



AUSTRALIAN
AIRPORTS
ASSOCIATION

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National Freight and Supply Chain Review Secretariat
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
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AAA submission to the Review of the National Freight and Supply Chain Strategy

The Australian Airports Association (AAA) is pleased to provide this submission to Department on its Review of the *National Freight and Supply Chain Strategy* (the Review).

The AAA is the national voice for airports, representing the interests of more than 340 airports and aerodromes across Australia. It also represents more than 150 corporate members supplying products and services to airports and the wider aviation industry. The AAA has given its support to the development of the National Freight and Supply Chain Strategy (the Strategy) since its inception in 2017 along with the 2019 Action Plan and associated documents such as the *National Urban Freight Planning Principles*.

Australia's airports facilitate the movement and distribution of high value, time critical freight. Recent research from the AAA revealed that in 2022, Australia's airports facilitated a total of 914,000 tonnes of international airfreight with an associated value of \$138 billion, which included an export component of 383,000 tonnes valued at \$51 billion. This translates into a facilitated freight contribution by airports of \$43 billion in direct and indirect valued added to Australia's economy along with 260,000 full time equivalent jobs.¹

The AAA notes the Department is concurrently undertaking the Aviation Green Paper/ White Paper process. This submission to the Review raises issues that are not explicitly covered under the White Paper's Terms of Reference or addresses these aviation issues with a specific freight and supply chain viewpoint.

The AAA's response to the questions defined in the discussion paper are as follows:

1. *Assess gaps in the Strategy's goals to ensure it remains relevant:*

Lack of emphasis on Airfreight: The most critical gap in the Strategy remains the lack of policy and planning emphasis on airfreight. It is mentioned once in the Strategy and not at all in the 2019 Action Plan or in 2021's *National Urban Freight Planning Principles*. While this oversight may be understandable given airfreight accounts for only 0.1% of the national freight task by volume, its accounting for 13% of the total value of the export freight task means airfreight must be taken more seriously by Australian governments and their transport and urban policy makers.

With around 80% of all airfreight in Australia carried in the holds of passenger aircraft, the recent pandemic saw significant Australian Government support (approximately \$2.5 billion) to keep

¹ Deloitte Access Economics for the Australian Airports Association (2023), *Taking Flight: The economic and social contribution of Australia's Airports*, p. 22.

Australia's domestic and international airfreight supply chains operating, including \$1.04 billion in freight subsidies through the International Freight Assistance Mechanism (IFAM) and more than \$1.45 billion to maintain core domestic airfreight capacity through the Domestic Aviation Network Support (DANS) and Regional Aviation Network Support (RANS) schemes.²

The AAA's view is that lessons learned during the pandemic should be fully understood and not forgotten in planning the post-pandemic national freight network, particularly as airfreight came into sharp policy-making focus for the first time in decades.

The AAA recommends lessons from the Australian Government's policy responses to pandemic-induced airfreight capacity supply shocks in international aviation (IFAM) and domestic aviation (RANS and DANS) and their implications for future freight planning be examined as part of the Review.

Decarbonisation of the transport sector: In 2019, domestic aviation accounted for 9% of Australia's transport greenhouse gas (GHG) emissions, or around 1.6% of national GHG emissions.³ The AAA supports the actions of the Australian Government in establishing a Jet Zero Council to drive the introduction of a domestic sustainable aviation fuel (SAF) industry to assist in abating aviation related GHG emissions.

For airports, the most significant sector for decarbonisation of transport emissions include:

- Road-based transport providing ground access to and from airports in cars, light commercial vehicles and heavy vehicles. These modes accounted for 83% of transport emissions (or 16% of national emissions) in 2019⁴, and;
- Airside equipment such as starter carts and tugs that move aircraft, baggage and freight around aprons, which are usually operated by third party airport tenants such as airlines and ground handling companies.

Greater government emphasis backed with incentives to electrify on-road ground transport and airside equipment will help speed the decarbonisation of the airfreight sector.

There is also a vital role for Government to support decarbonisation of airfreight through better understanding present and future domestic and international airfreight flows to better influence and guide investment in multi-modal supply chain infrastructure. Better data (see section 3) on airfreight flows would help airports and governments to better understand national airfreight balances and imbalances in airfreight and for specific airports.

Australia has the world's second highest per capita aviation emissions, a function of its physical and human geography. Australia's position at the end of the global aviation network could potentially see significant reductions in accessibility in a net zero world, with few available substitutes for carrying high value, time critical international airfreight. The most effective way to maintain and grow Australia's international airfreight capacity is to increase services through Australia's major, internationally-capable airports is to improve connectivity through the Australian Government's negotiations of bilateral air services agreements with other nations. Securing bilateral agreements to improve capacity into global aviation hubs in the Middle East, Asia and North America as well into other export growth markets is essential.

As the international aviation sector moves to reach agreement on emissions reduction through the International Civil Aviation Organisation (ICAO) and its Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), it is vital that the Australian Government considers its ICAO negotiating stance on CORSIA to ensure Australia remains connected to the global aviation network and does not suffer loss of capacity or connectivity through global net zero agreements in aviation.

² AAA analysis of Australian Government aviation support spending 2020-2022.

³ Climate Change Authority (2021), *Transport*. Viewed on 5 September 2023 from: <https://www.climatechangeauthority.gov.au/sites/default/files/2021Fact%20sheet%20-%20Transport.pdf>

⁴ *Ibid.*

Supply chain resilience: The AAA acknowledges the work done by the Bureau of Infrastructure, Transport and Regional Economics (BITRE) on the resilience of Australia's road and rail supply chains. Unfortunately, BITRE's work has not extended to resilience of Australia's aviation supply chains, not only from the connection of airports to landside road and rail routes, but also the capability of airport infrastructure to maintain key domestic and international air freight routes during times of regional or national disruption.

The AAA believes government and industry need to urgently understand the level of resilience in national aviation supply chains. Some work was already done by the government during the pandemic, particularly the DANS and RANS programs, which maintained a core domestic airfreight capability. The effect on the resilience of aviation supply chains when faced with natural disasters (the 2019-20 bushfires and the 2021-22 East Coast flood events) and longer-run climate change events such as the effects of sea level rise on coastal airports and greater frequency and severity of severe storms, high winds and fog are less well understood.⁵

The AAA recommends an action for government to better understand the strengths and weaknesses in the resilience of Australia's aviation supply chains. This will help government and industry better understand each mode of transport's strengths and vulnerabilities over the long term.

2. *Consider the performance of the Strategy... ..focusing on nationally significant actions for coordinated implementation across jurisdictions.*

Protection of airports - progress has stalled: The 2019 Action Plan calls for the Australian Government to "identify and protect key freight corridors and precincts from encroachment" by 2023 through the application of the National Airport Safeguarding Framework (NASF) across all jurisdictions.⁶ This includes airports and buffer zones around them, along associated transport corridors. Land use protections for airports have been in place since 2012 through the guidelines in the National Airport Safeguarding Framework (NASF).

It is also essential there is a sufficient supply of employment lands around major airports and that such land is protected by state and local governments from rezoning to permit other land uses such as residential or commercial. These employment lands are essential to support on-airport air freight activities. While this issue is not addressed in the NASF or its guidelines, it should be addressed and included in the Strategy.

The view of the AAA is that Australian governments at Federal, State and Local levels play a critical role in airport safeguarding through their ability to influence or manage the land use planning system on or around airports. Unfortunately, since NASF's adoption by the former Standing Council on Transport and Infrastructure in 2012, implementation across all state and territory planning systems has not been fully realised.

Conflicts between NASF's airport safeguarding requirements and jurisdictional planning and development imperatives including:

- higher density housing on 'brownfield' sites near airports in major cities,
- rezoning of existing employment lands near airports to permit other land uses such as residential or commercial,
- development of public infrastructure (e.g. schools) around airports, and
- renewable energy generation sites and transmission corridors in regional areas.

These issues mean application of NASF is not always top of mind when jurisdictions are assessing State and Territory Significant Projects.

⁵ S Browning, T Mortlock and R Crompton (2020), 'Weather-related flight disruptions in a warming world', Risk Frontiers Newsletter, Vol. 19, Issue 3. Accessed on 8 September 2023 at:

<https://riskfrontiers.com/insights/newsletter-volume-19-issue-3/>

⁶ *National Freight and Supply Chain Strategy National Action Plan*, p. 17.

Although there are some protections for Federally leased airports under NASF, most Australian airports are former Aerodrome Local Ownership Plan (ALOP) airports,⁷ which are publicly or privately operated and rely on jurisdictional adoption of NASF for safeguarding.

The AAA advocates for the Review's recommendation of a 'second round' of reform to revitalize NASF implementation and ensure it is embedded into each jurisdiction's planning system. Measures the Australian Government could take to achieve this goal include:

- Maintaining the 2027 target for NASF's national adoption identified in recommendations 4 and 5 of the 2019 NASF review⁸, with adoption before 2027 linked to incentive payments like those recently used at National Cabinet on the Housing Accord;
- Making the Department a referral authority in each jurisdiction's planning legislation for development proposals affecting the operation of Federally-leased airports;
- Taking a stronger role in airport safeguarding, by using its regulatory power to prescribe developments or activities affecting airport operations as 'controlled activities' under S. 182 (f)(i) of the *Airports Act 1996*.

The AAA views these measures, if implemented, as having a demonstrably improved outcome for protecting airports from encroachment from inappropriate development.

3. *Propose a small number of national, data-driven and high impact national key performance indicators (KPIs) to monitor implementation of the Strategy over the next five years.*

There is a need for improvement in airfreight KPIs to better understand the role of airfreight in the national freight network and its role in maintaining national and international supply chains. Examples of where improved KPIs would be valuable include:

More timely airfreight data sets to guide decision making: The current releases of airfreight data (and aviation data more broadly) provided by the Department's Bureau of Infrastructure, Transport and Regional Economics (BITRE) significantly lags the dates of activity. The key time series monitoring domestic and international airfreight activity lag by between three and six months, respectively. A timelier supply of airfreight data would improve industry and government decision making around airfreight. In addition, better integration of airfreight data collected by other Australian Government departments (Agriculture, Forestry, Fisheries and Border Force) and the Australian Bureau of Statistics into the data collected by BITRE would give a better picture of the state of the domestic and international airfreight task.

Better collection and analysis of airfreight data: Currently, BITRE collects datasets on airfreight as part of the existing domestic and international airports. This reflects the vast majority of airfreight travelling in the holds of passenger aircraft. The ability for BITRE to better collect and analyse airfreight data is essential to better plan airfreight infrastructure planning and servicing of airfreight capacity. Improved data collection and analysis would help airports, freight forwarders and airlines understand existing airfreight supply chains and identify:

- areas where efficiencies in volumes or flows were possible,
- ways to improve intermodal connectivity between airside and landside (particularly for cold chains), and;
- sites for new domestic and international import and export airfreight capacity.

Understanding journeys of commodities will help address supply chain constraints and guide policies to improve the timeliness and productivity of the airfreight supply chain. At present, the data chain between producers to transporters to freight forwarders and finally to shippers is

⁷ Implementation of the ALOP during the 1980's and 1990's meant ownership and management of formerly Australian Government airports transferred to local governments, removing them from most protections afforded by Commonwealth legislation on planning and development.

⁸ National Airport Safeguarding Advisory Group (2021), *National Airports Safeguarding Framework 2019 Implementation Review*. Viewed on 6 September 2023 at: <https://www.infrastructure.gov.au/sites/default/files/documents/nasf-ir-report.pdf>

clumsy, and far from integrated. For example, beef producers in Queensland truck chilled, boxed beef on B-Double trucks for export through Sydney airport as Sydney freight forwarders can provide a lower shipping rate although it is not the most efficient way of movement.

Focus on location-based airfreight volume and value data: The current BITRE domestic airfreight data covers only the top five RPT airports (Adelaide, Brisbane, Melbourne, Perth and Sydney) and a domestic aggregate. BITRE's international airfreight data is more nuanced by origin and destination. However, the absence of data on the volume and value of airfreight moving through each airport, particularly for airports outside the 'top 5' hinders national planning for airfreight facilities and systems.

The AAA recommends the Department acts on developing better airfreight data sets. It also recommends integration of airfreight data into BITRE's National Freight Data Hub as a priority.

4. Other relevant comments:

The AAA also wishes to make the following comments relevant to the Review:

Curfews and caps: The AAA views keeping Australia's major gateway⁹ and other airports as cap and curfew free as possible. This is essential to maintaining and growing Australia's domestic and international airfreight supply chains and supporting the Australian Government's other policy objectives on skilled migration, business travel, international tourism and education. Curfews affect the so-called 'back of the clock' international flights which are essential for air freight. These late night/early morning departures from Australian airports are timed for arrival in key Asian aviation hubs the next morning. They also affect dedicated domestic air cargo flights that tend to fly late in the day outside peak times for overnight movement of mail and other freight.

The AAA appreciates the statement in the recent Aviation Green Paper that "The Australian Government is not considering imposing any additional constraints on airports such as curfews or movement caps".¹⁰ Effective cooperation between national, state, territory and local governments is vital to ensure airports with existing caps and curfews are not further constrained and to ensure airports currently unconstrained do not have new limitations imposed on either their span of operating hours or numbers of aircraft movements.

Emerging international airfreight ports: There are significant opportunities to build 'direct' international routes to non-major gateway, international-capable airports and better connect Australia to the world.¹¹ These airports have few or no limits on capacity or growth potential under relevant Bilateral Air Services Agreements and can augment inbound capacity to existing markets as well as growth markets. Several non-capital and capital city non-major gateway airports are already servicing international carriers (Adelaide, Canberra, Cairns, Darwin, Gold Coast, Hobart, Sunshine Coast) and a number serving regional Australia have recently completed runway and terminal upgrades to improve their capability to take direct international flights (Gold Coast) or are planning upgrades (Newcastle, Sunshine Coast) along with similar improvements at smaller capital city airports (Hobart).

An important role of government in supporting the expansion of non-major gateway airports is ensuring the provision of appropriate border, customs and quarantine services at low cost to process inbound and outbound airfreight. The insistence of the Australian Government that the aviation industry bears the full cost of providing border services before the first international flights presents a significant barrier to activating the latent capability at certain of these airports for direct international airfreight and passenger services.

Social licence for freight: The ongoing community debates over aircraft noise, flightpaths and concern over proposed airport capacity upgrades represent an existential challenge to the social

⁹ 'Major gateway' airports are the four largest: Sydney, Melbourne, Brisbane and Perth.

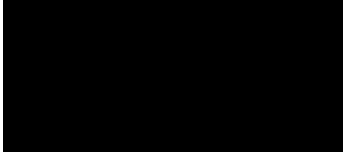
¹⁰ Australian Government (2023), *Aviation Green Paper – Towards 2050*, p. 8.

¹¹ The other 'international' airports which are currently or previously handling international aviation services. include: Adelaide, Broome, Cairns, Canberra, Christmas Island, Darwin, Gold Coast, Hobart, Newcastle, Norfolk Island, Port Hedland, Sunshine Coast and Townsville.

licence of airports now and into the future. These factors affecting aviation are similar to those affecting other parts of the national freight network, particularly ports and intermodal terminals located in areas of where industrial land is being rezoned for residential use or in existing residential areas where density is increasing. The Government must lead the community on the value of freight facilities (such as airports) and the land transport corridors that serve them to uphold the social licence of the freight sector.

The AAA appreciates the opportunity to contribute to the Review. Should you have any further questions regarding the AAA's response, [REDACTED]

Yours sincerely

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James Goodwin
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