilateral Relations)

VTIC believes the Australian Government needs to secure further bilateral service agreements for the net benefit of both the Victorian and Australian tourism and visitor economies.

Whilst our previous regime around air traffic rights was right for the times, today Australia comparatively has few bilaterals in place (7) versus the likes the US (100+) and competitor nations such as Canada with dozens of BSAs.

Australia has one of the most attractive aviation markets globally and, pre-COVID, also supported a top-10 domestic aviation market by volume and sustainability.



There is no strategic downside to providing more ample capacity in advance of demand, when existing and future signs are that such capacity from a range of international markets will be attractively positioned and taken-up in the current post-COVID environment. This includes additional services from airlines such as Qatar Airways and Turkish Airways.

This will have benefit around both international and inter-related domestic flight operations including increased traveller dispersal.

The efficacy of the Bilateral Service Agreements (BSA) process to ensure forward negotiations needs to be addressed.

In this *new normal* market, where most other regions of the globe have far out-paced Australia and the Asia Pacific in terms of returning international passenger volumes, Australian public policy around BSAs and airline agreements simply needs to be bolder.

Tourism has a rightful voice in this discussion, including at the International Air Services Commission (IASC) table. In the past, the CEO of Tourism Australia was able to participate in these important discussions to bring a visitor economy perspective to relevant issues being considered here. This is no longer the case, despite the fact that international visitation is significantly impacted by decisions taken around this table.

The policy of successive Federal Governments has been to negotiate bilateral agreements that provide 'capacity ahead of demand'. We are at risk of being left behind, which ironically will impact on Australia's second tier airports, beyond Melbourne and Sydney, where natural, organic growth and traditional gateway status has effectively returned.

In a number of cases, Australia has ultimately secured an 'open-skies' style agreement with major aviation markets, removing restrictions on flights and helping to increase capacity.

#### THRIVE 2030

Whilst separate to this Green Paper process, the final outcome of this approach requires a demonstrated improved integration and much greater role of THRIVE 2030, the national long-term tourism and visitor economy strategy, into the final White Paper that eventuates from this process.

This includes a return of aviation targets (such as international capacity, volumes, dispersal) which were left out of THRIVE 2030, but were a core feature and a deliverable of Tourism2020, the previous long-term national tourism strategy.

There is a significant absence of aviation targets from the current THRIVE 2030 strategic pillars and priorities which requires immediate redressing. There is simply no way that the nation can have a viable 10-year strategic plan for the future of our visitor economy, without having related targets for aviation growth and performance as a component.

#### Tourism Australia

VTIC recommends Tourism Australia play an even bigger role in aviation access and route facilitation.

Whilst noting the good work it does within a limited resource remit, the national tourism agency is strategically well placed, and could be armed with greater responsibility and strategic input into the



future direction of international aviation, capacity development and service requirements, and consumer market and cultural understanding.

A National Aviation Attraction Fund should be returned to Tourism Australia along with a seat at the IASC table around traffic rights.

*Future sustainability*

There is a role and voice for tourism as part of any EU-inspired international carbon tax/measures which may impact long-haul services to/from Australia.

Aviation issues within future Free Trade Agreements (such as the EU-FTA) need to be factored into the resulting White Paper and mechanisms agreed to address projected taxing on long haul flights which have the ability to decimate our attractiveness specifically from the UK and EU.

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